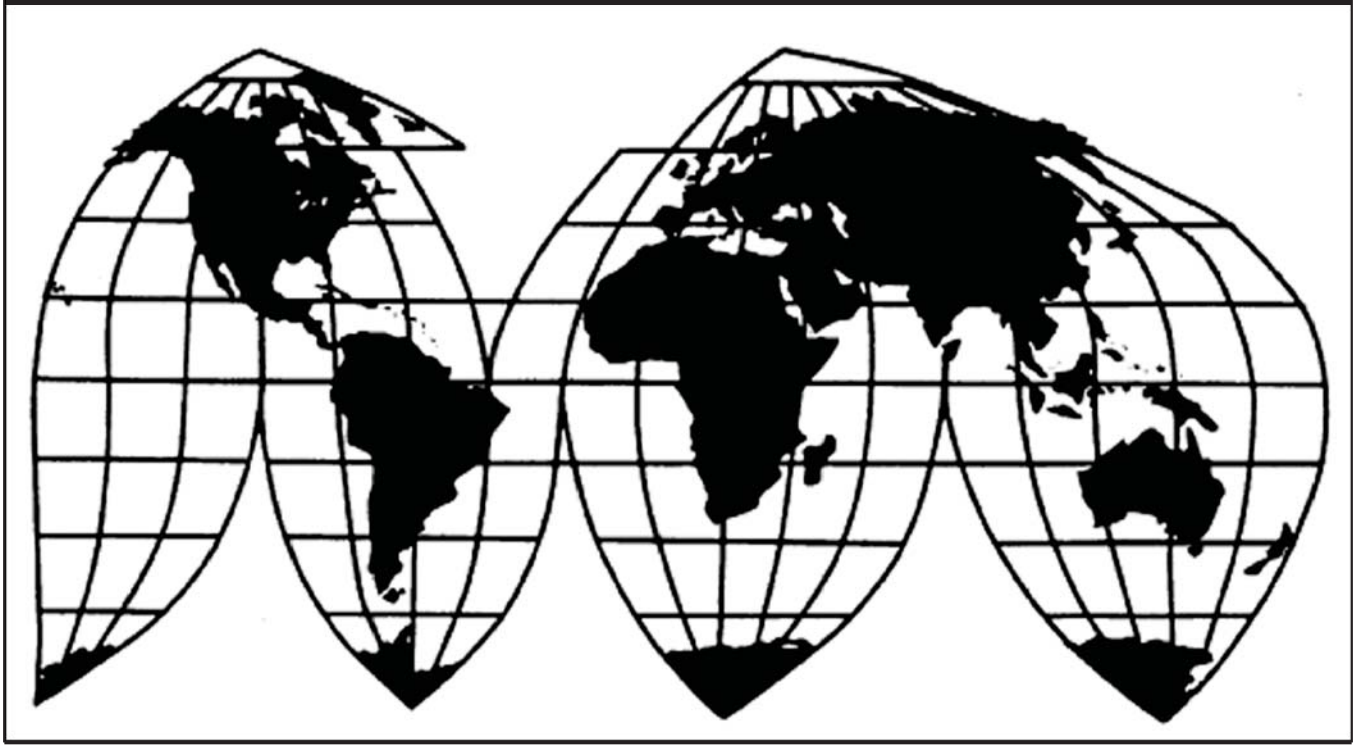
Hot-Rolled Steel Products from China, India, Indonesia, Taiwan, Thailand, and Ukraine

Investigation Nos. 701-TA-405, 406, and 408 &
731-TA-899-901 and 906-908 (Second Review)

Publication 4445 **January 2014**

U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-405, 406, and 408 and 731-TA-899-901 and 906-908 (Second Review)

HOT-ROLLED STEEL PRODUCTS FROM CHINA, INDIA, INDONESIA, TAIWAN, THAILAND, AND UKRAINE

DETERMINATION

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the countervailing duty orders on hot-rolled steel products from India, Indonesia, and Thailand and the antidumping duty orders on hot-rolled steel products from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. [2]

BACKGROUND

The Commission instituted these reviews on November 1, 2012 (77 F.R. 66078) and determined on February 4, 2013 that it would conduct full reviews (78 F.R. 11901, February 20, 2013). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on April 16, 2013 (78 F.R. 24435, April 25, 2013) and revised on October 21, 2013 (78 F.R. 64008, October 25, 2013). The hearing was held in Washington, DC, on October 31, 2013, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioners Meredith M. Broadbent and F. Scott Kieff dissent with respect to the determinations regarding hot-rolled steel products from Indonesia.

Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the countervailing duty orders on hot-rolled steel products ("hot-rolled steel") from India, Indonesia, and Thailand and the antidumping duty orders on hot-rolled steel from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] [2]

I. Background

Original Investigations: In August and November 2001, the Commission unanimously determined that an industry in the United States was materially injured by reason of subsidized imports of hot-rolled steel from Argentina, India, Indonesia, South Africa, and Thailand, and by reason of less than fair value imports of hot-rolled steel from Argentina, China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine. The Commission's original final determinations in 2001 were based on petitions filed on the same day involving dumped and subsidized imports of hot-rolled steel from eleven countries.[3] Sixteen antidumping and countervailing duty orders were issued by the Department of Commerce ("Commerce") on various dates in September, November, and December 2001.[4]

First reviews: On August 1, 2006, the Commission instituted the first five-year reviews concerning hot-rolled steel products from Argentina, China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.[5] It conducted full reviews based on adequate domestic interested party group response and the adequate respondent interested party group responses with respect to the reviews on subject imports from

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[1] Commissioner Shara L. Aranoff did not participate in the determinations concerning these reviews.

[2] Commissioners Meredith M. Broadbent and F. Scott Kieff determine that revocation of the countervailing duty order and the antidumping duty order on hot-rolled steel from Indonesia would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See* Separate and Dissenting Views of Commissioners Meredith M. Broadbent and F. Scott Kieff. They join these views except as noted.

[3] *See Hot-Rolled Steel Products from Argentina and South Africa*, Inv. Nos. 701-TA-404 and 731-TA- 898 and 905 (Final), USITC Pub. 3446 (August 2001) and *Hot-Rolled Steel Products from China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine*, Inv. Nos. 701-TA- 405-408 and 731-TA-899-904 and 906-908 (Final), USITC Pub. 3468 (November 2001) (collectively referred to as "*Original Determinations*").

[4] 66 Fed. Reg. 47173 (Sept. 11, 2001) (Argentina CVD); 66 Fed. Reg. 48242 (Sept. 19, 2001) (Argentina and South Africa AD); 66 Fed. Reg. 58435 (Nov. 21, 2001) (Kazakhstan AD); 66 Fed. Reg. 59559, 59561 - 59566 (Nov. 29, 2001) (China, the Netherlands, Romania, Taiwan, Thailand, and Ukraine AD); 66 Fed. Reg. 60192 and 60194 (Dec. 3, 2001) (India and Indonesia AD); 66 Fed. Reg. 60197 - 60198, and 60201 (Dec. 3, 2001) (India, Indonesia, South Africa, and Thailand CVD).

[5] 71 Fed. Reg. 43521 (Aug. 1, 2006).

Argentina, China, the Netherlands, South Africa, and Thailand; there were no respondent interested party responses for the reviews of subject merchandise from India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine. In October 2007, the Commission made affirmative determinations concerning the reviews of hot-rolled steel products from China, India, Indonesia, Taiwan, Thailand, and Ukraine, and negative determinations concerning the reviews of hot-rolled steel products from Argentina, Kazakhstan, Romania, and South Africa.[6] [7] Commerce subsequently issued notices continuing the countervailing duty orders on subject imports from India, Indonesia, and Thailand, and the antidumping duty orders on subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine.[8]

Second reviews: The Commission instituted the instant reviews on November 1, 2012.[9] On February 4, 2013, it determined to conduct full reviews for each order under review based on an adequate domestic interested party group response and the adequate respondent interested party group responses with respect to the reviews on subject imports from Taiwan and Thailand; there were no respondent interested party responses for the reviews of subject merchandise from China, India, Indonesia, and Ukraine.[10]

The Commission received prehearing and posthearing submissions from domestic producers ArcelorMittal Steel USA ("AMUSA"); Nucor Corp. ("Nucor"); United States Steel Corp. ("U.S. Steel"); and joint submissions from Gallatin Steel ("Gallatin"), SSAB Enterprises LLC ("SSAB"), and Steel Dynamics, Inc. ("SDI")(collectively referred to as "domestic interested parties" or "domestic producers"). The Commission also received prehearing and posthearing submissions from the following respondent interested parties: Essar Steel India Ltd. ("Essar") and JSW Steel Ltd. ("JSW"), producers and exporters of the subject merchandise in India (collectively referred to as "Indian Respondents"); Shang Chen Steel Co., Ltd. ("Shang Chen" or "Taiwanese Respondent"), a producer of subject merchandise in Taiwan; and Sahaviriya Steel Industries Public Company Ltd. ("SSI" or "Thai Respondent"), a producer and exporter of the subject merchandise in Thailand. A statement and responses to questions from the Commission were submitted jointly by non-parties China Steel Corporation, Chung Hung Steel Corporation, and Dragon Steel Corporation (collectively referred to as "China Steel Group"), producers of the subject merchandise in Taiwan. Ford Motor Company, a U.S. automobile

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[6] *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine*, Inv. Nos. 701-TA-404-408 and 731-TA- 898-902 and 904-908 (Review), USITC Pub. 3956 (October 2007) ("*First Five-Year Reviews*").

[7] In its final results in the first five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands, Commerce revoked the order effective November 29, 2006. 72 Fed. Reg. 35220 (June 27, 2007). Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands, effective June 27, 2007 and considered any imports from the Netherlands in the first five-year reviews as nonsubject rather than subject imports. 72 Fed. Reg. 40322 (July 24, 2007).

[8] 72 Fed. Reg. 73316 (Dec. 27, 2007).

[9] 77 Fed. Reg. 66078 (Nov. 1, 2012).

[10] 78 Fed. Reg. 11901 (Feb. 20, 2013). *See* Explanation of Commission Determinations on Adequacy (http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11548). (EDIS 503832)

producer and purchaser of hot-rolled steel, also submitted a statement. Representatives of parties both in favor and in opposition to continuation of the orders appeared at the Commission's hearing accompanied by counsel.[11] No briefs supporting revocation of the orders regarding China, Indonesia, or Ukraine were filed and no respondent party from any of these countries appeared at the Commission hearing.

Data/Response Coverage. U.S. industry data are based on the questionnaire responses of 14 U.S. producers of hot-rolled steel that accounted for more than 95 percent of U.S. production of hot-rolled steel during January 2007 to June 2013.[12] U.S. import data and related information are based on Commerce's official import statistics and the questionnaire responses of 32 U.S. importers of hot-rolled steel that accounted for approximately two-thirds of total U.S. imports during January 2007 to June 2013 and less than one-quarter of subject imports during the same period.[13] Foreign industry data and related information are based on the questionnaire responses of seven producers and exporters of subject merchandise: two producers/exporters in India, accounting for approximately *** of total production in India in 2012; four producers/exporters in Taiwan, accounting for virtually all production in Taiwan in 2012; and one producer in Thailand, accounting for all or nearly all production in Thailand at the end of 2012.[14] No questionnaire responses were received from producers of hot-rolled steel in China, Indonesia, or Ukraine.[15] Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations and first reviews, and new information on the record in these second five-year reviews.

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[11] A full list of hearing witnesses can be found in Appendix B of the final staff report.

[12] Confidential Report ("CR") at I-19; Public Report ("PR") at I-16. These reports reflect the revisions contained in memoranda INV-LL-110 (December 11, 2013) and INV-LL-114 (December 16, 2013).

[13] CR at I-19 and IV-1; PR at I-16 and IV-1. U.S. importers responding to the Commission's questionnaire accounted for: less than one percent of subject imports from China, substantially all the subject imports from India, approximately one-half of the subject imports from Taiwan, approximately one-quarter of the subject imports from Thailand, and no share of subject imports from Ukraine during the January 2007 to June 2013 period; there were no imports from Indonesia during this period. CR/PR at IV-1.

[14] While SSI estimated that it accounted for *** of hot-rolled steel production in Thailand in 2012, evidence in the record demonstrates that G Steel and GJ Steel did not cease production of hot-rolled steel until August 5, 2012 and GJ Steel restarted its operations in March 2013. Moreover, based on industry data, SSI accounted for *** of hot strip rolling capacity in Thailand in 2012. CR at IV-45; PR at IV-30.

[15] CR at I-19, IV-18, IV-31, and IV-52; PR at IV-12, IV-20, and IV-34.

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."[16] The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[17] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.[18]

In its final expedited five-year review determinations, Commerce defined the scope of imported merchandise subject to the orders under review as follows:

> . . . certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of these orders.
>
> Specifically included within the scope of these orders are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

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[16] 19 U.S.C. § 1677(4)(A).

[17] 19 U.S.C. § 1677(10); *see*, *e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[18] *See*, *e.g.*, *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

Steel products included in the scope of the orders, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: (i) iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical descriptions provided above are within the scope of the orders unless otherwise excluded.[19] [20]

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[19] 78 Fed. Reg. 16252, 16253 (Mar. 14, 2013) (Certain Hot-Rolled Carbon Steel Flat Products from India, Indonesia, and Thailand: Final Results of Expedited Sunset Reviews). The following products, by way of example, are outside or specifically excluded from the scope of the orders:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, e.g., American Society for Testing and Materials (ASTM) specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron & Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearings steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

(Continued…)

In the original and first five-year review determinations, the Commission defined the domestic like product as all hot-rolled steel products corresponding to Commerce's scope definition.[21] In the second reviews, the record contains no information suggesting the characteristics and uses of hot-rolled steel have changed appreciably since the prior proceedings or that the domestic like product definition should be revisited.[22] In addition, no party argued that the Commission should reexamine its definition of the domestic like product.[23] We therefore find a single domestic like product that is coextensive with Commerce's scope definition.

(…Continued)

The merchandise subject to these orders is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by these orders, including vacuum degassed fully stabilized, high strength low alloy, and the substrate for motor lamination steel, may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the written product description remains dispositive.

[20] The scope of imported merchandise subject to the antidumping duty orders is virtually identical for all subject countries and to the scope for the countervailing duty orders set forth above. 78 Fed. Reg. 15703, 15704 (Mar. 12, 2013) and Issues and Decisions Memorandum for the Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders on Certain Hot-Rolled Carbon Steel Flat Products from India, Indonesia, the People's Republic of China, Taiwan, Thailand, and Ukraine, March 5, 2013.

[21] *Original Determinations*, USITC Pub. 3446 at 6 and USITC Pub. 3468 at 3; *First Five-Year Reviews*, USITC Pub. 3956 at 8. The scope of investigation and the single domestic like product in the original determinations included hot-rolled steel with slightly elevated levels of microalloying elements. *Original Determinations*, USITC Pub. 3446 at 6 and *Hot-Rolled Steel Preliminary*, USITC Pub. 3381 at 4 (Jan. 2001). As the Commission noted in its preliminary determinations, the scope in these hot-rolled steel investigations differed slightly from the scope in the 1999 hot-rolled steel investigations involving imports from Brazil, Japan, and Russia; slight variations made to "fully comport with the general industry practice as to what constituted 'carbon' as opposed to 'alloy' steel." *Hot-Rolled Steel Preliminary*, USITC Pub. 3381 at 4, n.11. No parties contested the different scope of investigation nor raised any arguments regarding microalloyed steels in the original investigations or the subsequent first and second reviews.

[22] *See* CR at I-30-39; PR at I-25-31.

[23] Domestic interested parties' response at 28; AMUSA Prehearing Brief at 5; SDI Prehearing Brief at 2; Shang Chen response at 18; China Steel response at 8; Chung Hung response at 6; Dragon Steel response at 6; SSI response at 16.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[24] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original and first five-year review determinations, the Commission defined the domestic industry to be all domestic producers of hot-rolled steel. The Commission also recognized that certain domestic producers were related parties, but determined that appropriate circumstances did not exist to exclude any producer from the domestic industry as a related party under 19 U.S.C. § 1677(4)(B).[25]

In light of our domestic like product definition, we continue to find one domestic industry consisting of all domestic producers of hot-rolled steel, which is consistent with Commerce's scope definition.[26] No U.S. producer directly imported or purchased hot-rolled steel from subject countries during the period of review.[27] We find that appropriate circumstances do not exist to exclude any producer from the domestic industry as a related party.[28] [29] We consequently define the domestic industry as all U.S. producers of hot-rolled steel products.

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[24] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

[25] *Original Determinations*, USITC Pub. 3446 at 6-8; *First Five-Year Reviews*, USITC Pub. 3956 at 8 and 9.

[26] The domestic interested parties view the domestic industry as encompassing all domestic producers of hot-rolled steel, and no party advocated the exclusion of any domestic producer as a related party. In particular, AMUSA indicates that there do not appear to be any affiliations or importations by domestic producers that provide appropriate circumstances to exclude any U.S. producer from the industry in these reviews. AMUSA Prehearing Brief at 5.

[27] CR at I-45 and III-19; PR at I-35 and III-11.

[28] There are two possible related party issues in these reviews. First, domestic producer AMUSA is owned by ArcelorMittal SA, which is ***. CR at I-44; PR at I-35; *see also* AMUSA Prehearing Brief at 5, n.3. The record, however, does not indicate either whether *** exports, or intends to export, subject merchandise or the extent to which ArcelorMittal SA exercises direct or indirect control of ***. 19 U.S.C. § 1677(4)(B)(ii)(III). Moreover, assuming *arguendo* that AMUSA is a related party, we find that appropriate circumstances do not exist to exclude it from the domestic industry. Considerations supporting this conclusion are that AMUSA accounted for a substantial share (***) of domestic production in 2012, it *** continuation of the orders, its interests appear to be primarily those of a domestic producer, and there is no indication that it derives any benefit or operates in a manner that is different from other domestic producers as a result of this affiliation. *See* CR/PR at Tables I-8 and III-12; *see also* AMUSA Prehearing Brief at 5, n.3 (***).

(Continued…)

III. Cumulation

A. Legal Standard and Background

> With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[30]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.[31] The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

The Original Investigations and Prior Reviews. In the original investigations, the Commission determined on balance that there was a reasonable overlap of competition and cumulated subject imports from all subject countries for purposes of material injury by reason

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(…Continued)

A second possible related party issue involves subject merchandise imported from *** during the period of review by importer ***, which does not produce hot-rolled steel. CR/PR at Table I-9. Domestic producer ***, and thus we find that appropriate circumstances do not exist to exclude it from the domestic industry. CR/PR at Table I-8.

[29] Assuming *arguendo* that AMUSA is a related party, Commissioner Pinkert does not rely upon its financial performance as set forth in Table III-12 to determine whether there are appropriate circumstances to exclude it from the domestic industry. In his view, the present record is not sufficient to link the producer's financial performance with respect to its U.S. operations to any specific benefit it derives from its related party status.

[30] 19 U.S.C. § 1675a(a)(7).

[31] 19 U.S.C. § 1677(7)(G)(i); *see also*, *e.g.*, *Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

of subject imports.[32] In the first five-year reviews, the Commission did not cumulate subject imports from Argentina because they were likely to have no discernible adverse impact on the domestic industry in the event of revocation.[33] With respect to the remaining subject countries, the Commission found that the no discernible adverse impact exception to cumulation did not apply and that there would likely be a reasonable overlap of competition between subject imports from each country and the domestic like product as well as among subject imports from each country. The Commission also determined that, based on the existence of unique conditions of competition, subject imports from Kazakhstan, Romania, and South Africa would not be likely to compete under similar conditions of competition with subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine. Accordingly, the Commission considered subject imports from Argentina separately from all other subject imports, exercised its discretion to cumulate subject imports from Kazakhstan, Romania, and South Africa and consider them separately from all other subject imports, and exercised its discretion to cumulate subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine.[34]

Current Reviews. In these reviews, the statutory threshold for cumulation is satisfied because all reviews were initiated on the same day: November 1, 2012.[35] In addition, we consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from any of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among imports from the subject countries and the domestic like product; and (3) whether subject imports are likely to compete in the U.S. market under different conditions of competition.[36]

Domestic producers argue that the Commission should cumulate imports from all subject countries.[37] Indian, Taiwanese, and Thai Respondents contend that subject imports from India, Taiwan, and Thailand should not be cumulated with imports from any other subject country because they will have no discernible adverse impact on the domestic industry upon revocation and, in the alternative, because subject imports from each of these countries are

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[32] *Original Determinations*, USITC Pub. 3446 at 9-14.

[33] *First Five-Year Review*, USITC Pub. 3956 at 12-14.

[34] *First Five-Year Review*, USITC Pub. 3956 at 10-20. The Commission's cumulation finding was affirmed and not included in the issues remanded to the Commission with respect to its negative determinations concerning subject imports from Kazakhstan, Romania, and South Africa in *Nucor Corp. v. United States*, 605 F. Supp. 2d 1361 (Ct. Int'l Trade 2009).

[35] *See* 77 Fed. Reg. 66439 (Nov. 5, 2012).

[36] 19 U.S.C. § 1675a(a)(7).

[37] AMUSA Posthearing Brief at 1-3; AMUSA Prehearing Brief at 5-57; US Steel Posthearing Brief at 10-11; US Steel Prehearing Brief at 16-22; Nucor Prehearing Brief at 8, 39-50 and Exhibit 2; SDI Prehearing Brief at 2.

likely to compete under different conditions of competition than any of the other subject countries.[38]

B. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[39] Neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[40] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Based on the record in these reviews, we do not find that imports from any of the subject countries would likely have no discernible adverse impact on the domestic industry in the event of revocation.[41] [42]

China. In the original investigations, subject imports from China increased from 102,588 short tons in 1998 to 485,299 short tons in 2000.[43] During the first five-year reviews, subject imports from China remained in the U.S. market at relatively low levels.[44] Subject imports from China were present each year during the current period of review; they were 1,093 short tons in 2007, and fluctuated from a low of 159 short tons in 2009 to a high of 2,419 short tons in 2012.[45] The share of the quantity of apparent U.S. consumption accounted for by subject

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[38] Essar/JSW Prehearing Brief at 10; Essar/JSW Posthearing Brief at 7-14; Shang Chen Prehearing Brief at 12-24; Shang Chen Posthearing Brief at 7-11; SSI Prehearing Brief at 3-19; SSI Posthearing Brief at 2-11.

[39] 19 U.S.C. § 1675a(a)(7).

[40] Uruguay Round Agreements Act Statement of Administrative Action (SAA), H.R. Rep. No. 103-316, vol. I at 887 (1994).

[41] Commissioners Broadbent and Kieff do not join this finding with respect to subject imports from Indonesia. They find that subject imports from Indonesia would likely have no discernible adverse impact on the domestic industry in the event of revocation. *See* Additional and Dissenting Views of Commissioners Meredith M. Broadbent and F. Scott Kieff.

[42] In the first five-year reviews, the Commission found that subject imports from Argentina were likely to have no discernible adverse impact on the domestic industry in the event of revocation and thus did not cumulate them. *First Five-Year Review*, USITC Pub. 3956 at 12-14.

[43] CR/PR at Table I-1.

[44] CR/PR at Table I-1. Subject imports from China were 42,184 short tons in 2001, and fluctuated from a low of 28 short tons in 2003 to a high of 6,456 short tons in 2004, with 3,851 short tons imported in 2006. *Id*.

[45] CR/PR at Table I-1. Subject imports from China were 1,763 short tons in January-June ("interim") 2012 and 1,481 short tons in interim 2013. *Id*. at Table IV-1.

imports from China was 0.7 percent in 2000, 0.1 percent in 2001, and zero or less than 0.05 percent from 2002 to 2012.[46]

No Chinese producer reported data to the Commission on its hot-rolled steel operations for the period of review.[47] Thus, the limited data in the record regarding hot-rolled steel production in China are derived from the original investigations, the prior reviews, and other available industry sources. Available information regarding the Chinese hot-rolled steel industry from ***, an industry monitoring source, estimates that Chinese capacity increased from *** short tons in 2009 to *** short tons in 2012.[48] Production also has increased from *** short tons in 2009 to *** short tons in 2012.[49]

According to Global Trade Atlas data, exports of hot-rolled carbon and alloy steel from China were 12.8 million short tons in 2007, ranged from a 2007-2012 period low of 4.9 million short tons in 2009 to a period high of 13.3 million short tons in 2008, and were 10.7 million short tons in 2012.[50] Available information shows that China is increasingly a *** of hot-rolled steel.[51] Finally, Chinese exports of hot-rolled steel faced import barriers in a number of third countries during the period of review.[52] Based on the record, we do not find that subject

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[46] CR/PR at Table I-1.

[47] CR at IV-18; PR at IV-12. In the current reviews, the domestic interested parties identified more than 160 Chinese producers/exporters of hot-rolled steel while respondent parties identified nine Chinese producers/exporters. *Id*. In the first five-year reviews, eight firms, accounting for between one-quarter and one-half of Chinese production of hot-rolled steel in 2006, responded to the Commission's questionnaire. CR at IV-17-18; PR at IV-12. In the original investigations, five Chinese producers responded to the Commission questionnaires, including Shanghai Baosteel, which reportedly accounted for *** of Chinese hot-rolled steel production in 2000. CR at IV-17; PR at IV-12.

[48] CR/PR at Table IV-7. In the first five-year reviews, available estimates regarding the Chinese hot-rolled steel industry from *** indicated that Chinese production capacity was *** and production was *** in 2006. *First Five-Year Review* at Table IV-17.

[49] CR/PR at Table IV-7.

[50] CR/PR at Table IV-8. The markets accounting for the largest volume of Chinese exports of hot-rolled steel in 2012 were Korea (3.5 million short tons), Vietnam (1.3 million short tons), India (867,240 short tons) and Thailand (760,121 short tons). Exports to both Taiwan and Indonesia also were substantial in 2012 at 166,599 short tons and 123,880 short tons, respectively. *Id*. Published descriptions of exports of Chinese hot-rolled coil ("HRC") include terms such as "commercial-grade, boron containing HRC," suggesting that some volume of hot-rolled steel exports with elevated boron levels (possibly within micro-alloy levels specified in the scope of the current reviews) might be classified for export purposes as alloy steel product rather than carbon steel product; thus the export data for China includes hot-rolled carbon and alloy steel. CR at IV-19, n.23; PR at IV-13, n.23.

[51] CR/PR at Table IV-7. China's net export balance *** short tons in 2009 to *** short tons in 2012. *Id*.

[52] CR at IV-18; PR at IV-13. Chinese exports of hot-rolled steel have been subject to an antidumping duty order in Canada since 2001; an antidumping duty order in Indonesia since 2008; antidumping duty orders since 2011 (nonalloy) and 2012 (alloy) in Thailand; and a 2013 safeguard measure in Thailand that will remain in place until February 26, 2016. *Id*.

imports from China would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

India. In the original investigations, subject imports of hot-rolled steel from India increased from 109,941 short tons in 1998 to 876,264 short tons in 2000.[53] During the first five-year reviews, subject imports from India remained in the U.S. market at lower levels.[54] During the current period of review, subject imports from India were 17,665 short tons in 2007, declined to 185 short tons in 2008 and remained at zero in each year and interim period thereafter.[55] The share of the quantity of apparent U.S. consumption accounted for by subject imports from India was 1.2 percent in 2000, 0.1 percent in 2001 and 2006, and zero or less than 0.05 percent in each year from 2002 to 2012 (except for 2006).[56]

Two firms – Essar and JSW Steel – accounting for *** of Indian production of hot-rolled steel in 2012, responded to the Commission's questionnaire in these reviews.[57] Thus, the record regarding hot-rolled steel production in India is derived from the original investigations, the first five-year reviews, and other available industry sources, in addition to these questionnaire responses. According to ***, Indian production capacity steadily increased from *** short tons in 2009 to *** short tons in 2012; its production also increased from *** short tons in 2009 to *** short tons in 2012.[58]

Reported Indian production capacity increased from *** short tons in 2007 to *** short tons in 2012.[59] Reported production also increased from *** short tons in 2007 to *** short tons in 2012.[60] Reported capacity utilization declined irregularly from *** in 2007 to *** in 2012.[61]

During the period of review, the Indian hot-rolled steel industry's reported exports of hot-rolled steel as a share of its total shipments fluctuated between years, ranging from a low of *** in 2012.[62] Although reported home market shipments and internal consumption

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[53] CR/PR at Table I-1.

[54] CR/PR at Table I-1. Subject imports from India were 51,480 short tons in 2001, and fluctuated from a low of zero in 2003 to a high of 62,234 short tons in 2006. *Id*.

[55] CR/PR at Table I-1 and IV-1.

[56] CR/PR at Table I-1.

[57] CR at IV-23; PR at IV-16. Staff estimates that these two responding firms accounted for *** of hot strip rolling capacity in India in 2012. CR at IV-23, n.26; PR at IV-16, n.26. In the original investigations, four firms (Ispat, Essar, SAIL, and Tata) responded to the Commission questionnaire and in the first five-year review, two firms (JSW and Tata) provided useable data and Essar provided a response with little usable data. CR at IV-23; PR at IV-16.

[58] CR/PR at Table IV-9. Available *** estimates in the first five-year reviews regarding the Indian hot-rolled steel industry indicated that Indian production capacity was *** short tons and production was *** short tons in 2006. *First Five-Year Reviews* at Table IV-23.

[59] CR/PR at Table IV-11.

[60] CR/PR at Table IV-11.

[61] CR/PR at Table IV-11.

[62] CR/PR at Table IV-11. The reporting Indian producers' exports as a share of total shipments were *** in interim 2013. CR/PR at Table IV-11. In the original investigation (in 2000), this industry's (Continued…)

accounted for the majority of the reporting Indian producers' shipments during the period of review, exports accounted for a significant and increasing volume and share of their shipments between 2009 and 2012.[63] Both responding Indian producers indicated that they produce downstream products on the same equipment used to produce hot-rolled steel, namely ***.[64]

According to Global Trade Atlas data, exports of hot-rolled steel from India increased irregularly from 1.5 million short tons in 2007 to 1.8 million short tons in 2012.[65] Available information shows that India has been a *** of hot-rolled steel during the period of review.[66] Finally, Indian exports of hot-rolled steel face import barriers in a number of third-country markets during the period of review.[67] Based on the record, including the substantial unused capacity, large volumes of exports, and import barriers, we do not find that subject imports from India would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

Indonesia.[68] In the original investigations, the subject imports of hot-rolled steel from Indonesia increased from 38,163 short tons in 1998 to 259,166 short tons in 2000.[69] Subject imports from Indonesia virtually left the U.S. market after 2001.[70] There have been no subject imports from Indonesia reported during the current period of review.[71] The share of the quantity of apparent U.S. consumption accounted for by subject imports from Indonesia was 0.4 percent in 2000, and zero or less than 0.05 percent from 2001 to 2012.[72]

(…Continued)
reported exports as a share of total shipments were *** percent of its total shipments and in 2006, India's reported exports as a share of total shipments were *** percent. *First Five-Year Reviews* at Tables IV-20 and IV-21.

[63] CR/PR at Table IV-11. Reported home market shipments as a share of total shipments fluctuated slightly during the period of review, ranging from a low of *** in 2012; reported internal consumption as a share of total shipments declined irregularly from *** in 2012. Reported inventories accounted for a smaller share of total shipments, *** in 2012. *Id*.

[64] CR at IV-29; PR at IV-20.

[65] CR/PR at Table IV-10. The markets accounting for the largest volume of Indian exports of hot-rolled steel in 2012 were the United Arab Emirates (293,703 short tons), Belgium (261,442 short tons), Spain (212,509 short tons), and Saudi Arabia (140,060 short tons). *Id*.

[66] CR/PR at Table IV-9. India's net import balance *** short tons in 2012. *Id*.

[67] CR at IV-24; PR at IV-17. Indian exports of hot-rolled steel have been subject to antidumping and countervailing duty orders in Canada since 2001; an antidumping duty order in Indonesia since 2008; an antidumping duty order in Thailand since 2003; and a 2013 safeguard measure in Thailand that will remain in place until February 26, 2016. *Id*.

[68] Commissioners Broadbent and Kieff do not join this discussion on Indonesia. They find that subject imports from Indonesia would likely have no discernible adverse impact on the domestic industry in the event of revocation. *See* Additional and Dissenting Views of Commissioners Meredith M. Broadbent and F. Scott Kieff.

[69] CR/PR at Table I-1.

[70] CR/PR at Table I-1. Subject imports from Indonesia were 10,726 short tons in 2001, and except for a small volume (5 short tons) in 2004 did not enter the U.S. market again. *Id.*

[71] CR/PR at Tables I-1 and IV-4.

[72] CR/PR at Table I-1.

No Indonesian producer reported data to the Commission on its hot-rolled steel operations for the period of review.[73] Thus, the limited data in the record regarding hot-rolled steel production in Indonesia is derived from the original investigations and other available industry sources. According to ***, Indonesian capacity is estimated at *** short tons in 2009 and 2010, and *** short tons in 2011 and 2012; production has ranged from a low of *** short tons in 2012.[74] Therefore, according to the available *** data, Indonesia had an estimated unused capacity of *** short tons in 2012.[75]

Based on information in its annual report, PT Krakatau's production capacity and production for hot-rolled steel were 2.6 million short tons and 2.02 million short tons, respectively, in 2012; it has plans to increase its capacity through its joint venture with Posco.[76] PT Krakatau also reportedly held a 41 percent share of the Indonesian market for hot-rolled steel in 2012.[77] The other known hot-rolled steel producer in Indonesia, PT Gunung Raja Paksi, is estimated to have hot-rolled steel production capacity of 265,000 short tons.[78]

According to Global Trade Atlas data, exports of hot-rolled steel from Indonesia declined from 327,456 short tons in 2007 to 19,065 short tons in 2012.[79] Available information shows that Indonesia is increasingly a *** of hot-rolled steel.[80] Finally, Indonesian exports of hot-rolled steel faced one import barrier in a third country during the period of review.[81] Based on the record, including evidence of unused capacity and a planned increase in capacity, we do not find that subject imports from Indonesia would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

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[73] CR at IV-31; PR at IV-20. The record indicates that there are two Indonesian hot-rolled steel producers – PT Krakatau and PT Gunung Raja Paksi. PT Krakatau responded to the Commission's questionnaire in the original investigations but neither firm responded in the first five-year reviews. *Id*.

[74] CR/PR at Table IV-13.

[75] Derived from CR/PR at Table IV-13.

