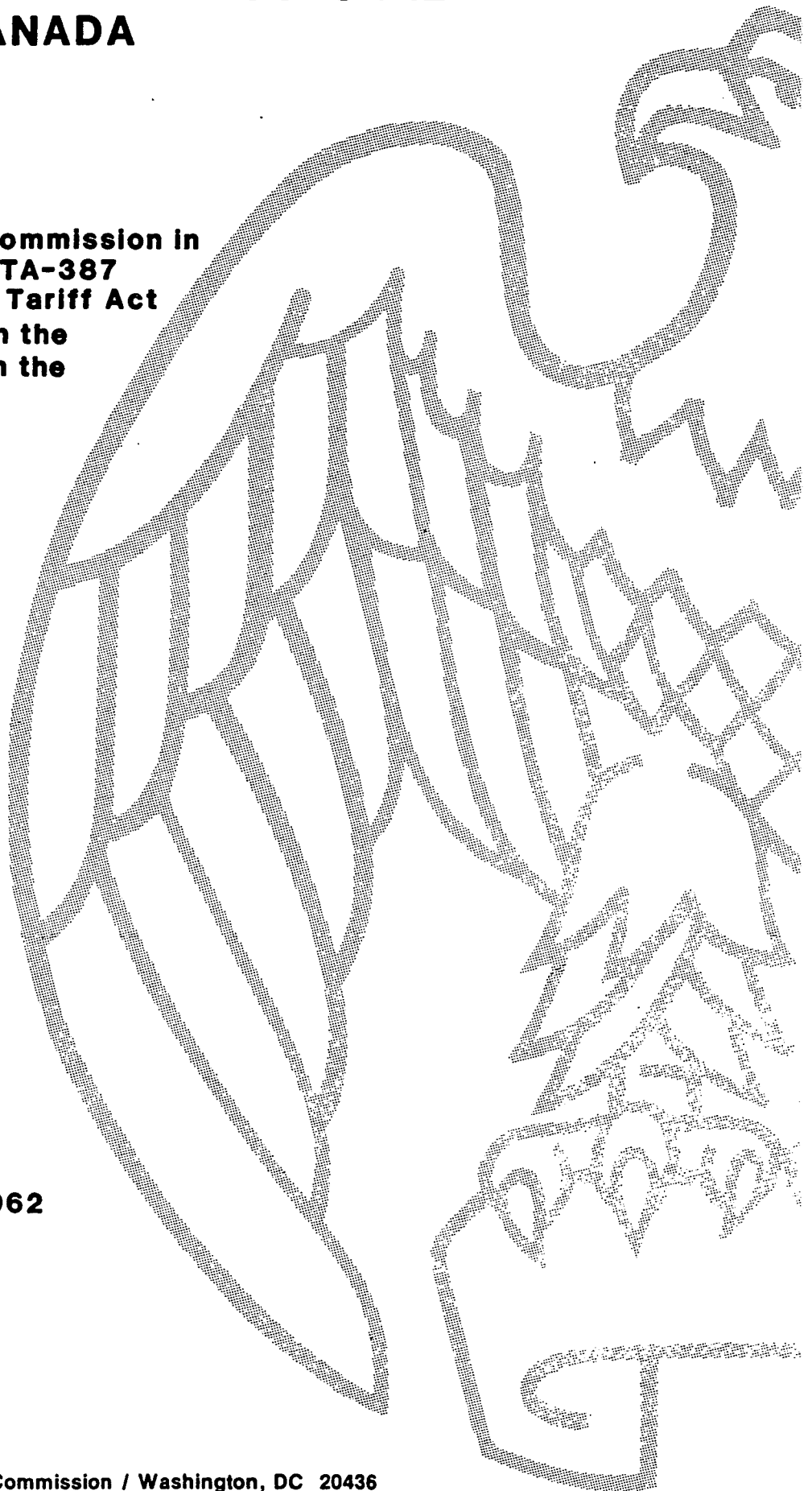


CERTAIN FABRICATED STRUCTURAL STEEL FROM CANADA

**Determination of the Commission in
Investigation No. 731-TA-387
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigation**



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UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Susan Liebeler, Chairman
Anne E. Brunsdale, Vice Chairman
Alfred E. Eckes
Seeley G. Lodwick
David B. Rohr
Ronald A. Cass

Staff assigned:

Rebecca Woodings, Investigator
Jonathan Seiger, Investigator
Mark Paulson, Industry Analyst
Catherine Beyer, Economist
Jeffrey Anspacher, Economist
Jerald Tepper, Accountant
Carol McCue Verratti, Attorney
Vera A. Libeau, Supervisory Investigator

Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No: 731-TA-387 (Preliminary)

CERTAIN FABRICATED STRUCTURAL STEEL FROM CANADA

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ 3/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), 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 from Canada of certain fabricated structural steel, provided for in items 609.84, 609.86, 652.94, 652.95, 652.96, and 653.00 4/ of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On January 11, 1988, a petition was filed with the Commission and the Department of Commerce by counsel on behalf of the American Institute of Steel Construction (AISC), alleging that an industry in the United States is materially injured by reason of LTFV imports of certain fabricated structural steel from Canada. Accordingly, effective January 11, 1988, the Commission instituted preliminary antidumping investigation No. 731-TA-387 (Preliminary).

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

2/ Commissioner Eckes determines 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 certain fabricated structural steel from Canada, which were allegedly sold in the United States at less than fair value.

3/ Commissioner Cass did not participate in this determination.

4/ Under the proposed Harmonized Tariff Schedule of the United States, this product will be covered by subheadings 7216.90.00, 7222.40.60, 7301.20.10, 7301.20.50, 7308.90.30, 7308.90.60, and 7308.90.90.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of January 20, 1988 (53 F.R. 1527). The conference was held in Washington, DC, on February 5, 1988, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

On the basis of the record in this preliminary investigation, we determine ^{1/} that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of fabricated structural steel (FSS) for buildings from Canada allegedly sold at less than fair value (LTFV). ^{2/}

We base this determination on the healthy condition of the domestic industry which shows no reasonable indication of material injury. The generally stable but recently rising market share of the domestic products, the low volume of imports from Canada throughout the period of this investigation, and the recently decreasing market penetration of the Canadian imports indicate that, even if we had found material injury, the subject imports were not a cause.

^{1/} Commissioner Cass did not participate in this investigation.

^{2/} Since this is an established domestic industry, "material retardation" was not raised as an issue in this investigation and will not be discussed further.

Like product and domestic industry ^{3/} ^{4/}

The imported product subject to this investigation is FSS for buildings. ^{5/} Buildings, bridges, oil platforms, towers and large transportation vehicles can all be constructed with FSS. FSS for buildings consists of steel plates, angles, beams and related steel mill products that have been fabricated into articles suitable for erection or assembly into buildings. ^{6/} In buildings, FSS is used to construct a skeleton which fulfills the load-bearing function for the erection of the building. ^{7/} Producers of FSS (fabricators) bid to construct the skeleton of the building for owners or general contractors. The cost of FSS is included in the bid along with engineering, erection, transportation, and other products and services necessary for the project. ^{8/}

^{3/} 19 U.S.C. § 1677(4)(A).

^{4/} 19 U.S.C. § 1677(10).

^{5/} U.S. Department of Commerce's Notice of Initiation, 53 Fed. Reg. 3412 (1988).

^{6/} Id. at 3413. Some of the types of steel products included in the scope of the investigation include columns (vertical support), beams (floor support), girders (connect beams), base plates (laid over a concrete foundation to assist in distributing a building's load), and trusses (a series of welded or bolted steel sections used in place of conventional beams to span large areas such as lobbies or atriums). FSS also includes entirities or "kits" of FSS. Id. Commerce specifically excluded FSS for use in the construction of bridges, fabricated reinforcing bars, bar joists, fabricated metal buildings, steel flooring or roof decks. Id.

^{7/} Report of the Commission ("Report") at A-8-A-9.

^{8/} Id. at A-49-A-55.

Petitioner, the American Institute of Steel Construction, Inc. (AISC), and the respondents agree that the like product is domestically produced FSS for buildings. ^{9/} Based on the record in this investigation, ^{10/} and in light of the accord between the parties on this question, we determine that the like product in this investigation is FSS for buildings. The Commission did consider broadening the like product definition to include FSS for bridges. However, the record supported a finding that FSS for bridges differs

9/ Fabricated Structural Steel from Canada: Inv. No. 731-TA-387: Petitioner's Postconference Brief (Petitioner's Brief) at 5; Responses to Questions Posed by the Commission Staff at the Preliminary Conference, filed by the respondents, Canron, Inc., Dominion Bridge, Frankel Steel Ltd., Ocean Steel and Construction, Ltd., and Canadian Institute of Steel Construction at 6. Although petitioner agrees that the like product should be FSS for buildings, it suggested in its post-conference brief that the Commission might consider limiting the like product to FSS for buildings that require 1000 tons of FSS or more. Petitioner's Brief at 9. We considered this suggestion and have not adopted the more limited like product because the questionnaire responses indicate that Canadian FSS is imported for the erection of both small and large buildings. In addition, there is little information on the record that could support a finding that FSS for small and large buildings are different products. We also note the overwhelming majority of U.S. producers providing usable data in response to the Commission questionnaire reported capacity to produce fabricated structural steel for building well in excess of 1,000 tons per year. Questionnaire responses. Thus, we do not expect that data contrary to that available in this preliminary investigation would be developed in a final investigation if the subject industry were redefined as petitioners have suggested.

10/ In determining what constitutes the like product in a title VII investigation, the Commission examines the following factors: 1) physical characteristics and uses, 2) interchangeability, 3) channels of distribution, 4) the use of common manufacturing facilities and production employees, and 5) customer and/or producer perceptions of the article. See Granular Polytetrafluoroethylene Resin from Italy and Japan, Invs. Nos. 731-TA-385 and 386 (Preliminary), USITC Pub. 2043 (1987); Operators for Jalousie and Awning Windows from El Salvador, Invs. Nos. 701-TA-272 (Final) and 731-TA-319 (Final), USITC Pub. 1934 (1987).

from FSS for buildings with regard to weight and size, use, and customer and producer perceptions and to some extent the materials from which it is made.

11/ In addition, the two kinds of FSS are generally produced in different facilities. 12/

For these reasons, we determine that FSS for buildings is the like product in this investigation. We further determine that the domestic industry consists of all U.S. producers of FSS for buildings. 13/

Condition of the domestic industry

In assessing the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, production, capacity,

11/ Transcript of the Conference (Tr.) at 88-92.

12/ Id. Even if the Commission were to have included bridges in the like product definition, the Petitioner's case would not have improved. Including FSS for bridges as part of the like product would increase the market share of the U.S. producers and decrease the already small market share held by the Canadians. In addition, according to available data the FSS industry (which includes FSS for buildings and bridges) was not materially injured. Consumption of FSS increased; FSS shipments increased through 1986; capacity, capacity utilization, and production capacity all rose during the entire period of investigation; and the FSS industry as a whole was profitable from 1985 through the first nine months of 1987. See Report at A-17, A-25, A-23, and A-31.

13/ Neither party to this investigation argued that the two domestic producers affiliated with Canadian FSS producers should be excluded from the domestic industry for the purposes of this investigation under 19 U.S.C. § 771(4)(B). However, we considered whether Steel Structures Corp. and Canron Construction Corp., Eastern Div. should be excluded from the domestic industry. The record indicates that their performance differs somewhat from the rest of the domestic industry, but their data do not represent sufficient production to skew the injury information on the whole industry. We recognize that these companies do enjoy some benefit from the availability of Canadian imports for their use, and we did consider this when we looked at information concerning causation.

capacity utilization, shipments, inventories, employment and profitability. ^{14/} No single factor is determinative, and in each investigation the Commission considers the particular nature of the relevant industry.

The record shows that competition between the domestic industry and the Canadians is concentrated in the Northeast region of the country. ^{15/} Petitioner specifically cited efforts to obtain contracts for construction of high rise building frames in that region. ^{16/}

Most of the approximately 1000 FSS producers in the United States produce FSS for buildings. ^{17/} Questionnaires were sent to over 150 of the largest U.S. producers of FSS for buildings as identified by the petitioner. ^{18/} Data received from the larger producers could be expected to provide more comprehensive coverage of the industry than data received from the same number of smaller producers. ^{19/} The share of 1986 U.S. shipments accounted

^{14/} 19 U.S.C. § 1677(7)(C)(iii).

^{15/} Report at A-12.

^{16/} Petitioner did not argue that there is a regional industry because several of the domestic producers competing in the Northeast are located in other parts of the country. Thus, the requirements for finding a regional industry were not satisfied. 19 U.S.C. §1677(4)(B).

^{17/} All of the FSS for building producers are fairly small. The largest fabricators produce less than two percent of domestic shipments. Report at A-8.

^{18/} Forty percent of those questionnaires were responded to by producers of FSS for buildings. Report at A-11.

^{19/} Of the 26 largest AISC members (in terms of tonnage shipped), 17 submitted usable data in response to the Commission's questionnaire. See Questionnaire responses and Petitioner's confidential letter listing the largest AISC members and tonnage shipped, dated Feb. 1, 1988.

for by questionnaire respondents is an estimated 13.9 percent; however, coverage was significantly greater for those market areas in which there was Canadian competition. Generally, it is the larger producers that compete against the Canadian imports in the Northeast, where the Canadian imports are primarily marketed. ^{20/} Thus, the data that provide the most comprehensive coverage is most advantageous to the Petitioner for proving injury. ^{21/}

U.S. consumption of the subject product rose 7.1 percent from 1984 to 1985, declined less than 1 percent in 1986, but is estimated to have risen 2 percent in 1987, to its highest level during the period of investigation. Consumption grew steadily in the northeast United States, the principal market for the imports from Canada. ^{22/}

U.S. shipments of FSS for buildings increased throughout the period of investigation in quantity and value. The quantity of U.S. shipments

^{20/} Smaller producers of FSS often do not have the equipment or space to produce the larger and heavier FSS necessary for high rise construction. Tr. at 89-90.

^{21/} Many of the U.S. producers that are active in the Northeast actually have their production facilities in the South. Responding U.S. producers with facilities located in the northeast and southern United States accounted for 18.8 percent of U.S. consumption in those states, a significantly larger share than the 13.2 percent of the total market accounted for by all responding producers. (Petitioner's data on the Southern states include Texas, a major market in the southwest United States for the subject product.) See Report, Table 1 and notes. Also, because the Northeast is the largest market for Canadian imports, the share of U.S. shipments in the Northeast and South accounted for by the producers located there is estimated to be twice that of the 13.9 percent of total U.S. shipments accounted for by all questionnaire respondents. Thus, available data represent, in large part, U.S. producers competing directly against the Canadian suppliers. Report at A-12.

^{22/} Report at Table 1.

increased by more than 12 percent from 1984 to 1986 and increased an additional 1 percent when comparing January-September 1986 with January-September 1987. The value of shipments increased by 13 percent from 1984 to 1985, by 3 percent from 1985 to 1986, and again by 3 percent from partial year 1986 to partial year 1987. ^{23/} The unit value of shipments also rose during 1984-1986 and again from January-September 1986 to the corresponding period of 1987.

U.S. production of FSS for buildings rose by 12.3 percent from 1984 to 1986. Production showed a slight decline of 1.2 percent during the first three quarters of 1987 compared to the first three quarters of 1986. ^{24/} However, questionnaire responses generally provide more detailed shipments data than production data. Therefore, where shipments and production data differ, the Commission relied on shipments data. ^{25/} There are no inventory figures because material is custom manufactured and usually shipped directly to the building site. ^{26/}

Over the period of investigation, capacity to produce FSS for buildings rose less than did production. Capacity utilization, therefore, also rose. ^{27/}

Number of workers, hours worked, wages paid, total compensation paid, and unit labor costs all increased from 1984 to 1985 and then decreased in 1986, though remaining higher than in 1984. Employment data show declines when comparing January-September 1986 to January-September 1987. Productivity, in

^{23/} Id. at Table 3.

^{24/} Id. at Table 2.

^{25/} Id. at A. 15.

^{26/} Id. at A. 16.

^{27/} Id. at Table 2.

inverse correlation, declined from 1984 to 1985, but peaked during interim 1987. Hourly wages and hourly total compensation fluctuated during the period of investigation for a slight overall decline. ^{28/}

Data for 15 companies on their production of FSS for buildings show that net sales rose by 5.4 percent during 1984 through 1986 and rose again, by 0.1 percent, from interim 1986 to interim 1987. These firms were profitable in the aggregate on these operations throughout the period of investigation although general, sales, and administrative expenses (as a percent of net sales) peaked during January-September 1987 and operating income (again as a percent of net sales) declined. Gross profits represented 16.4 percent of net sales during the interim period ended September 30, 1987, an increase from the 14.8 percent share of net sales they represented in fiscal 1984. ^{29/}

Most of these data depict an industry that is healthy and improving over the period of investigation. Therefore, we determine that there is no reasonable indication that the industry producing FSS for buildings in the United States is materially injured. ^{30/}

^{28/} Id. at Table 6.

^{29/} Id.

^{30/} Petitioners have argued that the injurious effect of Canadian imports is felt well beyond the Northeast as producers who lose projects in New York City become more aggressive "in their backyard". Tr. at 43 and 76. As the great majority of the responding producers who reported bidding against Canadian fabricators were located in the Northeast and South (including Texas), it is also believed that these areas of the country were most impacted by the indirect effect of the subject imports. Questionnaire responses and Tr. at 25 and 42. The significantly greater questionnaire coverage of producers in the Northeast and South also indicate that available data represent, in disproportionately large part, U.S. producers competing indirectly against Canadian suppliers.

No reasonable indication of material injury by reason of allegedly LTFV imports of fabricated structural steel from Canada ^{31/} ^{32/}

Even if we had found a reasonable indication that the U.S. industry was experiencing material injury, there is no reasonable indication that it would have been by reason of the allegedly LTFV imports. In determining whether there is a reasonable indication of material injury,

- [t]he Commission shall consider, among other factors:
- (i) the volume of imports of the merchandise which is the subject of the investigation,
 - (ii) the effect of imports of that merchandise on prices in the United States for like products, and
 - (iii) the impact of imports of such merchandise on domestic producers of the like product. ^{33/}

The subject imports remained at low import volume and market share levels throughout the period of investigation. Imports from Canada rose from 1984 to 1986. However, for the interim period January-September 1987 imports from Canada fell by 41 percent when compared to the same period in 1986. ^{34/} The market penetration by Canadian imports of FSS for buildings rose from 0.8 percent in 1984 to 1.5 percent in 1985 and then 2.1 percent in 1986, still a very small share of the U.S. market. From 2.1 percent during 1986, it declined to 1.5 percent in 1987. All of the increase in market share for the subject imports was at the expense of other imports, not at the expense of U.S. producers. During the period of the investigation, market share for domestic producers remained stable at 95.2 percent in 1984, 95.2 percent in 1985, and 95.1 percent in 1986. In 1987, however, the domestic producers'

^{31/} Chairman Liebeler does not join in this section of the opinion. See her Additional Views infra.

^{32/} Vice Chairman Brunsdale does not join in this section of the opinion. See her Additional Views infra.

^{33/} 19 U.S.C. § 1677(7)(B).

^{34/} Report at Table 14.

share of the market rose to 96.0 percent. ^{35/} Thus, during 1987, U.S. producers gained market share from both the subject imports and other imports.

Information on the record demonstrates head-to-head competition between the Canadian imports and domestically produced FSS for buildings does not indicate that imports caused injury to the domestic industry. The Commission examined eight large projects located in the northeast section of the United States. ^{36/} In each of these projects, at least one supplier of Canadian FSS and one supplier of domestic FSS bid. Canadian fabricators did win the bidding on a few of these projects. However, a majority were won by domestic producers. In a few cases, the domestic producers used some Canadian FSS in the project. ^{37/}

There may have been some loss of revenue to domestic producers through the loss of specific projects to Canadian producers. However, the volume of Canadian imports and the market penetration does not show a causal link between the imports and alleged injury to the domestic industry. Moreover, the majority of the projects alleged by producers to have been won by a Canadian fabricator were in fact won by domestic fabricators using both domestically produced and Canadian fabricated structural steel in the

^{35/} Id. The domestic industry's steady hold on its market share and recent increase in market share is consistent with our determination that the domestic industry has not been injured.

^{36/} The record indicates Canadian fabricators have tended to concentrate on the large projects.

^{37/} This includes domestic producers that are affiliated with Canadian producers. Report at A-38-A-41.

project. ^{38/} Thus, while a few companies marketing FSS in the Northeast may have experienced increased difficulty in winning bids due to the Canadian activity, the rest of the domestic industry was either unaware of import competition or was capitalizing on a concurrent decrease of Japanese imports of FSS into the West Coast during the period of investigation. ^{39/}

In determining whether a causal link between alleged injury and the alleged LTFV imports exists, the Commission examines evidence of underselling and price suppression or depression. In some cases where price information was not reliable or is unavailable, the Commission examined other factors. ^{40/}

In this investigation, the price information on FSS for buildings consists of total bid prices for the erection of steel skeletons for buildings. The FSS is included in the bids along with engineering services, erection costs, and the cost of other products necessary for the erection of the

^{38/} Tr. at 140-148; See Report at A-38-A-41. Usable data were provided on 8 building projects on which 10 U.S. producers reportedly bid against Canadian fabricators. Seven of these 10 U.S. producers and all of the importers from Canada provided bid information in response to the Commission questionnaire. These data accounted for 41 percent of the subject imports in 1986. Report at A-38-A-41.

^{39/} Numerous producers who were sent questionnaires failed to respond because they had not been experiencing competition from Canadian FSS and did not believe the investigation applied to them. Report at A-11 A 12.

^{40/} See e.g., Automated Fare Collection Equipment from France, Inv. No. 701-TA-200 (Preliminary), USITC Pub. 1323 (Nov. 1982) (bid pricing where the investigated product and the like product were only a part of the total bid); Certain Welded Carbon Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-349, USITC Pub. 1994 (1987); Color Picture Tubes from Canada, Japan, the Republic of Korea, and Singapore, Invs. Nos. 731-TA-367-370 (Preliminary), USITC Pub. 1937 (1987).

building. ^{41/} The fabricators that supplied the bids can provide an estimated value of the FSS within the bid, but, because FSS is not sold as a commodity on the open market there are no actual prices. ^{42/}

We are unable to determine whether there has been price suppression or depression. Petitioner urged the Commission to compare the full bid prices while admitting prices for FSS alone were not available. ^{43/} This would be meaningless because a large portion of those bids are for services or for products not subject to this investigation. ^{44/} Finally, it is clear from the record in this investigation that we would be unable to obtain any more helpful or reliable price information in a final investigation. ^{45/} Thus, based on our consideration of the volume of imports, market penetration, and the examples of individual bid competition, we conclude that there is no reasonable indication that the imports of FSS for buildings from Canada are the cause of any alleged injury to the domestic industry.

No reasonable indication of threat of material injury by reason of allegedly LTFV imports

In examining whether there is a reasonable indication that the domestic industry is threatened with material injury by reason of allegedly LTFV imports, we are directed to consider, among other factors, any existing unused foreign capacity, increases in imports to the United States, any rapid increase to an injurious level, the probability that imports will enter the

^{41/} Report at A-36; Petition at 16.

^{42/} Report at A-38.

^{43/} Petitioner's Brief at 5-8; Petition at 16-18.

^{44/} Report at A-37-A-38.

^{45/} See *American Lamb v. United States*, 785 F.2d 994 (Fed. Cir. 1986).; *Wells Mfg. Co. v. United States*, ___ CIT ___, Slip. Op. 87-133 (Dec. 8, 1987).

United States at prices that will have a depressing or suppressing effect on domestic prices, any substantial increase in inventories in the United States, and the potential for product-shifting. ^{46/} In addition, the Commission must base a finding of reasonable indication of threat of material injury on "evidence that the threat of material injury is real and the actual injury is imminent," and not on "mere conjecture." ^{47/}

The capacity to produce fabricated structural steel for buildings by Canadian firms has risen only slightly since 1985. Moreover, Frankel Steel, Ltd., one of the major Canadian importers, is selling its Canadian facilities, and the new owner has indicated that it has no intention of pursuing export markets. ^{48/} Canadian production grew from 118,000 tons in 1984 to 146,000 tons in 1985 to 154,000 tons in 1986, but declined during January-September 1987 compared to the same period in 1986. Capacity utilization rose during 1984-1986, then declined slightly in 1987. ^{49/}

^{46/} 19 U.S.C. § 1677(7)(F)(i).

^{47/} 19 U.S.C. § 1677(7)(F)(ii).

^{48/} Report at A-26.

^{49/} Id. at Table 10.

U.S. imports of FSS for buildings from Canada increased in quantity by 94 percent from 1984 to 1985 and by 37 percent from 1985 to 1986. However, the quantity of imports fell by 41 percent from the three quarters of 1986 to the first three quarters of 1987. The value of these imports rose 93 percent from 1984 to 1985 and by 34 percent from 1985 to 1986. From January-September 1986 to January-September 1987, the value of imports fell by 37 percent. ^{50/} During the period of investigation the U.S. market share of the subject product never exceeded 2.1 percent. ^{51/} The data do not indicate a rapid increase in market penetration; in fact, Canadian market share declined in the first nine months of 1987. It is unlikely that Canadian imports will increase to injurious levels.

The Commission found no evidence to suggest that Canadian imports are suppressing or depressing domestic prices. ^{52/} In addition, there is no possibility for product shifting (as defined in the statute) because none of the Canadian production facilities used to manufacture FSS for buildings also manufacture products subject to U.S. dumping or countervailing duty orders. ^{53/} Finally, there have been no substantial increases in U.S. inventories since this product is one not normally held in inventory. ^{54/}

This information does not establish a reasonable indication of threat. Accordingly, we determine that there is no reasonable indication that the domestic industry is threatened with material injury by reason of Canadian imports of FSS allegedly sold at LTFV.

^{50/} Report at Table 14.

^{51/} Id. at Table 16.

^{52/} See Report at A-35-A-37.

^{53/} See id. at A-2.

^{54/} See id. at A-16.

CONCURRING VIEWS OF CHAIRMAN LIEBELER

Certain Fabricated Structural Steel from Canada
Inv. No. 731-TA-387 (Preliminary)

I determine that there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of fabricated structural steel from Canada which are allegedly being sold at less than fair value.

I concur with the Commission in its discussion of the like product, the domestic industry, the condition of the industry, and threat. Because my views on causation differ from those of the other Commissioners, I offer these additional views.

Material Injury by Reason of Imports

In order for a domestic industry to prevail in a preliminary investigation, the Commission must determine that there is a reasonable indication that the dumped imports cause or threaten to cause material injury to the domestic industry producing the like product. The Commission must determine whether the domestic industry producing the like product is

^{1/} As there is an established domestic industry, "material retardation" was not raised as an issue in this investigation and will not be discussed further.

materially injured or is threatened with material injury, and whether any injury or threat thereof is by reason of the dumped imports. Only if the Commission finds a reasonable indication of both injury and causation, will it make an affirmative determination in the investigation.

Before analyzing the data, however, the first question is whether the statute is clear or whether one must resort to the legislative history in order to interpret the relevant sections of the import relief law. In general, the accepted rule of statutory construction is that a statute, clear and unambiguous on its face, need not and cannot be interpreted using secondary sources. Only statutes that are of doubtful meaning are subject to such statutory interpretation. 1/

The statutory language used for both parts of the analysis is ambiguous. "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant." 2/ As for the causation test, "by reason of" lends itself to no easy interpretation, and has been the subject of much debate by past and present commissioners. Clearly, well-informed persons may differ as to the interpretation of the causation and material injury sections of title VII. Therefore, the legislative history becomes helpful in interpreting title VII.

The ambiguity arises in part because it is clear that the presence in the United States of additional foreign supply will always make the domestic industry worse off. Any time a foreign producer exports products to the United States, the increase in supply, ceteris paribus, must result

1/ Sands, Sutherland Statutory Construction § 45.02 (4th ed.).

2/ 19 U.S.C. § 1977(7)(A) (1980).

in a lower price of the product than would otherwise prevail. If a downward effect on price, accompanied by a Department of Commerce dumping finding and a Commission finding that financial indicators were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

But the legislative history shows that the mere presence of LTFV imports is not sufficient to establish causation. In the legislative history to the Trade Agreements Acts of 1979, Congress stated:

[T]he ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports.^{1/}

The Finance Committee emphasized the need for an exhaustive causation analysis, stating, "the Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury."^{2/}

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is a matter for the judgment of the ITC."^{3/} Since the domestic industry is no doubt worse off by the presence of any imports (whether LTFV or fairly traded) and Congress has directed that this is not enough upon which to base an affirmative determination, the Commission must delve further to find what condition Congress has attempted to remedy.

^{1/} Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

^{2/} Id.

^{3/} Id.

In the legislative history to the 1974 Act, the Senate Finance Committee stated:

This Act is not a 'protectionist' statute designed to bar or restrict U.S. imports; rather, it is a statute designed to free U.S. imports from unfair price discrimination practices. * * * The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry.^{1/}

Thus, the focus of the analysis must be on what constitutes unfair price discrimination and what harm results therefrom:

[T]he Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even though the price of the imported product is lower than its home market price.^{2/}

This "complex and difficult" judgment by the Commission is aided greatly by the use of economic and financial analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt to maximize profits.^{3/} Congress was obviously familiar with the economist's tools: "[I]mporters as prudent businessmen dealing fairly would be interested in maximizing profits by selling at prices as high as the U.S. market would bear."^{4/}

^{1/}Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

^{2/}*Id.*

^{3/}See, e.g., P. Samuelson & W. Nordhaus, Economics 42-45 (12th ed. 1985); W. Nicholson, Intermediate Microeconomics and Its Application 7 (3d ed. 1983).

^{4/}Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a conclusion. In accord with economic theory and the legislative history, foreign firms should be presumed to behave rationally. Therefore, if the factual setting in which the unfair imports occur does not support any gain to be had by unfair price discrimination, it is reasonable to conclude that any injury or threat of injury to the domestic industry is not "by reason of" such imports.

In many cases unfair price discrimination by a competitor would be irrational. In general, it is not rational to charge a price below that necessary to sell one's product. In certain circumstances, a firm may try to capture a sufficient market share to be able to raise its price in the future. To move from a position where the firm has no market power to a position where the firm has such power, the firm may lower its price below that which is necessary to meet competition. It is this condition which Congress must have meant when it charged us "to discourage and prevent foreign suppliers from using unfair price-discrimination practices to the detriment of a United States industry.^{1/} In Certain Red Raspberries from Canada, I set forth a framework for examining what factual setting would merit an affirmative finding under the law interpreted in light of the cited legislative history.^{2/}

The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to

^{1/}Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

^{2/}Inv. No. 731-TA-196 (Final), USITC Pub. 1707, at 11-19 (1985) (Additional Views of Vice Chairman Liebelser).

entry to other foreign producers (low elasticity of supply of other imports).^{1/}

The statute requires the Commission to examine the volume of imports, the effect of imports on prices, and the general impact of imports on domestic producers.^{2/} The legislative history provides some guidance for applying these criteria. The factors incorporate both the statutory criteria and the guidance provided by the legislative history. Each of these factors is evaluated in turn.

Causation analysis

Let us start with import penetration data. A large market share is a necessary condition for a seller to obtain or enhance market power through unfair price discrimination. Penetration of imports from Canada rose from 0.8% in 1984 to 1.5% in 1985 and 2.1% in 1986, but declined to 1.5% in 1987. Thus, import penetration is very low and is declining. This is consistent with a negative determination.^{3/}

The second factor is the margin of dumping. The higher the margin, ceteris paribus, the more likely it is that the product is being sold below the competitive price and the more likely it is that the domestic producers will be adversely affected. In a preliminary investigation, the Commerce Department has not yet calculated any margins. I therefore generally give the petitioner the benefit of the doubt and rely on the alleged margins. In this case, petitioners allege margins ranging from

^{1/}Id. at 16.

^{2/}19 U.S.C. sec. 1677(7)(B)-(C) (1980 & cum. supp. 1985).

^{3/}Report of the Commission ("Report") at Table 16.

12.0% to 19.2%. These alleged margins are moderate and are not inconsistent with a negative preliminary determination.

The third factor is the homogeneity of the products. The more homogeneous the products, the greater will be the effect of any allegedly unfair practice on domestic producers. Petitioner stated during the conference that U.S. and Canadian products "are completely homogeneous."^{1/} Respondent did not deny this assertion and there have been no allegations that fabricated structural steel for buildings from Canada and fabricated structural steel for buildings from the United States differ in either physical characteristics or uses. This factor tends to support an affirmative preliminary determination.

As to the fourth factor, evidence of declining domestic prices ceteris paribus might indicate that domestic producers were lowering their prices in order to maintain market share. Fabricated structural steel for buildings is not sold in an independent market. Rather, it is part of a bid package for the erection of the skeleton of a building. The price of the fabricated structural steel for buildings cannot be segregated from the other items of the bid.^{2/} There is, therefore, no true transaction price. In the absence of transaction prices I have examined the unit value of domestic shipments. The unit value in dollars per ton of fabricated structural steel for buildings rose from \$1,073 in 1984 to \$1,112 in 1986, fell to \$1,078 in interim 1986,

^{1/}Conference Transcript at 12.

^{2/}Report at A-36-A-37.

and rose to \$1,090 in interim 1987.^{1/} Unit values rose during the course of the investigation; this factor supports a negative preliminary determination.

The fifth factor is foreign supply elasticity (barriers to entry). If there is a low foreign elasticity of supply (or high barriers to entry) it is more likely that a producer can gain market power. Eight countries other than Canada supplied fabricated structural steel for buildings to the U.S. during the course of the investigation. Of these Japan and Korea were the largest suppliers. Imports from Japan of fabricated structural steel for buildings exceeded imports from Canada in terms of quantity in 1984 and 1985, and imports of Korean fabricated structural steel for buildings exceeded imports from Canada in terms of quantity in 1984. In 1986 Canadian imports of fabricated structural steel for buildings totaled 116,237 tons while Japanese imports totaled 61,688 tons and Korean imports totaled 26,801 tons.^{2/} The presence of significant sales from countries other than Canada during the course of the investigation suggests that the potential supply response is relatively elastic. This factor is consistent with a negative preliminary determination.

These five factors must be balanced in each case to reach a sound determination. Although the imported and domestic products are substitutable, the other factors support a negative determination. Import penetration ratios are extremely low, the alleged dumping margins

^{1/}Report at A-36-37, Table 3.

^{2/}Report at Table F-3, overstated by inclusion of bar joists.

are moderate, unit values rose, and there are no barriers to entry. In this case I have analyzed and weighed the five factors and reached a negative preliminary determination.

Conclusion

Therefore, I determine that there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of fabricated structural steel from Canada which is allegedly being sold at less than fair value.

ADDITIONAL VIEWS OF
VICE CHAIRMAN ANNE E. BRUNSDALE

Certain Fabricated Structural Steel from Canada
Inv. No. 731-TA-387 (Preliminary)

February 25, 1988

I concur, with some reservations, with the majority's definitions of like product and domestic industry, as well as its findings on material injury and threat of material injury. I write these additional views to explain the basis for my conclusion that Canadian imports did not cause material injury to the domestic industry producing fabricated structural steel for buildings (FSSB).

This case is one where the product under investigation is very complex and raises some challenging issues. While I concur with the majority that the appropriate like product is FSSB, I have some questions about this definition because some domestic firms produce both FSSB and fabricated structural steel (FSS) for bridges.¹ This suggests that there may be a high degree of substitutability of supply between FSSB and FSS for bridges and that resources within plants, such as labor and equipment, can easily shift from one product to another. If this were true, then the like product could be broader than FSSB.

A second issue is whether the Commission should consider services as well as physical merchandise in analyzing the

¹Report at A-8.

appropriate product. FSSB is not supplied or sold separately, but is a part of a bundle of products and services that go into the construction of a steel superstructure for a new building.² The principal problem that domestic firms have faced may be lower priced services by importers of FSSB rather than allegedly dumped merchandise.

Because these issues do not change the result of the case for me, I turn to my causation analysis on the effects of imported FSSB.

Apparent domestic consumption of FSSB rose 7 percent between 1984 and 1985, dropped less than 1 percent in 1986,³ and rose an estimated 2 percent in 1987.⁴ Thus, over the last three years, consumption of the product was fairly constant.⁵ During this period, U.S. producers supplied the lion's share of the U.S. market for FSSB, accounting for over 95 percent of U.S. consumption in 1985-86⁶ and 96 percent in 1987.⁷ They were able

²Id. at A-36.

³Id. at Table 1. U.S. consumption of FSSB was 4.4 million tons in 1984, 4.7 million tons in 1985, and 4.67 million tons in 1986. Id.

⁴Id. Estimated consumption in 1987 was 4.77 million tons. Id.

⁵Consumption is estimated to drop 6 percent below the 1987 level in 1988. However, the estimated level of demand in 1988 is still higher than the 1984 level. At the 1984 level, U.S. producers still showed aggregate profits. Id. at Table 6.

⁶In 1984 and 1985, U.S. shipments supplied 95.2 percent of U.S. consumption. See id. at Table 16. In 1986, the figure dropped slightly to 95.1 percent. Id.

⁷Id.

to hold their share both in the expanding market of 1985 and the stable market of 1986-87.

Canadian producers increased their market share from 1984 to 1986 and then watched it drop between the first nine months of 1986 and the same period in 1987. Thus, their penetration ratio rose from 0.8 to 2.1 percent in 1985-86⁸ but fell back to 1.5 percent in 1987.⁹ The data indicate that the increase in Canadian share came at the expense of other foreign suppliers and that the decrease benefited the U.S. suppliers.¹⁰

The absolute volume of Canadian imports fluctuated greatly over the period, increasing rapidly in 1985 and 1986 and then plummeting in 1987.¹¹ The value of Canadian imports followed a very similar trend, rising from [.....] million to [.....] million between 1984 and 1985, and then to [.....] million in 1986.¹² In the first nine months of 1987, the value of Canadian imports dropped [.....] million over the same period in 1986.¹³ These numbers are all dwarfed when compared with actual U.S. figures. In 1986 Canadian imports had a value of [.....] million, compared with a value of U.S. shipments estimated at

⁸Id.

⁹Id.

¹⁰Id.

¹¹See id. at Table 14.

¹²Id.

¹³Id.

almost \$5 billion.¹⁴

Because of the nature of the bidding process on construction jobs, Commission staff was unable to collect information on the price of fabricated structural steel. Fabricated structural steel is just one of the cost and non-cost components included in bids on building projects.¹⁵ Thus, an analysis of bids is a less-than-reliable method for determining the "price" of FSSB.

My analysis of causation in this case employs a finding on domestic supply elasticity. With capacity utilization of domestic producers ranging from 63 to 66 percent during the period of investigation,¹⁶ it appears that the domestic industry should be able to respond quickly to increases in demand and without raising the industry supply price very much. This suggests the domestic supply curve for FSSB is highly elastic; that is, the quantity of industry supply is highly responsive to price.

To determine whether the Canadian imports caused material injury, it is necessary to estimate the effect of those imports on U.S. producers. To do this, let us focus on 1986, the year

¹⁴Compare Report at Table 14 with Report at Table 16 and Report at Table 3.

¹⁵Other cost components of the bid include engineering design, transportation, and erection of the structure. Non-cost components include, for example, the ability of fabricators to meet deadlines and their reputation for quality. See id. at A-36.

¹⁶Id. at Table 2. As noted in the Report, the Commission had to adjust the capacity utilization figures to correct some reporting inconsistencies. Id. at A-14.

in which Canadian imports were largest. The average value of a ton of Canadian FSSB in 1986 was \$781.45.¹⁷ If the entire alleged dumping margin were added to the Canadian sales "price" for FSSB, that value would increase by 19.2 percent¹⁸ to a "fair" value of \$931.49 per ton. This figure is well below the reported 1986 U.S. unit value per ton of \$1,112. Because of this large difference in unit values, none of the Canadian sales might have been picked up by U.S. firms.

However, even if we assume that the U.S. firms capture all these sales, the increase in revenue would be insignificant. U.S. producers sold over 4.4 million tons of FSSB in 1986, yielding revenues of over \$4.9 billion.¹⁹ Giving U.S. firms all sales of Canadian FSSB yields additional revenues of \$89.6 million. This amounts to a revenue increase for U.S. firms of only 1.8 percent. This small revenue effect which can be attributed to Canadian imports surely does not rise to the level of material injury.

Therefore, based on the relatively low volume of Canadian imports, the large volume of FSS for buildings supplied by the domestic industry, the high elasticity of domestic supply in responding to price increases, and the minuscule impact of

¹⁷See id. at Table 14.

¹⁸This was the highest dumping margin alleged by the Petitioner. See id. at A-3.

¹⁹See id. at Table 16 (U.S. firms supplied an estimated 4,448,000 tons of FSS for buildings in 1986); at Table 3 (average value reported by producers for a ton of FSS for buildings was \$1,112 in 1986).

Canadian sales on domestic revenues, I find no reasonable indication that Canadian imports of FSSB have caused material injury.

DISSENTING VIEWS OF COMMISSIONER ECKES

Based on my analysis of the information developed in this investigation, I disagree with the negative determination made by my colleagues. On the basis of the record in investigation No. 731-TA-387 (Preliminary), I determine there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of alleged less-than-fair-value imports of fabricated structural steel for buildings (hereinafter "FSS") from Canada.

From my perspective, the following three considerations as a matter of law require the Commission to continue this investigation. First, within the 45-day time period permitted for a preliminary investigation the Commission was unable to conduct the "thorough investigation" of allegations in this petition required by law. Second, the record does not contain "clear and convincing evidence that there is no material injury or threat of such injury." And third, it is likely that additional evidence will arise in a final investigation to support the petitioner's point of view. For these reasons, my colleagues in the majority could not have established any rational connection between information developed in this

investigation and their majority negative determination. Consequently, their decision is unwarranted and is unsound as a matter of law. 1/

Standard for Review

Because my colleagues' determination is subject to judicial review, it is appropriate to consider at this point the judicial standard reviewing earlier preliminary negative determinations. 2/ In American Lamb Co. v. United States the Court of Appeals for the Federal Circuit (hereinafter "CAFC") observed:

Since the enactment of the 1974 Act, ITC has consistently viewed the statutory 'reasonable indication' standard as one requiring that it issue a negative determination . . . , only when (1) the record as a whole contains clear and convincing evidence that

1/ My concerns about the majority's approach in this investigation closely track my views on an earlier Commission negative preliminary determination. See my dissenting views in Portland Hydraulic Cement and Cement Clinker from Colombia, France, Greece, Japan, Mexico, The Republic of Korea, Spain, and Venezuela, Invs. Nos. 731-TA-356-363 (Preliminary), USITC Pub. No. 1925, (December 1986), 35-57.

2/ The statutory provisions for making a preliminary determination provide the standards for such determinations. The Commission is directed by Title VII of the Tariff Act of 1930 to determine, based upon the best information available to it at the time of the determination, whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise that is the subject of the investigation. (19 U.S.C. 1673(b)) "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant." (19 U.S.C. 1677(7)(a)).

In making its determinations the Commission is required to consider, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of that merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. (19 U.S.C. 1677(7)(B)(i)).

there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation. That view, involving a process of weighing the evidence but under guidelines requiring clear and convincing evidence of 'no reasonable indication', and no likelihood of later contrary evidence provides fully adequate protection against unwarranted terminations. Indeed, those guidelines weight the scales in favor of affirmative and against negative determinations. Under the appropriate standard of judicial review, ITC's longstanding practice must be viewed as permissible within the statutory framework. [emphasis in original] 1/

The Court is bound by statute to hold unlawful a negative determination found to be "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law. . . ." 2/ As the Court of International Trade observed in its most recent review of a Commission negative preliminary determination, this standard requires the following:

A reviewing court must 'consider whether the decision was based on a consideration of the relevant factors and whether there has been a clear error of judgment. . . . Although this inquiry into the facts is to be searching and careful, the ultimate standard of review is a narrow one. . . .' The Agency must articulate a 'rational connection between the facts found and the choice made.' 3/

But, for these standards to apply, the Commission must first have conducted a "thorough investigation" based on the best information available. The CAFC in its review in American Lamb refers to the Court of International Trade decision in

1/ American Lamb Co. v. United States 785 F.2d 994, 1001 (Fed. Cir. 1986).

2/ 19 U.S.C. 1516a(b)(1)(A) (1980 & Supp. 1985).

3/ Wells Manufacturing Company v. United States, ___ CIT ___, Slip Op. 87-133 (Dec. 8, 1987) (citations omitted).

Budd Co. Railway Division v. United States, in which the CIT noted that the ITC mandate to conduct a "thorough investigation"

does not limit 'the best information available' to that furnished by the petitioner or by any party-in-interest to the proceedings. The term 'available' as used in the statute must be constructed in accordance with its common meaning. In so doing, it is clear that all information that is 'accessible or may be obtained' from whatever its source may be, must be reasonably sought by the Commission. It is only in this manner that the Commission can comply with the intended congressional mandate to conduct a 'thorough investigation.' [emphasis added] 1/

For reasons set forth below, my colleagues' negative determination does not comply with the standard of review articulated by the court.