[76] CR at IV-31; PR at IV-20-21. PT Krakatau's production of hot-rolled steel was reported to have increased by 4.3 percent from 2011 to 2012. *Id*. PT Krakatau has a joint venture with Posco (Korea), with the first stage of production of 3 million metric tons of plate and slab steel scheduled for completion in late 2013 and the second stage scheduled to commence production of hot-rolled steel in 2015. *Id*. We note that the Commission did not receive a questionnaire response from PT Krakatau that may have provided more details about the timing and magnitude of these reported plans for increases in the production of hot-rolled steel. In the original investigations, PT Krakatau reported its production capacity was *** in 2000. *First Five-Year Review* at Table IV-27. PT Krakatau's exports and inventory as a share of its total shipments was ***, respectively, in 2000. *Id*.

[77] CR at IV-31; PR at IV-20.

[78] CR at IV-32; PR at IV-21.

[79] CR/PR at Table IV-14. The markets accounting for the largest volume of Indonesian exports of hot-rolled steel in 2012 were Malaysia (11,572 short tons), Vietnam (4,926 short tons), and Australia (1,895 short tons). *Id*.

[80] CR/PR at Table IV-13. Indonesia's net import balance *** short tons in 2012. *Id*.

[81] CR at IV-32; PR at IV-21. Indonesian exports of hot-rolled steel face an antidumping duty order in Thailand imposed in 2003. *Id*.

Taiwan. In the original investigations, subject imports of hot-rolled steel from Taiwan increased from 224,058 short tons in 1998 to 724,854 short tons in 2000.[82] During the first five-year reviews, subject imports from Taiwan remained in the U.S. market at lower levels.[83] During the current period of review, subject imports from Taiwan remained in the U.S. market at relatively low levels, fluctuating from a low of 45 short tons in 2010 to a high of 2,483 short tons in 2011, and were 560 short tons in 2012.[84] The share of the quantity of apparent U.S. consumption accounted for by subject imports from Taiwan was 1.0 percent in 2000, 0.1 percent in 2001, and zero or less than 0.05 percent from 2002 to 2012. [85]

Four firms – China Steel, Chung Hung, Dragon Steel, and Shang Chen – accounting for virtually all Taiwanese production of hot-rolled steel, responded to the Commission's questionnaire in these reviews.[86] Taiwanese capacity and production fluctuated between years but increased overall from 2007 to 2012.[87] Taiwanese capacity was *** in 2012.[88] Production also fluctuated between years and increased overall from *** short tons in 2007 to *** short tons in 2012. [89] Taiwanese capacity utilization ranged from a high of *** in 2012.[90]

During the period of review, exports of hot-rolled steel producers in Taiwan as a share of their total shipments ranged from a low of *** in 2012; in the original investigation (in 2000) and in the first five-year review (2006), Taiwan's exports as a share of total shipments were ***, respectively.[91] While exports account for a significant share of the Taiwanese producers' shipments, internal consumption increased overall and by 2012 accounted for the majority of the producers' total shipments.[92] One Taiwanese producer reported that it produced nonsubject products on the same hot-strip/Steckel mill and all responding producers produced

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[82] CR/PR at Table I-1.

[83] CR/PR at Table I-1. Subject imports from Taiwan were 42,144 short tons in 2001, and fluctuated from a low of 107 short tons in 2003 to a high of 7,305 short tons in 2006. *Id*.

[84] CR/PR at Table I-1. Subject imports from Taiwan were 492 short tons in interim 2012 and 26 short tons in interim 2013. *Id*. at Table IV-1.

[85] CR/PR at Table I-1.

[86] CR at IV-35 and 36; PR at IV-24. In the first five-year reviews, three Taiwanese producers (China Steel, Chung Hung, and Shang Shing), accounting for all of Taiwanese production, provided responses to the Commission's questionnaire. China Steel and the predecessor to Chung Hung, Yieh Loong, also provided data in the original investigations. CR at IV-35; PR at IV-24.

[87] CR/PR at Table IV-17.

[88] CR/PR at Table IV-17. Hot-rolled steel capacity in Taiwan increased from 2009 to 2011 due to ***. CR at IV-39; PR at IV-28.

[89] CR/PR at Table IV-17.

[90] CR/PR at Table IV-17. Taiwanese capacity utilization was *** in interim 2012 and *** in interim 2013. *Id*.

[91] CR/PR at Table IV-17; *First Five-Year Review* at Tables IV-43 and IV-44. Taiwan's exports as a share of its total shipments were *** in interim 2013. CR/PR at Table IV-17.

[92] CR/PR at Table IV-17. Internal consumption as a share of total shipments increased irregularly from *** in 2012; conversely, home market shipments as a share of total shipments declined during the period of review, from *** in 2012. Inventories as a ratio of total shipments accounted for a smaller ratio, within a *** range from 2007 to 2012. *Id*.

downstream products.[93] Available information shows that Taiwan is increasingly a *** of hot-rolled steel.[94] Finally, Taiwanese exports of hot-rolled steel faced import barriers in a number of third-country markets during the period of review.[95] Based on the record, including the excess capacity, increasing export orientation, and existence of third-country import barriers, we do not find that subject imports from Taiwan would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

Thailand. In the original investigations, subject imports of hot-rolled steel from Thailand increased from 18,050 short tons in 1998 to 233,762 short tons in 2000.[96] During the first five-year reviews, subject imports from Thailand remained in the U.S. market.[97] During the current period of review, subject imports from Thailand were 2,171 short tons in 2007, increased to 5,632 short tons in 2008, and then declined to and remained at zero in each year and interim period thereafter.[98] The share of the quantity of apparent U.S. consumption accounted for by subject imports from Thailand was 0.3 percent in 2000, ranged from 0.1 percent to 0.2 percent during the first five-year reviews, and was less than 0.05 percent during the current review period.[99]

One firm (SSI) estimated that it accounted for all Thai production of hot-rolled steel in 2012 and responded to the Commission's questionnaire in these reviews.[100] However, based on staff's estimate, SSI accounted for *** of the hot strip rolling capacity in Thailand in 2012.[101] Thus, the record regarding hot-rolled steel production in Thailand is derived from the original investigations, the first five-year reviews, and other available industry sources, in addition to the *** questionnaire response. According to ***, the Thai industry's production capacity increased from *** short tons in 2009 to *** short tons in 2010 and remained at that level in 2011 and 2012; production increased from *** short tons in 2009 to *** short tons in 2012.[102]

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[93] CR at IV-42; PR at IV-29.

[94] CR/PR at Table IV-15. Taiwan's net export balance *** short tons in 2012. *Id*. According to Global Trade Atlas data, the markets accounting for the largest volume of Taiwanese exports of hot-rolled steel in 2012 were Japan (617,023 short tons), Vietnam (525,377 short tons), Malaysia (445,478 short tons), South Korea (426,746 short tons), Indonesia (254,487 short tons), and Thailand (198,464 short tons). CR/PR at Table IV-16.

[95] CR at IV-36; PR at IV-25. Taiwanese exports of hot-rolled steel have been subject to an antidumping duty order in Australia since 2012; an antidumping duty order in Canada since 2001; an antidumping duty order in Indonesia since 2008; and an antidumping duty order in Thailand since 2003.

[96] CR/PR at Table I-1.

[97] CR/PR at Table I-1. Subject imports from Thailand fluctuated from a low of 15,847 short tons in 2001 to a high of 155,824 short tons in 2006. *Id*.

[98] CR/PR at Table I-1 and IV-1.

[99] CR/PR at Table I-1.

[100] CR at IV-44 and 45; PR at IV-30.

[101] CR at IV-45, n.55; PR at IV-30, n.55. G Steel and GJ Steel ceased production in August 2012; on March 20, 2013, GJ Steel announced that it had restarted its mill operations. G Steel remains closed.

[102] CR/PR at Table IV-19.

Thus, according to *** data, Thailand had unused capacity of approximately *** short tons in 2012.[103]

Reported SSI capacity was *** in 2012.[104] Reported SSI production was *** in 2012.[105] SSI capacity utilization, which was *** in 2000, ranged during the period of review from a low of ***, and was *** in 2012.[106]

During the period of review, SSI's exports of hot-rolled steel as a share of its total shipments declined from a high of *** in 2012.[107] SSI's reported home market shipments have accounted for the majority of total shipments during the period of review.[108] SSI reported that it ***.[109]

According to Global Trade Atlas data, exports of hot-rolled steel from Thailand declined from 916,973 short tons in 2007 to 26,785 short tons in 2012.[110] Available information shows that Thailand was a *** of hot-rolled steel during the period of review.[111] Finally, Thai exports of hot-rolled steel faced one import barrier in third-country markets during the period of review.[112] Based on the record, including the substantial unused capacity, we do not find that subject imports from Thailand would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

Ukraine. In the original investigations, subject imports from Ukraine increased from 126,648 short tons in 1998 to 213,764 short tons in 2000.[113] During the first five-year reviews, subject imports from Ukraine remained in the U.S. market at lower levels.[114] During the current period of review, subject imports from Ukraine entered the U.S. market only in 2008 (19 short tons) and 2012 (806 short tons).[115] The share of the quantity of apparent U.S. consumption

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[103] Derived from CR/PR at Table IV-19.

[104] CR/PR at Table IV-21.

[105] CR/PR at Table IV-21.

[106] CR/PR at Table IV-21. SSI capacity utilization was *** in interim 2013. *Id*.

[107] CR/PR at Table IV-21. SSI's exports as a share of its total shipments were *** in interim 2013. *Id*. In the original investigation (in 2000), Thailand's exports as a share of total shipments were ***. *First Five-Year Review* at Table IV-47.

[108] CR/PR at Table IV-21. SSI's home market shipments as a share of total shipments fluctuated slightly during the period of review, ranging from a low of *** in 2012; they were *** in interim 2013. Inventories as a ratio of total shipments decreased irregularly from *** in 2012. *Id*.

[109] CR at IV-51; PR at IV-34.

[110] CR/PR at Table IV-20. The markets accounting for the largest volume of Thai exports of hot-rolled steel in 2012 were Saudi Arabia (9,091 short tons), Laos (7,899 short tons), Malaysia (5,121 short tons), and Myanmar (3,299 short tons). *Id*.

[111] CR/PR at Table IV-19. Thailand's net import balance *** short tons in 2012. *Id*.

[112] CR at IV-46; PR at IV-31. Thai exports of hot-rolled steel have been subject to an antidumping duty order in Indonesia since 2008. *Id*.

[113] CR/PR at Table I-1.

[114] CR/PR at Table I-1. Subject imports from Ukraine were 25,694 short tons in 2001, and fluctuated from a low of zero in 2004 and 2006 to a high of 1,558 short tons in 2005. *Id*.

[115] CR/PR at Table I-1. There were no subject imports from Ukraine reported for either interim 2012 or interim 2013. *Id*. at Table IV-1.

accounted for by subject imports from Ukraine was 0.3 percent in 2000, and zero or less than 0.05 percent during the first five-year reviews and the current reviews.[116]

No producer in Ukraine reported data to the Commission on its hot-rolled steel operations for the period of review.[117] Thus, the limited data in the record regarding hot-rolled steel production in Ukraine are derived from the original investigations, the prior reviews, and other available industry sources. *** estimates indicate that Ukrainian capacity remained constant at *** short tons from 2009 to 2012.[118] Production fluctuated from a low of *** short tons in 2009 to a high of *** short tons in 2011, and was *** short tons in 2012.[119]

According to Global Trade Atlas data, exports of hot-rolled steel from Ukraine fluctuated on an annual basis and declined from 4.1 million short tons in 2007 to 3.0 million short tons in 2012.[120] Available information shows that Ukraine continues to be a *** of hot-rolled steel.[121] Finally, exports of hot-rolled steel from the Ukraine faced two import barriers in third-country markets during the period of review.[122] Based on the record, we do not find that subject imports from Ukraine would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

C. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.[123] Only a "reasonable overlap" of competition is required.[124] In five-year reviews, the

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[116] CR/PR at Table I-1.

[117] CR at IV-52; PR at IV-34. In the original investigations, the Commission received questionnaire responses from two Ukrainian producers of hot-rolled steel: Ilyich and Zaporizhstal. In the first five-year reviews and the current reviews, the Commission issued questionnaires to the same two producers of subject merchandise in Ukraine; neither firm responded to the Commission's questionnaire in either review. *Id*.

[118] CR/PR at Table IV-22.

[119] CR/PR at Table IV-22. In the original investigations, Ukrainian producers reported their production capacity was *** in 2000. Available *** estimates in the first five-year reviews regarding the Ukrainian hot-rolled steel industry indicated that production capacity was *** short tons and production was *** short tons in 2006. *First Five-Year Reviews* at Table IV-52.

[120] CR/PR at Table IV-23. The markets accounting for the largest volume of Ukrainian exports of hot-rolled steel in 2012 were Turkey (638,265 short tons), Russia (419,966 short tons), Poland (354,854 short tons), Bulgaria (216,305 short tons), and Greece (158,538 short tons). *Id*. In the original investigations, Ukrainian producers' exports as a share of their total shipments was *** in 2000. Based on the available data in the first five-year reviews, Ukraine exports of hot-rolled steel accounted for *** of Ukraine's total commercial production in 2006. *First Five-Year Reviews* at Table IV-51.

[121] CR/PR at Table IV-22. Ukraine's net export balance was *** short tons in 2012. *Id*.

[122] CR at IV-52; PR at IV-34. Exports of hot-rolled steel from the Ukraine have been subject to an antidumping duty order in Canada since 2001 and an antidumping duty order in Thailand since 2003. *Id*.

[123] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like

(Continued…)

relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.[125]

Fungibility. In both the original investigations and first five-year reviews, the Commission found that, while there were some quality differences and differences in product mix, there was general interchangeability between subject imports and between subject imports and the domestic like product.[126] The record in these reviews again indicates that domestically produced and imported hot-rolled steel can be used in the same applications.[127] Subject imports and domestic product share the same essential chemical and physical properties. Hot-rolled steel is generally manufactured to standard specifications, including those established by ASTM.[128]

All responding U.S. producers, a plurality of U.S. importers, and most purchasers reported that domestic and imported products are always or frequently interchangeable.[129] The majority of producers and U.S. importers that compared subject imports from different sources also found them to be always or frequently interchangeable with one another.[130] However, responses from purchasers were mixed; while most reported that hot-rolled steel was always or frequently interchangeable for most country comparisons, a relatively large number of purchasers reported that hot-rolled steel from different sources was sometimes interchangeable.[131]

(…Continued)
product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[124] *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); *Wieland Werke,* 718 F. Supp. at 52 ("Completely overlapping markets are not required."); *United States Steel Group v. United States,* 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g*., *Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[125] *See generally*, *Chefline Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[126] *Original Determinations*, USITC Pub. 3446 at 11-12 and 14; *First Five-Year Reviews*, USITC Pub. 3956 at 15 and 16.

[127] CR at II-39; PR at II-26.

[128] CR at I-32 and V-1; PR at I-26 and V-1.

[129] CR at II-39 and Table II-13; PR at II-26 and Table II-13.

[130] CR at II-39 and Table II-13; PR at II-26 and Table II-13.

[131] CR at II-39 and Table II-13; PR at II-26 and Table II-13.

Channels of Distribution. In both the original determinations and first five-year reviews, the majority of both domestically produced and imported hot-rolled steel was shipped to distributors/processors/service centers.[132] In these reviews, hot-rolled steel is shipped to distributors, processors, and service centers; pipe and tube producers; and other end users/manufacturers, including automobile assemblers and suppliers.[133] U.S. producers' U.S. shipments were fairly evenly split between distributors/service centers (45.4 percent) and other end users (43.2 percent) in 2007 but had shifted with a higher percentage of shipments being directed to other end users (45.4 percent) compared to distributors/services centers (39.0 percent) in 2012.[134] Subject imports were infrequent during the period of review;[135] all sales reported of hot-rolled steel from Ukraine and India, and most from Taiwan, were shipped to distributors/service centers; all sales reported of subject imports from China were to other end users; and all sales reported of subject imports from Thailand were to tubular product manufacturers.[136]

Simultaneous Presence and Geographic Overlap. In both the original investigations and first five-year reviews, U.S. producers and importers reported competing in the same geographic market areas and imports from each of the subject countries had been present in the U.S. market during at least some portion of the period of review.[137] In the current reviews, there was no subject source whose imports were present in all months of any year and import levels were low.[138] U.S. producers reported nationwide sales and imports from all subject sources entered through Texas ports.[139] Subject imports (when present) and domestic product thus have been sold in the same geographic markets.

Conclusion. The record indicates that U.S.-produced hot-rolled steel and subject imports from all sources generally are fungible. Although subject imports were infrequent and at low levels during the period of review, we have previously found that subject imports will likely enter the U.S. market at levels sufficient to have a discernible adverse impact on the domestic industry if the orders are revoked. Therefore, based on the record, including evidence from the original investigations and first five-year reviews, we find that upon revocation the domestic like product and the subject imports would likely have similar channels of distribution, geographic overlaps in sales, and simultaneous presence in the U.S. market. Consequently, we find that there likely will be a reasonable overlap in competition between the

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[132] *Original Determinations*, USITC Pub. 3446 at 12 and 13; *First Five-Year Reviews*, USITC Pub. 3956 at 16.

[133] CR/PR at II-1.

[134] CR/PR at Table II-1.

[135] Data for China, India and Thailand were reported only in one year, for Taiwan and Ukraine only in three reporting periods, and no data were reported for Indonesia. CR/PR at II-1.

[136] CR/PR at Table II-1.

[137] *Original Determinations*, USITC Pub. 3446 at 12-14; *First Five-Year Reviews*, USITC Pub. 3956 at 16 and Table IV-5.

[138] CR/PR at Tables I-1 and IV-5.

[139] CR at IV-14 and IV-15; PR at IV-10.

domestic like product and subject imports from each country as well as among subject imports from each country upon revocation.[140]

D. Likely Conditions of Competition

In determining whether to exercise our discretion to cumulate subject imports, we assess whether subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to compete under similar or different conditions in the U.S. market if the orders were revoked. We acknowledge that some differences exist among the hot-rolled steel industries in the subject countries, but we find that imports from each subject country would be likely to compete under similar conditions of competition in the U.S. market if the orders were revoked. Therefore, we reject respondents' arguments that we should exercise our discretion to analyze subject imports from India, Taiwan, or Thailand separately from subject hot-rolled steel imports from any of the other subject countries.

Indian, Taiwan, and Thai respondents have presented arguments contending that imports from each of these countries would likely compete under different conditions than those pertaining to any other subject countries.[141] Each of these respondents primarily relies on the same competitive behavior – focus on home markets (including the growing automotive industry), internal consumption, and exports to regional markets – as the conditions that make the likely behavior of its industry different from the behavior of the industries in the other subject countries. The evidence in the record, however, does not support their claims that differences, if any, would likely be significant.[142]

As our discussion of no discernible adverse impact indicates, the hot-rolled steel industry in each of the subject countries has ample excess capacity, with each subject industry (except that in Ukraine) increasing its capacity over the period of review.[143] Moreover, the capacity levels of the industry in China is extremely large and the industry in India is large, having increased substantially during the period of review.[144] All six subject countries export

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[140] Commissioners Broadbent and Kieff do not reach the question of whether a reasonable overlap of competition between subject imports from Indonesia and other subject imports or the domestic like product would be likely upon revocation. They concur with all other findings and conclusions regarding the likelihood of a reasonable overlap of competition between the domestic like product and subject imports from China, India, Taiwan, and Thailand, and among subject imports from those countries as well.

[141] *See, e.g.*, Essar/JSW Prehearing Brief at 10; Essar/JSW Posthearing Brief at 7-14; Shang Chen Prehearing Brief at 12-24; Shang Chen Posthearing Brief at 7-11; SSI Prehearing Brief at 3-19; SSI Posthearing Brief at 2-11.

[142] In the first five-year reviews, the Commission found that there were no significant distinctions in the likely conditions of competition between subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine, and therefore exercised its discretion to cumulate subject imports from these six countries. *First Five-Year Review*, USITC Pub. 3956 at 18-20.

[143] CR/PR at Table IV-6. Excess capacity for hot-rolled steel ranged from *** short tons to *** short tons for five of the six countries and was an enormous *** short tons for China in 2012. *Id*.

[144] *See* CR/PR at Table IV-6.

hot-rolled steel.[145] Both India and Thailand were net importers of hot-rolled steel in 2012 (as was Indonesia) and respondents from those countries maintain that their focus is on their home market, particularly the growing automotive industries. Notwithstanding that a majority of shipments of the industries in India, Taiwan, and Thailand were to the home market and/or internally consumed during the period of review, Indian and Taiwanese producers exported an increasing share of total shipments over the period of review, and Indian and Thai producers had substantial volumes of excess capacity.[146]

Given the highly fungible nature of hot-rolled steel, we find that imports of hot-rolled steel from each of the subject countries would likely compete directly with one another and the domestic like product in the event of revocation. Accordingly, we do not find different conditions of competition sufficient to warrant our declining to exercise our discretion to cumulate subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine.[147]

E. Conclusion

We find that the no discernible adverse impact exception to cumulation does not apply and that there would likely be a reasonable overlap of competition between subject imports from each country and the domestic like product as well as among subject imports from each country. We also determine that subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to compete under similar conditions of competition.[148] Accordingly, for the reasons discussed above, we exercise our discretion to cumulate subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine.[149]

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[145] CR/PR at Table IV-6 (Exports by subject countries in 2012 were *China: 10.7* million short tons in 2012; *India*: 1.8 million short tons; *Indonesia*: 19,000 short tons; *Taiwan*: ***; *Thailand*: 27,000 short tons; and *Ukraine:* 3.0 million short tons).

[146] CR/PR at Tables IV-9, 11, 17, and 19.

[147] Commissioners Broadbent and Kieff do not reach the question of whether subject imports from Indonesia would likely compete under similar or different conditions in the U.S. market upon revocation. They concur with all other findings and conclusions that subject imports from China, India, Taiwan, Thailand, and Ukraine would likely complete under similar conditions of competition in the U.S. market upon revocation.

[148] Commissioner Pinkert explains his analysis of other considerations as follows. Where, in a five-year review, he does not find that imports of the subject merchandise would be likely to have no discernible adverse impact on the domestic industry in the event of revocation, and finds that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, he cumulates them unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. He finds that there is no evidence on this record of such a condition or propensity with respect to imports from any of the subject countries. Consequently, he has cumulated all such imports.

[149] For the reasons discussed above and in their separate views, Commissioners Broadbent and Kieff exercise their discretion to cumulate subject imports from China, India, Taiwan, Thailand, and Ukraine.

IV. Whether Revocation of the Antidumping and Countervailing Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[150] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[151] Thus, the likelihood standard is prospective in nature.[152] The U.S. Court of International Trade has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[153]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[154] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but

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[150] 19 U.S.C. § 1675a(a).

[151] SAA at 883-84. The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." *Id*. at 883.

[152] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[153] *See NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), *aff'd mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" standard is "consistent with the court's opinion;" "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); *Usinor v. United States*, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[154] 19 U.S.C. § 1675a(a)(5).

normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[155]

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[156] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[157] The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[158]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[159] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[160]

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the

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[155] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." *Id*.

[156] 19 U.S.C. § 1675a(a)(1).

[157] 19 U.S.C. § 1675a(a)(1). Commerce has not issued any duty absorption findings with respect to hot-rolled steel from China, India, Indonesia, Taiwan, Thailand, and Ukraine. CR at I-20, n.22; PR at I-17, n.22.

[158] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[159] 19 U.S.C. § 1675a(a)(2).

[160] 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[161]

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[162] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[163]

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[164]

1. Findings in the Original Investigations and Prior Reviews

Original Investigations. In the original determinations, the Commission first determined that the captive production provision applied.[165] The Commission indicated that, thus, it would "focus our analysis primarily on the merchant market for hot-rolled steel products in considering market share and financial performance of the domestic industry."[166]

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[161] *See* 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[162] 19 U.S.C. § 1675a(a)(4).

[163] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[164] 19 U.S.C. § 1675a(a)(4).

[165] The statutory captive production provision does not apply to five-year reviews. *See, e.g., Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia,* Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review), USITC Pub. 3767 (April 2005) at 29 n.165.

[166] *Original Determinations*, USITC Pub. 3446 at 15 and 16.

The Commission identified several other pertinent conditions of competition.[167] With respect to demand, it observed that demand for hot-rolled steel is derived from demand for downstream products, such as pipes and tubes, automobiles, trucks, applications, and machinery. It stated that, during the period of investigation, apparent consumption both in the merchant market and overall had declined.[168]

With respect to supply, the Commission found the domestic industry consisted of integrated producers using basic oxygen furnaces ("BOFs") and non-integrated producers, which used electric arc furnaces ("EAFs") or purchased, rather than produced, their slab needs. Domestic producers steadily increased capacity between 1998 and 2000, despite the fact that bankruptcy affected numerous firms, thereby removing an estimated *** percent of capacity from the domestic industry in 2000. The Commission recognized that although the source of imports changed during the period of investigation, imports remained an important segment of the market.[169]

The Commission found there were no effective substitutes for hot-rolled steel and that there was a fair degree of substitutability among hot-rolled steel products from various countries, and also between subject imports and the domestic like product. Finally, the Commission observed that service centers, processors, and distributors were important purchasers of hot-rolled steel and that most sales of both domestically produced hot-rolled steel and subject imports were made in the spot market.[170]

First Five-Year Reviews. In the first five-year reviews, the Commission found that while many of the conditions of competition in the original investigations continued to exist, there were some differences which were relevant to its determinations.[171]

Demand for hot-rolled steel continued to depend on the level of demand for certain downstream uses and had slowed due to decreased demand in the automotive and residential housing markets. In 2006, approximately 60 percent of total domestic shipments of certain hot-rolled steel was either consumed internally within domestic mills or transferred to affiliated companies for further processing. These intra-company transfers were primarily used in the production of cold-rolled steel and pipe and tube products. For domestic commercial market shipments of hot-rolled steel, the automotive sector accounted for approximately 49 percent of shipments, with approximately 38 percent shipped to the construction sector; remaining shipments were to other sectors, such as to the agricultural sector and to the manufacturers of machinery, industrial equipment, and tools.[172]

Regarding supply, domestic producers continued to supply over 90 percent of the U.S. hot-rolled steel market; the industry still consisted of both integrated producers and

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[167] *See Original Determinations*, USITC Pub. 3446 at 16-19.
[168] *See Original Determinations*, USITC Pub. 3446 at 16-19.
[169] *See Original Determinations*, USITC Pub. 3446 at 16-19.
[170] *See Original Determinations*, USITC Pub. 3446 at 16-19.
[171] *See First Five-Year Reviews*, USITC Pub. 3956 at 26-31.
[172] *First Five-Year Reviews*, USITC Pub. 3956 at 26 and 27.

nonintegrated or scrap-based producers ("minimills"); and the industry continued to use substantially the same principal technology for producing hot-rolled steel – the hot-strip mill.

The industry had restructured since the original investigations. Bankruptcies, consolidations, and reorganizations had changed the composition of domestic producers, and allowed domestic producers to reduce their production costs and increase their productivity. Thus, while hot-rolled steel production remained capital intensive, the domestic industry appeared better able to adjust output and prices in response to changes in the market environment over the course of the business cycle than during the original investigations. In addition, a number of investments had been undertaken or were planned that would add new capacity to the domestic industry.[173]

The Commission continued to find hot-rolled steel from different sources to be broadly interchangeable and price to be an important factor in purchasing decisions, as it was in the original investigations. While the majority of sales by domestic producers continued to be on a spot basis, many domestic producers reported that, since 2001, the percentage of contract sales relative to spot sales had increased; contracts had become shorter, shifting away from being multi-year to annual (or shorter) contracts, particularly for sales to the automotive sector. Finally, the Commission observed that demand and supply of hot-rolled steel outside the United States increased during the review period, with the largest consumption growth in China.[174]

2. Current Reviews

The following conditions of competition inform our determinations in the current reviews.

a) Demand Conditions

As the Commission found in prior proceedings, U.S. demand for hot-rolled steel is a function of the demand for the downstream products that incorporate hot-rolled steel. These include a vast array of applications in the automotive, automobile parts, appliance, and construction industries.[175] As has been the case in prior proceedings, the majority of U.S. hot-rolled steel production is internally consumed, with the remaining shipments sold in the merchant market. In 2012, approximately 58 percent of total domestic shipments of certain hot-rolled steel was either consumed internally within domestic mills or transferred to affiliated companies for further processing.[176] The primary use for these intra-company transfers is in the production of cut-to-length plate, cold-rolled and/or galvanized or plated products, and pipe

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[173] *First Five-Year Reviews*, USITC Pub. 3956 at 27-29.

[174] *First Five-Year Reviews*, USITC Pub. 3956 at 29-31. The Commission noted that although China had been a net importer of hot-rolled steel, its substantial increases in capacity had slowed imports into China of hot-rolled steel and resulted in China becoming a net exporter of hot-rolled steel in the latter part of the period of review. *Id*. at 31.

[175] CR at II-14; PR at II-10.

[176] CR/PR at Table III-7.

and tube products.[177] Thus, demand for hot-rolled steel also is driven by the demand in the market sectors for these finished downstream products.

For U.S. market shipments of hot-rolled steel, the automotive sector accounted for approximately 41.4 percent of domestic shipments, with approximately 20.4 percent shipped to the construction sector, 23.5 percent to companies for conversion and processing (*e.g.*, into pipes and tubes), and the remainder to container (6.7 percent), appliance (4.5 percent), and other sectors.[178] Based on Commission questionnaire responses, U.S. producers reported in 2012 that 39.0 percent of their total U.S. shipments were to distributors/service centers, 15.6 percent to manufacturers of tubular products, and 45.4 percent to other end users.[179]

Demand for hot-rolled steel in the United States tends to follow broad demand trends in the U.S. economy, which drives specific trends in the automotive, construction, and energy sectors.[180] As a result, steel demand expands and contracts when the economy does.

Over the period of review, apparent U.S. consumption declined overall by 4.1 percent from 62.6 million short tons in 2007 to 60.0 million short tons in 2012.[181] Apparent U.S.

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[177] CR at I-30; PR at I-25. Hot-rolled steel is the only product that can be used to make cold-rolled steel, which in turn may be further processed into galvanized steel or tin- and chromium-coated steel sheets.

[178] CR at II-17; PR at II-11. In the first five-year reviews, the Commission also collected data on the market sectors for the downstream products produced from hot-rolled steel. For commercial shipments of cold-rolled steel in 2006, the automotive sector accounted for approximately 48 percent of domestic shipments, followed by the appliance/utensils/cutlery sector (approximately 14 percent), the electrical equipment sector (approximately 11 percent), and the containers/packaging/shipping material sector (approximately 10 percent). *First Five-Year* Review at II-16. For commercial shipments of galvanized steel in 2006, the automotive sector accounted for approximately 64 percent of domestic shipments, followed by the construction/contractors' products sector (approximately 28 percent), the appliance/utensils/cutlery sector (approximately 6 percent), and the electrical equipment sector (approximately 1 percent). The vast majority of tin- and chromium-coated steel was shipped to the containers/packaging/shipping material sector. *Id*.

[179] CR/PR at Table II-1. Internal consumption and transfers to related firms, which accounted for 58 percent of total U.S. producers' shipments, are included in these U.S. shipments data. There were limited subject imports, but importers from nonsubject countries reported in 2012 that 59.4 percent of their total U.S. shipments were to distributors/service centers, 14.9 percent to manufacturers of tubular products, and 25.7 percent to other end users. *Id*.

[180] CR at II-15-16; PR at II-10-12. While there may be different business cycles for the different end use industries, the majority of producers, importers, and purchasers reported that there were not business cycles or conditions of competition distinctive to the hot-rolled steel industry. CR at II-20; PR at II-14. Fourteen of 34 responding purchasers reported affirmatively that the hot-rolled steel industry is subject to business cycles, with 8 of 28 responding purchasers reporting that the industry is subject to distinctive conditions of competition. Distinctive conditions of competition identified included excess capacity, particularly in China, increased competition from U.S. producers and importers, changes in input costs, and price sensitivity to demand. *Id*.

[181] CR/PR at Tables I-1 and C-1. Service center inventories of flat-rolled steel (which include hot-rolled steel as well as nonsubject cold-rolled steel and coated steel) reportedly were at high levels in (Continued…)

consumption of hot-rolled steel, which fluctuated annually during the 2001-2006 period, declined substantially to a low of 38.0 million short tons in 2009, as a recession in the United States caused gross domestic product (GDP) to drop during the latter portion of 2008 and 2009.[182] GDP growth resumed in the fourth quarter of 2009, and generally continued for the rest of the period of review, although growth was more sluggish and fairly modest in automotive sales and in construction spending.[183] Apparent U.S. consumption of hot-rolled steel increased in each year from 2010 to 2012, but remained at a level below that for the 2007 peak.[184] Apparent U.S. consumption was 3.3 percent lower in interim 2013 compared with interim 2012.[185]

Responses from producers, importers, and purchasers were mixed regarding whether they anticipated likely increases or fluctuations in demand.[186] *** forecasts consumption in North America to steadily increase by almost *** annually from 2014 to 2017.[187] Domestic producers reported that lightweighting steel for use in automobile production will likely reduce hot-rolled steel demand in the United States *** and will offset other factors that would tend to increase demand such as an improving economy.[188] Moreover, responding purchasers have indicated that the recession and higher fuel prices caused consumers to shift to lighter, more fuel-efficient vehicles which use less hot-rolled steel, and that they expect this shift in vehicle types to be permanent for many consumers.[189]

(…Continued)
January 2007, declining by over 4 million short tons until mid-2009, increasing by about 2 million short tons by January 2011 and have remained at about that level for the rest of the period of review. CR/PR at Figure III-2.

[182] CR/PR at Table I-1 and Figure II-1.

[183] CR/PR at Figures II-1-3; CR at II-17-19; PR at II-10-12.

[184] CR/PR at Tables I-1 and C-1.

[185] CR/PR at Tables I-1 and C-1.

[186] CR at II-22-23 and Table II-5; PR at II-15-16 and Table II-5. When asked about anticipated changes in demand for hot-rolled steel in the U.S. market, increases in demand were reported by 5 of 11 responding producers, 8 of 26 responding importers, 12 of 35 responding purchasers, and all 7 responding foreign producers; fluctuations in demand were reported by 4 responding producers, 12 responding importers, and 17 responding purchasers; and a decrease in demand was reported by only one purchaser. *Id*.

[187] CR/PR at Table IV-27.

[188] CR at I-32; PR at I-26. As a result of the increasing importance of lightweighting, steel producers strive to produce advanced higher-strength steels in thinner gauges to substitute for regular-strength hot-rolled or even cold-rolled steel in thicknesses of 2 mm or less. Automotive producers use the thinner higher-strength steels, and substitute other materials for steel, to reduce a vehicle's structural weight by as much as 39 percent, or "lightweight" vehicles. Automotive producers increasingly seek to reduce the weight of vehicles to meet regulatory requirements such as the U.S. Corporate Average Fuel Economy (CAFE) requirements. CR at I-31; PR at I-26.