Like Product and Domestic Industry

In order to address the question of material injury, the Commission must determine the relevant domestic industry. 2/ The imported product subject to this investigation is fabricated structural steel for buildings from Canada. The notice of institution by the administering authority defines FSS as consisting of steel plates, angles, beams and related steel mill products that have been fabricated into articles suitable for erection or assembly into buildings which include industrial, utility, commercial, office, parking decks,

1/ American Lamb Co. at 1003 citing Budd Co. Railway Division v. United States, 507 F.Supp. 997, at 1003-4 (footnote omitted).

2/ The term "industry" is defined 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" 19 U.S.C. 1677(4)(A). "Like product" is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation" 19 U.S.C. 1677(10).

assembly, multi-residential, medical, public and transportation facilities. 1/ FSS for buildings is used to construct a skeleton which fulfills the load-bearing function for the erection of the building. Sales are by the producers of FSS, who bid to construct the skeleton of the building. FSS is included as one component of the bid along with costs associated with engineering, erection, transportation, and other products necessary for the project.

At first glance, the appropriate like product in this investigation appears to be, as the petitioner asserts, domestically produced FSS for buildings. However, there were at least two concerns raised in the investigation regarding this assertion. The first was whether the like product should include FSS for bridges as well as buildings. Although there is some information on the record which suggests that FSS for buildings and FSS for bridges could be one like product, many of the FSS pieces for bridges are heavier and larger, and are made from different steel products than FSS for buildings. Clearly, the uses for each are different. The existence of different distribution channels as well as the perceptions of customers and producers support the conclusion that FSS produced for a bridge project is different from FSS produced for a building project.

The petitioner also suggested a second definition of the like product, narrowing it to include only FSS for buildings

1/ Department of Commerce Notice of Initiation, 53 Fed. Reg. 3412 (1988). Commerce excluded FSS for use in the construction of bridges, fabricated reinforcing bars, bar joists, fabricated metal buildings, steel flooring or roof decks.

which require 1000 tons or more of FSS. However, information developed in this preliminary suggests that Canadian FSS is imported for the erection of both small and large buildings.

In this preliminary investigation, I find the like product to be FSS for buildings; therefore the domestic industry consists of all domestic producers of FSS for buildings. 1/

Even so, important "like product" questions remain unanswered. This investigation is more complex than the vast majority of steel cases because fabricated structural steel is not a standard product available for a number of end uses and users. Rather, fabricated structural steel is designed and finished for a particular building; it is shipped unassembled from the fabricating facility to construction sites. Several key questions emerge from these facts. Is the imported merchandise unassembled buildings? How does this affect the scope of the corresponding domestic industry and the corresponding injury and causation analysis? Indeed, is there a domestic industry under Title VII at all? Are those firms producing FSS which is dedicated to a particular building design performing more of a service than actual

1/ Neither of the parties to this investigation seems to have raised the related parties question. Under 19 U. S. C. 1677(4)(B), when some producers in the United States are related to exporters or importers of the product under investigation, or are themselves importers of that product, the Commission may exclude such producers from the domestic industry "in appropriate circumstances." In this investigation, there are two domestic producers that are related to Canadian producers of FSS for buildings. It is not clear that exclusion is appropriate based on the facts in this preliminary. Nonetheless, my analysis of the condition of the industry and the impact of imports would be unchanged if data on these producers were to be omitted.

manufacturing? Specifically, does importation also include the importation of design and fabrication services rather than only fabricated steel products? For example, the difficulty in establishing values for the various components of the project bids suggests this question deserves further consideration by the Commission. 1/

In my view, when important, novel legal issues such as these are raised by the facts of a preliminary investigation, the Commission has the responsibility to address more completely these questions, particularly when the information available to the Commission on the relevant conditions of trade is as incomplete as it is in this investigation.

Condition of the Domestic Industry

Data developed in this preliminary investigation do not provide the "clear and convincing" evidence of the absence of a reasonable indication of injury; and, there is a likelihood of additional information being developed which supports petitioner's allegations.

First, there are important limitations on the coverage of these data. As a result, it is inconceivable that they provide any rational basis for concluding that there is no reasonable indication of material injury or threat. Domestic producers responding to the Commission's questionnaire accounted for only

1/ See the majority views as well as the "Additional Views of Commissioner Michael J. Calhoun" in Certain Rail Passenger Cars from Canada, Inv. No. 701-TA-182 (Preliminary), USITC Pub. 1440 (August 1982).

14 percent of U.S. production during the period of investigation, an extraordinarily low response rate for a non-agricultural investigation. Moreover, profitability data cover only operations accounting for 4.4 percent of U.S. production. With such a low response rate, it is doubtful the Commission in a preliminary investigation can satisfy the statutory mandate.

The statute directs the Commission to assess the condition of the domestic industry, defined 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" [emphasis added] Apparently, the majority believe they can circumvent this requirement if they conclude that the questionnaire information provides reliable data on the condition of producers competing directly with Canadian producers. Such an approach does not answer the statutory question of whether there is an indication of injury to the industry as a whole. Thus, the majority appear to have indulged in de facto regional industry analysis in a way that is contrary to law.

It is unsound to conclude that the sketchy data developed in this investigation provide a reliable assessment of those domestic producers most likely to be affected by the subject imports. Petitioner estimated that some 30 firms encounter direct competition in the Northeastern market from Canadian suppliers. 1/ With regard to data on profitability, questionnaires captured less than half of those producers,

1/ Petitioner's posthearing brief, p. 9.

allegedly those most likely to be directly affected by imports. Thus, the Commission does not know the financial condition of remaining producers marketing in that region.

The record also contains allegations that imports have had a "ripple effect" on producers in other markets. Several producers in other areas of the United States observed that they were being injured even though they did not compete directly against imports from Canada. 1/ There were also allegations by some domestic producers that they were affected by other domestic producers who lost major project bids in the Northeastern market. 2/ As a result, some producers have resorted to other product markets, namely bridge structurals. In short, reliance by the majority on these data is misplaced; this information is too incomplete to provide "clear and convincing" evidence on these issues.

What the statute and the Court require the Commission to determine is whether the best available information on the domestic industry, (and not a small part of the industry), provides clear and convincing evidence that there is no material injury or threat of such injury to this industry. The best available information does not show a healthy domestic industry. Production levels declined during the most recent interim period. Shipments, which may be a more reliable indicator of productive performance because of industry record-keeping procedures, did increase slightly during the same period. However, during 1987 employment at reporting

1/ Report at A-13.

2/ Transcript of Preliminary Conference, pp. 76-77.

producers declined 9 percent. In fact, these producers are employing 700 fewer workers in 1987 than in 1985, a decline of 16 percent. Such a deterioration of employment is hardly clear and convincing evidence of no material injury.

Profit-and-loss information also fails to provide clear and convincing evidence to justify a negative determination. Only 15 producers, accounting for 4.4 percent of estimated U.S. production in 1986 furnished usable income-and-loss data on their fabricated structural steel for buildings operations. Operating margins for these producers dropped from 3.5 percent in 1985 to 2.3 percent in 1986. Thirteen of these producers provided interim 1987 data, which show a further decline in the operating margin to 1.3 percent. Moreover, six of those producers had operating losses, compared with three producers during the same period in 1986.

Causation

The best available information on the causation issue supports an affirmative, not a negative preliminary determination. Absolute import levels of imports from Canada increased more than 2 1/2 times from 1984 to 1986, before declining during the interim 1987 period as compared with 1986. As a share of U.S. consumption, imports from Canada followed a similar trend, increasing from 0.8 percent in 1984 to 2.1 percent in 1986, before declining to 1.5 percent in 1987. Thus, the absolute levels of imports have increased throughout the period covered by this investigation, and have

declined as a share of U.S. consumption only during the most recent period.

In my view, one must be cautious about interpreting a slight fall in import penetration as clear and convincing evidence of the absence of injury. Import trends may be affected by the bid process and the size of projects awarded, which distort the trends. Further, volume trends and other information in the record do not reflect any consideration of a more relevant indicator of injury, that is, when the bid is awarded rather than when importation actually occurs. Finally, the import volume data gathered do not reflect pending importations pursuant to contracts already awarded, bids currently in process, or the possibility of sizable bids in the near future.

Fabricated structural steel for buildings is not sold separately as a product. It is one element of a bid package which the fabricator supplies to a general contractor that also includes engineering design, transportation, erection of the structure, scheduling deadlines, and other intangibles. Therefore, for the purposes of this preliminary investigation any effort to analyze the effect of imports on domestic prices must focus on bid data for individual major projects in the Northeast market supplied by both U.S. producers and importers. These major bids accounted for 41 percent of Canadian imports of FSS during 1986. But, the record contains no pricing data on almost 60 percent of Canadian imports during 1986. Also, the Report contains no discussion of how this important share

of imports are sold, what types of projects are involved, or to what areas imports are directed. Most important, there are no data regarding bid prices for projects in other markets which would allow the comparison of Canadian and domestic bids in those markets with comparable projects in the Northeastern market. In my view, such deficient coverage should not be interpreted as convincing evidence.

Despite gaps in the record, the "best available information" regarding the impact of imports on domestic pricing does provide a reasonable indication that the FSS imports directly affected U.S. producer's prices. ^{1/} Comparison of final bid amounts indicates that the Canadian producers (or Canadian-owned U.S. subsidiaries which in turned used Canadian steel) were the lowest bidders on three of the eight major projects considered. In one other project, the successful domestic producer had to meet a substantially lower initial Canadian bid; in yet another project awarded to a Canadian producer the domestic firm simply declined to bid for reasons unstated. Further, differences between initial and

^{1/} It is difficult to segregate the components of the bid to arrive at some "price equivalent" for the FSS component of a given bid. According to one submission, "The fact that a particular contractor might be a low bidder might not be solely dependent upon the supply price of fabricated structural steel. The steel is only one component of the bid, and we do not negotiate bid components with the fabricators. We look to the final figure, and a low bid could easily be attributable to the erection component or some other component of the bid." Report at A-36. Thus, the difficulty in allocating prices to these components lends some merit to concerns that the like product in this investigation is more than FSS.

final bids on some projects suggest that unsuccessful domestic producers lowered final bids to meet Canadian initial bids. 1/

Threat

Although the petitioner has stated that present injury is the basis for seeking antidumping duties, the Commission majority must also explain their negative determination on the basis of a reasonable indication of a threat of material injury. 2/ Here again, there are significant gaps in the data. There are no available current data regarding over-all Canadian capacity to produce fabricated structural steel for buildings. The most recent survey of over-all FSS industry capacity was in 1980. However, available data from questionnaire responses show excess productive capacity for FSS for buildings. Certainly in the past, Canadian producers have

1/ Transcript of Preliminary Conference, p. 26 and p.29. Bid reductions may be due in part to subsequent changes in specifications but this information has not been presented for each project studied.

2/ With regard to a determination of a threat of material injury the Commission considers, among other factors, (1) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States, (2) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level; (3) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise, (4) any substantial increase in inventories of the merchandise in the United States, (5) the presence of underutilized capacity for producing the merchandise in the exporting country, (6) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and (7) the potential for product-shifting. (19 U.S.C. 1677(7)(F)).

demonstrated the ability to expand sharply exports to the U.S. by increasing capacity utilization. This occurred in 1985, when Canadian exports to the U.S. doubled those levels reported in 1984. Questionnaire responses of Canadian exporters indicate sharp increases in production and capacity utilization in 1985 and 1986. These increases correspond to increased exports to the United States in each of those years, suggesting that higher utilization rates for these producers could have been at the expense of U.S. producers. In fact, data on exports to the U.S. and domestic shipments indicate that exports to the U.S. increased as shipments in Canada decreased.

There are no data regarding pending bid submissions and contract awards in the Northeastern market or elsewhere in the United States or importations of FSS pursuant to contracts already awarded. Data on the extent of pending projects and the nature of future Canadian participation are also lacking. Information is available for some Canadian producers' bookings (orders placed) for 1987. While bookings can be considered to be a proxy for eventual production and shipments, they are not reliable measures of future Canadian shipments to the U.S. because of lags which exist between the time an order is booked and the time it is produced or sold. In sum, data on several of the statutory threat factors raise substantial questions regarding the future role of Canadian imports. Data on other important factors are incomplete or missing in the record of this investigation.

Conclusion

Let me summarize the reasons for my affirmative preliminary determination. According to the standard for reviewing a negative preliminary in American Lamb, the Commission cannot reasonably terminate an investigation unless "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."

In reviewing this record I note that important aspects of the conditions of trade remain unexplored. It seems to me that, if for no other reason, this investigation should have been continued in order to examine further the question of whether, given the broad nature of the contracts under which FSS is sold, the imported merchandise encompasses not only FSS but also services such as design and fabrication.

Because of the size and nature of the projects involved in the importation of the subject merchandise, customary trend analyses do little to add to the Commission's understanding of the market conditions for this industry. Trends regarding the performance of this industry and the magnitude and distribution of imports are necessarily distorted and skewed by the manner in which FSS is marketed and used. In this investigation, there has been no opportunity to correlate projects undertaken with domestic production, performance, and import trends. Without that correlation, the Commission majority cannot

support its negative determination with "clear and convincing evidence." 1/

Most importantly, the absence of data for producers accounting for more than 85 percent of domestic production dispels any notion that this has been a thorough investigation. I do not believe the Commission can assess the performance of a segment of producers representing 15 percent of domestic production and use this as a proxy for the entire industry. The statute indicates that the Commission as a matter of law must make its determination regarding the domestic producers "as a whole."

Other crucial gaps remain in the record. There is no information on the nature of the impact of a substantial amount of alleged LTFV imports. According to the Report, 60 percent of the Canadian imports in 1986 are not covered by the discussion of bids in the Northeastern market. Moreover, there is little, if any, meaningful pricing information on Canadian imports in 1987. Furthermore, the Commission has not developed information to test allegations of injury to producers in other markets because of the alleged "ripple effect," stemming from alleged LTFV imports. Also, the lack of information about the bidding behavior of Canadian imports in other markets is an

1/ For example, the Report contains the following caveat regarding trend analysis and profit-and-loss information:

One should exercise caution in comparing the financial results for each year because yearly revenues and expenses consist of many projects with unique specifications, the completion of which may span two or more accounting periods. (Report at A-19).

important gap in the assessment of any price-suppressing or depressing impact on domestic bids in the Northeastern market.

In summary, the Commission has not been able to conduct a thorough preliminary investigation. Rather, the result at the close of 45-days is a record which lacks clear and convincing evidence of no material injury to this industry. The best available information supports a preliminary affirmative determination, to which the petitioner is entitled by law. This is a preliminary investigation, not a final determination which would be based on the cumulation of information gathered over a number of months. The petitioner and other interested parties had no access to information gathered by the Commission during this brief exercise, nor have they had the opportunity to scrutinize questionnaire coverage and methodology. Also, they have not had an opportunity to respond to important questions raised by the record developed. To terminate this preliminary investigation is to impose standards not in accordance with the law or sound, even-handed administration of our trade laws.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 11, 1988, petitions were filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by counsel for the American Institute of Steel Construction, Inc. (AISC), 1/ alleging that an industry in the United States is materially injured by reason of imports from Canada of certain fabricated structural steel 2/ that are alleged to be sold in the United States at less than fair value (LTFV). Accordingly, effective January 11, 1988, the Commission instituted antidumping investigation No. 731-TA-387 (Preliminary), under section 733 of the Tariff Act of 1930, to determine whether or not there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States.

The statute directs the Commission to make its preliminary determination within 45 days after receipt of the petition or, in this investigation, by February 25, 1988. Notice of the institution of this investigation 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 of January 20, 1988 (53 F.R. 1527). Commerce published its notice of initiation in the Federal Register of February 5, 1988 (53 F.R. 3412). 3/ The Commission held a public conference in Washington, DC, on February 5, 1988, at which time all interested parties were allowed to present information and data for consideration by the Commission. 4/ The Commission voted on this investigation on February 22, 1988.

1/ The AISC is a trade association that represents fabricators, erectors, and designers of steel framed buildings, bridges, and other structures. The petition states that the majority of AISC members are manufacturers of fabricated structural steel for buildings and that these firms account for an estimated 40 to 50 percent of total U.S. production of the subject product.

2/ For purposes of this investigation, the term "fabricated structural steel" means the following articles suitable for use in erecting or assembling buildings: (1) angles, shapes, and sections, all of the foregoing of iron or steel; drilled, punched, or otherwise advanced; provided for in Tariff Schedules of the United States (TSUS) items 609.84 and 609.86; (2) columns, pillars, posts, beams, girders, and similar structural units, except bar joists, all the foregoing of iron or steel (except nonmalleable cast-iron articles, rough or advanced), provided for in TSUS items 652.94, 652.95, and 652.96; and (3) other structures and parts of structures not specially provided for, all the foregoing of iron or steel, provided for in TSUS item 653.00.

3/ Copies of the Commission's and Commerce's Federal Register notices are presented in app. A.

4/ A list of the witnesses who appeared at the public conference is presented in app. B.

Previous Investigations Concerning Fabricated Structural Steel

In 1984, at the request of the Subcommittee on Trade, House Committee on Ways and Means, and in accordance with section 332(b) of the Tariff Act of 1930, the Commission conducted a study of Conditions of Competition Between Certain Domestic and Imported Fabricated Structural Steel Products (Inv. No. 332-181), USITC Publication 1601, November 1984. The study assessed factors affecting the competitive position of U.S. producers of fabricated structural steel for buildings, bridges, offshore oil platforms, transmission towers, and other related products. Selected data on the building sector of the industry were presented. As a major supplier to the U.S. market, the Canadian industry was also discussed.

The report noted a drop in U.S. consumption of fabricated structural steel in 1983, with declines in many indices of U.S. productive activity. Where separate data were presented, the building sector experienced smaller declines in both the quantity and value of shipments than did the industry as a whole. Increasing import penetration was observed in the Western United States in the building and offshore oil platform sectors. The Northeast United States was reported to be the principal marketing area of Canadian fabricated structural steel.

In May 1986, the Commission determined that industries in the United States were materially injured by reason of imports of offshore platform jackets and piles from the Republic of Korea (Korea) and Japan (Offshore Platform Jackets and Piles from the Republic of Korea and Japan, Invs. Nos. 701-TA-248 (Final) and 731-TA-259-260 (Final), USITC Publication 1848, May 1986. These products, which are of fabricated structural steel, are excluded from the current investigation, which covers only products for use in buildings.

Nature and Extent of the Alleged Sales at LTFV

The petitioner alleged that, because of the unique character of building projects using fabricated structural steel, it is not practical to compare the price of fabricated structural steel in buildings erected by Canadian producers in the United States with the price of the same product in buildings erected by the same producers in Canada. Rather, to determine whether or not LTFV sales existed, the petitioner compared the price of fabricated structural steel for projects erected in the United States by Canadian producers to the constructed value of imported Canadian fabricated structural steel, adjusted as if the project were being built in Canada. The petitioner chose four sample projects to back up the allegation of LTFV sales.

To arrive at the net U.S. price, the petitioner subtracted from the bid price the estimated costs of erection, import duties, transportation, applicable taxes and bonds, and other incidentals. The petitioner based constructed value on the cost of materials (structural shapes, plate, angles, or jumbo shapes), labor, overhead, and the statutory minima for general, selling, and administrative expenses (GS&A expenses) and profit of 10 and 8 percent, respectively. The estimated material costs were based on values from Canadian or U.S. manufacturer price lists or from U.S. import statistics, as appropriate. The petitioner based labor costs on U.S. producers' costs for the four projects, adjusted to account for differences between representative

Canadian and U.S. labor contracts. The petitioner also used these differences to construct a figure for overhead expenses. Using this calculation, the petitioner estimated dumping margins for each project as shown below:

<u>Project</u>	<u>Dumping margin</u>
Foundling Hospital	19.2%
60 Wall Street	13.3%
Citicorp-Court Square	18.2%
One Liberty Place	12.0%

The Products

Description

Fabricated structural steel consists of steel plates, angles, beams, and related steel products that have been fabricated into articles suitable for erection or assembly into a variety of structures. The basic fabrication operations include, but are not limited to, the cutting to length, drilling, punching, and welding of steel, and the finishing of such steel into structural components. This investigation covers only fabricated structural steel for use in constructing buildings.

Fabricated structural steel used in buildings includes a number of individual products, such as columns, beams, girders, base plates, trusses, and entirities or "kits" of fabricated structural shapes. Fabricated structural steel not under investigation includes products used in the construction of bridges, fabricated reinforcing bars, bar joists, fabricated metal buildings, steel flooring, and roof decks. The base plate is a steel plate laid over a concrete foundation to assist in distributing the weight of a building. In sizable buildings, steel grillages, which consist of several layers of beams laid horizontally across foundations, may be used in place of base plates to bear the heavier loads. Columns are steel shapes used as vertical supports in a building. Beams, which may not be readily distinguished from columns in terms of shape and appearance, are steel shapes used horizontally in structures to provide floor support ("floor beams") or connect columns ("girders"). Trusses consist of a series of welded steel sections that are used in place of conventional beams to span large areas such as lobbies or atriums. Trusses are also used in apartment complexes and hotels in instances where no internal building columns are used.

Manufacturing process and technology

Each component part of the product under investigation is custom manufactured for a specific building project. Before the actual manufacturing operations can begin, the fabricator must undertake an engineering study ("detailing") for each project. Under usual engineering procedures, the consulting engineer or architect designs the general form of the building frame, with detail engineering being the responsibility of the fabricators. Detailing includes designing the connections, the position and size of holes in the webs for utilities, the reinforcements that such holes might require, and assessing the need for and placement of stiffeners on built-up members. Such engineering work can either be done in-house or contracted out to firms that

specialize in such work. The application of computer-aided design (CAD) can afford significant cost savings in the design stages, but is somewhat limited. Its primary use is for standard details, but industry sources indicate that CAD systems cannot handle the most intricate detail design. CAD programs for detail engineering can be developed in-house or purchased on the market. The consulting engineer checks the design of the details and approves them before actual fabrication begins.

There have been a number of advances in the technology used to fabricate structural steel. The technology has expanded to link CAD with computer-aided manufacturing (CAM). The CAD/CAM system can eliminate the drafting of details. This automation of detailing can result in significant increases in the productivity of a fabricator, yielding similar cost savings.

The primary steel products fabricated for use in buildings are structural shapes, though substantial quantities of steel plate are also used. These input products are purchased directly from either U.S. or foreign steel producers, or from steel distributors ("service centers"). The material progresses through several stages of fabrication to produce finished components. The first stage of fabrication usually involves cutting material to length by a shear (a guillotine-type machine that cuts plate and flat bar), a saw (used for beams, channels, and light column shapes), or a cutting torch (used for thick material). Improved methods for cutting both plate and structural shapes have been adopted by the industry. Computer-controlled flamecutters, cold-cutting saws, and photocell tracers have all been applied by fabricated structural steel producers.

The steel then goes to the layout crew, which performs the welding, punching, and bending operations. Production lines that have built-in electronic gauging to facilitate layout eliminate the manual layout of cuts and holes and manual positioning of the material. Recent advances in technology have allowed the application of digital sensors and controls in the manufacturing process, bypassing the need for layout work from a template.

Punching is the most frequently used method of making bolt holes in fabricated structural steel. Light pieces of steel are usually punched one hole at a time, although there are multiple-punch machines capable of punching several holes simultaneously. Drilling of structural steel is usually limited to making holes in material too thick for the punching machines, though it may be required to meet specifications in lighter material as well.

Steel shapes can become bent or distorted during shipment, handling, or punching. The material is therefore straightened before further fabrication on a bend press (used for straightening beams, channels, angles, and heavy bars) or on a roll straightener (used for long plates). At this stage of fabrication, a press brake is also used to form angular bends in wide sheets and plate. Before final assembly, the component parts of a member must be fitted with bolts, clamps, or small amounts of weld. The assembly is checked for overall dimensions, united with additional fittings, and checked by an inspector. It is also customary to have the holes widened at this stage to permit insertion of fasteners.

The strength of a structure depends on proper fastening techniques (i.e., bolting and welding methods). Permanent shop bolting of structural connections is accomplished with hand or power wrenches. Most critical welding is performed in the shop as opposed to the field, as shop conditions afford a

better environment than field conditions for critical, close-specification welds. The use of semiautomatic and mechanized welding has increased both the duty cycle (minutes per shift that the welder actually spends welding) and the filler metal deposition rate. Specifically, it has been estimated that utilization of semiautomatic welding results in a 50-percent average increase in the welder duty cycle over conventional manual stick welding. With mechanized welding, the operator's task is to judge whether or not the machine is giving a good weld; thus, manual skill is no longer of primary importance.

Material is inspected once again prior to final shop welding to check overall dimensions, proper positioning of all connections, and to ensure that all joints fit properly. After the welding is completed, a visual inspection can be followed by the nondestructive testing of welds. Such tests include magnetic particle inspection, dye penetrant inspection, ultrasonic inspection, and radiography. An independent testing laboratory usually is involved in inspection prior to shipment of the steel.

In addition to the main fabricating shop, many plants also maintain machine shops and blacksmith or forge shops where special machining and forging operations are performed. In forge shops, steel may be heated for bending and shaping or subjected to cold-forming operations that require special tools and equipment.

Steel that needs to be painted is thoroughly cleaned of loose mill scale, rust, and other foreign matter. The cleaning can be done with hand or power-driven wire brushes, by flame descaling, by pickling (acid treatment), or by sand, shot, or grit blasting. After painting, the shipping mark is placed on each piece, and an inspection ensures that proper identification of each structural component is clearly indicated.

Uses of the product

Fabricated structural steel is used in constructing a variety of structures, including buildings, bridges, towers, oil platforms, and large transportation vehicles (ships, railroad cars, truck trailers, etc.). Fabricated structural steel for buildings, the product subject to investigation, is used to construct a skeleton that fulfills the load-bearing function required for the erection of a building. Buildings are diverse structures that range in size from modest structures requiring several hundred tons of steel to multistory complexes requiring thousands of tons of steel. Most multistory complexes are "beam and column" structures that consist of fabricated "H" and "I" shapes (i.e., wide-flange beams and "I" beams) joined in an interlocking fashion to form a rigid steel frame on or within which floors are laid and spaces are enclosed.

In recent years, the greatest tonnages of fabricated structural steel have been used in steel-framed office buildings and industrial structures (such as factories and manufacturing plants). Other important markets have been for utility buildings and assembly structures (including auditoriums and sports arenas).

Finished fabricated structural steel components are shipped unassembled from the fabricating facility to construction sites. Delivery of individual members requires coordination between the fabricator and the erector. Erectors

are responsible for the placement and connection of the structural components at the building site. The erector may be either an independent company or an operation related to the fabricator. Steel is delivered to the jobsite in a deliberate sequence by the fabricator in order to allow the erector to proceed efficiently. In metropolitan areas, the logistics of delivery to and storage at the jobsite can pose significant problems. In such cases, careful planning is necessary.

Upon arrival at a job site, the fabricated structural steel is checked by the erector's crew chief, who determines from blueprints the order in which the material is to be placed. At his direction, the crane operator lifts sections to the proper place, where ironworkers secure the piece by bolting it to existing sections. The ironworkers are usually divided into two groups. The first group inserts several bolts, in order to allow the section to be disconnected from the crane. The second group follows, inserting the remaining bolts at each connection. Welding is occasionally used to make connections, but bolting is a faster and easier method, especially in cold weather.

Substitute products

The principal substitute for fabricated structural steel is reinforced concrete, which is highly competitive with steel in buildings of all sizes, as is wood in certain smaller structures. The selection of material to be used in a structure typically occurs at an initial planning phase, where a building owner and architect discuss the purpose of the structure and other related issues. General price developments affecting the cost competitiveness of steel and concrete may influence the selection of material, though it is not the sole criterion. An owner's particular needs, for example, may dictate the use of steel, which is more versatile. Seismic conditions in the area of a proposed structure may also be a factor in the material selection, as steel has structural qualities that are preferable in earthquake-prone areas.

From a position of dominance following World War II, steel frames for structures have lost market share to concrete. In general, concrete is the preferred material for apartment complexes and hotels, with steel preferred for industrial and commercial structures. The development of high-strength steel for use in the construction industry has enhanced the competitiveness of steel in recent years, because it has cut down the tonnage of steel required in structures. Although more costly per ton, the high-strength steel has an advantage in terms of reduced material requirements, lower labor costs, and lower field erection costs.

In limited applications, fiberglass structural shapes can be substituted for steel. However, fiberglass structurals are considerably more expensive than steel structurals and are inappropriate for large spans or large loads. Use of fiberglass structural shapes is generally limited to corrosive environments or in applications where steel construction may cause problems because of electrical charges or radiowave transmissions.

U.S. tariff treatment

Imports of fabricated structural steel products covered in this investigation are provided for under items 609.84, 609.86, 652.94, 652.95, 652.96, and 653.00 of the Tariff Schedules of the United States (TSUS). Under

the proposed Harmonized Tariff Schedule of the United States (referred to as the HTS), which is based on the Harmonized Commodity Description and Coding System, these products will be covered by subheadings 7216.90.00, 7222.40.60, 7301.20.10, 7301.20.50, 7308.90.30, 7308.90.60, and 7308.90.90. The most-favored-nation (MFN) (col. 1) rates of duty, 1/ as of January 1, 1987, applicable to imports of fabricated structural steel from Canada, range from 2.8 percent to 5.7 percent ad valorem. 2/ These duty rates apply to imports from all countries other than the Communist countries enumerated in TSUS general headnote 3(d), 3/ except where such imports qualify for preferential tariff programs. 4/ Under the Harmonized System, the proposed rates of duty on imports from Canada also range from 2.8 percent ad valorem to 5.7 percent ad valorem. If the proposed free-trade area agreement with Canada is implemented, U.S. duties are scheduled to be staged to "free" over a 10-year period.

Respondents in this investigation assert that two TSUS items cited in the petition, items 652.95 and 653.00, are not applicable to the subject product imported from Canada. TSUS item 652.95 (HTS subheading 7222.40.60) covers products made from stainless steel. The respondents assert that stainless steel is not used as a structural component of a building because of its significantly higher cost. More importantly, TSUS item 653.00 is a residual or "basket" category, which includes various articles of iron and steel. In inv. No. 332-181, it was noted that importers of fabricated structural steel from Korea used TSUS item 653.00 for entering "entireties" or semi-assembled structural components because, at the time, Korea benefited from GSP tariff treatment, with no duties under this tariff item. The respondents assert that Canadian firms do not use this category for shipments to the U.S. market because other TSUS items, which apply more specifically to fabricated structural steel for buildings, carry a lower column 1 rate of duty. The appropriate classification of all such articles is ultimately determined, however, by the U.S. Customs Service, and not by the importers. It should also be noted that TSUS item 652.94 includes bar joists, a product that the petitioners specifically excluded from their petition.

U.S. Producers

The petition estimates that there were over 1,000 producers of fabricated structural steel in the United States in 1987. Of these, about 375 are members

1/ These rates of duty in general represent the final stage of the reductions granted in the Tokyo Round of the Multilateral Trade Negotiations.

2/ Additional duties, based on the presence of alloying agents, could theoretically raise the col. 2 rate of duty on steel provided for in TSUS item 609.86 from the base level of 5.3 percent ad valorem to 6.3 percent ad valorem, and could raise the col. 1 rate of duty on this same tariff item from 5.3 percent ad valorem to 5.7 percent ad valorem.

3/ Col. 2 rates of duty apply to these countries, which include all Communist countries except the People's Republic of China, Hungary, Poland, Romania, and Yugoslavia, all of which are eligible for MFN treatment.

4/ Preferential tariff programs include the Generalized System of Preferences (GSP), which affords nonreciprocal tariff preferences to developing countries to aid their economic development; the Caribbean Basin Economic Recovery Act, which grants nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development; and the United States-Israel Free Trade Area Implementation Act, which applies to products of Israel.

of the AISC. U.S. producers are characterized as small concerns, with no one company believed to account for more than 2 percent of total shipments. The typical market radius of a plant is less than 200 miles; ^{1/} therefore, producers are dispersed throughout the United States. However, the producers that compete most directly against the Canadians on large-scale commercial projects tend to have significantly larger market areas. The largest U.S. fabricators, represented by petitioner's witnesses at the Commission's conference, have several fabricating facilities each, and exclude only the west coast from their marketing area.

An AISC spokesman estimates that 90 percent of U.S. fabricators do some work involving building construction. Based on 1986 AISC data, about three-quarters (by weight) of fabricated structural steel is used in buildings. Of the 107 U.S. producers of fabricated structural steel that responded to the Commission questionnaire, 63 percent indicated that they produced fabricated structural steel for buildings. Industry witnesses at the Commission conference stated that this response was flawed by misinterpretation of the questionnaire. ^{2/} Producers of fabricated structural steel generally reported that they concentrated on a particular market for, or type of, fabricated structural steel. Although there is some overlap of production for buildings and bridges, few of these fabricators reported production for transmission towers or preengineered buildings.

U.S. Importers

Over 500 companies were identified as importers during the period January 1984-September 1987 of products under the TSUS items that provide for fabricated structural steel for buildings (as well as other products). This includes a mix of U.S. and Canadian companies as certain Canadian firms, particularly the larger structural steel fabricators, act as importers of record for shipments made pursuant to successful bids on U.S. building projects.

Importers were concentrated in the New York/New Jersey area, in New England, and in the Middle Atlantic States. Some importers were located in the Pacific Northwest and imported exclusively from the Vancouver area. A few importers operated in the Southern States, Texas, and California; however, they reportedly did not import fabricated structural steel for use in buildings.

Of the approximately 500 companies, 138 received questionnaires, of which 85 were U.S. firms and 53 were Canadian firms. Because of the volume of potential importers, only those firms importing very large quantities from countries other than Canada were included. The mailing list was developed based on the value of shipments and the distribution of those shipments based on tariff classification. Because respondents identified TSUS items 609.84 and 652.94 as the primary tariff classifications used by importers of the subject product from Canada, even small importers with a concentration of imports under these TSUS items were sent questionnaires. On the other hand, since TSUS item 653.00 is a "basket" item, an attempt was made to avoid sending questionnaires to firms importing exclusively under that item, unless such imports were relatively voluminous.

^{1/} U.S. Industrial Outlook, 1987--Construction Materials, p. 2.

^{2/} See the discussion on questionnaire coverage that introduces the section on consideration of injury.

Sixty-eight U.S. and 37 Canadian firms responded to the questionnaire. Of these, 86 responded that they did not import fabricated structural steel suitable for use in buildings during the period of investigation. The majority of companies that failed to respond to the Commission's importers questionnaire were identified as importers of products from countries other than Canada. These firms tended to import under TSUS items 652.94 and 653.00. 1/ Importers that reported receiving shipments of Canadian fabricated structural steel suitable for use in buildings accounted for over 80 percent, by tonnage, of all imports from Canada. As these data may include products other than those subject to investigation, the actual coverage of subject imports in data received in response to the Commission's importers questionnaire is slightly higher.

Responding U.S. importers of fabricated structural steel for buildings were limited almost exclusively to the foreign fabricators of the products or their subsidiaries. 2/ Reported imports of fabricated structural steel for buildings were destined for projects in the United States on which the producer or importer had bid successfully. Because fabricated structural steel is custom manufactured to the unique specifications of a particular project, importers do not hold the product in inventory, nor is it resold. Rather, the imported product is shipped directly to the job site.

Several importers indicated that there is often a considerable lag between the time a bid is won and when importation for that project occurs. As a result, certain import data during the period of investigation may be attributable to bids won during earlier periods.

Apparent U.S. Consumption

The petition notes that consumption of fabricated structural steel for buildings in the United States has risen during the period of investigation because of increased construction activity; a 6.5-percent increase occurred during 1984-86. However, the AISC forecasts a decline in U.S. consumption in the near future because of high office vacancy rates in many cities, uncertainty in the stock market, and reduced tax incentives for builders. 3/ Contract awards for the overall construction market declined 2 percent from 1986 to 1987. In 1988, the petitioner forecasts a further drop in the commercial and office market, with increased construction only by Government and industry. 4/ The AISC calculates U.S. consumption of fabricated structural steel for buildings on the basis of information obtained from building permits regarding the square footage of steel-framed buildings, by type. A conversion factor is calculated for each building type and is periodically adjusted to reflect changes in fabrication and construction practices. AISC data, presented in table 1, are believed to be the best available data on U.S. consumption of fabricated structural steel for buildings.

1/ Imports by these firms included, for instance: parts for bridges, floor systems, bar joists, door and window frames, prefabricated steel buildings, roof decks, paint finishing systems, light duty steel angle bars, * * *.

2/ A number of identified importers are project developers; however, they did not respond to the questionnaire.

3/ Petition, p. 2.

4/ ENR, January 1988, pp. 108-109.

Table 1
Fabricated structural steel for buildings: U.S. consumption, by geographic regions, 1/ 1984-86, and estimated U.S. consumption, 1987-88

(In thousands of tons)					
Item and year	Northeast	Midwest	South	West	Total
Actual consumption:					
1984.....	1,001	1,591	974	824	4,390
1985.....	1,066	1,785	989	862	4,702
1986.....	1,145	1,509	1,171	852	4,677
Estimated consumption:					
1987.....	1,346	1,440	1,205	781	4,772
1988.....	1,315	1,336	1,095	708	4,454

1/ The northeast region extends from Maine through Pennsylvania, West Virginia, and Maryland. The midwest region reaches from Ohio and Kentucky west through North Dakota in the northwest and Kansas in the southwest. The southern region includes the remaining States as far west as Texas and Oklahoma. The western region encompasses the remaining continental United States.

Source: American Institute of Steel Construction.

These data indicate that U.S. consumption of fabricated structural steel for buildings increased by 7.1 percent from 1984 to 1985 and then fell by 0.5 percent from 1985 to 1986. A 2-percent increase is estimated in 1987 compared with that in 1986. The AISC forecasts further declines in consumption from 1987 to 1988. An estimate of consumption, by value, is presented in appendix C.

In the northeast United States, which the parties agree is the principal market for the subject Canadian product, consumption has risen strongly during the period of investigation; however, AISC data predict that this area of the country will experience a decline in consumption from 1987 to 1988.

U.S. consumption of fabricated structural steel for buildings, bridges, transmission towers, and prefabricated buildings 1/ is presented in the following tabulation (in thousands of tons):

<u>Year</u>	<u>U.S. consumption</u>
1984.....	5,542
1985.....	5,840
1986.....	5,885
1987 (estimated).....	6,041

U.S. consumption of all fabricated structural steel has increased steadily during 1984-87. From 1985 to 1986, bridge construction more than made up for the decline in building construction. * * *

1/ These data were provided by the AISC. Totals exclude oil drilling rigs and metal roofs, siding and hardware in preengineered buildings.

The subject product is produced from steel mill shapes, as are certain parts of ships, railroad cars, heavy-duty truck carriages, and large construction equipment. An estimated 95 percent of the production of structural shapes is consumed in the production of fabricated structural steel. ^{1/} The American Iron and Steel Institute (AISI) collects U.S. market data on structural shapes of 3 inches and over, shipments of which are classified as AISI product code #4. This product code corresponds closely to the type of material used in the production of fabricated structural steel for buildings. Apparent consumption data are presented in the following tabulation (in thousands of tons):

<u>Year</u>	<u>U.S. consumption</u>
1984.....	5,886
1985.....	6,458
1986.....	5,950
January-November 1987..	5,930

Again, the data show an increase in consumption from 1984 to 1985, a decline from 1985 to 1986, and another increase from 1986 to 1987 (based on annualized data). However, in each case, the magnitude of variation is greater for consumption trends of structural shapes than for consumption trends of fabricated steel for buildings. No comparable data are available regarding value.

Consideration of Alleged Injury to an Industry in the United States

The information presented in this section of the report was obtained from responses to questionnaires of the U.S. International Trade Commission. The AISC provided a ranked list of its largest members, in terms of sales of fabricated structural steel. The petitioner notes, however, that a number of large producers are not members of the AISC. AISC also has a Quality Certification Program that certifies producers of fabricated structural steel for various categories of building and bridge projects. These 136 AISC-certified firms are believed to include the largest U.S. producers of fabricated structural steel for complex steel-building structures, regardless of AISC membership.

On the basis of the AISC data and secondary sources, questionnaires were sent to 162 companies believed to include the largest U.S. producers of fabricated structural steel. One hundred seven firms responded to the questionnaire; of these, 65 reported that they produced fabricated structural steel for buildings. Responding producers accounted for 13.2 percent ^{2/} of 1986 U.S. consumption of the subject product, as calculated by AISC, and they represent an estimated 13.9 percent of U.S. production during the period of investigation. Three companies were excused from the questionnaire by pleading bankruptcy. Fifty-three questionnaire recipients failed to respond; the most

^{1/} U.S. Industrial Outlook, 1987--Construction Materials, p. 3.

^{2/} Based on producers submitting usable and timely production data. Several other firms responded to the questionnaire but did not submit such data.

frequent reason given for failure to respond was that the producer did not compete directly against Canadian suppliers and therefore it felt that the questionnaire was not applicable.

Forty-two companies reported that they did not produce fabricated structural steel for buildings. According to the AISC witness at the conference, some of these firms may have misinterpreted the questionnaire and, in fact, do manufacture the subject product. He suggested that such firms may not produce fabricated structural steel for large-scale commercial projects, where the primary impact of Canadian suppliers has been felt. 1/

Data obtained in response to the Commission's producer questionnaires may be misrepresentative of the U.S. industry as a whole by overstating the effect of Canadian imports. A significant percentage of imports from Canada have been for a few large commercial projects in New York City. Questionnaire data appear to represent, largely, major fabricators that compete in the northeast United States and that bid on the same type of large projects as do the Canadians. Despite a low coverage of the U.S. industry, available data are believed to document the impact of the subject imports on U.S. producers in the Canadian market area of the northeastern and northwestern United States.

First of all, based on data provided by the petitioner, questionnaires were sent to the largest fabricators rather than a representative sample of firms, by size. It was also the largest companies that had the staff to respond most fully to the questionnaire. The Canadian producers that export fabricated structural steel to the United States likewise tend to be large-capacity firms.

Secondly, U.S. producers that responded most completely to the questionnaire tended to be those that compete in the Northeast against the Canadian suppliers of fabricated structural steel for buildings, particularly in New York City; the petitioner estimated that some 30 firms encounter direct competition with Canadian suppliers. 2/ The vast majority of U.S. producers of fabricated structural steel for buildings do not compete directly against these imports. Such producers were less responsive to the questionnaire than were those producers whose market area includes the Northeast United States. The most common reason given for not responding or for asking to be excused from responding was that the firm did not compete directly against imports from Canada. In illustration, * * *.

* * * * *

Finally, questionnaire data may be skewed towards companies that fabricate structural steel primarily for large commercial buildings. Companies that do not compete in the high-rise commercial building market may have failed to respond properly to the questionnaire. * * *.

* * * * *

However, petitioners maintain that even if the questionnaire data are weighted in favor of companies competing head to head with Canadian suppliers, such data are nevertheless representative of the U.S. industry as a whole. 3/

1/ Transcript, p. 72.

2/ See the petitioner's posthearing brief, p. 9.

3/ Transcript, p. 75.

They argue that the impact of Canadian firms winning major projects in New York City allegedly forces the losing firms to be more competitive elsewhere. Several producers in other areas of the United States observed that they were being injured even though they did not compete directly against imports from Canada. Fabricators of structural steel for bridges also noted that fabricators of buildings were being squeezed out of that market and into bridge production.

U.S. producers' capacity, production, and capacity utilization

U.S. producers were asked to report capacity data for their overall operations, their operations producing fabricated structural steel, their operations producing fabricated structural steel for buildings, and their operations producing fabricated structural steel for other uses. * * * reported overall productive capacity that was greater than the capacity to produce fabricated structural steel.

Reported U.S. capacity to produce fabricated structural steel for buildings rose overall during the period of investigation but declined from January-September 1986 to the corresponding period of 1987 (table 2). Such capacity increased from 762,000 tons in 1984 to 792,000 tons in 1985, or by 3.9 percent, and rose by another 1.7 percent, to 805,000 tons, in 1986. Available data show a 2.3-percent decline in capacity from January-September 1986 to January-September 1987.

Table 2
Fabricated structural steel for buildings: U.S. capacity, production, and capacity utilization, 1984-86, January-September 1986, and January-September 1987

Item	1984	1985	1986	January-September--	
				1986	1987
Capacity: <u>1/</u>					
Tons.....	762,260	791,826	805,294	603,957	590,096
Percentage change....	<u>2/</u>	3.9	1.7	<u>2/</u>	-2.3
Production:					
Tons.....	549,042	604,861	616,409	442,058	436,642
Percentage change....	<u>2/</u>	10.2	1.9	<u>2/</u>	-1.2
Capacity utilization <u>3/</u>					
Percent.....	64.4	66.6	65.5	63.1	65.1

1/ Average-of-period capacity.