[189] CR at II-22; PR at II-15.

b) Supply Conditions

During the period of review, domestic producers continued to supply over 90 percent of the total U.S. hot-rolled steel market and over 85 percent of the merchant market, with the remainder supplied by subject and nonsubject imports.[190] The composition of the industry – both integrated producers and nonintegrated or scrap-based producers ("minimills") – has not changed.[191] Nor have there been substantial changes in the principal technology for producing hot-rolled steel.[192] The majority of hot-rolled steel produced is internally consumed or transferred to an affiliated company to make cold-rolled steel and/or galvanized or plated products, formed and welded to make pipe, or cut to length to produce discrete plate or sheet.[193]

The consolidation and restructuring of the domestic steel industry continued during the period of review, but to a lesser extent than occurred between the original investigations and the first reviews. During the period of review, 14 U.S. producers of hot-rolled steel accounted for over 95 percent of the U.S. production, whereas 16 U.S. producers of hot-rolled steel accounted for virtually all U.S. production in 2006 and 21 firms accounted for over 90 percent of the U.S. production of hot-rolled steel in 2000 at the time of the original investigations.[194]

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[190] During the period of review, domestic producers' share of apparent U.S. consumption fluctuated within a narrow range between 93.6 percent and 94.6 percent of the total market and between 85.3 percent and 87.6 percent of the merchant market. CR/PR at Tables I-1, I-12, and C-1.

[191] The integrated producers generally use a basic oxygen furnace (BOF) to produce molten steel primarily from raw materials iron ore and coke and a limited amount of scrap, and nonintegrated or scrap-based producers ("minimills") use electric arc furnaces (EAF) to produce molten steel by melting scrap metal supplemented with primary iron products. CR at I-32-39; PR at I-27-31. Each of these types of operations has a different inherent cost structure: an integrated producer typically has higher fixed costs and higher value added whereas a mini-mill generally has higher raw material costs but less value added. CR at I-33; PR at I-27.

[192] The industry continues to develop improvements in the process of producing hot-rolled steel. In the melting stage, two such improvements include the Conarc (*i.e.*, combines both the integrated and EAF processes into a single production unit) and Corex technologies (*i.e.*, allows integrated mills to smelt iron ore using mostly coal instead of expensive coke). CR at I-36-37; PR at I-29. In the rolling stage, Nucor continues to improve a process, "strip casting" (trademarked as "Castrip"), in which liquid steel is directly cast into a strip less than 2mm thick, eliminating the need for slabs; Nucor commenced operation on a second more advanced unit in 2009. Nucor has the exclusive license in the United States to use this process. CR at I-38 and n. 48; PR at I-30 and n. 48.

[193] CR at I-30; PR at I-25.

[194] CR at I-41; PR at I-33. The five largest hot-rolled steel producers accounted for *** of hot-rolled steel production in 2012 were: ***. CR/PR at Table I-8. The consolidations during the period of review have included: Beta Steel and Duferco Farrell acquired by NLMK; Lone Star's hot-rolled operations shut down by U.S. Steel; and WCI Steel, Esmark, and Sparrow Point operations acquired by Severstal in 2008, sold to RG Steel in 2011, and closed and sold to liquidators in 2012. CR/PR at Figure I-1.

Several domestic steel producers idled mills temporarily and closed operations permanently, while one domestic producer filed for bankruptcy.[195] The domestic industry's capacity was 6.9 percent lower in 2012 than it was in 2007.[196] As evident during the prior reviews, while hot-rolled steel production remains capital intensive, domestic producers have been able to reduce their production costs and increase their productivity.[197]

In these reviews, a number of investments have been undertaken or are planned that will add new capacity to the domestic industry. Between January 2007 and June 2013, two firms began production of hot-rolled steel: SeverCorr (later Severstal Columbus) in October 2007, and ThyssenKrupp in July 2010.[198] In addition, a proposed new steel mill, Big River Steel in Arkansas, with a reported groundbreaking planned for the first quarter of 2014, will have an annual capacity of 1.7 million short tons.[199]

Imports from the cumulated subject sources had only a minimal presence in the U.S. market, as imports from nonsubject sources maintained their presence and increased slightly overall during the period of review.[200]

c) Substitutability and Other Conditions

While there are some quality differences and differences in product mix, domestically produced and imported hot-rolled steel generally are interchangeable,[201] share the same

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[195] RG Steel ceased production at its Wheeling, West Virginia facility in March 2009 and at its Sparrows Point, Maryland and Warren, Ohio facilities in May 2012 when it entered into bankruptcy proceedings. *** during the period of review. CR at III-11 and Table III-2; PR at III-4 and Table III-2.

[196] CR/PR at Table C-1.

[197] Other factory costs, as a ratio to net sales, decreased from 27.3 percent in 2007 to 20.8 percent in 2012. CR/PR at Table III-11. Productivity increased by 1.4 percent from 2007 to 2012. *Id*. at Table C-1.

[198] CR at III-11; PR at III-4. In December 2013, ArcelorMittal SA and Nippon Steel & Sumitomo Metal Corp. agreed to purchase ThyssenKrupp AG's Calvert, Alabama facility for $1.55 billion subject to antitrust regulatory approval. CR/PR at Table III-1.

[199] CR at I-42, n.63; PR at I-33, n.63.

[200] Subject imports' share of the U.S. market on a cumulated basis was less than 0.05 percent in every period examined in these reviews. CR/PR at Tables I-1 and C-1. Subject imports' share of the U.S. commercial market on a cumulated basis was 0.1 percent in 2007, and then less than 0.05 percent in every period examined in these reviews. *Id*. at Table I-12. The market share of imports from nonsubject sources, which was 5.3 percent in 2007, increased irregularly to a period high of 6.3 percent in 2011 and 2012. CR/PR at Tables I-1 and C-1. Nonsubject imports' share of the U.S. commercial market, which was 12.4 percent in 2007, increased irregularly to 14.2 percent in 2012. *Id*. at Table I-12. In 2012, the two largest sources of nonsubject hot-rolled steel imports were Canada, and then Korea, followed distantly by the third-largest source, imports from Mexico. CR/PR at Table IV-2.

[201] CR at II-25 and II-39, and Table II-13; PR at II-17, II-26, and Table II-13. All responding U.S. producers, a plurality of U.S. importers, and most purchasers reported that domestic and imported products are "always" or "frequently" interchangeable. The majority of producers and importers that compared subject imports from different sources also found them to be "always" or "frequently" (Continued…)

essential chemical and physical properties, and are used in the same applications. Hot-rolled steel is generally manufactured to standard specifications, including those established by ASTM.[202] The degree of substitutability depends on the characteristics and requirements for a specific application or end use and not necessarily on whether it is domestically produced or imported. The majority of responding purchasers tended to buy from sources regardless of country of origin, indicating that they sometimes or never made their purchasing decision based on country of origin.[203] In comparisons between the U.S. product and product from each subject country, responses generally were split between ranking the U.S. product superior to the subject product and ranking it comparable.[204]

Moreover, the general importance of price in purchasing decisions has not changed since the time of the original investigations.[205] In these reviews, price was reported as one of the top three most important factors in purchasing decisions by the largest number of purchasers, followed by quality.[206] The majority of purchasers indicated that they required certain quality characteristics, which are considered readily available from U.S. producers and to a lesser extent from suppliers in all subject countries.[207] In light of the high degree of interchangeability and comparable quality of hot-rolled steel from different sources, price will likely continue to be the principal factor influencing purchasing decisions in the reasonably foreseeable future.

(…Continued)
interchangeable with one another. However, responses from purchasers were mixed; while most purchasers reported that hot-rolled steel was "always" or "frequently" interchangeable for most country comparisons, a relatively large number of purchasers reported that product from different sources were "sometimes" interchangeable. *Id*.

[202] CR at I-32; PR at I-26.

[203] CR/PR at Table II-7. Some purchasers reported that country of origin is "always" or "sometimes" important and indicated the reasons why, including "Buy American" policies, a preference for U.S. hot-rolled steel, sourcing completely from ***, and the importance of geographical proximity to their manufacturing and assembly sites. CR at II-27; PR at II-18-19. Ford Motor Company stated that it purchases *** of its hot-rolled steel for its North American operations from the United States and Canada, since it cannot risk delivery delays which could ***. Ford's Statement at 1-2.

[204] CR/PR at Table II-12.

[205] *See Original Determinations*, USITC Pub. 3446 at 21.

[206] CR/PR at Table II-8. When asked to rank the top three factors influencing their purchasing decisions, the largest number of purchasers (32 of 36 firms) cited price, and the second largest number (30 of 36 firms) cited quality. *Id*. Quality was the most frequently cited most important factor (cited by 14 purchasers), with price the second most frequently listed leading factor (cited by 12 purchasers). *Id.* When asked how often they purchased hot-rolled steel offered at the lowest price, six of 37 purchasers reported "always," 18 reported "usually," 10 reported "sometimes," three reported "rarely," and one reported "never." CR at II-29 and II-30; PR at II-19 and II-20. In rating 18 factors in terms of their importance to purchasing decisions, the factors deemed "very important" by the most purchasers were product consistency and reliability of supply (35 purchasers), price, availability, and quality meets industry standards (34 purchasers), and delivery time (32 purchasers). CR/PR at Table II-10.

[207] CR/PR at Table II-11.

While the majority of sales by domestic producers and all sales of subject imports continue to be on a spot basis, a substantial share of sales by domestic producers are on a short-term contract basis.[208] Raw materials, as a share of cost of goods sold for domestic producers of hot-rolled steel, increased irregularly from 61.2 percent in 2007 to 70.0 percent in 2011, before decreasing slightly to 69.4 percent in 2012.[209] Nine of 12 responding producers indicated that they expected that raw material prices would continue to be volatile.[210] Many contracts provide that a surcharge may be added to sales to account for increases in energy or raw material costs.[211]

Both demand and supply of hot-rolled steel outside the United States increased during the review period.[212] All of the major consuming regions increased consumption relatively steadily during this period with the exception of Europe, where consumption steadily decreased during 2011-13 as weak demand persisted in that region.[213] Consumption is expected to rise steadily both globally and for all regions during the 2014-2017 period.[214]

C. Revocation of the Antidumping and Countervailing Duty Orders Are Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time[215]

1. Likely Volume of Subject Imports

a) The Original Investigations

In the original determinations, the Commission found that despite declines in apparent domestic consumption in both the merchant market and overall, cumulated subject imports rose significantly during the period of investigation; between 1998 and 2000, the volume of subject imports increased by 203.4 percent.[216] Subject imports' market share rose from 1.9 percent of apparent domestic consumption and 4.4 percent of the merchant market in 1998 to 5.9 percent of apparent domestic consumption and 14.8 percent of the merchant market in 2000. The Commission found that domestic shipments – whether total, merchant market, or a specific segment of the market (*e.g.*, minimill shipments) – either did not keep pace with increases in subject imports or declined as subject imports increased. The Commission also

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[208] CR at V-9 and 10; PR at V-7.

[209] CR/PR at V-2.

[210] CR at V-5; PR at V-3.

[211] CR at V-6; PR at V-4.

[212] CR/PR at Table IV-24 and 26. Global consumption increased during 2009-2013 by *** (*** short tons). China alone accounts for about half of the increase (*** short tons) but its consumption increase was less than its production increase (*** short tons) during this period. *Id.*

[213] CR at IV-57 and 58; PR at IV-38.

[214] CR/PR at Table IV-27.

[215] Commissioners Broadbent and Kieff join the likely volume, like price effects, and likely impact analyses below for the five subject countries they cumulate.

[216] *See Original Determinations*, USITC Pub. 3446 at 19-21.

recognized that inventories remained high at the end of the period of investigation and continued to exert downward pressure on orders for the domestic like product. Accordingly, the Commission found that subject import volume, both in absolute terms and relative to consumption in the United States, was significant.[217]

b) First Five-Year Reviews

In the first five-year reviews, the Commission found that the volume and market share of cumulated subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine fell dramatically as a result of the imposition of the orders.[218] The Commission found that the information available in the first five-year reviews indicated that the hot-rolled steel industries in these six subject countries, on a cumulated basis, had significant and substantially increasing production capacity, considerable unused capacity, and that they exported substantial and increasing volumes of hot-rolled steel.[219] It added that, despite subject producers' plans to invest in additional capacity, their production had not kept pace with already existing capacity, resulting in large quantities of excess capacity.[220]

Moreover, not only did the industries in the six subject countries have substantial excess capacity, even based on conservative estimates, but they also exported substantial and increasing volumes of hot-rolled steel in the first five-year reviews.[221] The Commission also cited the attractiveness of the relatively open U.S. market. It found that higher U.S. prices would serve as an incentive for producers in the subject countries to direct exports currently shipped to other markets to the U.S. market if the orders were revoked. Finally, the Commission observed that hot-rolled steel exports from each of these six subject countries had been subject to numerous antidumping duty orders, tariffs, and related trade barriers in other markets during the first review period, which provided an incentive to direct export shipments to the U.S. market.[222]

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[217] *Original Determinations*, USITC Pub. 3446 at 19-21.

[218] *See First Five-Year Review*, USITC Pub. 3956 at 31-35.

[219] The Commission noted that the lack of participation by producers from certain subject countries (China, India, Indonesia, and Ukraine) had prevented it from assembling a single consistent and comprehensive set of capacity data for subject hot-rolled steel producers in the six subject countries. *First Five-Year Reviews*, USITC Pub. 3956 at 32.

[220] *First Five-Year Reviews*, USITC Pub. 3956 at 32 and 33.

[221] *First Five-Year Reviews*, USITC Pub. 3956 at 33 and 34. Specifically, China accounted for a large share of the increases in capacity. Its shift from being a net importer to being a net exporter in the first five-year reviews had a two-fold effect on the industries in many of these subject countries: they had seen their exports to China decline substantially and China had started to export to their home and other third-country markets. While India was a net importer of hot-rolled steel, its industry still exported substantial volumes, including more than doubling its exports to the European Union from 2005 to 2006. Thai exports had shifted markets from year to year in what seemed to be an absence of stable customer relationships rather than consistently supplying the same markets. *Id*.

[222] *First Five-Year Reviews*, USITC Pub. 3956 at 34 and 35.

c) The Current Reviews

At the end of the original period of investigation, volume and market share of cumulated subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine fell dramatically as a result of the imposition of the orders. They remained at substantially lower levels during the period examined in the prior reviews. The volume of cumulated subject imports for these six countries declined from 2.8 million short tons in 2000 to 188,075 short tons in 2001, after imposition of the orders.[223] During the current period of review, these cumulated subject imports ranged from a low for the period of 254 short tons in 2009 to a high for the period of 21,169 short tons in 2007; cumulated subject import volume was 3,784 short tons in 2012.[224] The market share of these cumulated subject imports was virtually zero for every year and interim period in these reviews.[225] We find that the lack of subject imports in the U.S. market during the period of review, which continues a trend apparent during the prior reviews, is a function of the discipline of the orders.

As discussed above, the Commission received complete coverage from foreign producers in Taiwan, but coverage was not complete for foreign producers in India and Thailand; no foreign producers in China, Indonesia, or Ukraine responded to the Commission questionnaires.[226] While the lack of participation by producers from certain subject countries has prevented the Commission from assembling a single consistent and comprehensive set of capacity data for subject hot-rolled steel producers in these six countries, the Commission has good available published data to supplement the limited available foreign producer questionnaire data for assessing subject producer capacity, production, capacity utilization, and shipment patterns.

The information available in these five-year reviews indicates that the hot-rolled steel industries in these six countries, on a cumulated basis, have significant and substantially increasing production capacity, considerable unused capacity, and that they export substantial volumes of hot-rolled steel. Cumulated production capacity for these six countries, as reported to the Commission in the original investigations, was 49.0 million short tons in 2000.[227] The cumulated production capacity in 2012 has increased almost tenfold to *** short tons, based on the questionnaire responses from the industry in Taiwan and on published data estimates for the other five subject countries.[228] Moreover, there are increases in this already vast capacity planned for 2014 and 2015.[229]

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[223] CR/PR at Table I-1.

[224] CR/PR at Table I-1. Cumulated subject imports were 2,256 short tons in interim 2012 and 1,507 short tons in interim 2013. *Id*. at Table C-1.

[225] CR/PR at Table I-1.

[226] CR at I-19; PR at I-16.

[227] *First Five-Year Reviews*, USITC Pub. 3956, calculated from Tables IV-14, IV-20, IV-27, IV-43, IV-47, and IV-51.

[228] Calculated from CR/PR at Table IV-6. The cumulated capacity, based on the most conservative data (questionnaire responses for Taiwan and the two under-reporting countries -- India and Thailand; published data for China, Indonesia, and Ukraine), still is immense at *** short tons. (Continued…)

Despite plans to invest in additional capacity, production has not kept pace with already existing capacity, resulting in large quantities of excess capacity. Combined production for these six countries, as reported to the Commission in the original investigations, was 47.8 million short tons in 2000, leaving excess capacity of 1.2 million short tons.[230] Based on the questionnaire responses from the industry in Taiwan and on published data estimates for the other five subject countries, production in 2012 has increased to *** short tons, leaving excess capacity a staggering *** short tons.[231]

Not only do these six subject countries have substantial cumulated excess capacity, even based on conservative estimates, but they also export substantial volumes of hot-rolled steel. Combined export volumes were *** short tons in 2012.[232]

China, which accounted for an enormous share of the increases in capacity over the period of review, shifted during the prior reviews from being a net importer to a net exporter of hot-rolled steel.[233] As the Commission recognized in the prior reviews, China's shift has had a two-fold effect on many of these subject countries: they have seen their exports to China decline and now have China exporting to their home and other third-country markets.[234] As evident in the Global Trade Atlas data, China's exports to Thailand have increased from 196,133 short tons in 2007 to 760,121 short tons in 2012.[235] As discussed above in the discernible adverse impact section (III.B.), both India and Thailand are net importers of hot-rolled steel, yet the industries in these countries have increased their capacity during the period of review and had substantial excess capacity in 2012 (approximately six million short tons for each country).[236] The Thai Respondent (SSI) indicated that it shifted its focus to the high-end steel products so it could service the growing Thai automotive industry, which has been obtaining such specialized products from imported sources.[237] But SSI also indicated that the other Thai

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(…Continued)
Calculated from CR/PR at Table IV-6. The conservative data estimates are under-reported by about one-half for India and Thailand because, as noted above, the conservative data are based on questionnaire responses with less than complete coverage for these two countries.

[229] *See* CR at IV-31, IV-32, IV-49 and Table IV-31; PR at IV-20, IV-21, IV-33, and Table IV-31. *See, e.g.,* AMUSA Prehearing Brief at 7-10, 18-22, 25-26, 30-34, 41-45, and 49-51.

[230] *First Five-Year Reviews*, calculated from Tables IV-14, IV-20, IV-27, IV-43, IV-47 and IV-51.

[231] Calculated from CR/PR at Table IV-6. The cumulated production, based on the most conservative data (questionnaire responses for Taiwan and the two under-reporting countries -- India and Thailand; published data for China, Indonesia, and Ukraine), is *** short tons, and excess capacity is a staggering *** short tons. Calculated from CR/PR at Table IV-6.

[232] Calculated from CR/PR at Table IV-6 (based on questionnaire responses from the industry in Taiwan and on published data estimates for the other five subject countries).

[233] *First Five-Year Reviews*, USITC Pub. 3956 at 33 and Table ***.

[234] *See, e.g.,* CR/PR at Tables IV-8 and IV-16.

[235] CR/PR at Table IV-8. China also exports substantial volumes of hot-rolled steel to India (867,240 short tons in 2012); Chinese exports to both Taiwan and Indonesia also were substantial in 2012 at 166,599 short tons and 123,880 short tons, respectively. *Id*.

[236] CR/PR at Table IV-6.

[237] SSI Prehearing Brief at 21-27.

producers (which reportedly account for about half of Thai capacity) could only produce the low-end, commodity steel products.[238] The Indian Respondents made similar claims about focusing on servicing the home automotive industry's demands for specialized steel. Yet, despite being a net importer, India already exports substantial volumes of hot-rolled steel and the responding producers reported substantially increasing exports as a share of their total shipments from *** in 2012.[239] Taiwanese exports are substantial; as a share of total shipments, they increased from *** in 2012; moreover, excess capacity in Taiwan increased during the period of review as production did not keep pace with increases in capacity.[240] Consequently, despite respondents' claims of home market focus, each of the subject industries exports hot-rolled steel to at least some extent. Moreover, the presence of excess capacity, as well as the extensive presence of Chinese exports in Asian markets, will provide them with both the means and the incentive to direct exports to the large U.S. market upon revocation.

The attractiveness of the relatively open U.S. market, and its relatively higher prices, provide further incentives for subject producers to divert exports currently shipped to other markets to the U.S. market if the orders are revoked. Prices for hot-rolled steel in the United States generally are appreciably higher than those in most other markets.[241]

Hot-rolled steel exports from each of these six subject countries have been subject to numerous antidumping duty orders, tariffs, and related trade barriers in other markets during the period of review as discussed above in section III.B.[242] These orders, tariffs, and barriers provide an incentive to direct export shipments to the U.S. market.[243] [244]

Given the large amount of excess hot-rolled steel capacity available in these six subject countries, and the large volume of exports by these countries on a cumulated basis, we

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[238] SSI Prehearing Brief at 23.

[239] CR/PR at Table IV-11.

[240] CR/PR at Table IV-17.

[241] CR/PR at Tables IV-28 and IV-29. For example, in September 2013, based on MEPS data, spot prices per short ton for hot-rolled steel were: ***. *Id*. at Table IV-29. ***. *Id*. at Table IV-28.

[242] CR at IV-18, IV-24, IV-32, IV-36, IV-46, and IV-52; PR at IV-13, IV-17, IV-21, IV-25, IV-31, and IV-34.

[243] We also have examined inventories of the subject merchandise. The information available concerning hot-rolled steel inventories in these countries indicates that inventory levels were generally stable and at moderate levels relative to shipments during these reviews, with the exception of higher inventory levels as a share of shipments reported by the subject Thai producer. CR/PR at Tables IV-11, IV-17, and IV-21. Thai producers reported that their inventories as a ratio to shipments ranged from a period low of *** in 2011. *Id*. at Table IV-21.

[244] We also examined the potential for product shifting. During the period of review only *** producer reported producing a very small quantity of nonsubject products in the same hot-strip mills at which it produces subject hot-rolled steel. CR at IV-42 and IV-43; PR at IV-29. While reporting subject producers from India and Taiwan internally consume some of the subject merchandise they produce for further processing into downstream products such as cold-rolled steel or tubular goods, the record contains no information suggesting why hot-rolled steel producers would have an economic incentive to shift production from such higher-value product to the subject merchandise. *See* CR/PR at Tables IV-12 and 18; CR at IV-51; PR at IV-34.

conclude that if the orders were revoked the volume and market share of cumulated subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine would likely be significant within a reasonably foreseeable time.[245]

2. Likely Price Effects

a) The Original Investigations

In the original determinations, the Commission found that price is an important factor in purchasing decisions.[246] During the period of investigation, the Commission observed that prices declined sharply first as the volume of imports from Brazil, Japan, and Russia entered the market, began to rise after orders were imposed on those imports, but then fell sharply to generally their lowest levels. Subject imports consistently undersold the domestic like product throughout most of the period of investigation. The Commission found that limited price recovery occurred during the same quarters that subject import volume increased sharply and subject imports undersold the domestic like product, which it found indicated that subject imports significantly suppressed prices in late 1999 and in early 2000. Additionally, inventory overhangs, to which subject imports contributed, continued to exert negative influence on domestic prices. Accordingly, the Commission found that subject imports had significant adverse effects on domestic prices during the period of investigation.[247]

b) First Five-Year Reviews

In the first five-year reviews, the Commission recognized that in light of the high degree of interchangeability and comparable quality of hot-rolled steel from different sources, the general importance of price in purchasing decisions had not changed since the time of the original investigations.[248] The Commission found that U.S. prices for hot-rolled steel increased substantially for all products over the period of review but had flattened or declined at the end of the review period. Even with the orders in place and the limited price comparisons available due to the diminished volume of subject imports, imports from these six subject countries undersold the domestic like product in 17 of 37 quarterly comparisons. In light of the underselling in the first reviews and data from the original investigations, the Commission concluded that there would likely be significant price underselling should the orders under review be revoked. In light of its findings that significant quantities of hot-rolled steel likely would enter the US. market and the price-sensitive nature of the market for hot-rolled steel, the Commission concluded that the subject imports would also likely have price-depressing or price-suppressing effects.[249]

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[245] Commissioners Broadbent and Kieff reach the same conclusion for cumulated subject imports from China, India, Taiwan, Thailand and Ukraine.

[246] *See Original Determinations*, USITC Pub. 3446 at 21 and 22.

[247] *See Original Determinations*, USITC Pub. 3446 at 21 and 22.

[248] *See First Five-Year Review*, USITC Pub. 3956 at 35-38.

[249] *See First Five-Year Review*, USITC Pub. 3956 at 35-38.

c) The Current Reviews

We recognize, as discussed above, that subject imports of the same characteristics and requirements are substitutable for the domestic like product.[250] Subject imports and domestic product share the same essential chemical and physical properties. Hot-rolled steel is generally manufactured to standard specifications, including those established by ASTM.[251] Moreover, the general importance of price in purchasing decisions has not changed since the time of the original investigations.[252] In these reviews, price was reported as one of the top three most important factors in purchasing decisions by the largest number of purchasers, followed by quality.[253] The majority of purchasers indicated that they required certain quality characteristics, which are considered readily available from U.S. producers and to a lesser extent from suppliers in all subject countries.[254] In light of the high degree of interchangeability and comparable quality of hot-rolled steel from different sources, price will likely continue to be the principal factor influencing purchasing decisions in the reasonably foreseeable future. Thus, sustained underselling by even a relatively moderate amount of subject imports is likely to have significant price-suppressing or price-depressing effects.

The record in these current reviews contains limited pricing comparisons. The Commission collected pricing data on sales of four products.[255] Thirteen U.S. producers provided usable pricing data, which represented 35.3 percent of U.S. commercial market shipments of U.S. produced hot-rolled steel.[256] Three importers provided usable pricing data, which represented *** of imported product from India and *** of imported product from Thailand.[257] No pricing data were received for sales of imports from China, Indonesia, Taiwan, or Ukraine.[258]

U.S. prices for domestically produced hot-rolled steel fluctuated during the period of review. In general, prices peaked in mid-2008, decreasing sharply between the third and fourth

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[250] CR at II-25 and II-39, and Table II-13; PR at II-17 and II-26, and Table II-13.

[251] CR at I-32; PR at I-26.

[252] *See Original Determinations*, USITC Pub. 3446 at 21.

[253] CR/PR at Table II-8. When asked to rank the top three factors influencing their purchasing decisions, the largest number of purchasers (32 of 36 firms) cited price, and the second largest number (30 of 36 firms) cited quality. *Id*. Quality was the most frequently cited most important factor (cited by 14 purchasers), with price the second most frequently listed leading factor (cited by 12 purchasers). *Id.* When asked how often they purchased hot-rolled steel offered at the lowest price, six of 37 purchasers reported "always," 18 reported "usually," 10 reported "sometimes," three reported "rarely," and one reported "never." CR at II-29 and II-30; PR at II-19 and II-20. In rating 18 factors in terms of their importance to purchasing decisions, the factors deemed "very important" by the most purchasers were product consistency and reliability of supply (35 purchasers), price, availability, and quality meets industry standards (34 purchasers), and delivery time (32 purchasers). CR/PR at Table II-10.

[254] CR/PR at Table II-11.

[255] CR at V-11-12, and Tables V-3, V-4 and V-5; PR at V-8, and Tables V-3, V-4 and V-5.

[256] CR at V-12; PR at V-8.

[257] CR at V-12; PR at V-8.

[258] CR at V-12; PR at V-8.

quarters of 2008 and the second quarter of 2009. Prices then increased until the second quarter of 2011, and have declined irregularly for the remaining quarters of the period of review.[259] Prices for all four domestic products showed similar trends. Despite a general decline during the two most recent years, prices were higher in the most recent quarter (the second quarter of 2013) for all four products than they were in the first quarter of 2007.[260]

We find that the significantly increased volumes of cumulated subject imports likely following revocation of the orders would likely have significant adverse price effects on the domestic like product. In the original investigations, subject imports from these six countries undersold the domestic like product in 139 of 201, or 69 percent, of the quarterly comparisons.[261] In the first five-year reviews, even with the orders in place, and indicative of the price-sensitive nature of hot-rolled steel, imports from the six subject countries undersold the domestic like product in 17 of 37 quarterly comparisons.[262] In these reviews, there was a total of only four reported price comparisons between the domestic product and subject product; subject imports oversold the domestic like product in all comparisons.[263] The far greater number of comparisons in the first reviews, with the orders in place, and in the original investigations, without the orders in place, provide evidence of underselling that is more probative than the limited comparisons in these reviews.

A comparison of average unit values (AUVs) of subject industries' exports and domestic product provide an additional indicator of current relative prices. The record indicates that export shipment AUVs of producers in China, India, Indonesia, Taiwan, Thailand, and Ukraine were generally lower than the U.S. producers' commercial shipment AUVs in 2012.[264] Questionnaire responses show that domestic producers' AUVs for commercial shipments in the U.S. market were $673 per short ton in 2012, while the AUVs for hot-rolled steel export shipments for these six countries ranged from $431 per short ton to $*** per short ton for China, India, Taiwan, and Ukraine, with only higher AUVs for the more limited exports in 2012 by Indonesia and Thailand.[265] These AUV differentials provide some additional support for the

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[259] *See* CR/PR at Tables V-3, V-4 and V-5, and Figures V-4-7.

[260] *See* CR/PR at Tables V-3, V-4 and V-5, and Figures V-4-7.

[261] *First Five-Year Reviews* at Table V-7. In the original investigations, subject imports undersold the U.S. product in the following quarterly comparisons: China, in 35 of 58 comparisons; India, in 29 of 38 comparisons; Indonesia, in 20 of 22 comparisons; Taiwan, in 15 of 37 comparisons; Thailand, in 12 of 18 comparisons; and Ukraine, in 28 of 28 comparisons. *Id.*

[262] *First Five-Year Reviews* at Tables V-3 - V-7 and Figures V-4 - V-7.

[263] CR/PR at Table V-7. Three comparisons involved imports from India and one involved imports from Thailand.

[264] We are mindful that the use of AUVs for establishing price trends or comparisons may present product mix issues in that divergent values may reflect different merchandise rather than differences in price. *Accord Allegheny Ludlum Corp. v. United States*, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002).

[265] CR/PR at Tables III-11, IV-8, IV-10, IV-11, IV-14, IV-17, IV-20, IV-21 and IV-23. In 2012, export shipment AUVs were: $562, China; *** (questionnaire responses) or $559, India; $737, Indonesia; *** (Continued…)

view that the predominant underselling by subject imports from these six countries observed during the original investigations would return if the orders are revoked.

Moreover, as discussed above, there is an incentive for subject producers to ship to the U.S. market, because subject producers likely would be able to receive a higher price in the U.S. market relative to many third-country markets, even as they would undersell the U.S. product to increase sales. We consequently conclude that there will likely be significant price underselling should the orders under review be revoked.

Because price is important to purchasing decisions, the presence of significant quantities of subject imports that are likely to enter the United States after revocation of the orders under review and that are likely to undersell the domestically produced product will force domestic hot-rolled steel producers to either lower prices or lose sales. In light of these considerations and the price-sensitive nature of the market for hot-rolled steel, we conclude that the subject imports will also likely have price-depressing or price-suppressing effects.[266]

3. Likely Impact

a) The Original Investigations

In the original determinations, the domestic industry's financial performance was poor throughout most of the period of investigation, with several domestic producers entering Chapter 11 bankruptcy proceedings and two ceasing operations altogether, despite increases in both commercial shipments and production for downstream processing.[267] The Commission recognized that the industry's performance in the early portion of the period of investigation reflected the adverse effects of unfairly traded hot-rolled steel imports from Brazil, Japan, and Russia and that the industry had gained some benefit from the import relief imposed on such imports. It found that this improvement did not last and that virtually every financial and production indicator was lower in interim 2001 than in interim 2000. While the Commission recognized that the industry's condition was affected by a decline in consumption, it also found that domestic shipments and production contracted at a time when overall apparent consumption was still strong and while rapidly increasing subject imports gained sales from the domestic industry largely through underselling. The Commission concluded that there have been significant increases in the volume and market share of subject imports, and that the subject imports undersold the domestic like product and had a significant suppressing and depressing effect on domestic prices, resulting in a decline in the overall condition of the industry. Thus, it found that the subject imports had a significant adverse impact on the domestic industry.[268]

(…Continued)
(questionnaire responses), Taiwan; *** (questionnaire responses) or $689, Thailand; and $431, Ukraine. *Id*.

[266] Commissioners Broadbent and Kieff make the same conclusion for cumulated subject imports from China, India, Taiwan, Thailand and Ukraine.

[267] *See Original Determinations*, USITC Pub. 3446 at 23-26.

[268] *See Original Determinations*, USITC Pub. 3446 at 23-26.

b) First Five-Year Reviews

In the first five-year reviews, the Commission recognized that, at the beginning of the review period, an improvement in the condition of the domestic industry was inhibited, in part, by a U.S. economic recession in 2001 and a resultant decrease in apparent U.S. consumption.[269] As apparent U.S. consumption improved and U.S. prices rose sharply, the domestic industry's condition improved substantially after 2003. The Commission found that the industry made great strides in improving its efficiency and productivity through consolidation, restructuring, and reductions in labor and legacy costs, and that these improvements were evident in the condition of the industry from 2004 to 2006. Softening demand after its peak in 2004, and flat or declining prices in 2006-2007, however resulted in substantial declines in most performance indicators in the first half of 2007.[270]

The Commission recognized that the majority of U.S. hot-rolled steel production was internally consumed to produce downstream products, and while the captive production provision does not apply to five-year reviews, the Commission found it appropriate to consider the merchant market data as a relevant condition of competition. The Commission acknowledged the domestic producers' concerns about the appropriate methodology for valuing internal consumption of hot-rolled steel. The Commission noted that the trends in reported industry data were the same regardless of the methodology used, even though the absolute amount of profitability differed.[271] [272]

Given the industry's performance since 2004, the Commission did not find that the domestic industry was currently in a vulnerable or weakened state as contemplated by the statute. Nonetheless, the Commission recognized that the industry experienced substantial declines in performance in the first half of 2007.[273]

The Commission concluded that cumulated subject import volumes with respect to China, India, Indonesia, Taiwan, Thailand, and Ukraine would likely increase to significant levels, have significant price-depressing or price-suppressing effects, and adversely affect the industry's performance in the reasonably foreseeable future if the orders under review were revoked. The Commission consequently found that revocation of the orders regarding subject

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[269] *See First Five-Year Reviews*, USITC Pub. 3956 at 38-42.