2/ Not available.

3/ Computed from data of firms providing information on both capacity and production.

Source: Submitted in response to questionnaires of the U.S. International Trade Commission.

Reported U.S. production of fabricated structural steel for buildings likewise rose during 1984-86 and declined somewhat from January-September 1986

to January-September 1987. Responding producers fabricated 549,000 tons of the product under investigation in 1984, 605,000 tons in 1985, and 616,000 tons in 1986, representing increases of 10.2 percent and 1.9 percent, respectively. Reported production declined 1.2 percent, from 442,000 tons to 437,000 tons, between January-September 1986 and the corresponding period of 1987.

One industry spokesman noted that capacity is limited primarily by the availability of labor and machines. A ton of material demanding extensive or intricate cutting, drilling, and welding ties up productive capacity much longer than does the same quantity of raw material requiring little, or simple, fabrication. Producers tended to report capacity based on the actual work being done. As a result, reported capacity frequently equaled reported production. These data were adjusted to assume steady capacity at the highest level reported as long as no specific expansion or shutdown of facilities was reported. However, the numbers were not greatly increased, even though practical capacity may well be larger than the capacity reported. Data on capacity utilization may, therefore, be somewhat overstated; trends, however, are believed to be reliable. Capacity utilization, as calculated from available data, rose from 64.4 percent in 1984 to 66.6 percent in 1985 and declined slightly to 65.5 percent in 1986. Capacity utilization rose from January-September 1986 to January-September 1987 as capacity declined more than did production.

According to data submitted in response to the Commission's producers questionnaire, most U.S. producers of fabricated structural steel for buildings concentrate on the building market. However, responding firms produce some fabricated structural steel for other uses. Capacity to produce and production of all fabricated structural steel, as reported by producers of fabricated structural steel for buildings, is, therefore, greater than the data presented in table 2. The trends, however, are similar, rising overall but declining in January-September 1987 compared with those in January-September 1986. Reported U.S. capacity to produce all fabricated structural steel expanded slightly less than did capacity to produce fabricated structural steel for buildings whereas production of all fabricated structural steel grew slightly more rapidly overall. Total capacity utilization for these producers increased during 1984-85 but then declined slightly. As with capacity utilization calculated for the production of fabricated structural steel for buildings, overall capacity utilization may be overstated, as described above. These data are presented in the following tabulation:

<u>Period</u>	<u>Capacity</u> -----	<u>Production</u> ----- (tons)-----	<u>Capacity utilization 1/</u> (percent)
1984.....	955,526	672,892	64.9
1985.....	973,616	731,684	68.0
1986.....	1,001,296	766,319	67.7
Jan.-Sept.--			
1986.....	751,958	555,603	66.2
1987.....	731,853	542,190	67.7

1/ Computed from data of firms providing information on both capacity and production.

U.S. producers' shipments

Inventories held by this industry are relatively unimportant as production is generally custom designed for a particular project. Total shipments, therefore, virtually paralleled production. Company transfers and export shipments of fabricated structural steel for buildings were insignificant compared with domestic shipments. As shown in table 3, reported U.S. shipments of fabricated structural steel for buildings rose 10.0 percent during 1984 and 1985, from 555,000 tons to 611,000 tons. Such shipments rose by another 2.0 percent to 623,000 tons in 1986. Reported U.S. shipments totaled 443,000 tons during January-September 1986 and 446,000 tons during January-September 1987, representing a rise of 0.7 percent. Questionnaire responses generally indicate that firms keep shipments records rather than production records. Thus, to the extent that shipments and production data differ, the former may be more reliable.

Table 3

Fabricated structural steel for buildings: U.S. producers' company transfers, domestic shipments, U.S. shipments, export shipments, and total shipments, 1984-86, January-September 1986, and January-September 1987

Item	1984	1985	1986	January-September-	
				1986	1987
<u>Quantity (tons)</u>					
Company transfers.....	***	***	***	***	***
Domestic shipments.....	***	***	***	***	***
U.S. shipments <u>1/</u>	555,306	611,039	623,168	442,535	446,490
Export shipments.....	-	***	-	-	-
Total shipments <u>2/</u> ..	***	***	***	***	***
<u>Value (1,000 dollars)</u>					
Company transfers.....	***	***	***	***	***
Domestic shipments.....	***	***	***	***	***
U.S. shipments <u>1/</u>	587,073	662,486	685,177	468,345	482,064
Export shipments.....	-	***	-	-	-
Total shipments <u>2/</u> ..	***	***	***	***	***
<u>Unit value (per ton) ^{3/}</u>					
Company transfers.....	***	***	***	***	***
Domestic shipments.....	***	***	***	***	***
U.S. shipments <u>1/</u>	1,073	1,093	1,112	1,078	1,090
Export shipments.....	-	***	-	-	-
Total shipments <u>2/</u> ..	***	***	***	***	***

1/ U.S. shipments include company transfers and domestic shipments.

2/ Total shipments include U.S. shipments and export shipments. Because of rounding, numbers may not add to the totals shown.

3/ Unit values were calculated from data submitted by firms supplying both quantity and value information and may not be calculated from above data.

Source: Compiled from responses to questionnaires of the U.S. International Trade Commission.

Based on data submitted, the value of U.S. shipments of fabricated structural steel for buildings increased throughout the period of investigation. Reported shipments totaled \$587 million in 1984 and rose by 12.8 percent to \$662 million in 1985. The value of shipments increased further, to \$685 million, in 1986, representing a 3.4-percent rise compared with that in the previous year. From January-September 1986 to January-September 1987, the reported value of U.S. shipments of fabricated structural steel for buildings rose 2.9 percent, from \$468 million to \$482 million.

Unit values of reported U.S. shipments of fabricated structural steel were calculated from data submitted by firms supplying both quantity and value information. These data show an overall increase in the unit values of U.S. shipments during the period of investigation.

Shipment data were also requested on all fabricated structural steel from producers of fabricated structural steel for buildings. Available data on U.S. shipments of all fabricated structural steel by reporting producers of fabricated structural steel for buildings are presented in the following tabulation:

<u>Period</u>	<u>Quantity (tons)</u>	<u>Value (1,000 dollars)</u>	<u>Unit value 1/ (per ton)</u>
1984.....	675,679	\$745,954	\$1,119
1985.....	734,076	836,158	1,149
1986.....	777,693	895,636	1,164
Jan.-Sept.--			
1986.....	558,379	631,026	1,149
1987.....	549,812	630,129	1,157

1/ Computed from data of firms providing information on both quantity and value of shipments.

These data show that the quantity, value, and unit value of U.S. shipments of fabricated structural steel, as reported to the Commission, increased during 1984-86 and then declined slightly. The January-September 1987 unit value of shipments was higher than the unit value during the corresponding period of 1986, but lower than the unit value for the entire year of 1986.

As stated above, inventories of finished fabricated structural steel are not held by producers. Nearly all products are custom designed and fabricated for a specific project. Production and shipment are timed to meet construction deadlines and material is usually shipped immediately to the erection site. The level of reported inventories is insignificant and any inventory-to-shipments ratio would be meaningless for the purposes of this investigation.

Employment

Producers accounting for 10.5 percent of estimated U.S. production (and 76 percent of production as reported in questionnaire responses) reported information regarding employment in the production of fabricated structural steel for buildings. According to these data, the number of workers employed in the production of fabricated structural steel for buildings, the hours worked in such production, and wages and compensation paid to such workers all

increased from 1984 to 1985, by an average of 12 percent. Hourly wages and hourly compensation declined during this period, but productivity declined as well and unit labor costs rose. These trends all reversed from 1985 to 1986, although less steeply in general. From January-September 1986 to January-September 1987, the number of production and related workers, hours worked, and wages and compensation declined further, by an average of 10 percent. Productivity rose, and unit labor costs fell, each by about 9 percent. Hourly wages and hourly compensation fell slightly. These data are presented in table 4.

Producers of fabricated structural steel for buildings were also requested to provide employment data regarding their production of all fabricated structural steel, as presented in the following tabulation:

<u>Period</u>	<u>Number of workers</u>	<u>Hours worked (1,000)</u>	<u>Produc- tivity (tons/hr)</u>	<u>Wages paid (million dollars)</u>	<u>Total com- pensation paid</u>	<u>Unit labor costs (per ton)</u>
1984.....	5,266	10,722	0.052	113	135	\$244.31
1985.....	5,552	11,568	.052	119	144	241.74
1986.....	5,511	11,747	.052	125	150	246.40
Jan.-Sept.--						
1986.....	5,489	8,525	.051	89	106	242.51
1987.....	5,045	7,703	.055	81	96	226.72

These data indicate that, as in the production of fabricated structural steel, the number of production and related workers rose from 1984 to 1985 and declined thereafter through the period January-September 1987, and the hours worked by such employees rose from 1984 through 1986 before falling. Productivity was unchanged during 1984-86 and rose somewhat during January-September 1987. Wages and total compensation paid to these workers increased through 1986 before falling, and unit labor costs fluctuated but fell overall.

Table 4

Fabricated structural steel for buildings: Average number of production and related workers, hours worked, 1/ labor productivity, wages and total compensation 2/ paid to such employees, hourly wages and compensation, and unit labor costs, 1984-86, January-September 1986, and January-September 1987 3/

Item	1984	1985	1986	January-September- 1986	1987
Average employment:					
Number of workers.....	3,942	4,380	4,051	4,033	3,676
Percentage change.....	<u>4/</u>	11.1	-7.5	<u>4/</u>	-8.9
Hours worked:					
(1,000 hours).....	7,750	8,958	8,293	6,164	5,507
Percentage change.....	<u>4/</u>	15.6	-7.4	<u>4/</u>	-10.7
Productivity: <u>5/</u>					
(tons per hour).....	0.057	0.053	0.056	0.054	0.059
Percentage change <u>6/</u> ..	<u>4/</u>	-6.7	6.3	<u>4/</u>	8.7
Wages paid:					
Value (1,000 dollars).	84,610	93,514	90,563	65,482	58,317
Percentage change.....	<u>4/</u>	10.5	-3.2	<u>4/</u>	-10.9
Total compensation paid:					
Value (1,000 dollars).	101,685	113,790	109,506	78,190	69,517
Percentage change.....	<u>4/</u>	11.9	-3.8	<u>4/</u>	-11.1
Hourly wages: <u>7/</u>					
Per hour.....	\$10.87	\$10.41	\$10.86	\$10.80	\$10.79
Percentage change <u>6/</u> ..	<u>4/</u>	-4.2	4.3	<u>4/</u>	-0.1
Hourly compensation: <u>8/</u>					
Per hour.....	\$13.07	\$12.66	\$13.13	\$12.89	\$12.86
Percentage change <u>6/</u> ..	<u>4/</u>	-3.2	3.7	<u>4/</u>	-0.3
Unit labor costs: <u>9/</u>					
Per hour.....	\$234.97	\$243.58	\$237.51	\$236.76	\$216.38
Percentage change.....	<u>4/</u>	3.7	-2.5	<u>4/</u>	-8.6

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

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

3/ Firms providing data accounted for 13 percent of estimated total production in 1986.

4/ Not available.

5/ Calculated using data from firms that provided information on both production and hours worked.

6/ Calculated from the unrounded figures.

7/ Calculated using data from firms that provided information on both wages paid and hours worked.

8/ Calculated using data from firms that provided information on both total compensation paid and hours worked.

9/ On the basis of total compensation paid. Calculated using data from firms that provided information on both total compensation paid and production.

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

Financial experience of U.S. producers

Twenty-three producers, accounting for 6.4 percent of estimated U.S. production in 1986 (and about one-half of production reported in questionnaire responses), furnished usable income-and-loss data on their fabricated structural steel operations. 1/ Fifteen producers, accounting for 4.4 percent of estimated U.S. production in 1986 (about one-third of reported production), furnished usable income-and-loss data on their fabricated structural steel for buildings operations. 2/ The lower response rate for fabricated structural steel for buildings reflects the inability of several firms to allocate costs from their total fabricated structural steel operations.

Recent trends in the commercial construction industry were discussed in an article by Standard and Poor's.

"Office building and other commercial construction peaked in 1985. Construction of industrial buildings apparently peaked in 1985, but this sector could recover if capital spending rises. Nonetheless, any gain is not likely to be large, given the massive downsizing of overall industrial capacity that has taken place since the bottom of the last recession in 1982. Significant recovery in office building is unlikely in view of the high downtown office vacancy rates, coupled with the less favorable depreciation rates contained in the Tax Reform Act of 1986. The lengthening of depreciation schedules will also have an adverse effect on other commercial construction". 3/

One should exercise caution in comparing the financial results for each year because yearly revenues and expenses consist of many projects with unique specifications, the completion of which may span two or more accounting periods.

Overall operations of the establishments within which fabricated structural steel for buildings is produced.--The establishment operations include those for all fabricated structural steel, including buildings, plus other products such as * * *.

* * * * *

1/ Twenty-eight producers also provided income-and-loss data on the overall operations of their establishments within which fabricated structural steel for buildings is produced. Thirteen companies were unable to provide separate data on their operations producing fabricated structural steel for buildings. Their profit-and-loss data are presented separately in app. D.

2/ Data for only these 15 companies are presented separately in app. E for overall operations and for all fabricated structural steel.

3/ Standard and Poor's "Industry Surveys-Steel and Heavy Machinery, Current Analysis", Jan. 7, 1988, p. S4.

4/ Operations on all fabricated structural steel and, particularly, fabricated structural steel for buildings are more germane to the investigation; these classifications are discussed in greater detail in subsequent sections.

A summary of establishment operations is presented in the following tabulation:

<u>Item</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>Interim period</u>	
				<u>ending Sept. 30--</u>	<u>1986</u>
Net sales (1,000 dollars)...	791,746	946,003	975,256	501,554	481,806
Operating income or (loss) (1,000 dollars).....	(11,275)	22,956	15,518	21,436	13,720
Ratio of operating income or (loss) to net sales (percent).....	(1.4)	2.4	1.6	4.3	2.8
Number of firms reporting--					
Operating losses.....	13	6	9	4	8
Data.....	27 <u>1/</u>	28	28	20	20

1/ * * *

Operations on fabricated structural steel.--Aggregate net sales for 23 companies increased by 21.9 percent, from \$480.8 million in 1984 to \$586.3 million in 1985 (table 5). 1/ In 1986, sales were \$574.1 million, representing a decline of 2.1 percent. In 1984, an operating loss of \$1.2 million was incurred, but there was operating income of \$17.5 million in 1985 and \$13.3 million in 1986. Operating income or (loss) margins, as a percentage of sales, were (0.2), 3.0, and 2.3 in 1984, 1985, and 1986, respectively. Eleven firms reported operating losses in 1984, six in 1985 and seven in 1986. For the interim period ended September 30, 1987, sales were \$320.5 million, representing a decrease of 1.2 percent compared with sales of \$324.4 million in the interim period ending September 30, 1986. Operating income was \$17.0 million and \$10.8 million during interim 1986 and interim 1987, respectively. Operating income margins, as a percent of sales, were 5.2 and 3.4 during 1986 and interim 1987, respectively. Three firms reported operating losses during interim 1986 and seven during interim 1987.

Operations on fabricated structural steel for buildings.--Aggregate net sales for 15 companies increased by 14.7 percent from \$253.0 million in 1984 to \$290.2 million in 1985 (table 6). 2/ In 1986 sales were \$266.6 million, a decline of 8.1 percent. Operating income was \$6.0 million in 1984, \$10.3 million in 1985, and \$6.1 million in 1986. Operating income margins, as a percentage of sales, were 2.4, 3.5, and 2.3 percent in 1984, 1985, and 1986, respectively. Five firms reported operating losses in 1984 and 1986, and three in 1985. For the interim period ended September 30, 1987, sales were \$172.3 million, representing a negligible increase of less than 0.1 percent compared with the September 30, 1986, interim period sales of \$172.2 million. Operating income was \$7.4 million and \$2.3 million in interim 1986 and interim 1987, respectively. Operating income margins, as a percentage of sales, were 4.3 and 1.3 percent in interim 1986 and interim 1987, respectively. Three firms reported operating losses in interim 1986 and six in interim 1987.

1/ In 1984, 22 firms supplied data.

2/ In 1984, 13 firms supplied data.

Table 5

Income-and-loss experience of U.S. producers of fabricated structural steel for buildings on their operations producing all fabricated structural steel, accounting years 1984-86, and interim periods ending Sept. 30, 1986, and Sept. 30, 1987

Item	1984	1985	1986	Interim period ending Sept. 30--	
				1986	1987
<u>Value (1,000 dollars)</u>					
Net sales.....	480,802	586,303	574,083	324,409	320,531
Cost of goods sold.....	420,335	501,881	491,226	265,937	269,128
Gross profit.....	60,467	84,422	82,857	58,472	51,403
General, selling, and administrative expenses...	61,654	66,926	69,532	41,455	40,555
Operating income or (loss)..	(1,187)	17,496	13,325	17,017	10,848
Startup or shutdown expense.....	0	150	0	0	0
Depreciation and amorti- zation included above.....	10,239	11,273	12,348	8,267	7,622
Cash-flow <u>1/</u>	9,052	28,769	25,673	25,284	18,470
<u>Share of net sales (percent)</u>					
Cost of goods sold.....	87.4	85.6	85.6	82.0	84.0
Gross profit.....	12.6	14.4	14.4	18.0	16.0
General, selling, and administrative expenses...	12.8	11.4	12.1	12.8	12.7
Operating income or (loss)..	(0.2)	3.0	2.3	5.2	3.4
<u>Number of firms reporting</u>					
Operating losses.....	11	6	7	3	7
Data.....	22 <u>2/</u>	23	23	16	16

1/ Cash-flow is defined as operating income or loss plus depreciation and amortization.

2/ * * *.

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

Table 6

Income-and-loss experience of U.S. producers on their operations producing fabricated structural steel for buildings, accounting years 1984-86, and interim periods ended Sept. 30, 1986, and Sept. 30, 1987

Item	1984	1985	1986	Interim period ending Sept. 30--	
				1986	1987
	Value (1,000 dollars)				
Net sales.....	253,006	290,157	266,609	172,219	172,345
Cost of goods sold.....	215,493	242,815	222,331	138,998	144,087
Gross profit.....	37,513	47,342	44,278	33,221	28,258
General, selling, and administrative expenses...	31,546	37,084	38,138	25,773	25,968
Operating income.....	5,967	10,258	6,140	7,448	2,290
Startup or shutdown expense.....	0	150	0	0	0
Depreciation and amorti- zation included above.....	4,155	5,609	6,170	4,887	3,918
Cash-flow ^{1/}	10,122	15,867	12,310	12,335	6,208
	Share of net sales (percent)				
Cost of goods sold.....	85.2	83.7	83.4	80.7	83.6
Gross profit.....	14.8	16.3	16.6	19.3	16.4
General, selling, and administrative expenses...	12.5	12.8	14.3	15.0	15.1
Operating income.....	2.4	3.5	2.3	4.3	1.3
	Number of firms reporting				
Operating losses.....	5	3	5	3	6
Data.....	13 ^{2/}	15	15	13	13

^{1/} Cash-flow is defined as operating income or loss plus depreciation and amortization.

^{2/} * * *.

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

Investment in production facilities.--Thirteen firms supplied data concerning their investment in production facilities employed in the manufacture of fabricated structural steel for buildings. Segregation of assets and capital expenditures for particular categories, such as buildings, is difficult for some firms. As shown in table 7, their aggregate investment in facilities employed in the production of fabricated structural steel, valued at original cost, rose from \$64.0 million in 1984 to \$64.8 million in 1985. The value declined to \$63.9 million in 1986. The book value of such assets was \$26.2 million as of yearend 1986. Total assets for 11 firms were \$58.8 million as of September 30, 1987, compared with \$61.0 million as of September 30, 1986. Book value as of September 30, 1987, was \$23.5 million.

Table 7
 Fabricated structural steel for buildings: Value of property, plant, and equipment of U.S. producers, accounting years 1984-86, and interim periods ended Sept. 30, 1986, and Sept. 30, 1987

(In thousands of dollars)

Item	As of end of accounting year--			As of Sept. 30--	
	1984	1985	1986	1986	1987
All products of establishments:					
Original cost.....	123,057	127,711	127,146	92,158	93,864
Book value.....	54,433	54,679	52,579	41,947	42,442
All fabricated structural steel: <u>1/</u>					
Original cost.....	85,322	88,616	89,035	79,077	78,470
Book value.....	39,605	37,571	36,458	33,609	30,872
Fabricated structural steel for buildings: <u>2/</u>					
Original cost.....	64,016	64,777	63,898	60,965	58,770
Book value.....	29,621	27,283	26,151	26,839	23,489

1/ There were 16 firms reporting data as of the end of accounting years 1984-86 and 13 firms reporting data as of Sept. 30, 1986, and Sept. 30, 1987.

2/ There were 13 firms reporting data as of the end of accounting years 1984-86 and 11 firms reporting data as of Sept. 30, 1986, and Sept. 30, 1987.

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

Capital expenditures.--Fifteen firms supplied data concerning their capital expenditures on fabricated structural steel for buildings. Such capital expenditures declined from \$7.5 million in 1984 to \$3.6 million in 1985 (table 8). These expenditures increased to \$5.5 million in 1986. Twelve companies reported interim data. For the interim period ended September 30, 1987, outlays were \$2.7 million, compared with \$3.8 million for the 1986 interim period.

Table 8
 Fabricated structural steel for buildings: Capital expenditures by U.S. producers, accounting years 1984-86, and interim periods ending Sept. 30, 1986, and Sept. 30, 1987

(In thousands of dollars)

Item	1984	1985	1986	Interim period ending Sept. 30--	
				1986	1987
All products of establishments:					
Land and land improvements.....	***	***	***	***	***
Building and leasehold improvements.....	***	***	***	***	***
Machinery, equipment, and fixtures.....	8,405	4,524	6,503	4,336	2,323
Total <u>1/</u>	11,318	11,191	10,734	7,657	5,235
All fabricated structural steel: <u>2/</u>					
Land and land improvements.....	***	***	***	***	***
Building and leasehold improvements.....	***	***	***	***	***
Machinery, equipment, and fixtures.....	7,166	3,013	4,830	3,023	1,992
Total <u>1/</u>	9,890	6,452	7,500	5,227	4,707
Fabricated structural steel for buildings: <u>3/</u>					
Land and land improvements.....	***	***	***	***	***
Building and leasehold improvements.....	***	***	***	***	***
Machinery, equipment, and fixtures.....	6,158	2,785	4,501	2,806	1,806
Total.....	7,532	3,635	5,509	3,778	2,662

1/ * * *.

2/ There were 16 firms reporting data for 1984-86 and 13 firms reporting data for the interim periods.

3/ There were 15 firms reporting data for 1984-86 and 12 firms reporting data for the interim periods.

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

Research and development expenses.--Only three companies reported research and development expenses for fabricated structural steel for buildings. These expenses were * * * (table 9).

* * * * *

Table 9

Fabricated structural steel for buildings: Research and development expenses by U.S. producers, accounting years 1984-86, and interim periods ending Sept. 30, 1986, and Sept. 30, 1987

* * * * *

Consideration of the Question of Threat of Material Injury

In its examination of the question of threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the subject imports, the rate of increase in U.S. market penetration by such imports, the rate of increase of imports held in inventory in the United States, the capacity of producers in the exporting country to generate exports (including the existence of underutilized capacity and the availability of export markets other than the United States), and the price depressing or suppressing effect of the subject imports on domestic prices. Counsel for the petitioner has stated that present injury, rather than threat, is the basis upon which the AISC filed this case. ^{1/} A discussion of the rate of increase in imports and their U.S. market penetration, as well as available information on their prices, are presented in the section of the report entitled "Consideration of the causal relationship between imports of the subject merchandise and the alleged injury." Available information on inventories of the subject imports in the United States and the ability of the foreign producers to generate exports is presented in the following sections.

U.S. importers' inventories

No information is provided on inventories because fabricated structural steel suitable for use in buildings is custom designed according to the individual construction project. Therefore, as discussed earlier, importers do not hold inventories of the product. Rather, the manufacture and immediate shipment are timed to meet the erection schedule.

The Canadian industry

The Canadian fabricated structural steel industry consists of approximately 200 fabricators, but many of these firms do not produce products covered in this investigation. ^{2/} The industry group that does produce fabricated structural steel for buildings can be divided further into two sub-groups; one includes those firms that participate both in the export and in the domestic markets, and the other consists of firms that participate only in the domestic market. Both subgroups are a mix of large and small firms.

Because the petition alleges that principal U.S. importers of fabricated structural steel from Canada are affiliated with the Canadian producer,

^{1/} Transcript, pp. 59-60.

^{2/} Telephone conversation with * * *.

importers were requested to provide data on capacity, production, and shipments of fabricated structural steel by any affiliated Canadian firm. According to officials of the Canadian Institute of Steel Construction (CISC), the firms from which data were collected through Commission questionnaires represent roughly * * * percent (on the basis of capacity) of the companies that export the subject product to the United States. The aggregate capacity, production, and capacity utilization of these 11 firms are presented in table 10.

Table 10
Fabricated structural steel: Canadian capacity, production, and capacity utilization for reporting firms, by market, 1984-86, January-September 1986, and January-September 1987

Item	1984	1985	1986	Jan.-Sept.--	
				1986	1987
Capacity:					
For buildings (1,000 tons)...	203	203	208	158	159
For other markets (1,000 tons)	16	15	16	12	12
Total (1,000 tons).....	219	219	224	170	172
Production:					
For buildings (1,000 tons)...	118	146	154	120	109
For other markets (1,000 tons)	10	7	4	3	3
Total (1,000 tons).....	128	153	158	123	112
Capacity utilization: 1/					
For buildings (percent).....	58	72	74	76	68
For other markets (percent)..	64	47	28	27	28
Total (percent).....	58	70	71	73	65

1/ Computed from unrounded data.

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

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

Capacity of the reporting Canadian firms to produce fabricated structural steel for buildings has risen slightly since 1985; however, the petition notes that Frankel Steel has announced plans to shut down its Canadian facilities. Respondents have stated that the new owner of those facilities has no intention of pursuing export markets. 1/ The last survey of capacity in the Canadian fabricated structural steel industry undertaken by the CISC was in 1980, at which point the industry had the capability to process approximately * * * tons annually. Soon after that survey, conditions in domestic and export markets deteriorated, and significant closures occurred in the industry. The CISC estimates that overall Canadian capacity to produce fabricated structural steel is currently in the vicinity of * * * tons per year. Comparable data are not available regarding total Canadian capacity to produce fabricated structural steel for buildings.

1/ Meeting with respondents, Jan. 13, 1988.

As shown in table 10, reported Canadian production of fabricated structural steel for buildings grew steadily through 1986, but declined during January-September 1987 compared with that in the corresponding period of 1986. Capacity utilization for these producers' production of the subject product rose during 1984-86 and then declined.

Examination of the data from reporting firms concerning the disposition of shipments reveals similar trends, with available 1987 data indicating a reversal in the trends of previous years. Exports to the United States expanded 136 percent from 1984 to 1986, but contracted 48 percent between January-September 1986 and the corresponding period of 1987 (table 11). Domestic shipments, after contracting 13 percent during 1984-86, grew 37 percent from January-September 1986 to January-September 1987.

Table 11
Fabricated structural steel for buildings: Canadian exports by destination, domestic shipments, and total shipments, 1984-86, January-September 1986, and January-September 1987

Item	(In tons)				
	1984	1985	1986	January-September-1986	1987
Exports:					
To the United States.....	28,267	55,887	66,657	56,967	29,633
To all other countries...	***	***	***	***	***
Domestic shipments.....	90,108	87,888	78,422	56,390	77,357
Total shipments.....	***	***	***	***	***

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

The data collected by questionnaires on exports coincides with information provided by a Canadian Government official. ^{1/} The official indicated that, in recent years, export markets other than the United States have been spot markets. This has not always been the case; during the early 1980's the Canadian fabricated structural steel industry had a larger role in the world market. The emergence of fabricating industries in the developing countries, especially South Korea, has eroded the ability of the Canadian producers to compete in distant markets. Sales of Canadian fabricated structural steel in countries other than the United States are generally tied to governmental aid programs, and are typically for prefabricated buildings, a product not covered in this investigation.

The only other data available on the Canadian fabricated structural steel industry is collected by the CISC, which compiles limited data on the operations of the industry's participants. On an annual basis, the CISC collects data on bookings (orders placed) of fabricated structural steel producers. Although bookings can be considered to be a proxy for eventual production and shipments, the lags that exist between the time an order is booked and the time it is produced or sold result in different levels for these

^{1/} Conversation with * * *.

measures when they are recorded on an annual basis. Data provided on the bookings of CISC members (table 12) involved in fabricating steel for buildings and bridges indicate some instability in their markets.

* * * * *

Table 12

Fabricated structural steel for buildings and bridges: Bookings by members of the CISC, by markets, 1983-87

* * * * *

Classification of fabricated structural steel by the Canadian Government for export purposes groups the product under investigation with other items, obscuring accurate examination. However, exports to the United States dominate the category (44699) and fabricated structural steel for buildings accounts for the great majority of this total. Canadian firms do not participate in any significant way in the production of fabricated structural steel for bridges in the United States as these projects are usually subject to "Buy America" requirements. Other export markets for fabricated structural steel for buildings appear, as reported, to be primarily spot markets, as nations that are the second or third export destination in some years have no exports in others (table 13).

Table 13

Structural shapes, fabricated steel, and sheet piling: Canadian exports, by destination, 1982-86 and January-September 1987

(In tons)						
Country	1982	1983	1984	1985	1986	Jan.-Sept. 1987
United States.....	16,985	37,399	32,366	41,715	72,444	6,360
Netherlands.....	0	0	0	0	2,444	142
Kenya.....	0	10	37	2,126	3	0
Indonesia.....	0	0	248	0	0	0
Algeria.....	1,493	377	30	0	0	0
Zambia.....	1,253	0	0	0	0	0
Colombia.....	0	162	170	0	0	0
All others.....	440	2,048	407	69	325	49
Total.....	20,171	39,996	33,258	43,910	75,216	6,551

Source: Statistics Canada.

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

U.S. imports

Import data on the products under investigation are presented in table 14. According to the petition, fabricated structural steel suitable for use in buildings is provided for in TSUS items 609.84, 609.86, 652.94, 652.95, 652.96, and 653.00. Although data are presented covering all the tariff items named in the petition, a number of adjustments have been made to the data resulting from information obtained during the course of the investigation.

First, imports from Canada of bar joists have been excluded from TSUS item 652.94. Bar joists 1/ are specifically excluded by the petition from the scope of the investigation. 2/ * * * , * * * , provided data on the quantity and value of bar joists imported during the period of investigation; such data have been subtracted from the official statistics on TSUS item 652.94. 3/

Secondly, respondents challenged the validity of including TSUS item 653.00 in the official statistics for imports from Canada of the product under investigation. TSUS item 653.00 is a "basket" category for imports of fabricated structural steel that do not fall under any other provision. * * * , U.S. Customs National Import Specialist for fabricated structural steel, stated in a telephone conversation that whereas TSUS item 652.94 was the appropriate category for "vertical stress components" such as columns, beams, floor plates, and trusses (i.e., those components used to support the weight of the building), TSUS item 653.00 historically had been used for "lateral stress components" (e.g., floor decks, roofing materials, door and window frames) as well as for complete unassembled buildings entered as entireties, or "kits". Of these items, only kits are subject to this investigation.

Moreover, information was received from virtually all major importers of Canadian fabricated structural steel for buildings, indicating that such companies imported almost exclusively under TSUS item 652.94 during the period of investigation. Those companies reported less than * * * tons of imports under TSUS item 653.00 during the period of investigation. 4/ Petitioners were requested to provide documentation of imports of Canadian fabricated structural steel for buildings under TSUS item 653.00, but were unable to do so.

With regard to imports from other countries under item 653.00, * * * indicated that during part of the period under investigation, Korea and Taiwan had imported fabricated structural steel in kit form in order to benefit from

1/ Import data including bar joists are presented in Tables F-1 and F-3 of app. F. Table F-1 also includes data on TSUS item 653.00, whereas table F-3 excludes that item.

2/ See petition, p. 5.

3/ Prefabricated buildings, also not subject to this investigation, may also be entered under TSUS item 652.94; however, respondents provided no data on this category.

4/ Respondents noted at the conference that the tariff rate under TSUS item 653.00 is 5.7 percent ad valorem, whereas the rate under TSUS item 652.94 is 2.8 percent ad valorem. This provides a logical incentive to import under item 652.94.

the provisions of the GSP, which enabled them to import free of duty under TSUS item 653.00. 1/ Other than these instances, however, there is no evidence currently on the record to indicate that any countries have used TSUS item 653.00 to import fabricated structural steel suitable for use in buildings (as defined by the petition) during the period of investigation. Accordingly, all imports under this tariff item have been excluded from the data presented. 2/

Respondents further question whether inclusion of TSUS item 652.95 is appropriate. TSUS item 652.95 provides for imports that are in part of stainless steel. Respondents argue that because of its prohibitive expense, stainless fabricated structural steel is not used in buildings, except in highly corrosive environments. 3/ Because the amounts in question constitute less than 1,000 tons over the entire period of investigation, and do not unduly affect overall trends, no adjustments have been made to these data.

As shown in table 14, U.S. imports of fabricated structural steel increased from * * * tons in 1984 to * * * tons in 1985, or by * * * percent. Import levels rose by less than * * * percent, to * * * tons, in 1986. Imports declined in quantity from * * * tons in January-September 1986 to * * * tons in the corresponding period of 1987, representing an * * * percent decrease. Imports from Canada followed a similar but much more pronounced trend, increasing from * * * tons in 1984 to * * * tons in 1985 and to * * * tons in 1986, representing increases of * * * and * * * percent, respectively. 4/ Imports from Canada fell in January-September 1987 to * * * tons, representing a decline of * * * percent from the * * * tons imported in the corresponding period of 1986.

On the basis of value, in 1985 U.S. imports of fabricated structural steel rose by * * * percent, to * * * million, from the 1984 level of * * * million. Import levels rose by another * * * percent, to * * * million, in 1986. A comparison between the January-September 1986 and January-September 1987 periods indicates that imports declined in value from * * * million to * * * million, representing a * * * percent decrease. Trends in the value of imports from Canada mirrored those for quantities; imports increased from * * * million in 1984 to * * * million in 1985 and to * * * million in 1986, representing increases of * * * and * * * percent, respectively. In the January-September 1987 interim period, imports from Canada declined to * * * , or by * * * percent, compared with those of * * * in the corresponding interim period of 1986.

1/ GSP treatment for imports under TSUS item 653.00 was terminated for Korea in 1985 and for Taiwan in 1987.

2/ Table F-1 presents official data on the tariff items named in the petition, including all imports under item 653.00 and bar joists in TSUS item 652.94. Table F-2 presents the same data, but with imports from Canada of bar joists excluded.

3/ See transcript of conference, pp. 152-53.

4/ Note that the discrepancy between the rates of increase of imports from Canada and total imports in the 1984-85 period can be attributed in part to rapid declines in imports of fabricated structural steel from Japan following implementation of a voluntary restraint agreement covering Japanese exports of that product.

Table 14

Fabricated structural steel: 1/ U.S. imports for consumption, by TSUS item numbers and by sources, 1984-86, January-September 1986, and January-September 1987

TSUS item no. and source	1984	1985	1986	January-September--	
				1986	1987
Quantity (tons)					
609.84:					
Canada.....	3,190	4,549	9,814	6,217	8,275
Fed. Rep. of Germany.	12	7,270	1,195	1,195	20
Taiwan.....	474	1,264	954	846	552
Austria.....	133	97	133	104	103
All others.....	13,262	4,380	574	392	782
Subtotal.....	17,071	17,560	12,670	8,754	9,732
609.86:					
Canada.....	5	6	9	9	13
Austria.....	6	17	23	23	13
Taiwan.....	24	29	6	4	9
Sweden.....	14	6	5	5	8
All others.....	116	69	7	3	4
Subtotal.....	165	127	50	44	47
652.94:					
Canada.....	***	***	***	***	***
Japan.....	96,668	73,499	53,835	42,252	32,750
Korea.....	49,796	45,428	23,624	18,170	43,282
United Kingdom.....	1,413	10,107	3,423	2,368	2,045
All others.....	6,402	8,741	31,675	16,480	14,419
Subtotal.....	***	***	***	***	***
652.95:					
Canada.....	63	92	154	154	8
Sweden.....	0	1	0	0	76
Fed. Rep. of Germany.	1	3	3	3	1
United Kingdom.....	3	1	3	0	2
All others.....	3	1	20	19	178
Subtotal.....	70	98	180	176	265
652.96:					
Canada.....	161	172	402	193	455
Japan.....	2,224	134	7,785	7,785	42
Korea.....	4,073	0	3,133	3,133	0
Italy.....	780	2,324	919	836	30
All others.....	345	1,072	2,690	1,911	934
Subtotal.....	7,583	3,702	14,929	13,858	1,461
Total:					
Canada.....	***	***	***	***	***
Japan.....	103,264	73,809	61,688	50,074	32,851
Korea.....	54,467	47,115	26,801	21,347	43,282
Taiwan.....	501	1,311	15,058	8,286	3,740
All others.....	17,518	32,210	26,460	15,822	15,377
Grand Total.....	***	***	***	***	***

See footnote at end of table.

Table 14--Continued

Fabricated structural steel: 1/ U.S. imports for consumption, by TSUS item number and by sources, 1984-86, January-September 1986, and January-September 1987

TSUS item no. and source	1984	1985	1986	January-September--	
				1986	1987
Value (1,000 dollars)					
609.84:					
Canada.....	2,564	3,459	7,561	5,047	6,392
Fed. Rep. of Germany.....	46	3,771	800	800	50
Taiwan.....	286	664	565	494	416
Austria.....	815	509	960	739	850
All others.....	9,220	4,178	540	419	461
Subtotal.....	12,931	12,581	10,426	7,499	8,169
609.86:					
Canada.....	51	161	87	87	6
Austria.....	40	44	82	82	65
Taiwan.....	33	43	12	9	29
Sweden.....	36	16	1	1	22
All others.....	152	144	24	16	9
Subtotal.....	312	408	206	195	131
652.94:					
Canada.....	***	***	***	***	***
Japan.....	40,465	34,780	22,953	19,034	12,270
Korea.....	27,905	31,767	20,529	16,251	32,530
United Kingdom.....	2,166	6,437	3,466	2,360	2,318
All others.....	12,008	11,174	27,991	15,606	17,371
Subtotal.....	***	***	***	***	***
652.95:					
Canada.....	278	621	494	491	37
Sweden.....	0	45	0	0	271
Fed. Rep. of Germany.....	4	13	18	18	4
United Kingdom.....	19	6	33	0	14
All others.....	146	6	48	47	594
Subtotal.....	447	691	593	556	920
652.96:					
Canada.....	139	208	529	299	429
Japan.....	2,531	237	8,979	8,978	128
Korea.....	5,124	0	2,973	2,973	0
Italy.....	869	2,850	4,168	4,044	118
All others.....	858	3,189	5,307	3,459	1,821
Subtotal.....	9,521	6,484	21,956	19,753	2,496
Total:					
Canada.....	***	***	***	***	***
Japan.....	46,920	35,204	32,025	28,064	12,469
Korea.....	33,320	32,830	23,529	19,252	32,530
Taiwan.....	321	739	10,425	5,707	2,847
All others.....	22,162	31,099	33,471	22,307	21,495
Grand Total.....	***	***	***	***	***

1/ Excludes imports under TSUS item 653.00 and imports from Canada of bar joists under TSUS item 652.94.

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

Data compiled from questionnaires regarding the quantity, value, and unit value of U.S. imports of fabricated structural steel (for buildings and for other uses) from Canada and from all other countries are presented in table 15. Data developed from questionnaire responses account for an estimated * * * percent of imports from Canada, by quantity.

Table 15
Fabricated structural steel for buildings: U.S. imports, by sources and by uses, 1984-86, January-September 1986, and January-September 1987

Source and use	1984	1985	1986	January-September--	
				1986	1987
<u>Quantity (tons)</u>					
Canada:					
For buildings.....	28,267	58,494	75,161	63,633	32,445
Percentage change.....	1/	106.9	28.5	1/	-49.0
For other uses.....	981	***	1,417	***	2,038
Percentage change.....	1/	***	***	1/	***
Other countries:					
For buildings.....	***	***	***	***	***
Percentage change.....	1/	***	***	1/	***
For other uses.....	***	***	***	***	***
Percentage change.....	1/	***	***	1/	***
<u>Value (1,000 dollars)</u>					
Canada:					
For buildings.....	20,699	48,028	59,897	49,947	28,726
Percentage change.....	1/	132.0	24.7	1/	-42.5
For other uses.....	821	***	1,168	***	2,488
Percentage change.....	1/	***	***	1/	***
Other countries:					
For buildings.....	***	***	***	***	***
Percentage change.....	1/	***	***	1/	***
For other uses.....	***	***	***	***	***
Percentage change.....	1/	***	***	1/	***

See footnote at end of table.

Table 15--Continued

Fabricated structural steel for buildings: U.S. imports, by sources and by uses, 1984-86, January-September 1986, and January-September 1987

Source and use	1984	1985	1986	January-September--	
				1986	1987
	Unit value (per ton) 2/				
Canada:					
For buildings.....	\$732.25	\$821.09	\$796.92	\$784.91	\$885.38
Percentage change.....	1/	12.1	-2.9	1/	12.8
For other uses.....	\$836.90	***	\$824.23	***	\$1,220.80
Percentage change.....	1/	***	***	1/	***
Other countries:					
For buildings.....	***	***	***	***	***
Percentage change.....	1/	***	***	1/	***
For other uses.....	***	***	***	***	***
Percentage change.....	1/	***	***	1/	***

1/ Not available/not applicable.

2/ Figures calculated from unrounded data.

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

Market penetration by imports from Canada

As shown in table 16, imports from Canada steadily increased their penetration of the U.S. market, from 0.8 percent in 1984 to 2.1 percent in

Table 16

Fabricated structural steel for buildings: Share of U.S. consumption supplied by Canada, all other sources, and U.S. producers, by tonnage, 1984-87 1/

Item	1984	1985	1986	1987
U.S. consumption (1,000 tons).....	4,390	4,702	4,677	4,772
Share of U.S. consumption supplied by--				
Imports from Canada (percent) 2/.....	0.8	1.5	2.1	1.5
Imports from other sources (percent).	4.0	3.3	2.8	2.5
All imports (percent).....	4.8	4.8	4.9	4.0
U.S. shipments (percent).....	95.2	95.2	95.1	96.0
Total (percent).....	100.0	100.0	100.0	100.0

1/ Estimates of consumption and import penetration based on value are presented in app. C.

2/ Respondent's brief of Feb. 9, 1988.

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

Source: Tables 1 and 14; Respondents' Brief, p. 23, and official statistics of the U.S. Department of Commerce.

1986, before declining to 1.5 percent in 1987. The increase in market share on the part of Canada generally came at the expense of other foreign countries; as the table indicates, the percent of U.S. consumption accounted for by domestic producers remained generally constant throughout the period, except for a slight rise in 1987.

Prices

Questionnaire respondents were requested to describe the bidding process. Additional information regarding the solicitation, negotiation, and award of contracts for fabricated structural steel for buildings was also obtained from parties to the investigation.

The demand for fabricated structural steel for buildings is derived from the demand for buildings. The primary substitute for the product under investigation is concrete, which accounts for approximately 50 percent of the market for building frames. Although price is an important factor, the determining factor when choosing fabricated structural steel or concrete is the designer's preference.

Buildings range in size from modest structures requiring several hundred tons of steel to multistory complexes, such as the "60 Wall Street Project" in New York City, which required approximately * * * tons of fabricated structural steel. In general, large structures require 8,000 tons or more of fabricated structural steel, with buildings requiring at least 15,000 tons considered by the industry as major projects. For the most part, buildings, especially large structures, have unique designs.

Usually, after a developer has a building design for a project, the developer will solicit bids for construction from general contracting firms. ^{1/} These firms develop the probable costs of the entire project and submit bids to the developer. Once a general contractor is selected, that firm solicits bids for different aspects or portions of the construction of the project. One of these portions involves both the fabricated structural steel and the erection of the building frame.

To reduce overall costs, a developer may elect to fast-track construction; the general contractor is selected and all subcontract work is awarded prior to the completion of a building's design. Fast-tracking can be cost advantageous because, although construction costs may be higher if design changes are necessary, overall costs on a project may be reduced because interest rates paid on money borrowed during the construction phase of a project are considerably higher than the mortgage rates applicable when the project is completed.