[270] *See First Five-Year Reviews*, USITC Pub. 3956 at 38 and 39.

[271] *First Five-Year Reviews*, USITC Pub. 3956 at 39-41. The Commission found it was not appropriate to value internal consumption only at cost, which had the effect of not allocating any profit or loss to the 60-65 percent of production that was internally consumed. Because of the high share of internal consumption, the Commission considered the financial data that included downstream profitability in the reviews, but gave primary weight to the traditional constructed fair market value data. *Id*. at 40 and 41.

[272] Commissioner Pinkert placed equal weight on the traditional constructed FMV methodology and the constructed cost plus downstream methodology in the first five-year reviews. *First Five-Year Reviews*, USITC Pub. 3956 at 41, n.237.

[273] *See First Five-Year Reviews*, USITC Pub. 3956 at 41 and 42.

imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine would likely have a significant adverse impact on the domestic industry.[274]

c) **The Current Reviews**[275] [276]

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[274] *See First Five-Year Reviews*, USITC Pub. 3956 at 42.

[275] Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887. Commerce expedited its determinations in all of these reviews and found likely weighted-average dumping margins as follows: *China* – likely dumping margins of 12.34 percent for Baoshan Iron & Steel, Baosteel Group International Trade, and Shanghai Baosteel Group; 31.09 percent for Angang Group Hong Kong, Angang Group International Trade, and New Iron & Steel; 57.19 percent for Bengang Steel Plates, Benxi Iron & Steel Group, and Benxi Iron & Steel Group International Economic & Trade; 65.59 percent for Panzhihua Iron & Steel and Wuhan Iron & Steel Group; and 90.83 percent for all others; *India* –likely subsidy rates of 539.89 percent for Essar, 563.50 percent for Ispat, 549.88 percent for SAIL, 540.78 percent for Tata Steel, and 547.71 percent for all others; and likely dumping margins of 36.53 percent for Essar, 44.40 percent for Ispat Industries, and 38.72 percent for all others; *Indonesia* -- likely subsidy rates of 10.21 percent for P.T. Krakatau Steel and all others, and likely dumping margins of 47.86 percent for P.T. Krakatau Steel and all others; *Taiwan* -- likely dumping margins of 29.14 percent for An Feng Steel and China Steel/Yieh Loong, and 20.28 percent for all others; *Thailand* -- likely subsidy rates of 2.38 percent for SSI and all others, and likely dumping margins of 7.35 percent for SSI, 20.30 percent for Siam Strip Mill and 4.41 percent for all others; and *Ukraine* -- likely dumping margins of 90.33 percent for all others. CR/PR at Tables I-6 and I-7; 78 Fed. Reg. 16252 (March 14, 2013); 78 Fed. Reg. 15703 (March 12, 2013).

[276] In addition, the statute provides that "if a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement." 19 U.S.C. § 1675a(6). In its unpublished Issues and Decision Memorandum issued in these reviews, Commerce described eight programs with respect to hot-rolled steel from India and found four (Advance Licenses, Duty Entitlement Passbook Scheme, Export Promotion of Capital Goods Scheme, Pre-Shipment and Post-Shipment Export Financing) fall within the meaning of Articles 3 and had insufficient evidence to determine whether the other programs fell within the meaning of Article 6.1. Commerce described two programs with respect to hot-rolled steel from Indonesia, and found that neither fell within the meaning of Article 3 and had insufficient evidence to determine whether they fell within the meaning of Article 6.1. Commerce described five programs with respect to hot-rolled steel from Thailand, and found that one of these programs (IPA Section 36(1)) falls within the meaning of Article 3 and had insufficient evidence to determine whether the other programs fell within the meaning of Article 6.1. *Issues and Decisions Memorandum for Final Results of Expedited Second Sunset Reviews of the Countervailing Duty Orders on Certain Hot-Rolled Carbon Steel Flat Products from India and Indonesia; Issues and Decisions Memorandum for Final Results of Expedited Second Sunset Reviews of the Countervailing Duty Orders on Certain Hot-Rolled Carbon Steel Flat Products from Thailand* (March 5, 2013).

Over the period of review, the condition of the domestic industry was affected by the U.S. economic downturn, which resulted in declines in virtually every indicator in the latter part of 2008 and 2009.[277] As apparent U.S. consumption improved and U.S. prices rose after 2009, the domestic industry's condition improved substantially, but did not return to the peak reached in 2008. During the review period, the industry continued improving its efficiency and productivity through some consolidation, some sales of existing mills and some additional restructuring, following the major restructuring evident in the first five-year reviews. These improvements were evident in the condition of the industry from 2007 to 2008, and its ability to weather the recessionary environment of 2009. While the industry experienced consistent profitability and improving performance after 2009, flat or declining prices in 2012 have resulted in declines in most performance indicators in 2012 and in the first half of 2013.

The domestic industry's capacity fluctuated from year to year and declined overall by 6.9 percent from 2007 to 2012.[278] Production declined substantially from 2007 to 2009, rebounded in 2010, and despite steadily increasing from 2010 to 2012, was 6.1 percent lower in 2012 than the peak level in 2007.[279] Capacity utilization fluctuated within a narrow range from year to year, except for a period low of 52.9 percent in 2009.[280]

The domestic industry's U.S. shipments, both on a total and commercial basis, showed patterns similar to those for production. Total U.S. shipments declined substantially from 2007 to 2009, rebounded in 2010, and increased steadily from 2010 to 2012; total U.S. shipments in 2012 were 5.1 percent lower than the peak level in 2007. Commercial U.S. shipments followed the same annual trends.[281] Inventories relative to U.S. shipments remained at relatively low levels, ranging from a period high of 3.8 percent in 2009 to a period low of 1.8 percent in 2008,

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[277] CR at III-39 and Tables III-7, III-11 and E-1; PR at III-16-17 and Tables III-7, III-11 and E-1.

[278] CR/PR at Tables III-4 and C-1. The domestic industry's production capacity was 80.4 million short tons in 2007, 72.8 million short tons in 2008, 70.4 million short tons in 2009 and 2010, 72.5 million short tons in 2011, 74.8 million short tons in 2012, 37.0 million short tons in interim 2012, and 37.5 million short tons in interim 2013. *Id*.

[279] CR/PR at Tables III-4 and C-1. The domestic industry's production was 60.7 million short tons in 2007, 54.0 million short tons in 2008, 37.2 million short tons in 2009, 51.7 million short tons in 2010, 54.2 million short tons in 2011, 57.0 million short tons in 2012, 29.4 million short tons in interim 2012, and 28.6 million short tons in interim 2013. *Id*.

[280] CR/PR at Tables III-4 and C-1. The domestic industry's capacity utilization was 75.5 percent in 2007, 74.2 percent in 2008, 52.9 percent in 2009, 73.4 percent in 2010, 74.8 percent in 2011, 76.2 percent in 2012, 79.4 percent in interim 2012, and 76.1 percent in interim 2013. *Id*.

[281] CR/PR at Tables III-7 and C-1. The domestic industry's total U.S. shipments were 59.2 million short tons in 2007, 53.6 million short tons in 2008, 35.7 million short tons in 2009, 50.0 million short tons in 2010, 53.0 million short tons in 2011, 56.2 million short tons in 2012, 29.0 million short tons in interim 2012, and 28.2 million short tons in interim 2013. *Id*. Total U.S. shipments were 2.7 percent lower in interim 2013 than in interim 2012. *Id*. The domestic industry's commercial shipments were 23.6 million short tons in 2007, 21.1 million short tons in 2008, 13.2 million short tons in 2009, 19.8 million short tons in 2010, 21.8 million short tons in 2011, 23.1 million short tons in 2012, 12.1 million short tons in interim 2012, and 11.8 million short tons in interim 2013. *Id*.

and were 2.9 percent in 2012.[282] Although the domestic industry accounted for the majority of apparent U.S. consumption, its market share declined slightly over the period of review.[283]

The number of production and related workers employed in the domestic industry, and the hours worked, followed the same trends as production and U.S. shipments, fluctuating from year to year and declining slightly overall from 2007 to 2012.[284] The industry's productivity followed the same trend but increased overall from 1,283 short tons per 1,000 hours in 2007 to 1,300 short tons per 1,000 hours in 2012, notwithstanding a period low of 1,067 short tons per 1,000 hours in 2009.[285] Wages paid increased only slightly despite a substantial increase in hourly wages over the period of review.[286]

As discussed above, the majority of U.S. hot-rolled steel production is internally consumed to produce downstream products.[287] In the original investigations, the Commission found that the captive production provision applied and focused its analysis primarily on the merchant market in considering the market share and financial performance of the domestic industry (but also considered overall domestic industry data).[288] The captive production provision does not apply to five-year reviews.[289] However, as we did in the prior reviews, we find it appropriate to consider the merchant market data as a relevant condition of competition.[290] [291]

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[282] CR/PR at Table III-8 and C-1.

[283] CR/PR at Tables I-1 and C-1. The U.S. industry's market share was 94.6 percent in 2007, 93.7 percent in 2008, 94.0 percent in 2009, 94.3 percent in 2010, 93.7 percent in 2011, and 93.6 percent in 2012; the U.S. industry's market share was 93.7 percent in interim 2012 and 94.3 percent in interim 2013. *Id*. The U.S. industry's share of the commercial (merchant) market was 87.6 percent in 2007, 85.3 percent in 2008, 85.3 percent in 2009, 86.7 percent in 2010, 86.1 percent in 2011, and 85.8 percent in 2012; the U.S. industry's share of the commercial (merchant) market was 86.1 percent in interim 2012 and 87.5 percent in interim 2013. CR/PR at Table I-12.

[284] CR/PR at Tables III-10 and C-1.

[285] CR/PR at Tables III-10 and C-1.

[286] CR/PR at Tables III-10 and C-1.

[287] Because internal consumption accounts for 95 percent of non-commercial sales (internal consumption and transfers to related parties), we will refer to all non-commercial sales as internal consumption. We note that both valuation methodologies (traditional constructed fair market value (FMV) and constructed downstream profitability) apply to both internal consumption and transfers to related parties.

[288] *See Original Determinations*, USITC Pub. 3446 at 15-16.

[289] *See, e.g.,Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia*, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review), USITC Pub. 3767 (April 2005) at 29 n.165. *See also Titanium Metals Corporation v. United States*, 155 F. Supp. 2d 750, 760-62 (Ct. Int'l Trade 2001).

[290] Domestic Producers contend that the traditional methodology for analysis of financial data understates the vulnerability of the domestic industry because it overstates the profits attributable to the production of hot-rolled steel and thus the domestic industry's operating income; they urge the Commission to rely on the alternative cost plus downstream profit valuation methodology as a more accurate view of industry performance. *See, e.g.,* AMUSA Prehearing Brief at 96 and 98-99; U.S. Steel Prehearing Brief at 103-105; Nucor Prehearing Brief at 17-18.

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The financial performance of the domestic industry displayed substantial fluctuations during the period of review. From 2007 to 2008, the domestic industry was profitable and improved significantly as it reached its peak performance level for the period of review.[292] However, due to the economic downturn in late 2008 and 2009, the domestic industry recorded a substantial operating loss in 2009 as all trade and financial performance indicators plummeted; 11 of 14 producers reported operating losses.[293] The industry's profitability

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An evaluation of profitability of products internally consumed is necessarily somewhat artificial because the internally consumed products are, by definition, not sold in the market in their initial form; rather, they are used to manufacture downstream products that are frequently not part of the domestic like product (as in this case). The Commission has traditionally examined profitability of products internally consumed on a constructed FMV basis because the FMV measure is tied to actual prices of the domestic like product sold in the commercial market. A profit measure of the domestic like product based on the profitability of a downstream product would at least to a certain degree be the function of production operations and market conditions that pertain to a product that is not the domestic like product. Internal consumption accounts for about 60 percent of hot-rolled steel production. Because of this high share, we have considered the financial data that include the cost plus downstream profitability in these reviews. However, we have given primary weight to the traditional constructed FMV data. In addition, because we find that the degree of internal consumption in this industry is an important condition of competition, we also rely on available data reflecting the industry's commercial market performance. We note, however, that the trends in reported industry data are the same regardless of the methodology used, even though the absolute amount of profitability differs.

[291] Although the profitability trends suggested by the two methodologies are similar, Commissioner Pinkert wishes to note that he has given full consideration to the results of both the constructed FMV methodology and the constructed cost plus downstream profitability methodology. He finds this appropriate given the unique characteristics of the hot-rolled steel industry, especially that internal consumption consistently accounts for roughly 60 percent of production.

[292] The domestic industry's operating income/losses (based on the traditional constructed FMV methodology) was $2.9 billion in 2007, $5.5 billion in 2008, negative $1.8 billion in 2009, $1.2 billion in 2010, $3.1 billion in 2011, $2.4 billion in 2012, $1.9 billion in interim 2012, and $941.1 million in interim 2013. CR/PR at Table III-11. The domestic industry's operating income/losses (based on the constructed cost plus downstream profitability methodology) was $2.1 billion in 2007, $3.5 billion in 2008, negative $1.7 billion in 2009, $1.2 billion in 2010, $2.0 billion in 2011, $1.5 billion in 2012, $1.2 billion in interim 2012, and $720.9 million in interim 2013. *Id*. at Table E-1. The domestic industry's operating income/losses for commercial market sales (constructed FMV based on commercial sales as a share of total sales, COGS, and SG&A) was $1.2 billion in 2007, $2.3 billion in 2008, negative $478.0 million in 2009, $ 426.8 million in 2010, $1.4 billion in 2011, $1.1 billion in 2012, $820.1 million in interim 2012, and $402.5 million in interim 2013. Calculated from CR/PR at Table III-11.

[293] The domestic industry's ratio of operating income/losses to net sales (based on the traditional constructed FMV methodology) was 8.6 percent in 2007, 13.1 percent in 2008, negative 9.1 percent in 2009, 3.7 percent in 2010, 8.2 percent in 2011, 6.3 percent in 2012, 9.3 percent in interim 2012, and 5.3 percent in interim 2013. CR/PR at Table III-11. The domestic industry's ratio of operating income/losses to net sales (based on the constructed cost plus downstream profitability methodology) was 6.5 percent in 2007, 8.8 percent in 2008, negative 8.4 percent in 2009, 3.8 percent in 2010, 5.3 percent in 2011, 4.2 percent in 2012, 6.1 percent in interim 2012, and 4.1 percent in interim 2013. *Id*. at (Continued…)

improved in tandem with increases in apparent U.S. consumption and prices in 2010 and 2011, and declined in 2012 in tandem with lower prices even as demand continued to improve.[294] The industry continued to experience significant profitability and positive operating performance in 2012 and interim 2013, even though to a lesser extent than in 2008. It experienced lower profitability and operating performance in 2012 compared with 2011, as well as in interim 2013 compared with interim 2012.[295] The industry's capital expenditures fluctuated from year to year, and were lower in 2012 than the period peak in 2007.[296] Research and development expenses, which were much lower than capital expenditures, also fluctuated from year to year, and were lower in 2012 than in all but two years of the period of review.[297]

Given the industry's performance since 2009, we do not find that the domestic industry is currently in a vulnerable or weakened state as contemplated by the statute.[298] Nonetheless, we recognize that it experienced declines in performance in 2012 and in the first half of 2013.

The industry, however, is not in such a strong condition, nor are likely demand conditions sufficiently positive, that the industry could withstand significantly increased low-priced subject imports without likely sustaining significant adverse effects. We have concluded that cumulated subject import volumes will likely increase to significant levels and have significant price-depressing or price-suppressing effects in the reasonably foreseeable future if the orders under review were revoked. Because subject imports are interchangeable for the domestic like product and price is an important factor in purchasing decisions, such increases in subject import volume would likely have the effect of exacerbating the declines in production,

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Table E-1. The domestic industry's ratio of operating income/losses to net sales for commercial market sales was 8.9 percent in 2007, 13.5 percent in 2008, negative 6.1 percent in 2009, 3.4 percent in 2010, 8.8 percent in 2011, 7.0 percent in 2012, 9.4 percent in interim 2012, and 5.3 percent in interim 2013. Calculated from CR/PR at Table III-11.

[294] CR/PR at Tables III-11 and E-1.

[295] CR/PR at Tables III-11 and E-1.

[296] CR/PR at Table III-14. Four U.S. producers, ***, accounted for *** of total industry capital expenditures in 2012. CR at III-46; PR at III-21.

[297] CR/PR at Table III-14. Five U.S. producers reported research and development expenses, with three firms, ***, accounting for the majority of spending. CR at III-46; PR at III-21.

[298] Domestic Producers cited to a report presented to the OECD Steel Committee, finding that the global steel industry requires a minimum 16 percent margin for earnings before interest, taxes, depreciation, and amortization (EBITDA) "to be economically sustainable in the long term." "*Overcapacities in the Steel Industry, McKinsey & Company, OECD Steel Committee: 74th Session, Paris (July 2, 2013).* They noted that the domestic industry's EBITDA margin in 2012 was just 7.9 percent, less than half of the minimum required for long-term health. *See, e.g.*, AMUSA Prehearing Brief at 96-97; U.S. Steel Prehearing Brief at 101-106; U.S. Steel Posthearing Brief at 2; Nucor Prehearing Brief at 11-13; Nucor Posthearing Brief at 3; SDI Prehearing Brief at 13-14. We give limited weight to the conclusions of this report. We note that the study is not specific to the U.S. hot-rolled steel operations, or even hot-rolled steel operations worldwide, but rather involves the total operations of selected steelmakers worldwide and that EBITDA is not a measure approved under GAAP because it omits costs in calculating profitability. CR at III-43, n.21; PR at III-18, n.21.

shipments, market share, and financial performance that the domestic industry sustained at the end of the period of review.

Additionally, the likely aggressive pricing of the subject imports will force the domestic industry to cut prices for the domestic like product or lose sales. Under either scenario, the domestic industry's revenues will likely decline significantly in light of the anticipated volume of subject imports. This, in turn, will likely lead to declines in the industry's operating performance.

Respondents advance several arguments suggesting that the domestic hot-rolled steel industry is insulated from the effects of subject imports, emphasizing the industry's internal consumption of hot-rolled steel, its sales to key segments of purchasers (*e.g.*, the automotive industry) that have a preference for domestic steel, and that U.S. producers themselves account for an appreciable volume of nonsubject imports from Canada and Korea.[299] In considering these arguments, we recognize that the domestic hot-rolled steel industry may not compete directly with subject imports for every shipment that it makes. However, this does not detract from our finding that there would likely be substantial volumes of subject imports at low prices that would compete with the domestic product in the U.S. market upon revocation. During the original investigations, the domestic industry internally consumed an even higher share of its shipments than it did during the period of review. This, however, did not insulate it from the injurious effects of subject imports.[300] Additionally, while some purchasers, such as automotive manufacturers, may have a preference for local sourcing of hot-rolled steel, spot market prices for hot-rolled steel becomes a ***.[301] Finally, the evidence demonstrates that a substantial share of the imports from Canada and Korea are not controlled by the domestic industry, and there is no evidence to suggest that nonsubject imports, regardless of source, do not compete with subject imports and the domestic like product.[302]

Consequently, consideration of factors other than subject imports does not detract from our finding that revocation of the orders regarding subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine will likely have a significant adverse impact on the domestic industry. We therefore determine that revocation of the countervailing duty and the antidumping duty orders on hot-rolled steel from these six countries will likely lead to continuation or recurrence of material injury to the domestic hot-rolled steel industry within a reasonably foreseeable time.[303]

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[299] *See, e.g.*, Essar/JSW Prehearing Brief at 5-10; Essar/JSW Posthearing Brief at 12-14; Shang Chen Prehearing Brief at 2-12; Shang Chen Posthearing Brief at 2-5 and 13; SSI Prehearing Brief at 35-36 and 38-39.

[300] *See Original Determinations*, USITC Pub. 3446 at 15-16 and 23-26.

[301] *See* AMUSA's Posthearing Brief at 12 and Exh. 10, paras. 8 and 9. (***). *Compare* Ford Motor Company's Prehearing Brief at 1 ("Ford seeks revocation of the orders because revocation will promote competition….").

[302] *See* CR at IV-6, nn.5 and 6; PR at IV-5, nn.5 and 6.

[303] Commissioners Broadbent and Kieff make the same conclusion for cumulated subject imports from China, India, Taiwan, Thailand, and Ukraine.

V. Conclusion

For the foregoing reasons, we determine that revocation of the countervailing duty orders on hot-rolled steel from India, Indonesia, and Thailand, and that revocation of the antidumping duty orders on hot-rolled steel from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[304]

[304] Commissioners Broadbent and Kieff determine that revocation of the countervailing duty orders on hot-rolled steel from India and Thailand, and that revocation of the antidumping duty orders on hot-rolled steel from China, India, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. They also determine that revocation of the countervailing duty order and the antidumping duty order on hot-rolled steel from Indonesia would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See* Separate and Dissenting Views of Commissioners Meredith M. Broadbent and F. Scott Kieff.

Separate and Dissenting Views of
Commissioners Meredith M. Broadbent and F. Scott Kieff

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act, that revocation of the countervailing duty order and the antidumping duty order on hot-rolled steel from Indonesia would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

In reaching these determinations on revocation of the orders on hot-rolled steel from Indonesia, we join and adopt sections I, II, III.A, and IV.A-B of the majority Views.

I. Cumulation

We find that subject imports from Indonesia are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders. During the original investigations, the highest level of subject imports of hot-rolled steel from Indonesia, 301,264 short tons in 1999, accounted for 0.4 percent of apparent U.S. consumption.[1] Subject imports from Indonesia have not entered the U.S. market since 2001, with the exception of five short tons entering in 2004.[2]

Indonesia currently has two producers of hot-rolled steel, although the largest firm, Krakatau, makes up the vast majority of the industry's capacity and production.[3] The Indonesian industry's capacity is the smallest of all subject countries and has remained at levels comparable to those that prevailed during the original investigations.[4] According to ***, Indonesian capacity is estimated at *** short tons in 2009 and 2010, and *** short tons in 2011 and 2012; production has ranged from a *** short tons in 2010 to a *** short tons in 2011, and was *** short tons in 2012.[5]

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[1] CR/PR at Table I-1.

[2] Id.

[3] CR at IV-31-32, PR at IV-20-21.

[4] Indonesia's capacity was *** short tons in 2000, the last year of the original period of investigation. Memorandum INV-Y-141 at Table VII-4. Indonesia's capacity was *** short tons in 2006, the last year of the previous review period. Memorandum INV-EE-136 at Table IV-27. Of the five other subject countries, the smallest industry is in Ukraine with capacity of *** short tons. CR/PR at Table IV-6.

[5] CR/PR at Table IV-13. The *** to the two firms' combined hot-rolled steel capacity as reported publically by each firm. Krakatau reportedly has a hot-rolled steel capacity of 2.6 million short tons, while PT Gunung Raja Paksi has a hot-rolled steel capacity of 265,000 short tons. CR at IV-31-32, PR at IV-20-21.

There is evidence on the record that Krakatau may add an additional one million short tons to its hot-rolled capacity by 2015. CR at IV-31-32, PR at IV-21; AMUSA Posthearing Brief at 40. However, this will still leave Indonesia's industry as by far the smallest among subject countries, and as discussed below, it is likely that this capacity will be dedicated to its home market shipments.

During the original period of investigation and first period of review, the industry's total export shipments never exceeded 800,000 short tons or fell below 200,000 short tons, and were shipped to a variety of markets all over the world.[6] Therefore, exports remained a secondary outlet for the Indonesian industry's production prior to the current period of review, but the industry was in a position to increase shipments to markets such as the United States, as it did during the original period of investigation.

Since that time, the small Indonesian hot-rolled steel industry has transformed from a modest exporter into an industry that is dedicated almost entirely to its home market. Exports fell from 327,456 short tons in 2007 to 110,703 short tons in 2009, a period of declining global demand, but then fell further to 19,690 short tons in 2010, 32,498 short tons in 2011, and 19,065 short tons in 2012 even as demand in global markets recovered throughout those years.[7] The virtual disappearance of Indonesia's exports between 2009 and 2012 coincided with a *** percent increase in Indonesia's home market consumption, and consumption was *** percent larger than Indonesia's production in 2012.[8] As Indonesia has become a net importer of hot-rolled steel during the period of review, its limited export shipments have been almost entirely shipped to neighboring Asian countries.[9]

While subject imports from Indonesia generally undersold the domestic product in the original investigations,[10] in view of the factors discussed above, we do not see enough specific evidence to have the requisite level of confidence that the volume of subject imports from Indonesia going forward will likely be significant. For all of these reasons, we find that subject imports from Indonesia are likely to have no discernible adverse impact on the domestic industry within a reasonably foreseeable time in the event of revocation of the antidumping duty order on subject imports from Indonesia, and, accordingly we conclude that the statute precludes cumulation of subject imports from Indonesia with other subject imports.

[6] Memorandum INV-Y-141 at Table VII-4; Memorandum INV-EE-136 at Table IV-29. The United States accounted for the majority of Indonesia's exports in 2000, but not in 1998 or 1999, the peak year for Indonesia's global exports and U.S. imports from Indonesia. Memorandum INV-Y-141 at Table VII-4; CR/PR at Table I-1. Likewise, Indonesia exported to a variety of partners during the first period of review, and was not focused primarily on any region or partner. Memorandum INVE-EE-136 at Table IV-29.

[7] CR/PR at Table IV-14 and Table IV-26. As a share of production, Indonesia's exports decreased from *** percent in 2009 to *** percent in 2012. CR/PR at Table IV-13.

[8] CR/PR at Table II-4.

[9] CR/PR at Table IV-14. In 2012, its top four partners were Malaysia, Vietnam, Australia, and Singapore, which accounted for 98.7 percent of its export shipments. *Id*.

[10] CR at V-23, PR at V-18.

II. Revocation of the Countervailing and Antidumping Duty Orders Are Not Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

A. Volume of Subject Imports

As discussed in our no discernible adverse impact finding, prior to the imposition of these orders the volume of subject imports from Indonesia did not exceed 0.4 percent of total apparent U.S. consumption. Since the orders were imposed, subject imports from Indonesia have been absent from the U.S. market, except for a few short tons in 2004.

Indonesia remains by far the smallest industry relative to other subject industries, and its entire production capacity in 2012 is estimated to be equivalent to *** of apparent U.S. consumption in that year.[11] Production capacity in Indonesia was higher at the end of this period of review than at the end of the original period of investigation or at the end of the prior review period; however, growth in Indonesia's capacity has been outpaced by growth in demand within Indonesia's home market. ***.[12] Home market consumption increased from *** short tons in 2001 to *** short tons in 2005 during the first review period.[13] During the current review period, Indonesian consumption increased from *** short tons in 2009 (*** to Indonesian capacity) to *** short tons in 2012 (or *** higher than the industry's capacity in 2012).[14]

The strong increase in Indonesia's domestic demand has solidified the industry's focus on its home market, as evidenced by a decline in the industry's export orientation from already low levels. Even at the peak of exports to the U.S. market during the original period of investigation, total exports accounted for *** percent of the industry's total shipments. During this period of review, exports steadily declined from levels well below those reached during the original period of review. By 2012, exports accounted for *** of production.[15] Exports declined significantly and consistently though exports of hot-rolled steel from Indonesia were subject to few restrictions.[16] In addition, the record indicates that the industry has had unused capacity throughout the period of review;[17] however, the presence of unused capacity in Indonesia did not lead the industry to become more export-oriented, even as demand in global markets recovered. Therefore, the industry in Indonesia has been increasingly focused on its domestic market despite its unused capacity and few third-country import restrictions faced throughout

[11] CR/PR at Table C-1, Table IV-13.
[12] CR at IV-72, PR at IV-41.
[13] Memorandum INV-EE-136 at Table IV-28.
[14] CR/PR at Table II-4.
[15] CR/PR at Table IV-13.
[16] CR at IV-32, PR at IV-21 (Thailand imposed antidumping duties in 2003).
[17] CR/PR at Table IV-13.

the period of review, suggesting the industry has not been producing to sell in export markets at any price.

Domestic Producers argue that the industry in Indonesia was able to increase exports to the U.S. market rapidly during the original period of investigation, despite its relatively small capacity, and that the industry has grown larger since the original investigation period.[18] Domestic Producers note that capacity utilization in Indonesia is reportedly low and that the industry's unused capacity would represent a significantly higher share of the U.S. market than subject imports from Indonesia were able to claim during the original period of investigation.[19] Domestic Producers argue that the industry in Indonesia remains interested in exports but has been unable to exploit export opportunities in Asia because of slack demand and competition from China.[20]

We note that exports from Indonesia declined in the wake of the recent recession but have declined further despite the subsequent recovery. The industry has had unused capacity throughout the period of review but has not used that excess capacity to produce for export at any price. Based on this record and the relatively small size of the industry, we do not find it likely that the volume of subject imports from Indonesia would be significant upon revocation.

B. Price Effects of the Subject Imports

Subject imports from Indonesia undersold the domestic like product in most product-specific comparisons during the original period of investigation, by margins ranging from *** percent.[21] During the first period of review, subject imports from Indonesia generally oversold the domestic like product and by substantial margins.[22] The record in this second period contains no product-specific pricing comparisons for hot-rolled steel from Indonesia.[23]

Domestic Producers argue that subject imports from Indonesia would be drawn into the U.S. market by the prospect of higher prices, and underselling would be the mechanism by which subject imports gain sales.[24] We do not discount the possibility that subject imports from Indonesia would undersell the domestic like product upon revocation. However, given the likely small volume of subject imports from Indonesia upon revocation, we find that revocation would not likely lead to significant underselling or significant price depression or suppression within a reasonably foreseeable time.

[18] AMUSA Prehearing Brief at 24-25.
[19] AMUSA Prehearing Brief at 25-26.
[20] AMUSA Prehearing Brief at 26-27.
[21] CR at V-23, PR at V-18.
[22] CR at V-24, PR at V-18.
[23] CR/PR at Table V-6.
[24] AMUSA Prehearing Brief at 28-29.

C. Impact of the Subject Imports

Although we have noted recent declines in the domestic industry's performance, we do not find the domestic industry vulnerable.[25] Given that we do not find it likely that there will be a significant volume of subject imports from Indonesia or that there will likely be significant price effects from these imports, and given our findings regarding the likely condition of the domestic industry, we find that revocation of these orders on subject imports from Indonesia is not likely to lead to a significant adverse impact on the domestic industry within a reasonably foreseeable time.

III. Conclusion

For the reasons stated above, we determine that revocation of the countervailing and antidumping duty orders on imports of hot-rolled steel from Indonesia would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

[25] *See* majority Views at section IV.C.3.c.

PART I: INTRODUCTION

BACKGROUND

On November 1, 2012, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted reviews to determine whether revocation of the countervailing duty orders on hot-rolled steel products ("hot-rolled steel") from India, Indonesia, and Thailand, and the antidumping duty orders on hot-rolled steel from China, India, Indonesia, Taiwan, Thailand, and Ukraine would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On February 4, 2013, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[4] The following tabulation presents information relating to the background and schedule of this proceeding:[5]

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[1] 19 U.S.C. 1675(c).

[2] *Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine; Institution of Five-Year Reviews Concerning the Countervailing Duty Orders on Hot- Rolled Steel Products From India, Indonesia, and Thailand and Antidumping Duty Orders on Hot- Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine*, 77 FR 66078, November 1, 2012. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. *Initiation of Five-Year (''Sunset'') Review*, 77 FR 66439, November 5, 2012.

[4] *Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine; Notice of Commission Determination To Conduct Full Five-year Reviews,* 34 FR 11901, February 20, 2013. The Commission determined that the responses from both domestic interested parties and respondent interested parties were adequate in the reviews of the orders for Taiwan and Thailand, and inadequate with respect to the orders for China, India, Indonesia, and Ukraine. However, the Commission determined to conduct full reviews with respect to the orders on hot-rolled steel from China, India, Indonesia, and Ukraine in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders on hot-rolled steel from Taiwan and Thailand.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B presents the witnesses appearing at the Commission's hearing.

Effective date	Action
November 29, 2001	Commerce's antidumping duty orders on hot-rolled steel from China, Taiwan, Thailand, and Ukraine (66 FR 59559, 59561, 59562, and 59563)
December 3, 2001	Commerce's antidumping and countervailing duty orders on hot-rolled steel from India and Indonesia and Commerce's countervailing duty orders on hot-rolled steel from Thailand (66 FR 60192, 60194, 60197, and 60198)
August 1, 2006	Commission's institution of first five-year reviews (71 FR 43521)
August 1, 2006	Commerce's initiation of first five-year reviews (71 FR 43443)
December 27, 2007	Commerce's continuation of antidumping duty and countervailing duty orders on hot–rolled carbon steel flat products from India, Indonesia, China, Taiwan, Thailand, and Ukraine (72 FR 73316)
November 1, 2012	Commission's institution of five-year reviews (77 FR 66078)
November 1, 2012	Commerce's initiation of five-year reviews (77 FR 66439, November 5, 2012)
February 4, 2013	Commission's determinations to conduct full five-year reviews (78 FR 11901, February 20, 2013)
March 12, 2013	Commerce's final results of expedited five-year reviews of the antidumping duty orders (78 FR 15073)
March 14, 2013	Commerce's final results of expedited five-year reviews of the countervailing duty orders (78 FR 16252)
April 16, 2013	Commission's scheduling of the reviews (78 FR 24435, April 25, 2013)
October 21, 2013	Commission's revised scheduling of the reviews (78 FR 64008, October 25, 2013)
October 31, 2013	Commission's hearing
December 17, 2013	Commission's vote
January 15, 2014	Commission's determinations and views

The original investigations

The original investigations resulted from petitions filed on November 13, 2000, by counsel on behalf of Bethlehem Steel Corp. ("Bethlehem"); Gallatin Steel Corp. ("Gallatin"); IPSCO Steel, Inc. ("IPSCO"); LTV Steel Co., Inc.; National Steel Corp. ("National"); Nucor Corp. ("Nucor"); Steel Dynamics, Inc. ("SDI"); U.S. Steel Group; Weirton Steel Corp. ("Weirton"); and the labor union representing the organized workers at Weirton (the Independent Steelworkers Union). The original investigations included hot-rolled steel from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.

Commerce issued a series of final affirmative determinations regarding countervailable subsidies and sales at less than fair value ("LTFV") between July and October 2001.[6] In August

[6] *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From Argentina*, 66 FR 37001, July 16, 2001; *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products from South Africa*, 66 FR 37002, July 16, 2001; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From* (*continued*...)