On large projects, general contractors usually solicit bids from a limited number of fabricators with whom they have worked or that have been prequalified. In these cases, the general contractor may prefer to deal with fabricators it knows because the cost of the project is too great to take a chance with a fabricator with an unknown or poor reputation. Sometimes the general contractor invites prequalified fabricators to bid on a project. The

^{1/} Sometimes the developer also acts as the general contractor on a project, in which case no other general contractors are requested to submit bids.

process of prequalification involves interviewing the fabricators, examining the financial soundness of the firm, and contacting references on the fabricators' ability to complete the job by the scheduled date. ^{1/} Once the general contractor has selected the fabricators, on the basis of reputation, that will be invited to bid on a project, the total value of the bid generally becomes the most important factor in the selection of the fabricator.

On smaller projects, the developer is likely to solicit bids from a larger number of fabricators. Unless the engineering requirements are unusual, the smaller the project, the more likely the bid amount is used to reduce the number of competing fabricators, and the less important the reputation of the fabricator. Although the risk of scheduling delays and the fabricator's likelihood of going bankrupt increase, the general contractor is more willing to use a less well-known fabricator on smaller projects if its bid is significantly lower than that of a more reputable fabricator. The reason the general contractor accepts the increased risk on a small project is that the potential increased cost due to scheduling delays or bankruptcy of the fabricator is much less than on a large project. However, if bids are comparable, the general contractor is likely to choose the more reputable firm.

To be chosen to supply fabricated structural steel and erect the structure of a building, a fabricator usually submits an initial bid to the general contractor or developer of a building. The preparation of a bid is a complex and costly undertaking requiring extensive engineering knowledge and exacting attention to detail. In one example of a large-scale New York City project, * * * submitted a bid for the fabricated structural steel for the * * * project that cost approximately * * * to prepare and was * * * pages long.

Fabricated structural steel for buildings is not sold separately as a product; it is one element of a package the fabricator supplies to a general contractor that includes engineering design, transportation, erection of the structure, the ability to meet strict scheduling deadlines, and intangibles such as flexibility to incorporate design changes. ^{2/} Thus, the package that the fabricator supplies to the general contractor includes more than the fabricated structural steel; therefore, the value of this total package exceeds that of the value of the subject product. Questionnaire responses indicate that, for the majority of projects, fabricated structural steel accounted for between 30 and 60 percent of the value of the bids reported. In general, the larger or more complex the structure, the lower the percentage of the total bid value that is accounted for by the product under investigation.

^{1/} A fabricator's failure to meet deadlines increases the costs of the project because schedule delays increase short-term interest costs, the postponement of project completion delays the receipt of rental income, and because other subcontractors who are scheduled to work, and cannot, must be paid.

^{2/} For example, see the Feb. 3, 1988, submission of a major purchaser, * * *, wherein it states: "The fact that a particular contractor might be a low bidder might not be solely dependent upon the supply price of fabricated structural steel. The steel is only one component of the bid, and we do not negotiate bid components with the fabricators. We look to the final figure, and a low bid could easily be attributable to the erection component or some other component of the bid."

Contracts are generally given to one fabricator, although the fabricator may subcontract out a portion of the job. Regardless of whether or not a portion of the job is subcontracted out, the fabricator estimates all of the costs in his bid to the developer.

In some cases, the fabricator erects the structure; in other cases, the fabricator subcontracts this service out to an independent erection company. In either case, the preplanning of the structure's erection is a critical factor in securing a contract. For instance, a bid not only includes the number of cranes and their weight, but also includes many drawings specifying the location of the cranes as the fabricator progresses through the project. If the developer foresees problems or difficulties with the erection plan of a fabricator, he may use this as a basis not to award the contract to that particular fabricator. The developer looks at problems in the erection stage as a likely place for cost overruns or scheduling delays to occur.

The fabricator, in his bid, provides extensive engineering expertise to ensure the structural soundness of the building framework. The bid documents detail each piece of fabricated structural steel as well as how the ensemble will fit together. The engineering analysis must consider such factors as the ability of the structure to withstand wind, and the capability of the base to support the rest of the structure. The fabricator's engineering analysis must meet the standards of the general contractor's engineer, for it is the general contractor's engineer who is ultimately responsible for the structural soundness of the building.

In the bid, the fabricator submits a work schedule with completion dates for various stages of the project. Typically, time is of the essence in the fabricator's section of the project. Timely completion of fabrication and erection is critical, and strong consideration is usually given to the ability and commitment of bidders to complete the work in the shortest time. The general contractor also requires the fabricator to coordinate his activities with all other subcontractors working in the area in locating the equipment for the erection and in installing the fabricated structural steel involved in the project. ^{1/} The fabricator includes in the work schedule the types and quantity of equipment required as well as the hours of work and operation and the availability of cranes or derricks for use by other trades.

After reviewing the initial bids, the general contractor usually chooses two or three fabricators for further negotiation before making a final selection. The developer usually does not reveal the names of the competing firms to each other, but does discuss price differentials between the final competitors in an attempt to get the lowest bid possible--this is called a "Dutch Auction." At this point, the general contractor usually makes a final selection. However, price negotiations can continue as design changes often occur.

Another factor that general contractors look at before awarding a bid is the work backlog of each fabricator. If bids from two fabricators are considered acceptable, one fabricator could be awarded a bid because the shop of the other fabricator is working at full capacity.

^{1/} See, for example, * * *.

U.S. producers and importers of fabricated structural steel were requested to provide information on the three largest winning bids and the three largest losing bids submitted by the firm between January 1985 and September 1987 which involved competition between U.S. and Canadian suppliers. Twenty-six U.S. producers and 13 importers of Canadian product submitted information on the bidding process; 11 producers and 12 importers provided detailed bid information on specific projects involving competition between importers of Canadian product and U.S. producers. These responses accounted for 9 percent of domestic shipments and 41 percent of imports from Canada of fabricated structural steel for buildings during 1986.

Price comparisons.--Making price comparisons between producers and importers is difficult because fabricated structural steel is sold as part of a package that includes not only the material but also the cost of the erection of the building, and because each piece of fabricated structural steel is unique and made to order for a specific project. The petitioner and respondents agree that "a comparison of U.S. producer prices to Canadian producer prices on a per ton basis is meaningless. Purchasers of fabricated structural steel buy on the basis of total cost for a whole building, including erection costs." 1/ Since each package is part of a specific project, making comparisons between different projects is also not meaningful.

In most instances, a fabricator's initial bid on a project differs from its final bid. There are several reasons why an initial bid may be higher or lower than a final bid. A fabricator is likely to lower its final bid in order to win a contract on a project from its competitors. Knowing this, the general contractor, in order to reduce his costs, will play one fabricator against the other. This is a generally accepted practice within the fabricated structural steel industry. 2/

When design changes on a particular project occur after the initial bid, fabricators are likely to change their bid values. These changes may be higher or lower depending upon the nature of the design changes. Differences between the initial and final bid on a project may also be due to changes in the fabricator's estimates for various portions of the bid such as the quantity and value of the fabricated structural steel required and the cost of erecting the building frame.

Bid competition.--Because most transactions are made through bid competition and subsequent negotiations, the discussion of price is organized according to individual projects. The following information describes specific projects that were bid on from January 1985 to September 1987, which reportedly involved both U.S. and Canadian suppliers of fabricated structural steel for buildings. It is important to consider several factors when reviewing the project information. First, since the Canadian fabricators have tended to concentrate on large projects, the following discussion will cover the four projects mentioned in the petition and four other large projects. Secondly, subsequent bids may differ considerably from initial bids as they are not always based on the same factual data--a result of design changes that may have occurred during the bid negotiations. Finally, the bids include more than the cost of the subject product used in the project and are won or lost based on the developer's evaluation of all aspects of the entire package. Information on these bids is also summarized in table 17.

1/ Petition, p. 16.

2/ Transcript, p. 104.

Table 17

Fabricated structural steel for buildings; Bid information on selected projects which allegedly involved competition between U.S. and Canadian fabricators, January 1985-September 1987

* * * * *

* * * .--* * * . * * * used approximately * * * tons of fabricated structural steel. The developer, * * * , invited * * * fabricators to bid during the * * * . The fabricators invited to bid were the following domestic companies: * * * . These companies submitted initial bids for the project ranging from * * * million to * * * million. 1/ All * * * companies were invited to submit final bids. As detailed in table 17, the * * * final bids ranged from * * * million to * * * million.

Although * * * submitted the lowest bid, * * * was selected to provide the fabricated structural steel and erect the building's structure. * * * used fabricated structural steel from * * * . 2/ The total value of the fabricated structural steel used accounted for * * * percent of the total value of the project, or approximately * * * .

* * * * *

* * * .--This project, likewise, was * * * as employing fabricated structural steel from Canada. * * * , a * * * structure, used approximately * * * tons of fabricated structural steel. * * * , the general contractor of this project, invited * * * fabricators to bid during * * * . * * * of the fabricators that were invited to bid were domestic companies: * * * . * * * was the * * * Canadian firm to submit a bid. All of these companies, except * * * , submitted initial bids for the project, ranging from * * * million to * * * million. Of the * * * companies that submitted initial bids, all except * * * were invited to submit final bids. * * * final bids were between * * * and * * * million and the fourth was * * * million.

* * * submitted the lowest bid for the project and was selected to provide the fabricated structural steel and erect the building's structure. * * * used fabricated structural steel from both its * * * . The total value of the fabricated structural steel used accounted for * * * percent of the total value of the project, or approximately * * * million. Of this * * * million, * * * million, or approximately * * * percent, represented the value of the * * * product. * * * fabricated structural steel accounted for * * * tons and the domestic material accounted for * * * tons.

* * * .--This project was a * * * as a project lost to * * * fabricators. * * * , the general contractor, invited * * * fabricators to submit bids during * * * . This project, a * * * , required approximately * * * tons of fabricated structural steel. Of the * * * fabricators invited to bid on the * * * building, * * * were domestic companies: * * * . The remaining bidder was * * * .

1/ * * * .

2/ * * * .

Initial bids were submitted by all * * * companies and all but * * * submitted final bids. The * * * initial bids ranged from * * * million to * * * million. The * * * final bids ranged between * * * million and * * * million.

* * * was the lowest bidder and was chosen to supply both the fabricated structural steel and erect the building frame. The total value of the subject product used accounted for approximately * * * million, or * * * percent of the total value of the project. Virtually all the fabricated structural steel used in this project was supplied by * * *. A * * * amount of the total value of the subject material, * * * percent, or approximately * * *, was provided by * * *. Of the * * * tons used, * * * tons were * * * and * * * tons were * * *.

* * *--* * * as a project that used Canadian fabricated structural steel. The building had approximately * * * tons of fabricated structural steel. The general contractor, * * *, invited * * * fabricators to submit bids during * * *. * * * of these fabricators chose to submit bids; however, a questionnaire response was received from only * * * U.S. firms, * * *. 1/ * * *, a * * *, also provided data on its bid.

* * * submitted a final bid of * * * that was lower than * * * initial bid of * * *. * * * did not submit a final bid. Because of the lack of questionnaire responses from the other possible bidders on this project, it is not known if * * * was the lowest bidder. The total value of the fabricated structural steel accounted for * * * percent of the total value of the * * * project, or approximately * * *. * * *

* * *--This project, a * * *, used approximately * * * tons of fabricated structural steel. * * *, the general contractor, invited * * * domestic and * * * Canadian fabricators to bid on * * *. The domestic companies were * * *; the Canadian fabricators were * * *. All of these companies submitted initial bids for the project, ranging from * * * million to * * * million. 2/

Only * * * firms, * * *, submitted final bids. The final bid from * * * companies was * * *. * * *, a * * *, was selected to provide the fabricated structural steel and erect the structure, although its bid was the same as * * *. The total value of the subject product used accounted for * * * percent of the total value of the project, or approximately * * * million.

* * *--This project used approximately * * * tons of fabricated structural steel. * * *, the general contractor, invited * * * fabricators to bid during * * *. The fabricators invited to bid were * * *, * * *, and * * * Canadian companies, * * *. Only the Canadian companies submitted initial bids for the project, which ranged from * * * million to * * * million.

1/ * * *.

2/ * * *.

***, which provided the lowest final bid of ***, was selected to provide the fabricated structural steel and erect the building structure. *** used *** tons of the subject product from *** tons to a U.S. fabricator. The total value of the fabricated structural steel used accounted for *** percent of the total value of the project, or approximately *** million. ***

***.--The general contractor, ***, invited *** fabricators to submit bids in ***. This office building used approximately *** tons of fabricated structural steel. The *** firms that submitted bids, ***, are ***

*** submitted initial bids of ***, *** and *** million, respectively. *** also submitted a second bid of *** million. *** submitted the lowest final bid, *** million, and was awarded the contract for fabrication and erection of the ***. For this project, *** used fabricated structural steel from its ***. The total value of the subject product used accounted for *** percent, or approximately *** million, of the total value of the *** project. The value of the ***.

***.--This project used approximately *** tons of fabricated structural steel. ***, the general contractor of this project, invited *** fabricators to bid on this project during ***. ***. *** companies submitted initial and final bids for the project. The initial bids were *** million by ***, and *** million by ***. The final bids were *** million by ***, and *** million by ***.

Although *** was not the lowest bidder, it was selected to provide the fabricated structural steel, erect the building structure, and erect a steel deck. The total value of the fabricated structural steel used accounted for *** percent of the total value of the project, or approximately *** million.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during January 1985-December 1987 the nominal value of the Canadian dollar appreciated 3.2 percent relative to the U.S. dollar (table 18). ^{1/} Adjusted for movements in producer price indices in the United States and Canada, the real value of the Canadian currency registered an overall appreciation equivalent to 7.9 percent as of the fourth quarter of 1987 relative to that in January-March 1985.

^{1/} International Financial Statistics, February 1988.

Table 18

U.S.-Canadian exchange rates: 1/ Nominal-exchange-rate equivalents of the Canadian dollar in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States and Canada, 2/ indexed by quarters, January 1985-December 1987

<u>Period</u>	<u>U.S. Producer Price Index</u>	<u>Canadian Producer Price Index</u>	<u>Nominal exchange-rate index</u>	<u>Real exchange-rate index <u>3/</u></u>
----U.S. dollars/Can\$----				
1985:				
January-March.....	100.0	100.0	100.0	100.0
April-June.....	100.1	100.5	98.8	99.3
July-September....	99.4	100.6	99.5	100.7
October-December..	100.0	101.4	98.1	99.5
1986:				
January-March.....	98.5	102.4	96.4	100.2
April-June.....	96.6	100.8	97.8	102.0
July-September....	96.2	101.1	97.7	102.7
October-December..	96.5	101.7	97.7	103.0
1987:				
January-March.....	97.7	102.2	101.2	105.9
April-June.....	99.2	103.5	101.5	105.9
July-September....	100.3	104.9	102.4	107.0
October-December..	100.8	<u>4/</u> 105.3	103.2	<u>4/</u> 107.9

1/ Exchange rates expressed in U.S. dollars per Canadian dollar.

2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indices presented in line 63 of the International Financial Statistics.

3/ The indexed real exchange rate represents the nominal exchange rate adjusted for movements in producer price indices in the United States and Canada.

Producer prices in the United States increased 0.8 percent during the period January 1985-December 1987, compared with a 5.3-percent increase in Canadian prices during the same period.

4/ Data are derived from Canadian producer price indices reported for October-November only.

Note.--January-March 1985=100.

Source: International Monetary Fund, International Financial Statistics, February 1988.

APPENDIX A
FEDERAL REGISTER NOTICES

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 731-TA-387
(Preliminary)]

**Certain Fabricated Structural Steel
From Canada**

AGENCY: United States International
Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-387 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada of fabricated structural steel,¹ provided for in items 609.84, 609.86, 652.94, 652.95, 652.96, and 653.00 of the Tariff Schedules of the United States, that are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by February 25, 1988.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B

¹ For purposes of this investigation, the term "fabricated structural steel" means the following articles suitable for use in erecting or assembling buildings: (1) Angles, shapes, and sections, all of the foregoing of iron or steel; drilled, punched, or otherwise advanced; provided for in Tariff Schedules of the United States (TSUS) items 609.84 and 609.86; (2) columns, pillars, post, beams, girders, and similar structural units, all the foregoing of iron or steel (except non-malleable cast iron articles, rough or advanced), provided for in TSUS items 652.94, 652.95, 652.96; and (3) other structures and parts of structures not specially provided for, all the foregoing of iron or steel, provided for in TSUS item 653.00. The articles covered by this investigation are provided for in subheadings 7216.90.00, 7222.40.60, 7228.70.60, 7301.20.10, 7301.20.50, 7308.90.30, 7308.90.60, and 7308.90.90 of the proposed Harmonized Tariff Schedule of the United States (USITC Pub. 2030).

(19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: January 11, 1988.

FOR FURTHER INFORMATION CONTACT:

Rebecca Woodings (202-252-1192),
Office of Investigations, U.S.

International Trade Commission, 500 E
Street SW., Washington, DC 20436.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on January 11, 1988, by counsel on behalf of the American Institute of Steel Construction, Inc. (AISC), Chicago, Illinois.

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than seven (7) days after publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, 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 this investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m., on February 5, 1988, at the U.S. International Trade Commission

Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Rebecca Woodings (202-252-1192) not later than February 2, 1988, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written Submissions

Any person may submit to the Commission on or before February 9, 1988, a written statement of information pertinent to the subject of the investigation, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). 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 rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary of 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).

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

By order of the Commission.

Kenneth R. Mason,
Secretary.

Issued: January 14, 1988.

[FR Doc: 88-1039 Filed 1-19-88; 8:45 am]

BILLING CODE 7020-02-M

materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before February 25, 1988. If that determination is affirmative, we will make a preliminary determination on or before June 20, 1988.

EFFECTIVE DATE: February 5, 1988.

FOR FURTHER INFORMATION CONTACT: Raymond Busen or John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington DC 20230; telephone (202) 377-3464 or 377-3965.

SUPPLEMENTARY INFORMATION:

The Petition

On January 11, 1988, we received a petition in proper form filed by the American Institute of Steel Construction, Inc. (AISC) on behalf of U.S. producers of fabricated structural steel. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of fabricated structural steel from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

United States Price and Foreign Market Value

United States price was based on the winning bid made by Canadian fabricators. Petitioner deducted, where appropriate, the cost of erection and any extras, U.S. Customs duties, inland freight, city taxes, and erection and port bonds.

Petitioner based foreign market value on the constructed value of Canadian fabricated structural steel which was derived from U.S. fabricated structural steel industry cost experience with adjustments for differences in inputs.

Based upon a comparison of United States price and foreign market value, petitioner alleges dumping margins of between 12.00 percent and 19.2 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

**International Trade Administration
(A-122-801)**

Initiation of Antidumping Duty Investigation; Fabricated Structural Steel From Canada

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of fabricated structural steel from Canada are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product

We examined the petition on fabricated structural steel from Canada and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of fabricated structural steel from Canada are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by June 20, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs officers have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The product covered by this investigation is fabricated structural steel currently provided for under TSUSA items numbers 609.8400, 609.8600, 652.9400, 652.9500, 652.9600, and 653.0000, and currently classifiable under HS item numbers 7216.90.0000, 7222.40.6000, 7228.70.6000, 7301.20.1000, 7301.20.5000, 7308.90.3000, 7308.90.6000, 7308.90.9090.

Fabricated structural steel (FSS) consists of steel plates, angles, beams and related steel mill products that have been fabricated into articles suitable for erection or assembly into buildings which include industrial, utility, commercial, office, parking decks, assembly, multi-residential, medical, public and transportation facilities. Types of steel products include, but are not limited to, columns (vertical support), beams (floor support), girders

(connect beams), base plates (laid over a concrete foundation to assist in distributing a building's load), and trusses (a series of welded or bolted steel sections used in place of conventional beams to span large areas such as lobbies or atriums). FSS also includes entreties or "kits" of fabricated structural shapes. This investigation does not include FSS that is used in the construction of bridges, fabricated reinforcing bars, bar joists, fabricated metal buildings, steel flooring or roof decks.

Notification of ITC

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

Preliminary Determination by ITC

The ITC will determine by February 25, 1988 whether there is a reasonable indication that imports of FSS from Canada materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

Gilbert B. Kaplan,
Acting Assistant Secretary for Import Administration.

February 1, 1988.

[FR Doc. 88-2507 Filed 2-4-88; 8:45 am]

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APPENDIX B

CALENDAR OF THE PUBLIC CONFERENCE

A-50
CALENDAR OF THE PUBLIC CONFERENCE

Investigation No. 731-TA-387 (Preliminary)

CERTAIN FABRICATED STRUCTURAL STEEL FROM CANADA

Those persons listed below appeared at the United States International Trade Commission conference held in connection with the subject investigations on February 5, 1988, at the USITC Building, 500 E St., SW., Washington, DC.

In support of the imposition of antidumping duties

Schagrin Associates--Counsel
Washington, DC
on behalf of--

American Institute of Steel Construction, Inc. (AISC)

William Epling
Vice President, Government Affairs, AISC
Oscar W. Stewart
Chairman and Chief Executive Officer, Mosher Steel Company
Ralph H. Moore
President and Chief Executive Officer, Owen Steel Company
William Saunders
Vice President of Sales, Owen Steel Company

Roger B. Schagrin)
Paul W. Jameson)--OF COUNSEL
Mark del Bianco)

In opposition to the imposition of antidumping duties

Dow, Lohnes & Albertson--Counsel
Washington, DC
on behalf of

The Canadian Institute of Steel Construction (CISC)
Canron, Inc.
Frankel Steel Ltd.
Dominion Bridge, AMCA International, Ltd.
Dominion Bridge-Sulzer, Inc
Ocean Steel

Hugh A. Krentz
President, CISC
Milton E. Harris
Chairman of the Board and President, Harris Steel Group, Inc.

William Silverman)
Timothy O'Rourke)--OF COUNSEL
Doug Heffner)

APPENDIX C

CALCULATION OF MARKET PENETRATION BY VALUE

Table C-1

Fabricated structural steel for buildings: Share of U.S. consumption supplied by Canada, all other sources, and U.S. producers, by value, 1984-87

Item	1984	1985	1986	1987
U.S. consumption (million dollars).....	4,616	5,049	5,121	5,151 <u>1/</u>
Share of U.S. consumption supplied by--				
Imports from Canada (percent) <u>2/</u>	0.6	1.1	1.5	1.1 <u>3/</u>
Imports from other sources (percent).	2.3	2.0	1.9	1.8 <u>3/</u>
All imports (percent).....	2.9	3.1	3.4	2.9 <u>3/</u>
U.S. shipments (percent).....	97.1	96.9	96.6	96.9
Total (percent).....	100.0	100.0	100.0	100.0

1/ 1987 consumption based on annualized data.