2001, the Commission determined that an industry in the United States was materially injured by reason of imports from Argentina of hot-rolled steel that were found by Commerce to be subsidized by the Government of Argentina and sold in the United States at LTFV, and by reason of imports from South Africa of hot-rolled steel that were found by Commerce to be sold in the United States at LTFV.[7] In November 2001, the Commission determined that an industry in the United States was materially injured by reason of imports from India, Indonesia, South Africa, and Thailand of hot-rolled steel that was found by Commerce to be subsidized by the Governments of India, Indonesia, South Africa, and Thailand, and also by reason of imports from China, India, Indonesia, Kazakhstan, Netherlands, Romania, Taiwan, Thailand, and Ukraine of hot-rolled steel that was found by Commerce to be sold in the United States at LTFV.[8] After receipt of the Commission's determinations, Commerce issued countervailing duty orders on imports of hot-rolled steel from Argentina, India, Indonesia, South Africa, and Thailand,[9] and

(…*continued*)
Argentina, 66 FR 37007, July 16, 2001; *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From Taiwan*, 66 FR 49618, September 28, 2011; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Indonesia*, 66 FR 49637, September 28, 2001; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From India*, 66 FR 49635, September 28, 2001; *Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From the People's Republic of China*, 66 FR 49632, September 28, 2001; *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From Indonesia*, 66 FR 49628, September 28, 2001; *Notice of Final Determination of Antidumping Duty Investigation: Certain Hot-Rolled Carbon Steel Flat Products from Romania*, 66 FR 49625, September 28, 2001; *Notice of Final Determination of Sales at Less Than Fair Value; Certain Hot-Rolled Carbon Steel Flat Products From Thailand*, 66 FR 49622, September 28, 2001; *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From Kazakhstan*, 66 FR 50397, October 3, 2001; *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From Ukraine*, 66 FR 50401, October 3, 2001; *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From India*, 66 FR 50406, October 3, 2001; *Notice of Final Determination of Sales at Less Than Fair Value; Certain Hot-Rolled Carbon Steel Flat Products From The Netherlands*, 66 FR 50408, October 3, 2001; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Thailand*, 66 FR 50410, October 3, 2001; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products from South Africa*, 66 FR 50412, October 3, 2001.

[7] *Hot-Rolled Steel Products from Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, August 2001, p. 1.

[8] *Hot-Rolled Steel Products From China, India, Indonesia, Kazakhstan, The Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-405-408 (Final) and Investigations Nos. 731-TA-899-904 and 906-908 (Final)*, USITC Publication 3468, November 2001, p. 1.

[9] 66 FR 47173, September 11, 2001 (Argentina) and 66 FR 60197, 60198, and 60201, December 3, 2001 (India, Indonesia, South Africa, and Thailand).

antidumping duty orders on imports of hot-rolled steel from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.[10]

Subsequent five-year reviews

On June 27, 2007, Commerce published its final results concerning the antidumping duty order on hot-rolled steel from the Netherlands.[11] In those final results, Commerce revoked the order, effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands, effective June 27, 2007.[12]

In October 2007, the Commission completed full five-year reviews of the remaining subject orders and determined that revocation of the countervailing duty orders on hot-rolled steel products from India, Indonesia, and Thailand and the antidumping duty orders on hot-rolled steel products from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission also determined that revocation of the countervailing duty orders on hot-rolled steel products from Argentina and South Africa and the antidumping duty orders on hot-rolled steel products from Argentina, Kazakhstan, Romania, and South Africa would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[13] Following affirmative determinations in the first five-year reviews by Commerce and the Commission,[14] Commerce issued a continuation of the antidumping duty orders on imports of hot-rolled steel from India, Indonesia, China, Taiwan, Thailand, and Ukraine, and countervailing duty orders on imports of hot-rolled steel from India, Indonesia, and Thailand, effective December 27, 2007.[15]

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[10] 66 FR 48242, Sepember 19, 2001 (Argentina and South Africa); 66 FR 58435, November 21, 2001 (Kazakhstan); 66 FR 59559, 59561, 59562, 59563, 59565, 59566, November 29, 2001 (China, Netherlands, Romania, Taiwan, Thailand, and Ukraine); and 66 FR 60192 and 90194, December 3, 2001 (India and Indonesia).

[11] *Certain Hot–Rolled Carbon Steel Flat Products from the Netherlands; Final Results of the Sunset Review of Antidumping Duty Order and Revocation of the Order*, 72 FR 35220, June 27, 2007.

[12] *Hot-Rolled Steel Products From the Netherlands*, 72 FR 40322, July 24, 2007.

[13] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007.

[14] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine*, 72 FR 61676, October 31, 2007.

[15] *Certain Hot-Rolled Carbon Steel Flat Products from India, Indonesia, the People's Republic of China, Taiwan, Thailand, and Ukraine: Continuation of Antidumping Duty and Countervailing Duty Orders,* 72 FR 73316, December 27, 2007.

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations, the first reviews, and the current full five-year reviews. [16]

[16] The tabulation below presents the imports from, and respective shares of apparent U.S. consumption quantity (1998-2006) of the countries for which orders have been revoked:

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
Imports from--									
Argentina									
Quantity	0	116,950	118,920	26,753	4,058	0	0	0	198
Value	0	29,765	34,192	6,067	1,330	0	0	0	181
Share of U.S. consumption quantity	0.0	0.2	0.2	([1])	([1])	0.0	0.0	0.0	([1])
Kazakhstan:									
Quantity	130,329	123,132	192,470	14,604	0	0	0	0	0
Value	34,306	24,727	45,070	2,640	0	0	0	0	0
Share of U.S. consumption quantity	0.2	0.2	0.3	([1])	0.0	0.0	0.0	0.0	0.0
Netherlands:									
Quantity	440,866	505,601	562,597	377,909	356,860	184,586	274,734	306,093	336,709
Value	147,432	153,495	179,591	105,489	124,859	59,810	130,328	153,606	176,248
Share of U.S. consumption quantity	0.6	0.7	0.8	0.6	0.5	0.3	0.4	0.5	0.5
Romania:									
Quantity	128,253	384,458	410,796	56,869	103,512	32,895	17,802	0	12,892
Value	32,896	80,543	104,291	11,607	26,269	8,745	10,227	0	6,933
Share of U.S. consumption quantity	0.2	0.5	0.6	0.1	0.2	([1])	([1])	0.0	([1])
South Africa:									
Quantity	80,434	173,044	167,773	4,903	112,066	28,647	10,355	90	9,829
Value	22,321	40,440	47,229	1,344	30,914	8,013	5,510	67	4,361
Share of U.S. consumption quantity	0.1	0.2	0.2	([1])	0.2	([1])	([1])	([1])	([1])

[1] Less than 0.05 percent

Source: *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007, pp. I-5-8.

Table I-1
Hot-rolled steel: Comparative data from the original investigations, first reviews, and current reviews, 1998-2012

(Quantity in *short tons*, value in *1,000 dollars*, unit values in *dollars per short ton*, share/ratios in *percent*)

Item	Calendar Year								
	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. consumption quantity:									
Amount	73,969,211	71,395,689	72,535,753	63,734,503	67,915,736	67,332,264	73,344,264	66,937,489	73,188,204
U.S. producers' share	84.1	91.1	89.9	95.4	93.1	96.0	93.0	94.2	91.2
U.S. importers' share:									
China	0.1	0.7	0.7	0.1	0.0	0.0	0.0	0.0	0.0
India	0.1	0.7	1.2	0.1	0.0	0.0	0.0	0.0	0.1
Indonesia	0.1	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.3	0.6	1.0	0.1	0.0	0.0	0.0	0.0	0.0
Thailand	0.0	0.1	0.3	0.0	0.2	0.1	0.1	0.1	0.2
Ukraine	0.2	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal subject sources[1]	0.8	2.5	3.9	0.3	0.2	0.1	0.2	0.1	0.3
All other sources[1]	15.1	6.4	6.2	4.3	6.7	4.0	6.9	5.7	8.5
Total imports	15.9	8.9	10.1	4.6	6.9	4.0	7.0	5.8	8.8
U.S. imports from:									
China:									
Quantity	102,588	467,380	485,299	42,184	47	28	6,456	418	3,851
Value	26,626	106,648	139,475	10,206	16	23	4,056	249	2,218
Unit value	260	228	287	242	346	817	628	596	576
India:									
Quantity	109,941	504,155	876,264	51,480	5,919	0	11,392	6,618	62,234
Value	30,062	119,121	253,991	12,309	1,857	0	7,819	4,951	32,418
Unit value	273	236	290	239	314	---	686	748	521
Indonesia:									
Quantity	38,163	301,264	259,166	10,726	0	0	5	0	0
Value	11,021	69,343	74,574	2,576	0	0	5	0	0
Unit value	289	230	288	240	---	---	944	---	---
Taiwan:									
Quantity	224,058	428,939	724,854	42,144	1,153	107	1,381	142	7,305
Value	61,858	104,003	222,532	11,578	363	116	929	136	4,583
Unit value	276	242	307	275	315	1,083	673	959	627
Thailand:									
Quantity	18,050	38,637	233,762	15,847	139,856	34,162	93,414	43,289	155,824
Value	5,521	10,422	70,070	4,836	43,463	10,927	51,045	21,948	81,498
Unit value	306	270	300	305	311	320	546	507	523
Ukraine:									
Quantity	126,648	72,907	213,764	25,694	612	11	0	1,558	0
Value	27,280	13,146	50,012	5,318	202	6	0	1,689	0
Unit value	215	180	234	207	330	545	---	1,084	---

Table continued on next page.

Table I-1--*Continued*

Item	Calendar Year					
	2007	2008	2009	2010	2011	2012
U.S. consumption quantity:						
Amount	62,549,603	57,229,936	37,966,100	53,075,072	56,543,057	59,970,608
U.S. producers' share	94.6	93.7	94.0	94.3	93.7	93.6
U.S. importers' share:						
China	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.0	0.0	0.0	0.0	0.0	0.0
Thailand	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal subject sources[1]	0.0	0.0	0.0	0.0	0.0	0.0
All other sources[1]	5.3	6.3	6.0	5.7	6.3	6.3
Total imports	5.4	6.3	6.0	5.7	6.3	6.4
U.S. imports from:						
China:						
Quantity	1,093	247	159	1,631	541	2,419
Value	732	222	172	1,469	649	3,027
Unit value	670	897	1,085	900	1,200	1,251
India:						
Quantity	17,665	185	0	0	0	0
Value	10,464	291	0	0	0	0
Unit value	592	1,571	---	---	---	---
Indonesia:						
Quantity	0	0	0	0	0	0
Value	0	0	0	0	0	0
Unit value	---	---	---	---	---	---
Taiwan:						
Quantity	241	655	95	45	2,483	560
Value	142	484	101	39	1,976	414
Unit value	590	739	1,065	877	796	739
Thailand:						
Quantity	2,171	5,632	0	0	0	0
Value	1,075	4,685	0	0	0	0
Unit value	495	832	---	---	---	---
Ukraine:						
Quantity	0	19	0	0	0	806
Value	0	44	0	0	0	624
Unit value	---	2,316	---	---	---	774

Table I-1--*Continued*
Hot-rolled steel: Comparative data from the original investigations, first reviews, and current reviews, 1998-2012

(Quantity in *short tons*, value in *1,000 dollars*, unit values in *dollars per short ton*, share/ratios in *percent*)

Item	Calendar Year								
	1998	1999	2000	2001	2002	2003	2004	2005	2006
Subtotal, subject sources:[1]									
Quantity	619,448	1,813,282	2,793,109	188,075	147,587	34,308	112,648	52,025	229,214
Value	162,368	422,683	810,654	46,824	45,901	11,072	63,854	28,973	120,717
Unit value	262	233	290	249	311	323	567	557	527
All other sources:[1]									
Quantity	11,134,789	4,558,953	4,523,514	2,760,169	4,522,145	2,668,949	5,032,647	3,816,805	6,213,360
Value	3,123,925	1,256,189	1,374,562	732,667	1,380,001	871,276	2,561,246	2,092,750	3,238,957
Unit value	281	276	304	265	305	326	509	548	521
Total:									
Quantity	11,754,237	6,372,235	7,316,623	2,948,244	4,669,732	2,703,257	5,145,295	3,868,830	6,442,574
Value	3,286,293	1,678,872	2,185,216	779,491	1,425,902	882,348	2,625,100	2,121,723	3,359,674
Unit value	280	263	299	264	305	326	510	548	521
U.S. producers:									
Capacity quantity	73,468,340	75,462,035	76,397,442	76,209,185	72,131,725	79,050,475	79,548,531	80,937,517	81,625,989
Production quantity	62,456,688	65,279,659	65,898,724	61,191,189	63,953,326	65,755,453	68,999,997	63,623,849	67,259,535
Capacity utilization	85.0	86.5	86.3	80.3	88.7	83.2	86.7	78.6	82.4
U.S. shipments:									
Quantity	62,214,973	65,023,453	65,219,129	60,786,259	63,246,004	64,629,007	68,198,969	63,068,660	66,745,630
Value	20,137,306	18,455,603	19,522,683	15,907,830	19,326,100	19,265,233	35,876,504	33,826,995	37,677,886
Unit value	324	284	299	262	306	298	526	536	564
Export shipments:									
Quantity	173,764	360,825	608,378	429,896	484,860	1,347,738	701,037	717,152	562,380
Value	58,960	114,386	198,031	143,067	162,679	396,423	378,642	393,604	331,743
Unit value	339	317	326	333	336	294	540	549	590
Ending inventory quantity	2,463,228	2,365,945	2,410,466	2,402,874	1,868,338	1,700,334	1,800,323	1,633,160	1,610,876
Inventory/total shipments	3.9	3.6	3.7	3.9	2.9	2.6	2.6	2.6	2.4
Production workers	31,956	31,073	30,385	32,553	30,109	29,614	27,567	25,247	24,739
Hours worked (1,000)	71,732	69,932	69,208	69,086	64,247	62,783	61,203	54,892	54,137
Wages paid ($1,000)	1,746,327	1,731,700	1,737,694	1,795,750	1,705,625	1,833,951	1,871,916	1,723,671	1,778,044
Hourly wages	24.35	24.76	25.11	25.99	26.55	29.21	30.59	31.40	32.84
Productivity (short tons per 1,000 hours)	871	934	952	886	995	1,047	1,127	1,159	1,242
Net sales									
Quantity	62,368,430	64,830,978	66,154,694	60,213,636	62,674,493	64,803,909	67,709,851	62,670,818	65,984,669
Value	20,279,125	18,454,261	19,882,231	15,768,995	19,152,783	19,274,792	35,633,304	33,576,733	37,242,158
Unit value	325	285	301	262	306	297	526	536	564
Cost of goods sold	18,893,389	18,649,602	19,545,579	19,621,646	19,262,770	20,259,034	26,716,513	27,775,350	30,374,814
Gross profit or (loss)	1,385,736	(195,341)	336,652	(3,852,651)	(109,987)	(984,242)	8,916,791	5,801,383	6,867,344
SG&A	1,052,583	1,018,594	1,041,689	877,997	977,360	1,021,408	1,338,243	1,170,149	1,163,278
Operating income or (loss) (value)	333,153	(1,213,935)	(705,037)	(4,730,648)	(1,087,347)	(2,005,650)	7,578,548	4,631,234	5,704,066
Cost of goods sold/sales (percent)	93.2	101.1	98.3	124.4	100.6	105.1	75.0	82.7	81.6
Operating income or (loss) (percent)	1.6	(6.6)	(3.5)	(30.0)	(5.7)	(10.4)	21.3	13.8	15.3

Notes continued on next page.

Table I-1--*Continued*

Item	Calendar Year					
	2007	2008	2009	2010	2011	2012
Subtotal, subject sources:[1]						
Quantity	21,169	6,739	254	1,676	3,024	3,784
Value	12,413	5,726	274	1,508	2,625	4,064
Unit value	586	850	1,078	900	868	1,074
All other sources:[1]						
Quantity	3,327,507	3,618,209	2,273,854	3,035,620	3,535,471	3,806,535
Value	1,819,256	2,880,457	1,215,906	1,867,911	2,578,646	2,598,160
Unit value	547	796	535	615	729	683
Total:						
Quantity	3,348,676	3,624,948	2,274,108	3,037,296	3,538,495	3,810,320
Value	1,831,669	2,886,183	1,216,179	1,869,419	2,581,271	2,602,224
Unit value	547	796	535	615	729	683
U.S. producers:						
Capacity quantity	80,382,246	72,818,689	70,408,591	70,418,659	72,451,936	74,840,642
Production quantity	60,698,008	54,012,619	37,219,428	51,664,655	54,213,932	57,000,441
Capacity utilization	75.5	74.2	52.9	73.4	74.8	76.2
U.S. shipments:						
Quantity	59,200,927	53,604,988	35,691,992	50,037,776	53,004,562	56,160,288
Value	32,495,072	41,211,894	18,824,753	30,200,356	37,461,193	37,279,750
Unit value	549	769	527	604	707	664
Export shipments:						
Quantity	1,456,322	1,249,300	1,101,366	1,522,803	1,054,556	822,525
Value	792,319	1,050,565	551,028	926,180	794,300	587,861
Unit value	544	841	500	608	753	715
Ending inventory quantity	1,785,483	943,817	1,369,887	1,473,964	1,627,207	1,644,836
Inventory/total shipments	2.9	1.7	3.7	2.9	3.0	2.9
Production workers	22,372	21,844	18,453	19,179	20,146	20,650
Hours worked (1,000)	47,316	45,956	34,894	42,020	42,435	43,840
Wages paid ($1,000)	1,559,477	1,606,431	1,147,072	1,427,443	1,500,221	1,582,994
Hourly wages	32.96	34.96	32.87	33.97	35.35	36.11
Productivity (short tons per 1,000 hours)	1,283	1,175	1,067	1,230	1,278	1,300
Net sales						
Quantity	60,527,590	55,270,071	36,703,429	51,427,742	53,739,873	56,359,493
Value	33,293,097	42,058,970	19,683,182	31,093,634	38,038,929	37,637,053
Unit value	550	761	536	605	708	668
Cost of goods sold	29,566,504	35,663,365	20,821,586	29,225,993	33,992,832	34,244,450
Gross profit or (loss)	3,726,593	6,395,607	(1,138,405)	1,867,641	4,046,097	3,392,604
SG&A	874,510	878,826	644,733	717,369	909,680	1,009,994
Operating income or (loss) (value)	2,852,083	5,516,780	(1,783,137)	1,150,272	3,136,417	2,382,610
Cost of goods sold/sales (percent)	88.8	84.8	105.8	94.0	89.4	91.0
Operating income or (loss) (percent)	8.6	13.1	(9.1)	3.7	8.2	6.3

Table I-1--*Continued*
Hot-rolled steel: Comparative data from the original investigations, first reviews, and current reviews, 1998-2012

Note.--Staff adjusted 2009-June 2013 imports from India to reflect non-hot-rolled steel imports. *** which ***.

[1] Commerce published notice of its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands on June 27, 2007 (72 FR 35220). In those final results, Commerce revoked the order effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007). Also in 2007, the Commission determined that revocation of the countervailing duty orders on hot-rolled steel products from Argentina and South Africa and the antidumping duty orders on hot-rolled steel products from Argentina, Kazakhstan, Romania, and South Africa would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Subsequently in 2007, Commerce revoked the orders for these countries. Therefore, data concerning Argentina, Kazakhstan, Netherlands, Romania, and South Africa are not presented as subject merchandise but are aggregated with the data from other nonsubject countries.

Source: Compiled from data submitted in response to Commission questionnaires, adjusted Commerce statistics, *Hot-Rolled Steel Products From China, India, Indonesia, Kazakhstan, The Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-405-408 (Final) and Investigations Nos. 731-TA-899-904 and 906-908 (Final)*, USITC Publication 3468, November 2001, and *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review),* USITC Publication 3956, October 2007.

RELATED INVESTIGATIONS

Previous and related Title VII investigations

The Commission has conducted a number of previous import relief investigations on certain carbon steel products or substantially similar merchandise. Table I-2 presents data on previous and related title VII investigations for hot-rolled steel.

Table I-2
Hot-rolled steel: Previous and related investigations, 1982-2013

Original investigation				First review		Second review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	Date[1]	Outcome	
1982	701-TA-94	Belgium	Affirmative[2]	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-95	Brazil	Negative[2]	-	-	-	-	-
1982	701-TA-96	France	Affirmative[2]	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-97	Italy	Affirmative[2]	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-98	Luxembourg	Negative[2]	-	-	-	-	-
1982	701-TA-99	Netherlands	Negative	-	-	-	-	-
1982	701-TA-100	United Kingdom	Negative[2]	-	-	-	-	-
1982	701-TA-101	Germany	Affirmative[2]	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-156	Spain	Negative[2]	-	-	-	-	-
1982	701-TA-171	Korea	Affirmative	-	-	-	-	ITA revoked 10/10/85
1982	731-TA-61	Belgium	Affirmative[2]	-	-	-	-	Terminated 11/10/82
1982	731-TA-62	France	Affirmative[2]	-	-	-	-	Terminated 11/10/82
1982	731-TA-63	Italy	Affirmative[2]	-	-	-	-	Terminated 11/10/82
1982	731-TA-64	Luxembourg	Negative[2]	-	-	-	-	-
1982	731-TA-65	Netherlands	Negative	-	-	-	-	-
1982	731-TA-66	United Kingdom	-	-	-	-	-	Petition withdrawn 1/30/82
1982	731-TA-67	Germany	Affirmative[2]	-	-	-	-	Terminated 11/10/82
1983	701-TA-206	Brazil	Affirmative	-	-	-	-	ITA revoked 9/5/85
1984	731-TA-153	Brazil	Affirmative	-	-	-	-	ITA revoked 8/21/85
1985	701-TA-227	Austria	Negative	-	-	-	-	-
1985	701-TA-228	Sweden	Negative	-	-	-	-	-
1985	701-TA-229	Venezuela	Affirmative[2]	-	-	-	-	Terminated 7/19/85

Table continued on next page.

Table I-2--*Continued*
Hot-rolled steel: Previous and related investigations, 1982-2013

Original investigation				First review		Second review		Current status
Date[1]	Number	Date[1]	Outcome	Date[1]	Outcome	Date[1]	Outcome	
1985	731-TA-219	Austria	Negative	-	-	-	-	-
1985	731-TA-220	Finland	-	-	-	-	-	Petition withdrawn 1/18/85
1985	731-TA-221	Hungary	Affirmative[2]	-	-	-	-	Petition withdrawn 6/4/85
1985	731-TA-222	Romania	Affirmative[2]	-	-	-	-	Terminated 7/19/85
1985	731-TA-223	Venezuela	Affirmative[2]	-	-	-	-	Terminated 7/19/85
1992	701-TA-329	Belgium	Negative	-	-	-	-	-
1992	701-TA-330	Brazil	Negative	-	-	-	-	-
1992	701-TA-331	France	Negative	-	-	-	-	-
1992	701-TA-332	Germany	Negative	-	-	-	-	-
1992	701-TA-333	Italy	Negative[2]	-	-	-	-	-
1992	701-TA-334	Korea	Negative	-	-	-	-	-
1992	701-TA-335	New Zealand	Negative	-	-	-	-	-
1992	731-TA-588	Belgium	Negative	-	-	-	-	-
1992	731-TA-589	Brazil	Negative	-	-	-	-	-
1992	731-TA-590	Canada	Negative	-	-	-	-	-
1992	731-TA-591	France	Negative	-	-	-	-	-
1992	731-TA-592	Germany	Negative	-	-	-	-	-
1992	731-TA-593	Italy	Negative[2]	-	-	-	-	-
1992	731-TA-594	Japan	Negative	-	-	-	-	-
1992	731-TA-595	Korea	Negative	-	-	-	-	-
1992	731-TA-596	Netherlands	Negative	-	-	-	-	-
1998	701-TA-384	Brazil	Affirmative	2004	Affirmative	2010	Negative	Order not continued[3]
1998	731-TA-806	Brazil	Affirmative	2004	Affirmative	2010	Negative	Order not continued[3]
1998	731-TA-807	Japan	Affirmative	2004	Affirmative	2010	Negative	Order not continued[3]
1998	731-TA-808	Russia	Affirmative	2004	Affirmative	2010	Affirmative	Order in place
2000	701-TA-404	Argentina	Affirmative	2006	Negative	-	-	Order not continued[4]
2000	701-TA-405	India	Affirmative	2006	Affirmative	2012	-	Under review
2000	701-TA-406	Indonesia	Affirmative	2006	Affirmative	2012	-	Under review

Table continued on next page.

Table I-2--*Continued*
Hot-rolled steel: Previous and related investigations, 1982-2013

Original investigation				First review		Second review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	Date[1]	Outcome	
2000	701-TA-407	South Africa	Affirmative	2006	Negative	-	-	Order not continued[4]
2000	701-TA-408	Thailand	Affirmative	2006	Affirmative	2012	-	Under review
2000	731-TA-898	Argentina	Affirmative	2006	Negative	-	-	Order not continued[4]
2000	731-TA-899	China	Affirmative	2006	Affirmative	2012	-	Under review
2000	731-TA-900	India	Affirmative	2006	Affirmative	2012	-	Under review
2000	731-TA-901	Indonesia	Affirmative	2006	Affirmative	2012	-	Under review
2000	731-TA-902	Kazakhstan	Affirmative	2006	Negative	-	-	Order not continued[4]
2000	731-TA-903	Netherlands	Affirmative	2006	Affirmative	-	-	Terminated 6/27/07[5]
2000	731-TA-904	Romania	Affirmative	2006	Negative	-	-	Order not continued[4]
2000	731-TA-905	South Africa	Affirmative	2006	Negative	-	-	Order not continued[4]
2000	731-TA-906	Taiwan	Affirmative	2006	Affirmative	2012	-	Under review
2000	731-TA-907	Thailand	Affirmative	2006	Affirmative	2012	-	Under review
2000	731-TA-908	Ukraine	Affirmative	2006	Affirmative	2012	-	Under review

[1] "Date" refers to the year in which the investigation or review was instituted by the Commission.
[2] Preliminary determination.
[3] Commerce published the revocation of the subject orders on June 21, 2011 (76 FR 36081).
[4] Commerce published the revocation of the subject order on November 20, 2007 (72 FR 65293).
[5] Commerce published notice of its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands on June 27, 2007 (72 FR 35220). In those final results, Commerce revoked the order effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007).

Source: Compiled from Commission determinations published in the Federal Register.

Previous and related safeguard investigations

Hot-rolled steel products have been the subject of both safeguard investigations and other arrangements to limit the importation of steel products.[17] In 1984, the Commission determined that carbon and alloy steel sheet were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing such articles, and recommended quantitative restrictions of imports for a period of five years. President Reagan determined that import relief under section 201 of the Trade Act

[17] A more detailed description of such measures since 1980 appears in the staff report for the first review of the orders on hot-rolled steel from Brazil, Japan, and Russia. *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia: Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review),* USITC Publication 3767, April 2005, pp. I-9-10.

of 1974 was not in the national interest. At the President's direction, quantitative limitations under voluntary restraint agreements ("VRAs") for a five-year period ending September 30, 1989, were negotiated. In July 1989, the VRAs were extended for two and one half years until March 31, 1992.

In 2001, the Commission determined that certain carbon and alloy steel, including hot-rolled steel, was being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing such articles, and recommended additional duties on imports for a period of four years.[18] On March 5, 2002, President George W. Bush announced the implementation of steel safeguard measures. Import relief relating to hot-rolled steel consisted of an additional tariff for a period of three years and one day (30 percent ad valorem on imports in the first year, 24 percent in the second year, and 18 percent in the third year).[19] Following receipt of the Commission's mid-term monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, President Bush determined that the effectiveness of the action taken had been impaired by changed circumstances. Therefore, he terminated the U.S. measure with respect to increased tariffs on December 4, 2003.[20]

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact*

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[18] *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

[19] *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553, March 7, 2002. The President also instructed the Secretaries of Commerce and the Treasury to establish a system of import licensing to facilitate steel import monitoring.

[20] *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483, December 8, 2003. Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.

of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of the report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report.[21] A summary of trade and financial data for hot-rolled steel as collected in the reviews is presented in Appendix C. U.S. industry data are based on the questionnaire responses of 14 U.S. producers of hot-rolled steel that are believed to have accounted for more than 95 percent of U.S. production of hot-rolled steel during January 2007 - June 2013. U.S. import data and related information are based on Commerce's official import statistics as adjusted and the questionnaire responses of 32 U.S. importers of hot-rolled steel that are believed to have accounted for approximately two-thirds of total U.S. imports during January 2007-June 2013. Foreign industry data and related information are based on the questionnaire responses of two producers of hot-rolled steel in India (accounting for *** percent of total production in India in 2012), four producers in Taiwan (accounting for virtually all production in Taiwan in 2012), and one producer in Thailand (accounting for all or nearly all total production in Thailand in 2012). No questionnaire responses were received from producers of hot-rolled steel in China, Indonesia, and Ukraine. Responses by U.S. producers, importers, purchasers, and foreign producers of hot-rolled steel to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation of such orders are presented in appendix D. Appendix E presents the industry's financial results using a second valuation methodology for internal consumption and transfers to related firms: the underlying cost of the hot-rolled steel plus an amount of the

[21] Data have been updated to include all revisions received after the issuance of the prehearing report.

gross profit of downstream products as allocated based on relative cost ("cost plus allocated gross profit of downstream products").

COMMERCE'S REVIEWS

Administrative reviews[22]

The following tables present information on Commerce's administrative reviews of the subject orders.[23] Commerce did not initiate any antidumping duty order administrative reviews for China, Indonesia, Taiwan, and Ukraine, and did not initiate any countervailing duty order administrative reviews for Indonesia and Thailand.

India

Since the issuance of the countervailing duty order on subject imports of hot-rolled steel from India, Commerce has conducted six administrative reviews of the order. The results of the administrative reviews are shown in the following table:

[22] Commerce has issued no duty absorption findings with respect to product from the subject countries.

[23] For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Table I-3
Hot-rolled steel: Administrative reviews of the countervailing duty order for India

Date results published	Period of review	Producer or exporter	Margin
May 13, 2004 (69 FR 26549)	4/20/2001 - 12/31/2001	Essar	1.69
		All others	16.10
May 13, 2004 (69 FR 26549)	1/1/2002 - 12/31/2002	Essar	16.88
		All others	16.10
May 17, 2006 (71 FR 28665)	1/1/2004 - 12/31/2004	Essar	4.56
		All others	16.10
July 14, 2008 (73 FR 40295)	1/1/2006 – 12/31/2006	Essar[1]	23.64
		Ispat Industries	15.27
		JSW Steel	484.41
		Tata Steel	27.22
February 11, 2011 (76 FR 7811)	1/1/2007 - 12/31/2007	Essar	22.19
December 14, 2011 (76 FR 77775)	1/1/2008 – 12/31/2008	Tata Steel	102.74

[1] Amended October 21, 2011 (76 FR 65498).

Source: Cited Federal Register notices.

Since the issuance of the antidumping duty order on subject imports of hot-rolled from India, Commerce has conducted four administrative reviews of the order. The results of the administrative reviews are shown in the following table:

Table I-4
Hot-rolled steel: Administrative review of the antidumping duty order for India

Date results published	Period of review	Producer or exporter	Margin
June 28, 2004 (69 FR 36060)	5/3/2001 - 11/30/2002	Essar	0.00
		All others	23.87
June 5, 2008 (FR 73 31961)	12/1/2005 – 11/30/2006	Ispat	0.00
		Tata Steel	0.09
		JSW	0.24
		Essar[1]	9.01
April 20, 2009 (74 FR 17951)	12/1/2006 – 11/30/2007	Essar	5.01
May 14, 2010 (75 FR 27297)	12/1/2007 – 11/30/2008	Essar	28.25

[1] Amended July 13, 2012 (77 FR 41374).

Source: Cited Federal Register notice.

Thailand

Since the issuance of the antidumping duty order on subject imports of hot-rolled from Thailand, Commerce has conducted five administrative reviews of the order. The results of administrative reviews are shown in the following table:

Table I-5
Hot-rolled steel: Administrative reviews of the antidumping duty order for Thailand

Date results published	Period of review	Producer or exporter	Margin
April 13, 2004 (69 FR 19388)	5/3/2001 - 10/31/2002	Sahaviriya Steel	0.00
		All others	3.86
May 17, 2006 (71 FR 28659)	11/1/2003 - 10/31/2004	Sahaviriya Steel	0.00
		All others	3.86
May 17, 2007 (72 FR 27802)	11/1/2004 – 10/31/2005	NSM	8.23
June 12, 2008 (73 FR 33396)	11/1/2005 – 10/31/2006	G Steel	6.40
December 10, 2009 (74 FR 65518)	11/1/2007 – 10/31/2008	G Steel	20.30

Source: Cited Federal Register notices.

Changed circumstances review

Commerce has conducted one changed circumstances review with respect to hot-rolled steel from Thailand. On May 17, 2006, Commerce revoked in part the antidumping duty order on certain hot-rolled steel from Thailand with respect to Sahaviriya Steel Industries Public Company Limited ("Sahaviriya Steel" or "SSI") after having determined that Sahaviriya Steel sold the merchandise at not less than normal value (''NV'') for a period of at least three consecutive years.[24] In April 2008, Commerce initiated a changed circumstances review to determine whether SSI had resumed dumping hot-rolled steel and whether the antidumping order should

[24] The second administrative review (period of review of November 1, 2002 through October 31, 2003) was rescinded on April 7, 2004, and therefore no antidumping duty margin was calculated. See *Certain Hot-Rolled Carbon Steel Flat Products from Thailand: Rescission of Antidumping Duty Administrative Review*, 69 FR 18349 (April 7, 2004). Commerce's regulations provide that the Department need not conduct an administrative review of an intervening year before deciding to revoke an order as long as shipments, ''during each of the three (or five) years, there were exports to the United States in commercial quantities of the subject merchandise to which a revocation or termination will apply.'' The second period of review constituted the intervening year, and therefore Commerce concluded Sahaviriya Steel met the requirement of not selling at less than normal value for three consecutive years. *Certain Hot-Rolled Carbon Steel Flat Products From Thailand; Preliminary Results of Antidumping Duty Administrative Review and Intent to Revoke and Rescind in Part,* 70 FR 73197, December 9, 2005.

be reinstated for hot-rolled steel from Thailand manufactured and exported by Sahaviriya Steel.[25] Having found that hot-rolled steel from Thailand manufactured and exported by Sahaviriya Steel was being sold at less than NV, Commerce reinstated Sahaviriya Steel in the antidumping duty order, effective May 15, 2009.[26]

Five-year reviews

Commerce has issued the final results of its expedited reviews with respect to all subject countries.[27] Table I-6 presents the countervailable subsidy margins/dumping margins calculated by Commerce in its original investigations, first reviews, and second reviews. Table I-7 presents the dumping margins for producers/exporters calculated by Commerce in its original investigations, first reviews, and second reviews. Commerce found the following programs to be countervailable:[28]

India

- Advance Licenses
- Duty Entitlement Passbook Scheme
- Export Promotion of Capital Goods Scheme
- Loans from the Steel Development Fund ("SDF") Fund
- The GOI's Forgiveness of SDF Loans Issued to SAIL
- Loan Guarantees from the GOI

Indonesia

- GOIA Equity Infusions
- Two-Step Loan

[25] *Initiation of Antidumping Duty Changed Circumstances Review: Certain Hot–Rolled Carbon Steel Flat Products from Thailand*, 73 FR 18766, April 7, 2008.

[26] *Certain Hot–Rolled Carbon Steel Flat Products from Thailand: Final Results of Antidumping Duty Changed Circumstances Review and Reinstatement in the Antidumping Duty Order*, 74 FR 22885, May 15, 2009.

[27] *Certain Hot-Rolled Carbon Steel Flat Products from India, Indonesia, the People's Republic of China, Taiwan, Thailand, and Ukraine; Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*, 78 FR 15703, March 12, 2013. *Certain Hot-Rolled Carbon Steel Flat Products from India, Indonesia, and Thailand: Final Results of Expedited Sunset Reviews*, 78 FR 16252, March 14, 2013.

[28] *Decision Memorandum for the Final Results of the Expedited Second Sunset Reviews of the Countervailing Duty Orders on Certain Hot-rolled Carbon Steel Flat Products from India and Indonesia to Paul Piquado, Assistant Secretary for Import Administration*, March 5, 2013, and *Decision Memorandum for the Final Results of the Expedited Second Sunset Reviews of the Countervailing Duty Order on Certain Hot-rolled Carbon Steel Flat Products from Thailand to Paul Piquado, Assistant Secretary for Import Administration*, March 5, 2013.

Thailand

- IPA Section 36(1)
- IPA Section 28
- IPA Section 30
- IPA Section 35(3)
- Provision of electricity for less than adequate remuneration

Table I-6
Hot-rolled steel: Commerce's original, first, and second five-year review countervailable subsidy margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
India[1]			
Essar	8.28	12.90	539.89
Ispat	31.89	36.51	563.50
SAIL	18.27	22.89	549.88
Tata Steel	9.17	13.79	540.78
All others	16.10	20.72	547.71
Indonesia[2]			
P.T. Krakatau Steel	10.21	10.21	10.21
All others	10.21	10.21	10.21
Thailand[3]			
Sahaviriya Steel	2.38	2.38	2.38
All others	2.38	2.38	2.38

[1] Countervailing duty order, 66 FR 60198, December 3, 2001; final results of first expedited sunset review, 71 FR 70960, December 7, 2006; final results of second expedited sunset review, 78 FR 16252, March 14, 2013.
[2] Countervailing duty order, 66 FR 60198, December 3, 2001; final results of first expedited sunset review, 71 FR 70960, December 7, 2006; final results of second expedited sunset review, 78 FR 16252, March 14, 2013.
[3] Countervailing duty order, 66 FR 60197, December 3, 2001; final results of first expedited sunset review, 71 FR 70960, December 7, 2006; final results of second expedited sunset review, 78 FR 16252, March 14, 2013.

Source: Cited *Federal Register* notices.

Table I-7
Hot-rolled steel: Commerce's original, first, and second five-year review dumping margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
		China[1]	
Angang GroupHong Kong Co., Ltd.	90.83	31.09	31.09
Angang Group International Trade Corp.	69.85	31.09	31.09
Baoshan Iron & Steel Co., Ltd.	90.83	12.39	12.34
Baosteel Group International Trade Corp.	90.83	12.39	12.34
Bengang Steel Plates Co., Ltd.	90.83	57.19	57.19
Benxi Iron & Steel Group Co., Ltd.	90.83	57.19	57.19
Benxi Iron & Steel Group International Economic & Trade Co., Ltd.	90.83	57.19	57.19
New Iron & Steel Co., Ltd.	90.83	31.09	31.09
Panzhihua Iron & Steel (Group) Co.	65.59	65.59	65.59
Shanghai Baosteel Group Corp.	64.20	12.39	12.34
Wuhan Iron & Steel Group Corp.	65.59	65.59	65.59
All others	90.83	90.83	90.83
		India[2]	
Ispat Industries	44.40	44.40	44.40
Essar	36.53	36.53	36.53
All others	38.72	38.72	38.72
		Indonesia[3]	
PT Krakatau Steel	47.86	47.86	47.86
All others	47.86	47.86	47.86
		Taiwan[4]	
An Feng Steel	29.14	29.14	29.14
China Steel/Yieh Loong	29.14	29.14	29.14
All others	20.28	20.28	20.28
		Thailand[5]	
Sahaviriya Steel	3.86	([6])	7.35
Siam Strip Mill	19.72	20.30	20.30
All others	3.86	4.44	4.41
		Ukraine[7]	
All others	90.33	90.33	90.33

Notes continued on next page.

Table I-7--*Continued*
Hot-rolled steel: Commerce's original, first, and second five-year review dumping margins for producers/exporters, by subject country

[1] Antidumping duty order, 66 FR 59561, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006; and final results of second expedited sunset review, 78 FR 15703, March 12, 2013.
[2] Antidumping duty order, 66 FR 60192, December 3, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006; and final results of second expedited sunset review, 78 FR 15703, March 12, 2013.
[3] Antidumping duty order, 66 FR 60192, December 3, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006; and final results of second expedited sunset review, 78 FR 15703, March 12, 2013.
[4] Antidumping duty order, 66 FR 59563, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006; and final results of second expedited sunset review, 78 FR 15703, March 12, 2013.
[5] Antidumping duty order, 66 FR 59562, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006; and final results of second expedited sunset review, 78 FR 15703, March 12, 2013.
[6] Antidumping order revoked with respect to SSI. 71 FR 28659, May 17, 2006.
[7] Antidumping duty order, 66 FR 59559, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006; and final results of second expedited sunset review, 78 FR 15703, March 12, 2013.

Source: Cited *Federal Register* notices.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these reviews as follows:[29]

> ...certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of the order.

Specifically included in the scope of the order are vacuum-degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high-strength low-alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low-carbon steels with

[29] *Certain Hot-Rolled Carbon Steel Flat Products From India, Indonesia, the People's Republic of China, Taiwan, Thailand, and Ukraine; Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*, 78 FR 15073, March 12, 2003; *Issues and Decision Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations to Paul Piquado, Assistant Secretary for Import Administration*, March 5, 2013; *Certain Hot-Rolled Carbon Steel Flat Products From India, Indonesia, and Thailand: Final Results of Expedited Sunset Reviews*, 78 FR 16252, March 14, 2013; and *Issues and Decision Memorandum for the Final Results of the Expedited Second Sunset Reviews of the Countervailing Duty Orders on Certain Hot-rolled Carbon Steel Flat Products from India and Indonesia to Paul Piquado, Assistant Secretary for Import Administration*, March 5, 2013.

micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of the order, regardless of definitions in the Harmonized Tariff Schedule of the United States ("HTS"), are products in which: i) iron predominates, by weight, over each of the other contained elements; ii) the carbon content is 2 percent or less, by weight; and iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or	0.40 percent of lead, or
2.25 percent of silicon, or	1.25 percent of nickel, or
1.00 percent of copper, or	0.30 percent of tungsten, or
0.50 percent of aluminum, or	0.10 percent of molybdenum, or
1.25 percent of chromium, or	0.10 percent of niobium, or
0.30 percent of cobalt, or	0.15 percent of vanadium, or
	0.15 percent of zirconium.

All products that meet the physical and chemical descriptions provided above are within the scope of the orders unless otherwise excluded.[30]

[30] The following products, by way of example, are outside or specifically excluded from the scope of the orders:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, American Society for Testing and Materials (''ASTM'') specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (''SAE'')/American Iron & Steel Institute (''AISI'') grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTS (in additional U.S. note 1(h) to chapter 72).
- Tool steels, as defined in the HTS (in additional U.S. note 1(e) to chapter 72).
- Silico-manganese (as defined in the HTS) or silicon electrical steel with a silicon level exceeding 2.25 percent (as defined in subheading notes 1(e) and (with the above specification) 1(c) to chapter 72, respectively).
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTS.

Tariff treatment

Hot-rolled steel[31] is classifiable in the HTS under headings 7208, 7210, 7211, 7212, 7225, and 7226.[32] In 1999, prior to the filing of the original petition, U.S. tariffs on hot-rolled steel ranged as high as 4.8 percent *ad valorem*. As a result of staged duty rate reductions that began in 1995, U.S. tariffs on hot-rolled steel were eliminated by 2004. Goods imported into the United States under all of the HTS numbers applicable to these reviews are currently free of duty under the column 1 general rate of duty.

THE PRODUCT

Description and applications

Steel is generally defined as a combination of carbon and iron that is usefully malleable as first cast, and in which iron predominates, by weight, over each of the other contained elements and the carbon content is two percent or less, by weight.[33] Carbon steel includes most common grades of steel and generally is less expensive to produce than the various grades of alloy steels, due primarily to the cost of the alloying elements.

The majority of hot-rolled steel production is consumed internally or transferred to affiliates for downstream processing into cold-rolled and/or galvanized or plated products, cut-to-length plate, or welded pipe. The remainder is sold commercially to end users, service centers, and to steel processors for conversion into downstream steel products, including cold-

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[31] Note 1(d) to chapter 72 of the HTS specifies that a product must be "usefully malleable" and not be a ferrous material of heading 7203 in order to be classified as steel.

[32] The merchandise subject to the orders is imported under the following HTS statistical reporting numbers: 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, and 7211.19.7590. Certain hot-rolled carbon steel flat products covered by the orders, including vacuum degassed fully stabilized, high strength low alloy, and the substrate for motor lamination steel, may also enter under the following tariff numbers: 7225.11.0000, 7225.19.0000, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.5000, 7226.91.7000, 7226.91.8000, and 7226.99.0180. Subject merchandise may also enter under 7210.70.3000, 7210.90.9000, 7211.14.0030, 7212.40.1000, 7212.40.5000, and 7212.50.0000. Although the HTS numbers are provided for convenience and customs purposes, the written product description remains dispositive.

[33] *Harmonized Tariff Schedule of the United States* (2011), chap. 72, note 1(d), Steel: Ferrous materials other than those of heading 7203 which (with the exception of certain types produced in the form of castings) are usefully malleable and which contain by weight 2 percent or less of carbon. However, chromium steels may contain higher proportions of carbon.

rolled steel, coated steel, and pipe products. Information summarizing the channels of distribution for hot-rolled steel is presented in Part II.

Steel may compete against other materials, such as aluminum, plastics, and advanced composites. Hot-rolled steel is used in general structural functional areas where surface finish and light weight are not crucial. Such steel is well suited for and extensively used in automotive applications such as body frames and wheels, tubing, and floor decks in steel construction. Hot-rolled steel also is used in transportation equipment (such as rail cars, ships, and barges), non-residential construction, appliances, heavy machinery, and machine parts. Interstitial-free ("IF") steel is low-carbon steel having unique deep-drawing ability on stamping presses.[34] High strength-low alloy ("HSLA") steels are used in structural applications for the construction, automotive, machinery, and equipment industries where strength and other attributes are important.

Although uses of hot-rolled steel include applications where surface finish and light weight have historically not been crucial, "lightweighting" is becoming increasingly important. As a result, producers are striving to produce higher-strength steel in thinner gauges to substitute for regular-strength hot-rolled or even for cold-rolled steel in thicknesses of 2 mm or less. In the automotive sector, lightweighting is important to meet regulatory requirements such as the U.S. Corporate Average Fuel Economy (CAFE) requirements.[35] Lightweighting uses advanced high-strength steels, which can reduce a vehicle's structural weight by as much as 39 percent,[36] and substitutes other materials for steel. Domestic interested parties stated that lightweighting in automobile production has been reported to reduce hot-rolled steel demand in the United States *** and offsets other factors that would tend to increase demand such as an improving economy.[37]

Common material specifications for hot-rolled steel include ASTM A1011, which applies to products less than 0.230 inch in thickness, and ASTM A1018, which applies to material 0.230 inch or greater in thickness. Both specifications cover hot-rolled carbon steel, including commercial steel, drawing quality steel, high-strength low-alloy steel, and ultra-high strength steel sheet and strip, in coils and cut lengths (coils only for A1018).

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[34] IF steels have very low amounts of interstitial elements (primarily carbon and nitrogen) with small amounts of titanium or niobium added to tie up the remaining interstitial atoms. Without free interstitial elements, these steels are very ductile and soft. American Iron and Steel Institute, "IF (Interstitial-Free Steel)," found at http://www.steel.org/sitecore/content/Autosteel_org/Web%20Root/Research/AHSS%20Data%20Utilization/IF/Content.aspx .

[35] "First enacted by Congress in 1975, the purpose of CAFE is to reduce energy consumption by increasing the fuel economy of cars and light trucks." National Highway Traffic Safety Administration, "CAFÉ – Fuel Economy," found at http://www.nhtsa.gov/fuel-economy.

[36] American Iron and Steel Institute, ""Beyond Strong: Steel is Lightweight," found at http://www.steel.org/sitecore/content/Autosteel_org/Document%20Types/Beyond%20Strong/Beyond%20Strong%20-%20Steel%20is%20Lightweight.aspx.

[37] ArcelorMittal's posthearing brief, exh. 1, "Responses to Commission Questions," p. 30.

Manufacturing processes[38]

Broadly speaking, a producer of hot-rolled steel may be considered to be: (1) an integrated mill, producing steel from iron ore and a limited amount of scrap, and with a thick slab casting and rolling operation);[39] (2) a "mini" or electric furnace mill, producing steel from purchased scrap and supplemented with primary iron products (scrap substitutes, usually with a thin slab casting and rolling operation);[40] or (3) a rolling-only operation, with no on-site steelmaking, using slabs purchased from other steelmakers (usually imported).[41] Each of these three types of operations has an inherent cost structure that differs from the other two; an integrated producer typically has the highest fixed costs and the highest value added in its cost structure; a mini-mill generally has higher raw material costs but less value added; and a rolling-only operation has the lowest value added but the highest raw material cost.

The manufacturing processes for hot-rolled steel products are summarized below. In general, the production of hot-rolled steel encompasses three distinct stages: (1) melting and refining, (2) casting molten steel into semi-finished forms, and (3) hot-rolling semi-finished forms into flat-rolled carbon steel mill products.

Basic steel production requires primary inputs such as coke, iron ore, limestone, and steel scrap. Coke is a refined carbon product produced by baking coal to drive off volatile matter, and is the principal fuel used to produce hot metal in blast furnaces. Iron ore is melted to produce liquid metal. Limestone is used to flux the liquid metal, thus purifying it. Scrap is used for a portion of the basic oxygen furnace charge; hot metal accounts for the remainder. In addition, scrap is the primary input for electric arc furnace ("EAF") production. Scrap contains non-ferrous tramp elements so production that uses a lower ratio of scrap to hot metal can generate the clean, pure steel often required for certain value-added applications.

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[38] Unless otherwise indicated, the source for the information in this section is found in *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Invs Nos. 701-TA-384 and 731-TA-806-808 (Second Review),* USITC Publication 4237, June 2011, pp. I-26-29.

[39] Companies that are exclusively or predominately integrated include AK Steel, ArcelorMittal, Severstal (Dearborn and Columbus), and U.S. Steel. Severstal (Wheeling), idled in 2009, was an integrated mill that also had an EAF. Information on mill steel making capabilities was compiled from company websites and Metal Bulletin*, Iron & Steel Works of the World Directory 2009*, 18th edition, January 2009.

[40] Mills that predominately or exclusively use EAFs to produce steel include Gallatin, NLMK, North Star, Nucor, SDI, and SSAB. Information on mill steel making capabilities was compiled from company websites.

[41] Rolling-only operations include CSI, Evraz, and ThyssenKrupp. Information on rolling-only operations was compiled from company websites and a news article, OregonLive, "Evraz Portland Will Fire Up Oregon Steel Mill Closed in 2009, Hiring 200," October 17, 2012.

Melt stage

Steel for the manufacture of hot-rolled steel products is produced from raw materials by either an "integrated" or "nonintegrated" process. In an integrated process, iron ore, the principal iron-containing raw material is smelted in a blast furnace, using coke, usually supplemented with coal, natural gas, or fuel oil, to produce molten pig iron, which is drained into a large ladle and transported to an oxygen steelmaking furnace. The molten pig iron is poured into a steelmaking furnace, together with a lesser amount of steel scrap and flux materials such as burnt lime, burnt dolomite, and fluorspar. High-purity oxygen is injected into the furnace and reacts with dissolved carbon and other impurities in the charge materials, raising the temperature to that necessary for further processing. Molten steel is poured or "tapped" from the furnace to a ladle to be transported to a ladle metallurgy station and then to casting.

The nonintegrated, or scrap-based, process produces molten steel by melting scrap or scrap substitutes in an EAF.[42] Primary iron products, including cold pig iron, direct-reduced iron and hot-briquetted iron, also are used as raw materials in electric-arc furnace steelmaking.[43] The charge materials are melted by electrical current passing through an arc between an electrode and the material in the furnace. Oxygen is used to burn off impurities, but at a fraction of the amounts used in oxygen steelmaking. After melting, the molten steel is tapped into a ladle for further processing.

Whether integrated or nonintegrated, steelmakers typically utilize a secondary steelmaking stage, also called a ladle metallurgy station. Shifting the final refining stages to the ladle metallurgy station allows shorter cycles in the primary steelmaking vessel, effectively raising steelmaking capacity. Special ladle treatments include desulfurization and vacuum degassing, which improve steel cleanliness, formability, surface quality, chemistry, and strength. Steelmakers employ additional techniques to refine the product further into extra-clean or low-carbon steels. These refinements are needed to satisfy stringent surface or internal quality, and mechanical properties.[44] Steelmakers may adjust the chemical content by

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[42] To control product quality further, newer thin-slab flat-rolled mills are using to various degrees scrap substitutes such as direct-reduced iron, hot-briquetted iron, and iron carbide.

[43] Because scrap is generally considered to be the main raw material for electric-arc steelmaking and these primary iron products reduce the amount of scrap needed, they are often referred to as "scrap substitutes." Their use depends upon their prices relative to that of scrap and upon particular end-product-related requirements for material containing smaller amounts of undesirable elements than does scrap.

[44] The goals of secondary steelmaking include controlling gases (e.g., decreasing the concentration of oxygen, hydrogen, and nitrogen, called "degassing"), reducing sulfur, removing undesirable nonmetallic inclusions such as oxides and sulfides, changing the composition and/or shape of oxides and sulfides that cannot be completely removed, and improving the mechanical properties of the finished steel. American Iron and Steel Institute, "Secondary Refining," found at http://www.steel.org/~/media/Files/AISI/Making%20Steel/Article%20Files/learning_2ndrefining.pdf, retrieved September 3, 2013.

adding alloying elements or by lowering the carbon content (decarburization), or adjusting the temperature of the steel for optimum casting. While carbon content may be reduced further by subsequent hydrogen annealing of the coiled steel, the steel's essential characteristics are established prior to the casting stage. Steelmakers continually seek process improvements and two such improvements include the Conarc® and Corex® technologies. The Conarc® process combines features of both the integrated and EAF processes in a single production unit, i.e. a steelmaking furnace where oxygen is injected into the liquid metal to react with dissolved carbon and other impurities and the electric furnace process which uses electricity to melt the solid substances and superheat the bath to tapping temperature.[45] Corex® technology allows integrated mills to smelt iron ore using mostly coal instead of expensive coke.[46]

Slab casting stage

Following the production of molten steel with the desired properties, the steel is cast into a form that can enter the rolling process. Continuous casters convert molten steel into slabs for rolling into finished product and the vast majority of carbon sheet steels produced in the United States are continuously cast.[47] There are two broad categories of continuous casting used by most U.S. and foreign integrated producers of hot-rolled steel products: conventional or thick-slab continuous casters and thin-slab casters. Most U.S. integrated producers use the conventional process, whereas most of the nonintegrated facilities use thin- or thinner-slab casting processes. Thin slab casting eliminates the need for a reheat furnace. Additional differences between thin-slab casting and conventional continuous-strand slab casting include the shape of the casting mold, the desired thickness of the slab, and the linkage of steel casting with direct hot rolling.

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[45] SMS Siemag AG, "Steelmaking: Conarc®," found at http://www.sms-siemag.com/en/1520.html, retrieved September 13, 2013.

[46] Siemans AG, "Profitable and environmentally friendly ironmaking," found at http://www.industry.siemens.com/verticals/metals-industry/en/metals/ironmaking/corex/pages/home.aspx , retrieved September 13, 2013.

[47] Continuous slab casting bypasses several steps of the conventional ingot casting process by casting steel directly into semifinished shapes, called slabs, in the desired cross-sectional dimensions. The many benefits derived from this quicker casting method include increased yield, improved product quality, and decreased energy consumption. American Iron and Steel Institute, "Continuous Casting of Steel: Basic Principles," found at http://www.steel.org/Making%20Steel/How%20Its%20Made/Processes/Processes%20Info/Continuous%20Casting%20of%20Steel%20-%20Basic%20Principles.aspx, retrieved September 3, 2013. All or virtually all of the crude steel produced by most of the subject countries is continuously cast with the exceptions of India and Ukraine which use ingot casting for 29.4 and 45.9 percent of its crude steel (both carbon and alloy) production, respectively. World Steel Association, *Steel Statistical Yearbook 2012*, tables 3 and 4.

Rolling stage

Hot-rolled carbon steel flat products are produced on hot-strip mills. Essential components of a hot-strip mill are a rolling mill, a run-out table for cooling the hot-rolled strip after rolling, and equipment to coil the strip. Depending upon the planned capacity of the operation, the thickness of the slabs entering the mill, and properties of the hot-rolled coil to be produced, there are many different configurations of hot-strip mills. When rolling from a thick slab, as described above, there is normally a slab heating furnace, a roughing train consisting of several rolling stands (sets of rollers), typically four to five, that reduce the slab or a single reversing stand in which the slab is passed back and forth through the stand and a finishing train with an additional four to seven stands to further reduce the thickness and impart the desired surface finish to the steel. The steel then exits the finishing train onto a runout table where the product is subjected to a combination of water sprays, laminar jets, and/or air cooling to remove mill scale and reduce the temperature of the steel. The steel is then coiled at the end of the runout table. Hot-rolled steel destined for the sheet market can be either shipped as black band, or cleaned in an acid bath and sold as pickled band. These products are used in non-critical surface applications such as automotive frames and wheels, construction products, pipe, off-highway equipment, and guardrails.

"Thin" slabs are typically 2 to 3 inches in thickness, and are transferred directly from the casting operation to the rolling mill. Because thin slabs require fewer rolling passes than thick slabs, the roughing mill may be not be required and the finishing train may be a single, reversing mill rather than a series of in-line mills as described above. The reversing mill could be of the "Steckel" type, which coils the strip between passes in special furnaces on each side of the mill, to reduce heat loss.

Nucor has built two twin-roll strip casting facilities that cast a solid strip approximately 2 mm thick directly from a pool of molten steel established between two counter-rotating rolls. The strip is fed directly into a single hot-rolling mill for reduction to final thickness and then along a cooling table to a coiler. The first of these new facilities started up in 2002 and the second, more advanced unit, started up in 2009.[48] Advantages claimed for the twin-roll strip casting process in comparison to conventional thick-slab or thin-slab processing include the capability to economically produce hot-rolled steel 1 to 2 mm in thickness, which can be used in some applications as a substitute for more expensive cold-rolled steel. In addition, a steel plant

[48] In 1988, BHP Steel of Australia and Ishikawajima-Harima Heavy Industries ("IHI") of Japan began a collaborative effort to determine the commercial feasibility of twin-roll strip casting of steel. BHP and IHI needed a partner with the ability to commercialize the process (trademarked as "Castrip") and in 2000 Nucor Corp. joined BHP and IHI to form Castrip LLC. Castrip LLC owns the technology and Nucor has the exclusive license to the process in the United States. For more information on the Castrip® process, see Castrip LLC's website, found at www.castrip.com.

incorporating the twin-roll strip casting practice may be built at a much lower capital cost, with a lower economic capacity, than a conventional hot-rolling plant.[49]

Subsequent operations

Hot-rolled steel may undergo a number of subsequent processes before being used internally by a steel producer or sold. Processing subsequent to hot-rolling may include a temper pass to improve surface finish, gauge tolerance, and coil tightness; pickling and light oil coating;[50] and operations that level, slit, or shear hot-strip mill products to width or length. If the hot-rolled product is designated for cold-reduction and coating, it is first pickled in a series of acid baths, to remove surface oxides that result from exposure to water and the atmosphere. The steel is then treated with an oil that is compatible with the mill's cold-reduction mill, cold-reduced,[51] annealed, and temper passed. It might then be coated with a metallic coating.[52] Pickling, oiling, tempering, leveling, slitting, or shearing can take place at the mill; alternatively, a mill can arrange for these operations to be performed at a service center.

Steel service centers serve as distributors of flat-rolled steel products. Many service centers maintain extensive inventories of a variety of steel products, providing availability and inventory management services for customers of all sizes, including those with smaller purchasing needs that must place low-volume orders. Some service centers perform value-added processing, such as uncoiling, flattening, and cutting flat-rolled products to length or burning hundreds of intricate parts from a single sheet.

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[49] Castrip LLC, "The Castrip® Advantage," found at http://www.castrip.com./Advantage/advantage.html accessed September 3, 2013.

[50] During the hot-rolling process, exposure to water and air results in the formation of oxides on the surface of the steel. Pickling involves passing the hot-rolled product through a series of acid baths to remove the oxides. The material is then dried and oiled to prevent reformation of oxides, and recoiled.

[51] Cold-reduction rolling involves a fairly large reduction in the thickness of the hot-rolled material, typically ranging from 25 to 90 percent. The term "cold-rolling" refers to any process in which the product is fed into a rolling mill at ambient temperature. Cold-rolling can be performed for a variety of reasons, including a desired reduction in product thickness, a need to impart specific mechanical properties, or to impart a specific surface texture. A cold-rolling mill typically has five to seven roll stands.

[52] Flat-rolled steel products are coated with metals or nonmetallic substances to improve their aesthetics, improve corrosion resistance, and anticipate the requirements of downstream forming operations.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission defined the domestic like product as all hot-rolled steel products corresponding to Commerce's scope and it defined the domestic industry as all domestic producers of hot-rolled steel.[53] In the first reviews, the Commission continued to define a single domestic like product coextensive with Commerce's scope.[54] In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[55] The domestic interested parties indicated in their response that they do not object to the Commission's like product and domestic industry definitions.[56] Taiwan respondent interested parties took no position in the adequacy phase, while Shang Chen Steel Co. Ltd ("Shang Chen") agreed with the Commission's like product and domestic industry definitions.[57] Thai respondent interested party Sahaviriya Steel indicated in its response that it agreed with the Commission's definitions, but may revisit the issue at a later stage of the proceeding.[58] No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires. No other interested party provided further comment on the domestic like product.

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, 21 firms supplied the Commission with information on their U.S. operations with respect to hot-rolled steel. These firms accounted for more than

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[53] *Hot-Rolled Steel Products From Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, August 2001, p. 6; *Hot-Rolled Steel Products From China, India, Indonesia, Kazakhstan, The Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-405-408 (Final) and Investigations Nos. 731-TA-899-904 and 906-908 (Final)*, USITC Publication 3468, November 2001, p. 3.

[54] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007, p. 8.

[55] *Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine; Institution of Five-Year Reviews Concerning the Countervailing Duty Orders on Hot- Rolled Steel Products From India, Indonesia, and Thailand and Antidumping Duty Orders on Hot- Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine*, 77 FR 66078, November 1, 2012.

[56] Domestic interested parties' response to notice of institution, p. 28. See also, ArcelorMittal USA's prehearing brief, p. 5 and SDI, Gallatin, and SSAB's prehearing brief, p. 2.

[57] Shang Chen's response to notice of institution, p. 18; China Steel's response, p. 8; Chung Hung's response, p. 6; Dragon Steel's response, p. 6

[58] Sahaviriya Steel's response, p.16. Sahaviriya Steel did not revisit the issue.

90 percent of U.S. production of hot-rolled steel in 2000.[59] In the Commission's first five-year reviews 16 mills, representing all commercial U.S. production of hot-rolled steel in 2006, provided the Commission with data on their hot-rolled steel operations.[60] [61] In these current proceedings, the Commission issued U.S. producers' questionnaires to 22 firms, 14 of which provided the Commission with information on their operations. These firms are believed to account for more than 95 percent of U.S. production of hot-rolled steel in January 2007-June 2013.[62] Table I-8 presents a list of the responding domestic producers and each company's position on continuation of the orders, production locations(s), parent company, and share of reported production of hot-rolled steel in 2012.[63]

[59] The 21 U.S. producers that supplied the Commission with usable questionnaire information during the original investigations are: AK Steel Corp. ("AK Steel"); Beta Steel Corp. ("Beta Steel"); Bethlehem; California Steel Industries, Inc. ("CSI"); Gallatin; Geneva Steel Co.; IPSCO; Ispat/Inland, Inc.; Lone Star Steel Co.; LTV Steel Co., Inc.; National; Newport Steel Corp.; North Star BHP Steel L.L.C.; Nucor; Rouge Steel Co.; SDI; Tuscaloosa Steel Corp.; U.S. Steel; WCI Steel, Inc. ("WCI"); Weirton; and Wheeling-Pittsburgh Steel Corp. ("WPS").

[60] These 16 U.S. producers were AK Steel, Beta Steel, CSI, Duferco Farrell, Evraz Oregon Steel Mills, Gallatin, IPSCO, Lone Star, Mittal Steel USA, North Star Blue Scope Steel, Nucor, Severstal, SDI, U.S. Steel, WCI, and WPS.

[61] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007, p. I-38.

[62] Domestic production is understated as data for RG Steel ***. "RG Steel to idle its 3 plants; looking for a buyer," Reuters, March 25, 2012, found at http://www.reuters.com/article/2012/05/24/us-rgsteel-plants-idUKBRE84N1GI20120524.

Domestic interested parties' note that as much of the equipment has been disassembled or removed, it is virtually impossible for Sparrows Point to restart production. The facility in Wheeling, WV with its relatively new EAF equipment could be restarted with sufficient demand and the Warren, OH facility requires a large amount of capital investment in the blast furnace also reducing the likelihood of restarting that facility. Hearing transcript, pp. 83-84 (Longhi, Ferriola, and McCall).

[63] In addition, a proposed new steel mill, Big River Steel (Osceola, Arkansas), with a reported groundbreaking likely in first quarter of 2014, will have an annual capacity of 1.7 million tons and will produce hot-rolled, cold-rolled, galvanized grain- and non-grain oriented electrical steels, and substrate for pipe.

Table I-8
Hot-rolled steel: U.S. producers, positions on orders, U.S. production locations, parent company, and shares of 2012 reported U.S. production

Firm	Position on orders	U.S. production locations	Parent Company	Share of production (*percent*)
AK Steel	***	Ashland, KY Butler, PA Middletown, OH	AK Steel (U.S.)	***
ArcelorMittal	***	Burns Habor, IN Cleveland, OH East Chicago, IN Riverdale, IL	ArcelorMittal S.A. (Luxembourg)	***
CSI	***	Fontana, CA	***% JFE Steel (Japan) ***% Vale S.A. (Brazil)	***
EVRAZ	***	Portland, OR	Evraz Plc. (Luxembourg)	***
Gallatin	***	Ghent, KY	***% ArcelorMittalDofasco (Canada) ***% Gerdau North America (U.S.)	***
NLMK	***	Farrell, PA	Top Gun Investment Corp. II (U.S.)[1]	***
North Star	***	Delta, OH	***% NSS Ventures (U.S.) ***% BlueScope Steel (Australia)	***
Nucor	***	Blytheville, AR Trinity, AL Tuscaloosa, AL Crawfordsville, IN Huger, SC	Nucor (U.S.)	***
RG Steel	N/A	Sparrows Point, MD Warren, OH Wheeling, WV	RG Steel (U.S.)[2]	***
Severstal	***	Columbus, MS Dearborn, MI	Severstal U.S. Holdings (U.S.)[3]	***
SSAB	***	Muscatine, IA Axis, AL	SSAB AD (Sweden)	***
SDI	***	Butler, IN	Steel Dynamics (U.S.)	***
ThyssenKrupp	***	Calvert, AL	ThyssenKrupp (Germany)[4]	***
U.S. Steel	***	Fairfield, AL Granite City, IL Gary, IN Ecorse, MI Dravosburg, PA	U.S. Steel (U.S.)	***
Total				100.0

[1] Top Gun Investment Corp. II is a wholly owned by NLMK Overseas Holdings, which is in turn a wholly owned subsidiary of NLMK (Russia). "NLMK sold its share in Top Gun Investment Corp. II." AK&M, found at http://www.akm.ru/eng/news/2011/may/06/ns3542870.htm.
[2] Facilities in Wheeling, WV, Warren, OH and Sparrows Point, MD were acquired in March 2011 from Severstal by Renco Group to create RG Steel. Hot-rolled steel production at RG Wheeling ceased in 2009, while RG Sparrows Point and RG Warren ceased hot-rolled steel production in 2012 (as noted earlier, data for RG Steel ***). In May 2013, RG Steel declared Chapter 11 bankruptcy. "RG Steel Seeks Bankruptcy Protection, Plans to Sell Mills", Bloomberg, May 31, 2012, found at http://www.bloomberg.com/news/2012-05-31/wp-steel-venture-llc-files-for-bankruptcy-in-delaware.html.
[3] Severstal North America is a wholly-owned subsidiary of Russian-based OAO Severstal, found at http://www.severstalna.com/eng/about/corporate_profile/index.phtml.
[4] ThyssenKrupp Steel USA is a subsidiary of ThyssenKrupp Steel Americas, LLC, which is in turn a subsidiary of ThyssenKrupp A.G. (Germany), found at http://www.thyssenkrupp.com/en/standorte/detail.html&orga_id=170573.

Source: Compiled from data submitted in response to Commission questionnaires.