2/ Respondent's brief, Feb. 9, 1988.

3/ October-December 1987 data include imports of bar joists.

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

Sources: Import data; Official statistics of the U.S. Department of Commerce, as adjusted (table 14), except as noted; consumption data: derived from responses to questionnaires of the U.S. International Trade Commission (tables 1 and 3).

APPENDIX D

SELECTED FINANCIAL DATA FROM THIRTEEN COMPANIES

Table D-1

Income-and-loss experience of U.S. producers on the overall operations of their establishments within which fabricated structural steel for buildings is produced, accounting years 1984-86, and interim periods ending Sept. 30, 1986, and Sept. 30, 1987

Item	1984	1985	1986	Interim periods ending Sept. 30--	
				1986	1987
<u>Value (1,000 dollars)</u>					
Net sales.....	421,219	526,533	540,723	191,599	190,101
Cost of goods sold.....	402,932	482,349	502,119	172,026	174,626
Gross profit.....	18,287	44,184	38,604	19,573	15,475
General, selling, and administrative expenses...	40,489	42,716	42,952	16,625	15,136
Operating income or (loss).. Startup or shutdown expense.....	(22,202)	1,468	(4,348)	2,948	339
Interest expense.....	***	***	***	***	***
Other income, net.....	6,339	5,537	5,600	3,518	3,465
Net income or (loss) before income taxes.....	(16,354)	5,900	306	5,917	3,201
Depreciation and amorti- zation included above.....	3,970	3,751	4,045	1,747	1,739
Cash-flow ^{1/}	(12,384)	9,651	4,351	7,664	4,940
<u>Share of net sales (percent)</u>					
Cost of goods sold.....	95.7	91.6	92.9	89.8	91.9
Gross profit.....	4.3	8.4	7.1	10.2	8.1
General, selling, and administrative expenses...	9.6	8.1	7.9	8.7	8.0
Operating income or (loss).. Net income or (loss) before income taxes.....	(5.3)	0.3	(0.8)	1.5	0.2
	(3.9)	1.1	0.1	3.1	1.7
<u>Number of firms reporting</u>					
Operating losses.....	7	4	5	***	***
Net losses.....	6	5	3	***	***
Data.....	13	13	13	***	***

^{1/} Cash-flow is defined as net income or loss plus depreciation and amortization.

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

Table D-2

Income-and-loss experience of U.S. producers of fabricated structural steel for buildings on their operations producing all fabricated structural steel, accounting years 1984-86, and interim periods ending Sept. 30, 1986, and Sept. 30, 1987

Item	1984	1985	1986	Interim periods ending Sept. 30--	
				1986	1987
<u>Value (1,000 dollars)</u>					
Net sales.....	145,044	206,102	192,997	63,362	63,885
Cost of goods sold.....	132,403	183,808	172,082	51,691	55,446
Gross profit.....	12,641	22,294	20,915	11,671	8,439
General, selling, and administrative expenses...	24,061	23,588	25,226	11,077	9,339
Operating income or (loss)..	(11,420)	(1,294)	(4,311)	594	(900)
Depreciation and amorti- zation included above.....	2,778	2,406	2,581	691	601
Cash-flow <u>1/</u>	(8,642)	1,112	(1,730)	1,285	(299)
<u>Share of net sales (percent)</u>					
Cost of goods sold.....	91.3	89.2	89.2	81.6	86.8
Gross profit.....	8.7	10.8	10.8	18.4	13.2
General, selling, and administrative expenses...	16.6	11.4	13.1	17.5	14.6
Operating income or (loss)..	(7.9)	(0.6)	(2.2)	0.9	(1.4)
<u>Number of firms reporting</u>					
Operating losses.....	5	3	3	0	***
Data.....	8	8	8	3	***

1/ Cash-flow is defined as operating income or loss plus depreciation and amortization.

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

APPENDIX E
SELECTED FINANCIAL DATA FROM FIFTEEN COMPANIES

Table E-1

Income-and-loss experience of U.S. producers on the overall operations of their establishments within which fabricated structural steel for buildings is produced, accounting years 1984-86, and interim periods ending Sept. 30, 1986, and Sept. 30, 1987

Item	1984	1985	1986	Interim periods ending Sept. 30-	
				1986	1987
Value (1,000 dollars)					
Net sales.....	370,527	419,470	434,533	309,955	291,705
Cost of goods sold.....	320,703	353,083	368,835	260,041	245,983
Gross profit.....	49,824	66,387	65,698	49,914	45,722
General, selling, and administrative expenses...	38,897	44,899	45,832	31,426	32,341
Operating income.....	10,927	21,488	19,866	18,488	13,381
Startup or shutdown expense.....	0	***	0	0	0
Interest expense.....	3,205	***	3,377	2,205	1,007
Other income, net.....	4,820	6,111	8,928	4,031	1,876
Net income before income taxes.....	12,542	24,547	25,417	20,314	14,250
Depreciation and amorti- zation included above.....	7,593	9,001	9,980	7,718	7,190
Cash-flow ^{1/}	20,135	33,548	35,397	28,032	21,440
Share of net sales (percent)					
Cost of goods sold.....	86.6	84.2	84.9	83.9	84.3
Gross profit.....	13.4	15.8	15.1	16.1	15.7
General, selling, and administrative expenses...	10.5	10.7	10.5	10.1	11.1
Operating income.....	2.9	5.1	4.6	6.0	4.6
Net income before income taxes.....	3.4	5.9	5.8	6.6	4.9
Number of firms reporting					
Operating losses.....	6	***	4	3	5
Net losses.....	7	***	3	3	4
Data.....	14	***	15	13	13

^{1/} Cash-flow is defined as net income or loss plus depreciation and amortization.

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

Table E-2

Income-and-loss experience of U.S. producers of fabricated structural steel for buildings on their operations producing all fabricated structural steel, accounting years 1984-86, and interim periods ending Sept. 30, 1986, and Sept. 30, 1987

Item	1984	1985	1986	Interim periods ending Sept. 30-	
				1986	1987
<u>Value (1,000 dollars)</u>					
Net sales.....	335,758	380,201	381,086	261,047	256,646
Cost of goods sold.....	287,932	318,073	319,144	214,246	213,682
Gross profit.....	47,826	62,128	61,942	46,801	42,964
General, selling, and administrative expenses...	37,593	43,338	44,306	30,378	31,216
Operating income.....	10,233	18,790	17,636	16,423	11,748
Startup or shutdown expense.....	0	***	0	0	0
Depreciation and amorti- zation included above.....	7,461	***	9,767	7,576	7,021
Cash-flow <u>1</u> /.....	17,694	27,657	27,403	23,999	18,769
<u>Share of net sales (percent)</u>					
Cost of goods sold.....	85.8	83.7	83.7	82.1	83.3
Gross profit.....	14.2	16.3	16.3	17.9	16.7
General, selling, and administrative expenses...	11.2	11.4	11.6	11.6	12.2
Operating income.....	3.0	4.9	4.6	6.3	4.6
<u>Number of firms reporting</u>					
Operating losses.....	6	3	4	3	5
Data.....	14	15	15	13	13

1/ Cash-flow is defined as operating income or loss plus depreciation and amortization.

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

APPENDIX F

SELECTED IMPORT DATA

Table F-1

Fabricated structural steel: 1/ U.S. imports for consumption, by TSUS nos. and sources, 1984-86, January-September 1986, and January-September 1987

TSUS no. and source	1984	1985	1986	Jan. -Sept. --	
				1986	1987
Quantity (tons)					
609.84:					
Canada.....	3,190	4,549	9,814	6,217	8,275
Fed. Rep. of Germany.	12	7,270	1,195	1,195	20
Taiwan.....	474	1,264	954	846	552
Austria.....	133	97	133	104	103
All others.....	13,262	4,380	574	392	782
Subtotal.....	17,071	17,560	12,670	8,754	9,732
609.86:					
Canada.....	5	6	9	9	13
Austria.....	6	17	23	23	13
Taiwan.....	24	29	6	4	6
Sweden.....	14	6	5	5	8
All others.....	116	69	7	3	4
Subtotal.....	165	127	50	44	47
652.94:					
Canada.....	52,040	86,364	105,859	87,218	49,981
Japan.....	96,668	73,499	53,835	42,252	32,750
Korea.....	49,796	45,428	23,624	18,170	43,282
United Kingdom.....	1,413	10,107	3,423	2,368	2,045
All others.....	6,402	8,741	31,675	16,480	14,419
Subtotal.....	206,319	224,139	218,416	166,488	142,477
652.95:					
Canada.....	63	92	154	154	8
Sweden.....	0	1	0	0	76
Fed. Rep. of Germany.	1	3	3	3	1
United Kingdom.....	3	1	3	0	2
All others.....	3	1	20	19	178
Subtotal.....	70	98	180	176	265
652.96:					
Canada.....	161	172	402	193	455
Japan.....	2,224	134	7,785	7,785	42
Korea.....	4,073	0	3,133	3,133	0
Italy.....	780	2,324	919	836	30
All others.....	345	1,072	2,690	1,911	934
Subtotal.....	7,583	3,702	14,929	13,858	1,461
653.00:					
Canada.....	19,432	34,030	40,761	29,435	29,854
Korea.....	13,061	8,924	5,499	4,077	3,739
Japan.....	705	13,159	5,800	5,382	2,135
Taiwan.....	447	2,830	4,871	3,589	2,956
All others.....	13,271	14,937	22,107	16,235	12,718
Subtotal.....	46,916	73,880	79,038	58,718	51,402
Total:					
Canada.....	74,889	125,211	156,997	123,225	88,586
Japan.....	103,969	86,968	67,488	55,456	34,986
Korea.....	67,528	56,039	32,300	25,424	47,021
Taiwan.....	948	4,141	19,929	11,875	6,696
All others.....	30,789	47,147	48,568	32,057	28,095
Grand Total.....	278,123	319,506	325,282	248,037	205,384

Footnote is presented at the end of the table.

Table F-1--continued

Fabricated structural steel: 1/ U.S. imports for consumption, by TSUS nos. and sources, 1984-86, January-September 1986, and January-September 1987

TSUS no. and source	1984	1985	1986	Jan. -Sept. --	
				1986	1987
Value (1,000 dollars)					
609.84:					
Canada.....	2,564	3,459	7,561	5,047	6,392
Fed. Rep. of Germany.	46	3,771	800	800	50
Taiwan.....	286	664	565	494	416
Austria.....	815	509	960	739	850
All others.....	9,220	4,178	540	419	461
Subtotal.....	12,931	12,581	10,426	7,499	8,169
609.86:					
Canada.....	51	161	87	87	6
Austria.....	40	44	82	82	65
Taiwan.....	33	43	12	9	29
Sweden.....	36	16	1	1	22
All others.....	152	144	24	16	9
Subtotal.....	312	408	206	195	131
652.94:					
Canada.....	37,775	64,778	78,334	65,044	38,871
Japan.....	40,465	34,780	22,953	19,034	12,270
Korea.....	27,905	31,767	20,529	16,251	32,530
United Kingdom.....	2,166	6,437	3,466	2,360	2,318
All others.....	12,008	11,174	27,991	15,606	17,371
Subtotal.....	120,819	148,936	153,273	118,295	103,660
652.95:					
Canada.....	278	621	494	491	37
Sweden.....	0	45	0	0	271
Fed. Rep. of Germany.	4	13	18	18	4
United Kingdom.....	19	6	33	0	14
All others.....	146	6	48	47	594
Subtotal.....	447	691	593	556	920
652.96:					
Canada.....	139	208	529	299	429
Japan.....	2,531	237	8,979	8,978	128
Korea.....	5,124	0	2,973	2,973	0
Italy.....	869	2,850	4,168	4,044	118
All others.....	858	3,189	5,307	3,459	1,821
Subtotal.....	9,521	6,484	21,956	19,753	2,496
653.00:					
Canada.....	37,656	52,267	77,500	57,072	54,707
Korea.....	10,292	9,768	7,453	4,927	4,822
Japan.....	1,134	15,956	14,838	13,891	5,326
Taiwan.....	474	3,006	7,874	6,434	3,731
All others.....	17,011	29,143	33,125	22,641	20,709
Subtotal.....	66,567	110,140	140,790	104,965	89,295
Total:					
Canada.....	78,463	121,495	164,505	128,040	100,443
Japan.....	48,054	51,160	46,863	41,955	17,795
Korea.....	43,612	42,598	30,982	24,179	37,352
Taiwan.....	795	3,745	18,299	12,141	6,578
All others.....	39,174	60,242	66,596	44,948	42,204
Grand Total.....	210,098	279,240	327,245	251,263	204,372

1/ Includes imports from Canada of bar joists in TSUS item 652.94.

Source: Official statistics of the U.S. Department of Commerce.

Table F-2

Fabricated structural steel: U.S. imports for consumption, excluding imports from Canada of bar joists, by TSUS nos. and sources, 1984-86, January-September 1986, and January-September 1987

TSUS no. and source	1984	1985	1986	January-September--	
				1986	1987
	Quantity (tons)				
609.84:					
Canada.....	3,190	4,549	9,814	6,217	8,275
Fed. Rep. of Germany.	12	7,270	1,195	1,195	20
Taiwan.....	474	1,264	954	846	552
Austria.....	133	97	133	104	103
All others.....	13,262	4,380	574	392	782
Subtotal.....	17,071	17,560	12,670	8,754	9,732
609.86:					
Canada.....	5	6	9	9	13
Austria.....	6	17	23	23	13
Taiwan.....	24	29	6	4	6
Sweden.....	14	6	5	5	8
All others.....	116	69	7	3	7
Subtotal.....	165	127	50	44	47
652.94:					
Canada.....	***	***	***	***	***
Japan.....	96,668	73,499	53,835	42,252	32,750
Korea.....	49,796	45,428	23,624	18,170	43,282
United Kingdom.....	1,413	10,107	3,423	2,368	2,045
All others.....	6,402	8,741	31,675	16,480	14,419
Subtotal.....	***	***	***	***	***
652.95:					
Canada.....	63	92	154	154	8
Sweden.....	0	1	0	0	76
Fed. Rep. of Germany.	1	3	3	3	1
United Kingdom.....	3	1	3	0	2
All others.....	3	1	20	19	178
Subtotal.....	70	98	180	176	265
652.96:					
Canada.....	161	172	402	193	455
Japan.....	2,224	134	7,785	7,785	42
Korea.....	4,073	0	3,133	3,133	0
Italy.....	780	2,324	919	836	30
All others.....	345	1,072	2,690	1,911	934
Subtotal.....	7,583	3,702	14,929	13,858	1,461
653.00:					
Canada.....	19,432	34,030	40,761	29,435	29,854
Korea.....	13,061	8,924	5,499	4,077	3,739
Japan.....	705	13,159	5,800	5,382	2,135
Taiwan.....	447	2,830	4,871	3,589	2,956
All others.....	13,271	14,937	22,107	16,235	12,718
Subtotal.....	46,916	73,880	79,038	58,718	51,402
Total:					
Canada.....	***	***	***	***	***
Japan.....	103,969	86,968	67,488	55,456	34,986
Korea.....	67,528	56,039	32,300	25,424	47,021
Taiwan.....	948	4,141	19,929	11,875	6,696
All others.....	30,789	47,147	48,569	32,057	28,095
Grand Total.....	***	***	***	***	***

Table F-2--continued

Fabricated structural steel: U.S. imports for consumption, excluding imports from Canada of bar joists, by TSUS nos. and sources, 1984-86, January-September 1986, and January-September 1987

TSUS no. and source	1984	1985	1986	January-September--	
				1986	1987
Value (1,000 dollars)					
609.84:					
Canada.....	2,564	3,459	7,561	5,047	6,392
Fed. Rep. of Germany.....	46	3,771	800	800	50
Taiwan.....	286	664	565	494	416
Austria.....	815	509	960	739	850
All others.....	9,220	4,178	540	419	461
Subtotal.....	12,931	12,581	10,426	7,499	8,169
609.86:					
Canada.....	51	161	87	87	6
Austria.....	40	44	82	82	65
Taiwan.....	33	43	12	9	29
Sweden.....	36	16	1	1	22
All others.....	152	144	24	16	9
Subtotal.....	312	408	206	195	131
652.94:					
Canada.....	***	***	***	***	***
Japan.....	40,465	34,780	22,953	19,034	12,270
Korea.....	27,905	31,767	20,529	16,251	32,530
United Kingdom.....	2,166	6,437	3,466	2,360	2,318
All others.....	12,008	11,174	27,991	15,606	17,371
Subtotal.....	***	***	***	***	***
652.95:					
Canada.....	278	621	494	491	37
Sweden.....	0	45	0	0	271
Fed. Rep. of Germany.....	4	13	18	18	4
United Kingdom.....	19	6	33	0	14
All others.....	146	6	48	47	594
Subtotal.....	447	691	593	556	920
652.96:					
Canada.....	139	208	529	299	429
Japan.....	2,531	237	8,979	8,978	128
Korea.....	5,124	0	2,973	2,973	0
Italy.....	869	2,850	4,168	4,044	118
All others.....	858	3,189	5,307	3,459	1,821
Subtotal.....	9,521	6,484	21,956	19,753	2,496
653.00:					
Canada.....	37,656	52,267	77,500	57,072	54,707
Korea.....	10,292	9,768	7,453	4,927	4,822
Japan.....	1,134	15,956	14,838	13,891	5,326
Taiwan.....	474	3,006	7,874	6,434	3,731
All others.....	17,011	29,143	33,125	22,641	20,709
Subtotal.....	66,567	110,140	140,790	104,965	89,295
Total:					
Canada.....	***	***	***	***	***
Japan.....	48,054	51,160	46,863	41,955	17,795
Korea.....	43,612	42,598	30,982	24,179	37,352
Taiwan.....	795	3,745	18,299	12,141	6,578
All others.....	39,174	60,242	66,596	44,948	42,204
Grand Total.....	***	***	***	***	***

Source: Official statistics of the U.S. Department of Commerce as adjusted

Table F-3

Fabricated structural steel: U.S. imports for consumption, excluding imports under TSUS item 653.00, by TSUS nos. and sources, 1984-86, January-September 1986, and January-September 1987

TSUS item no. and source	1984	1985	1986	January-September--	
				1986	1987
Quantity (tons)					
609.84:					
Canada.....	3,190	4,549	9,814	6,217	8,275
Fed. Rep. of Germany.....	12	7,270	1,195	1,195	20
Taiwan.....	474	1,264	954	846	552
Austria.....	133	97	133	104	103
All others.....	13,262	4,380	574	392	782
Subtotal.....	17,071	17,560	12,670	8,754	9,732
609.86:					
Canada.....	5	6	9	9	13
Austria.....	6	17	23	23	13
Taiwan.....	24	29	6	4	9
Sweden.....	14	6	5	5	8
All others.....	116	69	7	3	4
Subtotal.....	165	127	50	44	47
652.94:					
Canada.....	52,040	86,364	105,859	87,218	49,981
Japan.....	96,668	73,499	53,835	42,252	32,750
Korea.....	49,796	45,428	23,624	18,170	43,282
United Kingdom.....	1,413	10,107	3,423	2,368	2,045
All others.....	6,402	8,741	31,675	16,480	14,419
Subtotal.....	206,319	224,139	218,416	166,488	142,477
652.95:					
Canada.....	63	92	154	154	8
Sweden.....	0	1	0	0	76
Fed. Rep. of Germany.....	1	3	3	3	1
United Kingdom.....	3	1	3	0	2
All others.....	3	1	20	19	178
Subtotal.....	70	98	180	176	265
652.96:					
Canada.....	161	172	402	193	455
Japan.....	2,224	134	7,785	7,785	42
Korea.....	4,073	0	3,133	3,133	0
Italy.....	780	2,324	919	836	30
All others.....	345	1,072	2,690	1,911	934
Subtotal.....	7,583	3,702	14,929	13,858	1,461
Total:					
Canada.....	55,457	91,181	116,237	93,790	58,732
Japan.....	103,264	73,809	61,688	50,074	32,851
Korea.....	54,467	47,115	26,801	21,347	43,282
Taiwan.....	501	1,311	15,058	8,286	3,740
All others.....	17,518	32,210	26,460	15,822	15,377
Grand Total.....	231,207	245,626	246,244	189,319	153,982

Table F-3--continued

Fabricated structural steel: U.S. imports for consumption, excluding imports under TSUS item 653.00, by TSUS nos. and sources, 1984-86, January-September 1986, and January-September 1987

TSUS no. and source	1984	1985	1986	January-September--	
				1986	1987
Value (1,000 dollars)					
609.84:					
Canada.....	2,564	3,459	7,561	5,047	6,392
Fed. Rep. of Germany.	46	3,771	800	800	50
Taiwan.....	286	664	565	494	416
Austria.....	815	509	960	739	850
All others.....	9,220	4,178	540	419	461
Subtotal.....	12,931	12,581	10,426	7,499	8,169
609.86:					
Canada.....	51	161	87	87	6
Austria.....	40	44	82	82	65
Taiwan.....	33	43	12	9	29
Sweden.....	36	16	1	1	22
All others.....	152	144	24	16	9
Subtotal.....	312	408	206	195	131
652.94:					
Canada.....	37,775	64,778	78,334	65,044	38,871
Japan.....	40,465	34,780	22,953	19,034	12,270
Korea.....	27,905	31,767	20,529	16,251	32,530
United Kingdom.....	2,166	6,437	3,466	2,360	2,318
All others.....	12,008	11,174	27,991	15,606	17,371
Subtotal.....	120,319	148,936	153,273	118,295	103,360
652.95:					
Canada.....	278	621	494	491	37
Sweden.....	0	45	0	0	271
Fed. Rep. of Germany.	4	13	18	18	4
United Kingdom.....	19	6	33	0	14
All others.....	146	6	48	47	594
Subtotal.....	447	691	593	556	920
652.96:					
Canada.....	139	208	529	299	429
Japan.....	2,531	237	8,979	8,978	128
Korea.....	5,124	0	2,973	2,973	0
Italy.....	869	2,850	4,168	4,044	118
All others.....	858	3,189	5,307	3,459	1,821
Subtotal.....	9,521	6,484	21,956	19,753	2,496
Total:					
Canada.....	40,807	69,228	87,005	70,968	45,736
Japan.....	46,920	35,204	32,025	28,064	12,469
Korea.....	33,220	32,830	23,529	19,252	32,530
Taiwan.....	322	739	10,425	5,707	2,847
All others.....	22,162	31,099	33,371	22,307	21,561
Grand Total.....	143,531	169,100	186,455	146,298	115,107

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