Several U.S. producers are related to foreign producers or U.S. importers of hot-rolled steel. ArcelorMittal is related to exporters of hot-rolled steel throughout the world (e.g., Belgium, Canada, France, Germany, and Spain). In addition, ArcelorMittal is related to several foreign producers of hot-rolled steel in subject and nonsubject countries, including ***. California Steel Industries is related to *** importer/exporter and foreign producer JFE Steel (Japan). Evraz is related to *** importer/exporters in Italy, Czech Republic, and South Africa and foreign producer Evraz Regina (Canada). Gallatin is related to foreign producer ArcelorMittal Dofasco (Canada). NLMK is related to *** importer/exporter and domestic producer NLMK Indiana (U.S.). North Star is related to *** importers/exporters Cargill Metals Supply Chain (U.S.) and BlueScope America (U.S.), as well as to foreign producers New Zealand Steel (New Zealand), BlueScope Steel (Australia), and BlueScope Steel Western Port Works (Australia). Nucor is related to *** importer/exporter Nucor Trading USA (U.S.). Severstal Dearborn and Severstal Columbus are related to foreign producer OAO Severstal (Russia). SSAB Americas is related to *** importers/exporters SSAB AB (Sweden), also a related foreign producer, and SSAB Inc. (U.S.). ThyssenKrupp is related to *** importers ThyssenKrupp Steel North America (U.S.), ThyssenKrupp Steel Services Trading (U.S.), and ThyssenKrupp Steel Europe (Germany), also a foreign producer. In addition, ThyssenKrupp is related to foreign producer Hoesch Hohenlimburg (Germany). U.S. Steel is related to *** importers/exporters USS-Posco Industries (U.S.), United Spiral Pipe (U.S.), and U.S. Steel Canada. In addition, U.S. Steel is related to foreign producers U.S. Steel Canada and U.S. Steel Kosice (Slovak Republic). As discussed in Part III, no domestic producers imported or purchased from importers subject merchandise.

Figure I-1 illustrates the changes in company/mill ownership that have occurred since the original investigations.

Figure I-1
Hot-rolled steel: Openings, closings, and consolidations of U.S. mills, 2000, 2007, and 2013

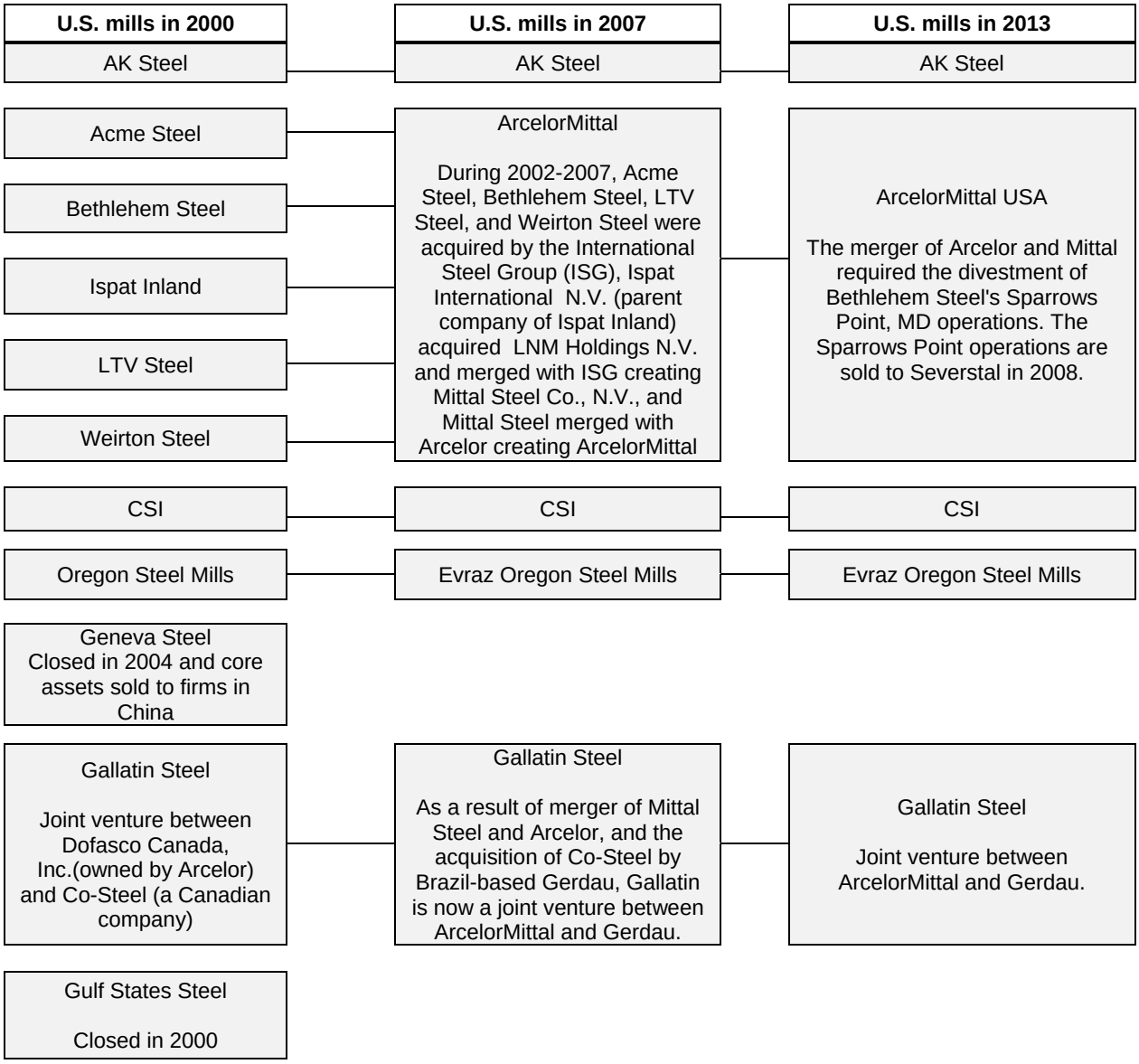
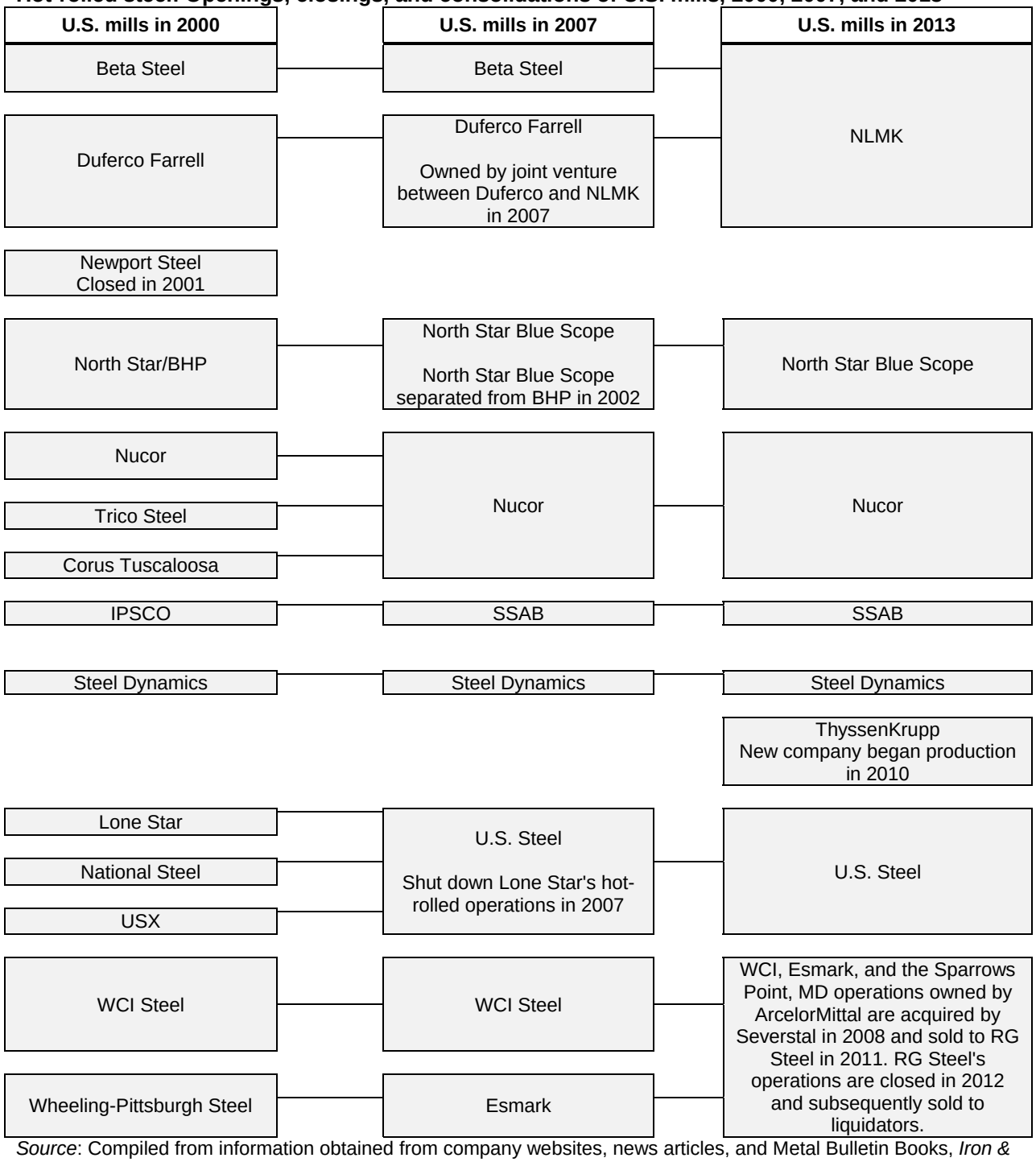


Figure continued on next page.

Figure I-1--*Continued*
Hot-rolled steel: Openings, closings, and consolidations of U.S. mills, 2000, 2007, and 2013



Source: Compiled from information obtained from company websites, news articles, and Metal Bulletin Books, *Iron & Steel Works of the World,* 14th edition, 2001.

U.S. importers

In the original investigations, 25 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of hot-rolled steel. Of the responding U.S. importers, two (Bethlehem and U.S. Steel), were themselves domestic producers; two others, ***, were sister companies to domestic producers; four were U.S. subsidiaries of foreign producers in Argentina, India, the Netherlands, and South Africa; and six others were related to foreign producers in Canada, Germany, Japan, and the United Kingdom.

In the Commission's first five-year review, 52 firms supplied usable import data. Of the responding U.S. importers, two (Duferco Farrell and Lone Star), were themselves domestic producers; six others, *** were related to domestic producers; four were U.S. subsidiaries of foreign producers in Kazakhstan, Romania, and South Africa.

In the current proceedings, the Commission issued U.S. importers' questionnaires to 78 firms believed to be importers of hot-rolled steel, as well as to all U.S. producers of hot-rolled steel. Usable questionnaire responses were received from 32 firms, accounting for approximately two-thirds of total U.S. imports during January 2007-June 2013. Table I-9 lists all responding U.S. importers of hot-rolled steel from subject countries and other sources, their locations, and their shares of reported U.S. imports in 2012.

Table I-9
Hot-rolled steel: U.S. importers, U.S. headquarters, parent company, source(s) of imports, and shares of imports in 2012

Firm	Headquarters	Parent	Source (s) of imports	Share of reported 2012 imports (percent)		
				Subject	Other	Total
Ahmsa International	San Antonio, TX	Altos Hornos De Mexico	***	***	***	***
ArcelorMittal Dofasco	Hamilton, ON	Arcelormittal (Luxembourg)	***	***	***	***
ArcelorMittal International	Chicago, IL	Arcelormittal (Luxembourg)	***	***	***	***
Cargill	Hopkins, MN	None	***	***	***	***
Commercial Metals	Irving, TX	None	***	***	***	***
Companhia Siderugica (CSN)	Terre Haute, IN	CSN (Brazil)	***	***	***	***
Coutinho & Ferrostaal	Houston, TX	Groupo Villacero (Mexico)	***	***	***	***
Essar Steel Algoma	Sault Ste. Marie, ON	Algoma Holding B.V. (Netherlands)	***	***	***	***
Evraz	Portland, OR	Evraz plc (Luxembourg)	***	***	***	***
Honda Trading America	Marysville, OH	Honda Trading (Japan) American Honda Motor (U.S.)	***	***	***	***
JFE Shoji Trade America	Long Beach, CA	JFE Shoji Trade (Japan)	***	***	***	***
Kloeckner Metals Corporation	Poswell, GA	Kloeckner & Co SE Group	***	***	***	***
Macsteel International USA	White Plains, NY	Macsteel International Trading	***	***	***	***
Marubeni - Itochu Steel America	New York, NY	Marubeni-Itochu Steel (Japan)	***	***	***	***
Metal One America	Rosemont, IL	Metal One Holding (U.S.)	***	***	***	***
Metallia USA	Fort Lee , NJ	None	***	***	***	***
Mitsui USA	New York, NY	Mitsui & Co. (Japan)	***	***	***	***
Nippon Steel Trading America	Chicago, IL	Nippon Steel Trading Co. (Japan)	***	***	***	***
Noble Americas	Stamford, CT	Noble Group (Hong Kong)	***	***	***	***
Nucor Trading USA	Los Angeles, CA	Nucor (U.S.)	***	***	***	***
Salzgitter Mannesmann	Houston, TX	Salzgitter Mannesmann International (Germany)	***	***	***	***
Samuel, Son & Co.	Mississuuga, ON	None	***	***	***	***
SSAB	Moon Twp, PA	SSAB (Sweden)	***	***	***	***
Stemcor Usa	New York, NY	Stemcor Holdings (U.K.)	***	***	***	***
Sunbelt Group	Houston, TX	Russel Metals (Canada)	***	***	***	***
Taisei International US	Huntington Beach, CA	None	***	***	***	***
Tata Steel International (Americas)	Schaumburg, IL	Tata Steel International (Americas) Holdings (U.S.)	***	***	***	***
Ternium International USA	Houston, TX	Ternium, S.A. (Luxembourg)	***	***	***	***
ThyssenKrupp Materials NA	Southfield, MI	Thyssenkrupp North America (U.S.)	***	***	***	***
Toyota Tsusho America	Georgetown, KY	Toyota Tsusho (Japan)	***	***	***	***
U.S. Steel	Pittsburgh, PA	None	***	***	***	***
USS-POSCO Industries	Pittsburg, CA	Pitcal/U.S. Steel (U.S.)Posco-California (U.S.)	***	***	***	***
Total				100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. purchasers

Purchaser questionnaires were issued to 65 purchasers.[64] Responses were received from 43 of these firms, 38 of which provided useable data. In addition, the Commission received a few purchaser questionnaires from firms that were not issued the questionnaire. These include some responses from domestic producers and importers.[65] These purchasers accounted for 10.8 million tons of steel purchased in the United States in 2012. The majority (86.2 percent) was purchased from domestic producers and 13.8 percent from nonsubject import sources. Although one purchaser indicated that it bought some hot-rolled steel from ***, this accounted for less than 0.1 percent of total reported purchases.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of hot-rolled steel during 2007-12, January-June 2012, and January-June 2013 are shown in table I-10 and figure I-2. Apparent U.S. consumption, by quantity, declined in 2008 and, more steeply, in 2009.[66] Apparent U.S. consumption increased in 2010, 2011, and 2012, but still was 4.1 percent lower in 2012 than in 2007. Apparent U.S. consumption by quantity was 3.3 percent lower in interim 2013 compared with interim 2012.

[64] In particular, four purchaser questionnaires were received from firms that are owned by ***. ***.

[65] Eleven of the responding purchasers identified themselves as processors/service centers, 6 as tubular products producers, 5 as distributors, 5 as auto manufacturers, 2 as machinery and equipment producers, 2 as construction equipment producers, 2 as consumer and household goods producers, and 11 as "other" purchasers.

[66] Domestic interested parties noted that following the economic crisis in late 2008, consumption declined in 2009 to a 15-year low. Hearing transcript, p. 60 (Mull).

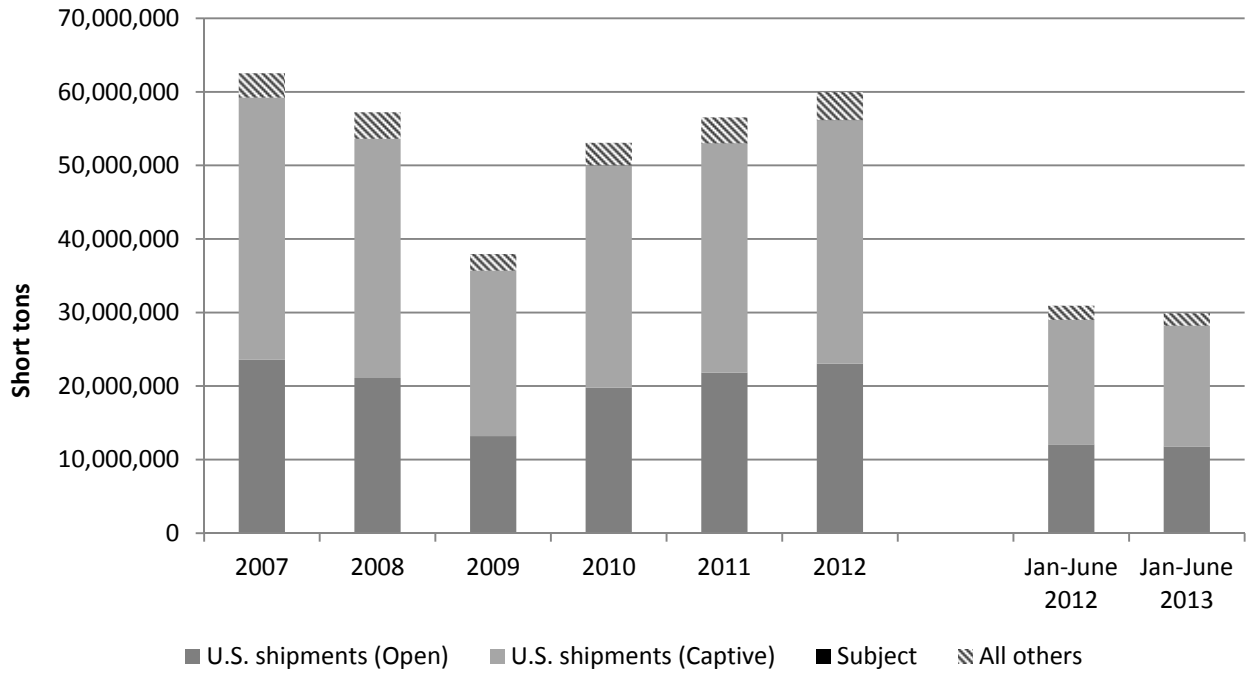
Table I-10
Hot-rolled steel: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2007-12, January-June 2012, and January-June 2013

	Calendar Year						January-June	
Item	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
U.S. producers' open market shipments	23,565,143	21,099,573	13,197,735	19,786,108	21,843,481	23,050,999	12,062,344	11,782,752
U.S. producers' captive U.S. market shipments	35,635,784	32,505,415	22,494,257	30,251,668	31,161,081	33,109,289	16,924,363	16,426,866
Subtotal, U.S. producers' shipments	59,200,927	53,604,988	35,691,992	50,037,776	53,004,562	56,160,288	28,986,707	28,209,618
U.S. imports from--								
China	1,093	247	159	1,631	541	2,419	1,763	1,481
India	17,665	185	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0	0	0
Taiwan	241	655	95	45	2,483	560	492	26
Thailand	2,171	5,632	0	0	0	0	0	0
Ukraine	0	19	0	0	0	806	0	0
Subtotal, subject	21,169	6,739	254	1,676	3,024	3,784	2,256	1,507
All other sources	3,327,507	3,618,209	2,273,854	3,035,620	3,535,471	3,806,535	1,947,026	1,688,597
Total imports	3,348,676	3,624,948	2,274,108	3,037,296	3,538,495	3,810,320	1,949,281	1,690,104
Open market U.S. consumption	26,913,819	24,724,521	15,471,843	22,823,404	25,381,976	26,861,319	14,011,625	13,472,856
Apparent U.S. consumption	62,549,603	57,229,936	37,966,100	53,075,072	56,543,057	59,970,608	30,935,988	29,899,722
	Value (*$1,000*)							
U.S. producers' open market shipments	12,961,021	16,555,589	6,949,810	11,905,660	15,651,177	15,396,698	8,441,332	7,326,018
U.S. producers' captive U.S. market shipments	19,534,051	24,656,305	11,874,943	18,294,696	21,810,016	21,883,052	11,777,898	10,163,176
Subtotal, U.S. producers' shipments	32,495,072	41,211,894	18,824,753	30,200,356	37,461,193	37,279,750	20,219,230	17,489,194
U.S. imports from--								
China	732	222	172	1,469	649	3,027	2,040	1,683
India	10,464	291	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0	0	0
Taiwan	142	484	101	39	1,976	414	358	19
Thailand	1,075	4,685	0	0	0	0	0	0
Ukraine	0	44	0	0	0	624	0	0
Subtotal, subject	12,413	5,726	274	1,508	2,625	4,064	2,398	1,702
All other sources	1,819,256	2,880,457	1,215,906	1,867,911	2,578,646	2,598,160	1,372,570	1,145,933
Total imports	1,831,669	2,886,183	1,216,179	1,869,419	2,581,271	2,602,224	1,374,968	1,147,635
Open market U.S. consumption	14,792,690	19,441,772	8,165,989	13,775,079	18,232,448	17,998,922	9,816,300	8,473,653
Apparent U.S. consumption	34,326,741	44,098,077	20,040,932	32,069,775	40,042,464	39,881,974	21,594,198	18,636,829

Note.--Staff adjusted imports from India to reflect non-hot-rolled steel imports. *** which ***.

Source: Compiled from data submitted in response to Commission questionnaires and adjusted Commerce statistics.

Figure I-2
Hot-rolled steel: Apparent U.S. consumption, by sources, 2007-12, January-June 2012, and January-June 2013



Source: Compiled from data submitted in response to Commission questionnaires and adjusted Commerce statistics.

U.S. MARKET SHARES

Total U.S. market share data are presented in table I-11, while table I-12 presents open-market consumption and market shares. The share of apparent U.S. consumption held by U.S. producers fluctuated during 2007-12, ending slightly lower overall. Domestic producers accounted for between 85.3 and 87.6 percent of open-market consumption, by quantity and between 93.7 and 94.6 percent of total consumption, by quantity during 2007-12, January-June 2012, and January-June 2013. U.S. imports of hot-rolled steel from subject countries accounted for less than 0.1 percent of open-market consumption and 0.1 percent of total apparent U.S. consumption during 2007-12, January-June 2012, and January-June 2013.

Table I-11
Hot-rolled steel: Total U.S. consumption and market shares, 2007-12, January-June 2012, and January-June 2013

Item	Calendar Year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
Apparent U.S. consumption	62,549,603	57,229,936	37,966,100	53,075,072	56,543,057	59,970,608	30,935,988	29,899,722
	Value (*$1,000*)							
Apparent U.S. consumption	34,326,741	44,098,077	20,040,932	32,069,775	40,042,464	39,881,974	21,594,198	18,636,829
	Share of quantity (*percent*)							
U.S. producers' shipments	94.6	93.7	94.0	94.3	93.7	93.6	93.7	94.3
U.S. imports from--								
China	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
India	(1)	(1)	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Thailand	(1)	(1)	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	(1)	0.0	0.0	0.0	(1)	0.0	0.0
Subtotal, subject	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
All other sources	5.3	6.3	6.0	5.7	6.3	6.3	6.3	5.6
Total imports	4.3	5.3	5.0	4.7	5.3	5.3	5.3	4.6
	Share of value (*percent*)							
U.S. producers' shipments	94.7	93.5	93.9	94.2	93.6	93.5	93.6	93.8
U.S. imports from--								
China	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
India	(1)	(1)	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Thailand	(1)	(1)	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	(1)	0.0	0.0	0.0	(1)	0.0	0.0
Subtotal, subject	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
All other sources	5.3	6.5	6.1	5.8	6.4	6.5	6.4	6.1
Total imports	4.3	5.5	5.1	4.8	5.4	5.5	5.4	5.1

[1] Less than 0.05 percent.

Note.--Staff adjusted imports from India to reflect non-hot-rolled steel imports. *** which ***.

Source: Compiled from data submitted in response to Commission questionnaires and adjusted Commerce statistics.

Table I-12
Hot-rolled steel: Open-market U.S. consumption and market shares, 2007-12, January-June 2012, and January-June 2013

Item	Calendar Year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
Open market apparent U.S. consumption	26,913,819	24,724,521	15,471,843	22,823,404	25,381,976	26,861,319	14,011,625	13,472,856
	Value (*$1,000*)							
Open market apparent U.S. consumption	14,792,690	19,441,772	8,165,989	13,775,079	18,232,448	17,998,922	9,816,300	8,473,653
	Share of quantity (*percent*)							
U.S. producers' shipments	87.6	85.3	85.3	86.7	86.1	85.8	86.1	87.5
U.S. imports from--								
China	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
India	0.1	(1)	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Thailand	(1)	(1)	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	(1)	0.0	0.0	0.0	(1)	0.0	0.0
Subtotal, subject	0.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)
All other sources	12.4	14.6	14.7	13.3	13.9	14.2	13.9	12.5
Total imports	12.4	14.7	14.7	13.3	13.9	14.2	13.9	12.5
	Share of value (*percent*)							
U.S. producers' shipments	87.6	85.2	85.1	86.4	85.8	85.5	86.0	86.5
U.S. imports from--								
China	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
India	0.1	(1)	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Thailand	(1)	(1)	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	(1)	0.0	0.0	0.0	(1)	0.0	0.0
Subtotal, subject	0.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)
All other sources	12.3	14.8	14.9	13.6	14.1	14.4	14.0	13.5
Total imports	12.4	14.8	14.9	13.6	14.2	14.5	14.0	13.5

[1] Less than 0.05 percent.

Note.--Staff adjusted imports from India to reflect non-hot-rolled steel imports. *** which ***.

Source: Compiled from data submitted in response to Commission questionnaires.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

Hot-rolled steel is an input used in a variety of end-use goods including downstream steel products (e.g., cold-rolled and corrosion-resistant steel), pipes and tubes, construction materials, autos, and appliances. Since 2007, the hot-rolled steel market has been affected by the continuing growth of China as a producer and consumer of hot-rolled steel, the economic downturn and gradual recovery in the United States and abroad, and fluctuating availability and pricing of raw material inputs.

Channels of distribution

The majority (between 55.0 and 58.5 percent during 2007-12) of domestically produced hot-rolled steel is used internally by U.S. producers for the production of cold-rolled steel, coated steel, and welded pipe. Commercial shipments within the United States accounted for more than one-third of U.S. producers' hot-rolled steel shipments (35.9 to 40.5 percent during 2007-12). The remainder was transferred to related firms or exported.

Hot-rolled steel is shipped to distributors, processors, and service centers; pipe and tube producers; and other end users/manufacturers, including automobile assemblers and suppliers. As presented in table II-1, between 42.5 and 50.4 percent of U.S. shipments were sold to "end users other than tube product manufacturers," 37.9 to 45.4 percent of sales are to service centers/distributors, and the remaining 10.8 to 16.9 percent were sold to tubular product manufacturers. Sales of subject imports were infrequent; data for China, India, and Thailand were reported only in one year, for Taiwan and Ukraine only in three reporting periods, and no data were reported for Indonesia. All sales of hot-rolled steel from Ukraine and most sales of hot-rolled steel from Taiwan and nonsubject countries were sold to distributors.

Table II-1
Hot-rolled steel: U.S. producers' and U.S. importers' U.S. shipments by sources and channels of distribution, 2007-12, and January-June 2013

Item	2007	2008	2009	2010	2011	2012	Jan.-June 2013
	Share of U.S. shipments (*percent*)						
U.S. producers' U.S. shipments of hot-rolled steel to:							
Distributors/service centers	45.4	42.3	38.8	39.1	39.3	39.0	37.9
Tubular products manufacturers	11.4	15.2	10.8	13.7	15.3	15.6	16.9
Other end users	43.2	42.5	50.4	47.2	45.4	45.4	45.2
U.S. importers' U.S. shipments of hot-rolled steel from China to:							
Distributors/service centers	--	--	--	--	***	--	--
Tubular products manufacturers	--	--	--	--	***	--	--
Other end users	--	--	--	--	***	--	--
U.S. importers' U.S. shipments of hot-rolled steel from India to:							
Distributors/service centers	***	--	--	--	--	--	--
Tubular products manufacturers	***	--	--	--	--	--	--
Other end users	***	--	--	--	--	--	--
U.S. importers' U.S. shipments of hot-rolled steel from Taiwan to:							
Distributors/service centers	--	--	--	--	***	***	***
Tubular products manufacturers	--	--	--	--	***	***	***
Other end users	--	--	--	--	***	***	***
U.S. importers' U.S. shipments of hot-rolled steel from Thailand to:							
Distributors/service centers	***	--	--	--	--	--	--
Tubular products manufacturers	***	--	--	--	--	--	--
Other end users	***	--	--	--	--	--	--
U.S. importers' U.S. shipments of hot-rolled steel from Ukraine to:							
Distributors/service centers	***	--	--	--	***	***	--
Tubular products manufacturers	***	--	--	--	***	***	--
Other end users	***	--	--	--	***	***	--
U.S. importers' U.S. shipments of hot-rolled steel from all other countries to:							
Distributors/service centers	57.9	51.0	56.7	57.1	62.5	59.4	62.2
Tubular products manufacturers	21.2	29.5	29.6	23.8	16.9	14.9	13.3
Other end users	20.9	19.5	13.6	19.0	20.6	25.7	24.5

Note.--Numbers may not add to 100.0 because of rounding.

Source: Compiled from data submitted in response to Commission questionnaires.

Geographic distribution

Producers and importers were requested to provide information on the specific geographic market areas served by their firm. Table II-2 presents geographic market areas served by producers and importers. Seven U.S. producers supply hot-rolled steel nationally. In total, all 13 responding U.S. producers reported sales of hot-rolled steel in the Midwest, and 10 reported sales in all other regions in the contiguous United States, with the exception of the Pacific Coast, in which 9 producers reported selling hot-rolled steel. Although few importers reported shipments of hot-rolled steel from the subject countries to any regions; the majority of such shipments are concentrated in the Central Southwest and the Pacific Coast.

Table II-2
Hot-rolled steel: Geographic market areas in the United States served by U.S. producers and importers, by number of responding firms

Region	Northeast	Midwest	Southeast	Central Southwest	Mountains	Pacific Coast	Other[1]
U.S. producers	10	13	10	10	10	9	1
China	1	1	1	1	1	1	0
India	0	0	0	1	0	0	0
Indonesia	--	--	--	--	--	--	--
Taiwan	1	1	1	2	0	3	0
Thailand	0	0	0	0	0	1	0
Ukraine	0	0	0	2	0	0	0

[1] All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

Domestic producers of hot-rolled steel reported selling on average 38.5 percent of their commercial shipments within 100 miles of their production facility, 56.0 percent between 100 and 1,000 miles from the facility, and 5.5 percent more than 1,000 miles from the facility. Only one importer of subject product reported shipping distances, with the majority of its product being shipped within 100 miles of its point of importation or warehouse. Shipments by country and by distance are presented in table II-3.

Table II-3
Hot-rolled steel: Shipments by country and by distance reported by U.S. producers and importers[1]

Item	0 to 100 miles	101-1,000 miles	Over 1,000 miles
U.S. producers	38.5	56.0	5.5
Ukraine	***	***	***

[1] No data were reported for imports from China, India, Indonesia, Taiwan, and Thailand.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

Supply

Domestic production

Based on available information, staff believes that U.S. hot-rolled steel producers have the capability to respond to changes in demand with moderate changes in shipments of U.S.-produced hot-rolled steel to the U.S. market in the short term. Factors contributing to this degree of responsiveness of supply are a moderate level of excess capacity, little ability to use inventories, few alternative markets, and the ability to switch to and from producing other products on the same equipment and machinery.

Industry capacity

During 2007-09, U.S. producers' hot-rolled steel capacity decreased by 12.4 percent (from 80.4 million short tons to 70.4 million short tons), then increased by 6.3 percent by 2012 (74.8 million short tons). Part of this increase is due to ThyssenKrupp Steel USA's carbon steel plant which opened in 2010 in Alabama. Total hot-rolled steel production capacity was 37.5 million short tons in the first half of 2013, compared with 37.0 million short tons in the first half of 2012. U.S. producers' reported capacity utilization for hot-rolled steel decreased during 2007-09 as well, from 75.5 percent to 52.9 percent, reflecting, in part, depressed demand due to the 2008-09 economic downturn, but recovered to 76.2 percent by 2012. Capacity utilization was 76.1 percent in the first half of 2013, compared with 79.4 percent in the first half of 2012. This level of capacity utilization indicates that U.S. producers of hot-rolled steel have some available capacity with which they could increase production of hot-rolled steel in the short term in the event of a price change.

Producer inventory levels

U.S. producers reported making more than 99 percent of their sales on a made-to-order basis and that hot-rolled steel is held in inventory by service centers, so inventories held by producers are relatively small. U.S. producers' end-of-period inventories, as a share of U.S. producers' total shipments, ranged between 1.7 (2008) and 3.7 percent (2009) during 2007-12, and generally have been slightly less than 3 percent.[1] These relatively small levels of inventories suggest that U.S. producers may have some limited ability to use inventories to respond to price changes.

Alternative markets

All 11 responding domestic producers reported Canada and/or Mexico among their top export destinations. Additionally, one producer noted Chile as a top destination, whereas a

[1] As a share of commercial shipments, ending inventories ranged between 4.5 (2008) and 10.4 (2009) percent during 2007-12, and were between 7 and 8 percent in 2007 and 2010-12.

second producer reported South America in general as one of its main export destinations. Domestic producers' export shares (exports as a percentage of total shipments) were approximately 2.4 percent in 2007-08, increasing to around 3.0 percent in 2009-10, but then decreased to 1.4 percent by 2012. The export share was slightly higher in the first half of 2013 compared with the first half of 2012 (1.5 percent vs. 1.3 percent, respectively). During 2012, these exports totaled 822,525 short tons, approximately 56 percent of total exports in 2007. This indicates that domestic hot-rolled steel producers are somewhat constrained in their ability to shift shipments between the United States and other markets in response to price changes.

In their questionnaire responses, most U.S. producers reported that they find it difficult to shift product to markets outside of the United States. Although most of the 13 responding hot-rolled steel producers reported that they exported some hot-rolled steel, they generally indicated that it is difficult to shift from shipping domestically to exporting. High transportation costs, along with exchange rate concerns, competition with countries which are oversupplied, decreased overseas pricing and the resulting loss in profitability, and trade barriers such as tariffs and non-tariff barriers reportedly impede their ability to export. Domestic importers (e.g., trading companies) reported similar barriers, though *** also reported that lead times could play a factor in impeding U.S. exports of hot-rolled steel.

Production alternatives

Eight of 13 responding producers indicated that they were unable to switch production from hot-rolled steel to other products. Five reported being able to switch production (***). *** stated that it can switch between hot-rolled steel and cold-rolled or corrosion-resistant steel, and between *** with minimal time or monetary costs; the product mix is dictated by demand, pricing, profit margins and capacity utilization. *** also reported being able to switch to downstream products. *** could produce coil and plate in the place of hot-rolled steel, but *** noted that even though the switch would require little effort, it would not occur unless all of its facilities were running at full capacity and selective production was required.

Supply changes

A majority of responding producers (8 of 13) and importers (18 of 24) noted that U.S. supply conditions had not changed since 2007. However, two of the three responding foreign producers did report changes. Changes reported by more than one questionnaire respondent included: the opening of new mills by Severstal and ThyssenKrupp; the closing of the Sparrows Point, Maryland and Warren, Ohio facilities; increases in the cost of ocean freight; and changes in exchange rate, which have made sales to the U.S. market less competitive with other markets. Nineteen of 38 responding purchasers reported that supply conditions in the hot-rolled steel market had changed since 2007; most of these reported that U.S. production has increased.[2]

[2] In the Commission's most recent reviews concerning hot-rolled steel, several purchasers noted a tight supply of domestic steel during the recession. One purchaser indicated that at the bottom of the economic cycle, 19 of 28 U.S. blast furnaces were idled, and, though they started up again in 2009, steel

Supply constraints

Four of 12 responding producers indicated that they had refused, declined, or been unable to supply hot-rolled steel since January 2007.[3] Additionally, *** reported that they did not provide all of the hot-rolled steel a purchaser may have requested ahead of price increases or to build up the purchasers' inventories.[4] *** used controlled order entry in 2008 due to the spike in demand and *** operated beyond its production capacity during certain months of 2008 and still could not supply all its customers' requests. *** had a production shortage ***. *** did so because ***. Importer *** stated that "Domestic suppliers have had difficulty meeting demand periodically. There have been periods of significant missed deliveries (September 2009 - August 2010 as well as March - August 2012). Overall delivery performance has declined significantly since 2006. Additionally, mills have refused to supply certain widths of high strength steel without charging a premium for slit loss." Importer *** additionally noted that purchasers were offered restricted quantities in mid-2007.

Subject imports

Since 2007, U.S. imports have accounted for less than 7 percent of apparent U.S. consumption (and less than 15 percent of open market consumption) of hot-rolled steel. According to Customs data, less than one percent of total hot-rolled steel imports were accounted for by shipments from subject countries.[5] The Commission received foreign producer questionnaire responses from six producers.[6] Industry publications can provide some insight, however, into the supply from the other subject country hot-rolled steel industries.

China

The hot-rolled steel industry in China is by far the largest among the six subject countries. Capacity in China to produce hot-rolled steel increased by *** short tons between 2009 and 2012, from *** short tons to *** short tons (table II-4). Production of hot-rolled steel

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for the automotive sector was in tight supply while the "Cash for Clunkers" program was in effect. Other purchasers noted short supply earlier in the period, with one noting that it faced controlled order placement several times in 2005-08. One purchaser included a document which noted that the domestic industry was short on supply, with record-low inventories and limited import supply (which would contribute to increased prices in 2008). *Hot-Rolled Flat-rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Investigation Nos. 701-TA-384 and 731-TA-806-806 (Second Review)*, USITC Publication 4237, June 2011.

[3] This includes placing customers on allocation or "controlled order entry," declining to accept customers or renew existing customers, delivering less than the quantity promised, or failing to meet timely shipment commitments.

[4] For example, *** indicated that a purchaser may request an entire quarter's worth of that purchaser's hot-rolled steel requirements, which it could not supply. *** indicated it has not had to allocate shipment for reasons such as this since 2008.

[5] In fact, in 2009, during the economic recession, imports from subject countries totaled 254 short tons.

[6] Qualitative answers for foreign producer ***. As such, these responses will be counted as one response ***.

in China increased by *** in that time. Hot-rolled steel consumption in China also increased during that period, by *** short tons; its exports of hot-rolled steel increased by 5.8 million short tons. *** estimates that by 2015 China's production of hot-rolled steel will be *** short tons, while its consumption will be *** short tons.[7]

India

India has the second-largest hot-rolled steel industry among the subject countries. Its production capacity increased from *** short tons in 2009 to *** short tons in 2012. Its production also increased during that time, from *** short tons to *** short tons. India's home market apparent consumption of hot-rolled steel increased from *** short tons to *** short tons in 2009-12. *** estimates that in 2015 India's production of hot-rolled steel (*** short tons) will continue to be less than its consumption (*** short tons).[8]

The Commission received data from two producers of hot-rolled steel in India. These producers indicated that their capacity increased from *** short tons in 2007 to *** short tons in 2012, while their production increased from *** short tons to *** short tons over that period. *** of their shipments of hot-rolled steel were to ***.

Indonesia

Indonesia has the smallest hot-rolled steel industry among the subject countries. Its production capacity increased from *** short tons in 2009 to *** short tons in 2012. Its production decreased by *** percent during that time, however. *** estimates that by 2015 Indonesia's capacity will increase to *** short tons, it sproduction of hot-rolled steel will be *** short tons, and its consumption will be *** short tons.[9]

Taiwan

The hot-rolled steel industry in Taiwan increased its production capacity from *** short tons in 2009 to *** short tons in 2012. Its production also increased during that time, from *** short tons to *** short tons. Apparent gross consumption of hot-rolled sheet and coil plate in Taiwan increased from *** short tons in 2009 to *** short tons in 2012. *** estimates that by 2015, Taiwan's hot-rolled steel capacity will ***, production of hot-rolled steel will be *** short tons, while its consumption will be *** short tons.[10]

Based upon questionnaire responses of three firms which accounted for all hot-rolled steel production in Taiwan, capacity increased from *** short tons in 2007 to *** short tons in 2012. Over the same period, the industry in Taiwan's production increased irregularly, first decreasing from *** short tons in 2007 to *** short tons in 2009, then increasing to *** short tons in 2012. Since 2007, however, the industry in Taiwan has shifted from ***.

[7] Based upon data from ***.
[8] Based upon data from ***.
[9] Based upon data from ***.
[10] Based upon data from ***.

Table II-4
Hot-rolled steel: Subject country capacity, production, capacity utilization, consumption in its home market, world exports, U.S. imports, and top export markets, 2009, 2012, and forecasted 2015

Year	Production capacity (*thousand short tons*)	Production (*thousand short tons*)	Capacity utilization (*percent*)	Home market consumption (*thousand short tons*)	World exports[1] (*thousand short tons*)	U.S. imports[2] (*thousand short tons*)	Top export markets
China:							
2009	***	***	***	***	4,874	0.2	China's main export markets included Korea, India, Vietnam, and Thailand.
2012	***	***	***	***	10,684	2	
2015 (forecast)	***	***	***	***	--	--	
India:							
2009	***	***	***	***	508	0	India's main export markets included Belgium, the United Arab Emirates, and Spain.
2012	***	***	***	***	1,758	0	
2015 (forecast)	***	***	***	***	--	--	
Indonesia:							
2009	***	***	***	***	111	0	Indonesia's main export markets included Malaysia and Vietnam, along with Singapore, the Netherlands and Australia in 2007-09.
2012	***	***	***	***	19	0	
2015 (forecast)	***	***	***	***	--	--	
Taiwan:							
2009	***	***	***	***	2,933	0.1	Taiwan's main export markets included Japan, Vietnam, Korea, and Malaysia.
2012	***	***	***	***	3,393	0.6	
2015 (forecast)	***	***	***	***	--	--	
Thailand:							
2009	***	***	***	***	333	0	Thailand's main export markets included Saudi Arabia, India, Vietnam, and Indonesia.
2012	***	***	***	***	27	0	
2015 (forecast)	***	***	***	***	--	--	

Table continued on the next page.

Table II-4--*Continued*
Hot-rolled steel: Subject country capacity, production, capacity utilization, consumption in its home market, world exports, U.S. imports, and top export markets, 2009, 2012, and forecasted 2015

Year	Production capacity (*thousand short tons*)	Production (*thousand short tons*)	Capacity utilization (*percent*)	Home market consumption (*thousand short tons*)	World exports (*thousand short tons*)	U.S. imports[1] (*thousand short tons*)	Top export markets
Ukraine:							
2009	***	***	***	***	3,031	0	Ukraine's main export markets included Turkey, Russia, and Poland.
2012	***	***	***	***	3,022	0.8	
2015 (forecast)	***	***	***	***	--	--	

[1] Other export market export data are from Global Trade Atlas. China's world export figures include data for boron-containing hot-rolled steel.
[2] U.S. imports are from official Commerce statistics.

Source: ***, Department of Commerce, and Global Trade Atlas.

Thailand

The production capacity of the hot-rolled steel industry in Thailand increased from *** short tons in 2009 to *** short tons in 2010, and has maintained that capacity level. Its production also increased during that time, from *** short tons to *** short tons. Apparent gross consumption of hot-rolled sheet and coil plate in Thailand increased from *** short tons in 2009 to *** short tons in 2012 and is forecasted to increase to *** short tons in 2015. By 2015, *** estimates that Thailand's production of hot-rolled steel will be *** short tons, while its capacity is projected to remain at the *** short ton level but its consumption increases to *** short tons.

Two of the three hot-rolled steel producers in Thailand have shut down since 2007, and their production status is uncertain, although GJ Steel is reportedly currently operating at less than 50 percent capacity and that it might achieve 50 percent by end of 2013.[11] The third producer, ***, completed a Commission questionnaire. Based on its responses, its reported capacity decreased irregularly from *** short tons in 2007 to *** short tons in 2012 after having reached *** short tons in 2011. Its production increased from *** short tons in 2007 to *** short tons in 2012. The *** of its shipments are destined for ***.

Ukraine

The hot-rolled steel industry in Ukraine maintained a constant production capacity of *** short tons in 2009-12 and is expected to ***. Its production increased from *** short tons in 2009 to *** short tons in 2011 before decreasing to *** short tons in 2012. Production is expected to increase to *** short tons through 2015, according to ***. Apparent gross consumption of hot-rolled sheet and coil plate in Ukraine increased from *** short tons in 2009

[11] Hearing transcript, p. 231 (LaFrankie) and respondent interested party SSI's posthearing brief, exh. 1, p. 19.

before increasing to *** short tons in 2012. *** estimates that by 2015 Ukraine's consumption of hot-rolled steel will decrease *** short tons.[12]

Nonsubject imports

Nonsubject imports accounted for more than 99 percent of imports of hot-rolled steel in 2007-12, and 6.0 percent of apparent U.S. consumption (including captive consumption). Over that period, nonsubject imports' share of apparent U.S. consumption fluctuated between 5.3 and 6.3 percent, and was 5.6 percent in January-June 2013. The leading nonsubject sources for U.S. imports of hot-rolled steel were Canada, Korea, Australia, Mexico, the Netherlands, and, for 2012, Russia.

Demand

U.S. demand

Based on available information, hot-rolled steel purchasers are likely to respond to changes in the price of hot-rolled steel with relatively small changes in their purchases of hot-rolled steel. The main contributing factors to the low responsiveness of demand are the low cost share and the lack of commercially viable substitute products.

Demand determinants and end uses

U.S. demand for hot-rolled steel depends on the level of demand for downstream products using hot-rolled steel products. Some hot-rolled steel is sold to service centers which may further process it to customer specifications, while other hot-rolled steel is used in a diverse array of industries such as automobiles, auto parts, appliances, and construction either directly or via its downstream derivatives. Various importers, producers, and foreign producers reported the use of hot-rolled steel in construction and energy tubular products, construction equipment, automotive parts, and wind towers. In prior Commission investigations, other end use products noted by industry participants have included agricultural equipment, beam assemblies, brake components, boilers, bumpers, conduit, cranes, dishwashers, electrical housings, guard rails, hollow structural shapes, hydraulic tanks, industrial machinery, lawn mower decks, pilings, platforms, refrigerators, shelving racks, shipbuilding machinery, steel grating, tin mill products, torque converter covers, and washing machines.[13]

The majority of firms reported no changes in end uses, however 5 of 13 responding producers, 1 of 25 responding importers,[14] 7 of 33 responding purchasers, and 1 of 7 responding foreign producers reported that there have been changes in end uses since 2007. Producers reported demand changes including: reduced demand in coated material and new construction; greater demand for heavy product for oil field applications; and a market shift

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[12] Based upon data from ***.

[13] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Investigation Nos. 701-TA-384 and 731-TA-806-806 (Second Review)*, USITC Publication 4237, June 2011.

[14] The importer reporting demand changes reported that its mill's capacity has increased.

toward more customized, higher quality products. One importer noted that there has been a shift toward lighter hot-rolled steel. Purchasers reported demand changes resulting from the economic downturn, the redesign of products to use plastics, increased usage in solar panels and OCTG, and increased tonnage from vehicle sales (which has been offset by fewer component parts using hot-rolled steel). Foreign producers reporting demand changes noted selling higher-value products and focusing on exports to the Middle East, EU, and Africa.

In general, demand for hot-rolled steel is driven by the level of activity in the U.S. economy. Following a steep decline in 2008, the United States was recovering from the recent recession. U.S. GDP increased in each quarter beginning in July-September 2009, by rates between 0.1 and 4.1 percent with the exception of the first quarter of 2011 (figure II-1). *Blue Chip Economic Indicators* forecasts that real GDP will grow by *** percent for full-year 2013 (including *** percent in the third quarter and *** percent in the fourth quarter) and *** percent in 2014.[15]

As in the previous reviews regarding hot-rolled steel in 2010-11 demand for hot-rolled steel is influenced particularly by the automotive, construction, and energy sectors.[16] Producers reported that approximately twice as much of the hot-rolled steel they produce is sold into the automotive industry compared with the construction industry, though the majority of their sales are made to other sectors (primarily to service centers but also to various other sectors, such as pipe, energy, containters, appliances, and agriculture). Importers reported a higher proportion shipped to the construction industry than the automotive industry, but the majority of these shipments were made to distributors, as well as to other sectors.

Data from the American Iron and Steel Institute ("AISI") indicate a ratio similar to that reported by domestic producers for shipments destined for the automotive and construction sectors.[17] For shipments made in 2010 to industries which AISI members could track, 40.3 percent were shipped to the automotive sector, 21.7 to the construction sector, 17.4 percent to companies for conversion and processing (e.g., into pipes and tubes), and the remainder to container (11.4 percent), appliance (5.8 percent), and other sectors.[18]

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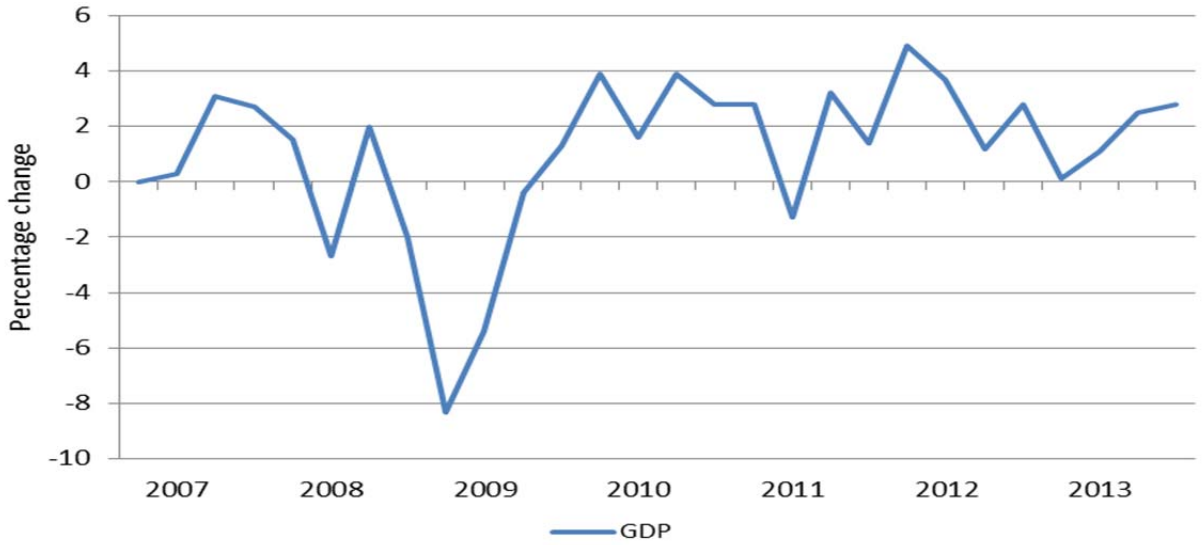
[15] *Blue Chip Economic Indicators*, October 7, 2013.

[16] See, e.g., hearing transcript, pp. 51 (Longhi) and 147-148 (Scherrbaum). *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Investigation Nos. 701-TA-384 and 731-TA-806-806 (Second Review)*, USITC Publication 4237, June 2011, pp. II-12-13.

[17] Domestic producers were also asked about the end-use industries which the hot-rolled steel they produce are ultimately destined for. Producer responses regarding the end-use application of the hot-rolled steel they manufacture varied greatly. Ten of 12 responding producers had commercial shipments destined for the automotive sector, with shares ranging between *** and *** percent; 11 producers had shipments destined for the construction sector, with shares ranging between *** and *** percent. The automotive sector was the largest end-use sector for the commercial shipments of ***. The construction sector was the largest end-use sector for the commercial shipments of ***. The pipe and tube/energy sector was the largest end-use sector for the commercial shipments of ***. Other specific end-use applications reported as separate shipment categories for producers included agricultural uses, appliances, equipment manufacturing, machinery, racking, storage tanks/cylinders, truck trailers, and wind towers.

[18] These shares are aggregations which include not only the direct uses of hot-rolled sheet and plates in coils, but also the downstream uses including hot-rolled and cold-rolled strip, cold-rolled sheets, black

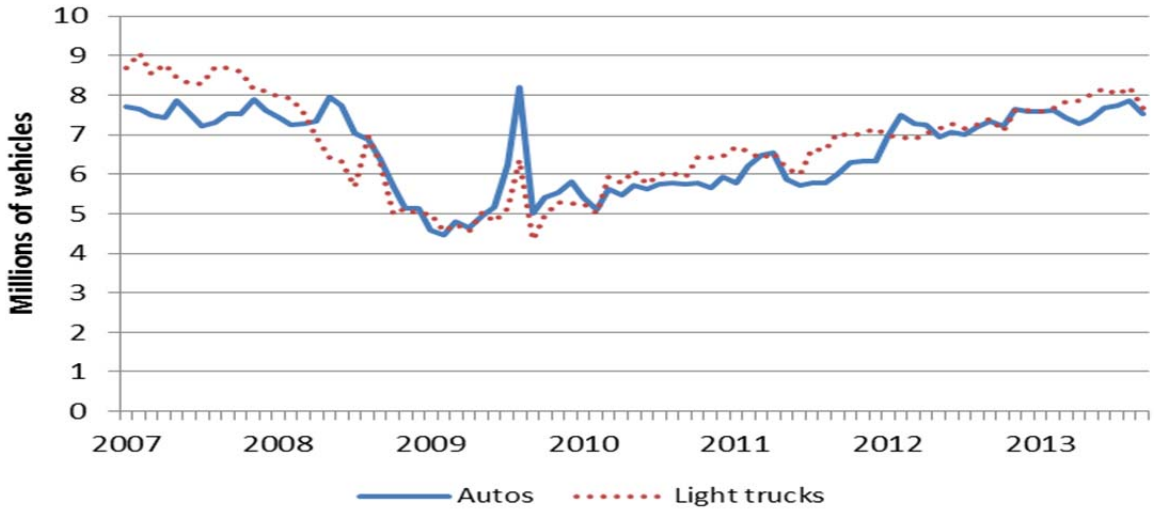
Figure II-1
GDP: Percent changes in real gross domestic product, seasonally adjusted on an annual basis, by quarters, January 2007-September 2013



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Auto and light truck sales declined in 2007 and 2008 (figure II-2). Sales have been generally increasing since early 2009, and they experienced a surge in July and August 2009 due to the "Cash for Clunkers" incentive program.

Figure II-2
U.S. automotive sales: Automobile and light truck retail sales, monthly, on a seasonally adjusted, annualized basis, January 2007-September 2013



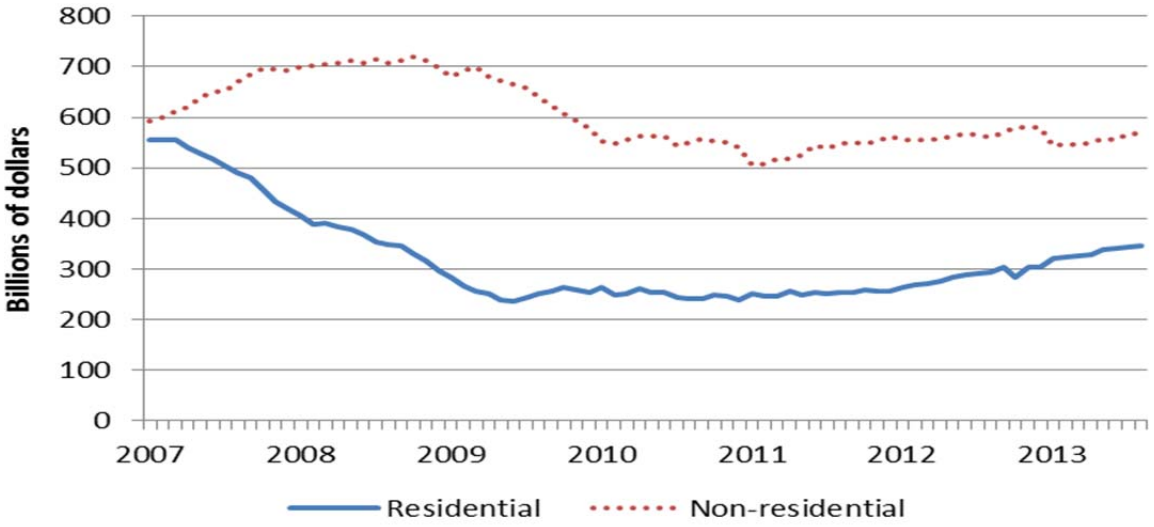
Source: Bureau of Economic Analysis, U.S. Department of Commerce.

plate, hot-dipped galvanized sheets, electrogalvanized sheets, sheets with other coatings, tin plate, tin-free steel, and tin coated sheets.

Residential construction spending decreased between 2007 and the middle of 2009, remained near that level until the beginning of 2012, and has increased gradually from that time (figure II-3). Non-residential construction spending increased until the start of 2009, then decreased until the start of 2011, and increased through the end of 2012. It has been increasing each month after a small decline in January 2013. Neither residential nor non-residential construction spending has fully recovered; spending levels in June 2013 were 39.2 and 8.1 percent below their respective January 2007 levels.

Figure II-3

U.S. construction spending: Residential and non-residential spending, monthly, on a seasonally adjusted, annualized basis, January 2007-August 2013



Source: U.S. Census Bureau.

Since hot-rolled steel is used to produce a variety of welded tubular products, demand for hot-rolled steel is driven partially by the demand for welded pipe in the construction and energy sectors. Shipments of welded pipe[19] decreased from *** short tons in 2007 to *** short tons in 2008 and *** short tons in 2009, before increasing to *** short tons in 2010 and *** short tons in 2011. In 2012, however, these shipments decreased by *** percent to *** short tons.

The Baker-Hughes rig count is another measure of pipe demand in the energy sector.[20] The number of rigs increased from 1,700 at the start of 2007 to over 2,000 in late 2008, decreased to under 1,000 in the first half of 2009, rose to over 2,000 at the end of 2011, and then returned to approximately 1,750 rigs throughout 2013.[21]

[19] Continuous and ERW pipe, as reported by Metal Bulletin Research.

[20] A greater number of rigs drilling for natural gas and/or oil will increase demand for OCTG; greater demand for welded casing and tubing will cause a related increase in the demand for hot-rolled steel.

[21] Baker-Hughes North America Rotary Rig Count, retrieved November 19, 2013.

Seasonality and business cycles

Industry participants generally agree that the hot-rolled steel industry experiences recurrent expansions and contractions. U.S. industry representatives have referred to the steel industry as being cyclical in nature. As noted above, demand for hot-rolled steel tends to follow the broad demand trends in the U.S. economy.

U.S. producers, importers, and purchasers were asked if the hot-rolled steel market was subject to business cycles or conditions of competition distinctive to the hot-rolled steel industry. Regarding business cycles, 8 of 14 responding producers and 16 of 24 responding importers reported "no." When asked what these business cycle determinants were, industry participants who reported that there were distinctive cycles noted those in the automotive, construction, and energy industries, as well as an "inventory cycle," as noted by one participant. The majority of producers (8 of 11) and importers (16 of 20) reported that hot-rolled steel was not subject to distinctive conditions of competition. Of the 34 responding purchasers, 14 reported "yes" to business cycles, while 8 of 28 reported "yes" to distinctive conditions of competition. Firms identified distinctive conditions of competition including: buildup of excess capacity, particularly in China; increased competition from U.S. producers and importers; changes in input costs as well as demand affect price; and price sensitivity to demand.

Producers, importers, and purchasers were also asked if business cycles or conditions of competition distinctive to the hot-rolled steel industry have changed since 2007. Three of 9 producers, 8 of 17 importers, and 11 of 21 purchasers identified changes in conditions of competition or business cycles since 2007. Changes reported included: increased volatility of pricing and demand; increased volatility in the price of inputs; decreased in U.S. capacity due to RG Steel's plant closures; and reduced demand due to the economic downturn.

Apparent consumption

Available data indicate that apparent U.S. consumption of hot-rolled steel decreased by 39.3 percent between 2007 and 2009 (from 62.5 million short tons to 38.0 million short tons), then increased through 2012 (to 60.0 million short tons - a 58.0 percent increase). Overall, apparent consumption was 4.0 percent lower in 2012 compared with 2007.

Demand perceptions

When asked how demand for hot-rolled steel has changed within the United States since January 2007, a majority of firms reported fluctuating demand (table II-5). Most responding U.S. producers (8 of 14)[22] reported that demand for hot-rolled steel had fluctuated since 2007, noting demand was relatively high in 2007 but declined with the economic

[22] One producer reported both that demand had fluctuated and demand had decreased.

downturn which started in 2008. Since 2010 there has been some recovery, although demand remains low in a number of sectors.[23] A majority of responding importers (14 of 26) and purchasers (25 of 37) also reported demand fluctuations as a result of the economic downturn and the relatively slow recovery.[24] Demand perceptions among foreign producers varied: two reported that U.S. demand has fluctuated, and one each reported demand increasing, fluctuating, and decreasing U.S. demand for hot-rolled steel.

Table II-5
Hot-rolled steel: U.S. producer, importer, and purchaser responses regarding demand since 2007 and anticipated demand through 2014 for hot-rolled steel in the United States.

Item	Number of firms reporting			
	Increase	No Change	Decrease	Fluctuate
Demand since 2007:				
U.S. producers	3	0	3	8
Importers	1	4	7	14
Foreign producers	2	1	1	3
Purchasers	0	4	8	25
Anticipated demand through 2014:				
U.S. producers	6	3	0	4
Importers	8	6	0	12
Foreign producers	7	0	0	0
Purchasers	12	5	1	17

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were also asked to describe how demand for their end-use products had changed since 2007. Most (17 of 27) reported that demand for the end-use products had fluctuated, five noted an increase, two noted a decrease, and three stated that it had not changed. A large majority of responding purchasers (23 of 27) noted that these changes had affected their demand for hot-rolled steel. The most common reason for changes in demand purchasers reported was the overall economy. Purchaser *** also noted that demand for lighter, more fuel-efficient cars which use less hot-rolled steel than full-size trucks will fluctuate inversely with the price of gas; however the recession also caused purchasers to shift to more fuel efficient vehicles, and it expects that this shift in vehicle types is permanent for many consumers.

When asked about anticipated changes in demand for hot-rolled steel in the United States, 5 of 11 responding producers,[25] 8 of 26 responding importers, 12 of 35 responding purchasers, and all 7 responding foreign producers responded that they anticipate increasing demand; 4 producers, 12 importers, and 17 purchasers anticipate fluctuating demand; and only

[23] Of the two producers reporting increased demand, one did not explain the reason why it believed so. The other reported that "demand has recovered but not yet to levels pre-GFC. Recovery in automotive, agriculture and general manufacturing drivers. Construction demand slow recovering."

[24] The one importer reporting increased demand reported that "construction demand is stable."

[25] One producer reported both that demand had fluctuated and demand had decreased.

one purchaser anticipates decreasing demand.[26] A large majority of responses indicated that general economic trends would be the reason for these anticipated changes.

Substitute products

Substitutes for hot-rolled steel are limited. Six of 11 responding U.S. producers, 5 of 23 responding importers, and 1 of 6 foreign producers listed one or more substitute products for hot-rolled steel. Substitutes which they listed include: other types of steel or downstream steel products (e.g., alloy, cold-rolled, galvanized/coated steel, merchant bar, steel studs and hot-rolled plate), and other types of materials (e.g., aluminum, composites, concrete, non-ferrous materials, and plastics). Thirteen of the 35 responding purchasers reported that there were substitutes for hot-rolled steel which included downstream products (e.g., seamless pipe), wood, stainless steel, and PVC in addition to those substitutes reported by the producers, importers, and foreign producers.

Substitution depends greatly upon the intended end use for the hot-rolled steel. End uses for which other steel products could be used included stamping, building components, pipe/tube, cut-to-length plate, automotive parts, electrical paneling, tanks, and household appliances. Other non-steel substitutes could be used in auto parts, water transmission, pipes, poles, signs, and wood-framed/concrete buildings.

U.S. producers, importers, purchasers, and foreign producers were asked if the price of substitutes affected the price of hot-rolled steel. Five of eight responding U.S. producers, all three responding importers, the only responding foreign producer, and 11 of 12 responding purchasers reported that the price of substitutes had no effect on the price of hot-rolled steel. Some firms delineated in which instances substitutes could influence price of hot-rolled steel: in auto parts, stainless steel/aluminum reduces weight but the high cost prohibits its use; plastics used for hydraulic tanks reduce both weight and cost; cold-rolled steel will become a substitute for hot-rolled steel as the price spread between the two shrinks; and, in general, prices of some plastics, aluminum and composite fiber materials will make them more attractive relative to hot-rolled steel.

None of the U.S. producers, importers, or foreign producers reported that there had been changes in substitutes for hot-rolled steel since 2007. Two purchasers reported changes in substitutes since 2007; one of these purchasers explained that customers have recently increased their interest in ultra high strength steel.

No producers or foreign producers reported expecting changes in substitutes for hot-rolled steel. Two importers and three purchasers reported that they expect changes in substitutes: two expect EPA mileage requirements will cause lighter weight substitutes to be developed and one was investigating the use of aluminum in some applications.[27]

[26] The one purchaser (***) expecting reduced demand in the future reported that CAFE standards to increase fuel economy will cause demand for hot-rolled steel to fall.

[27] The others responded that they expected only minor changes in substitutes.

Cost share

The cost share of final end-use products for which hot-rolled steel accounts depends upon the end use in which it is used. Producers, importers, and purchasers were asked to estimate the percentage of the total cost of the end product accounted for by the cost of the hot-rolled steel. Five producers, one importer, and 24 purchasers provided useable estimates of cost shares, which ranged from 1 percent of costs to over 90 percent of costs.[28] Products with 80 percent or more of the cost attributable to hot-rolled steel included the following (shares in percent): automotive stamping (91.3); hot band (90); web plates (90); cold-rolled sheet (86); tubular and pipe products (85, 81.5, 80); slit coil (84); blanks and sheets (83); galvanized products (82); body reinforcements (80); poles (80); power train components (80); and steel grating (80). Other products that purchasers listed in which the cost of hot-rolled steel was over half of the total cost include: pole piling (78); line pipe (75); structural tube (75); cold-rolled strip (73); base plates (70); vehicle frames/parts (70); stampings (65); tin mill products (63); and plate (60). Products for which hot-rolled steel was half or less of production cost included: auto shell/fuel tank plate (50); OCTG (50); hydraulic tanks (47); cab components (46); mower decks (45); steel tubing (44); auto frames/stampings/brackets (40); steel frame buildings (34); magnetrons (10); and dishwashers, refrigerators, and washing machines (1).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported hot-rolled steel depends upon such factors as relative prices, quality (e.g., formability, performance, surface quality, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that overall there is a moderate to high degree of substitutability between domestically produced hot-rolled steel and hot-rolled steel imported from the subject countries.

Purchaser characteristics

The Commission issued questionnaires to 65 purchasers. Responses were received from 43 of these firms, 38 of which provided useable data; unsolicited questionnaires[29] were also received.[30] Responding purchasers accounted for 10.8 million short tons of hot-rolled steel purchased in the United States in 2012. The majority of this steel (86.2 percent) was purchased from domestic producers while 13.8 percent was purchased from nonsubject import sources.

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[28] Purchaser responses were used in presenting cost share information, as their responses appeared more consistent and reasonable.

[29] In addition, the Commission received a few purchaser questionnaires from firms that were not issued the questionnaire. These include some responses from domestic producers and importers. In particular, four purchaser questionnaires were received from firms that are owned by ***. ***.

[30] Eleven of the responding purchasers identified themselves as processors/service centers, 8 as tubular products producers, 5 as distributors, 5 as auto manufacturers, 2 as machinery and equipment producers, 2 as construction equipment producers, 2 as consumer and household goods producers, and 10 as “other” purchasers.

Although one purchaser indicated that it bought some hot-rolled steel from ***, this accounted for less than 0.1 percent of total reported purchases.

Nineteen purchasers buy hot-rolled steel on a daily basis, six on a weekly basis, six on a monthly basis, one annually, and six on some other basis (typically "as-needed"). Only one purchaser (***) reported it expects to change its purchasing pattern in the near future. It reported that it preferred longer contracts but as demand increased recently it had to accept shorter contracts. Now, however, steel producers are willing to make contracts for up to two years long. Purchasers reported contacting between 1 and 14 suppliers before purchasing hot-rolled steel, but on average between 2 and 5 suppliers are contacted.

Knowledge of country sources

Purchasers were asked to indicate the countries of origin for which they have actual hot-rolled steel marketing/pricing knowledge. All 38 responding purchasers were familiar with U.S.-produced hot-rolled steel, 5 were familiar with product from China, 4 were familiar with product from India, 1 was familiar with product from Indonesia, 2 were familiar with product from Taiwan, 1 was familiar with product from Thailand, 1 was familiar with product from Ukraine, and 11 were familiar with hot-rolled steel from other countries including Brazil, Canada, Germany, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, and the UK.

Purchasers were also asked how frequently they and their customers made purchasing decisions based on the country of origin or the manufacturer of hot-rolled steel (table II-7). The majority of purchasers reported that they "sometimes" or "never" make purchase decisions based on country of origin and an even greater majority of their customers "sometimes" or "never" make hot-rolled steel purchasing decisions based on country of origin. Of the seven purchasers that reported that the country of origin is "always" important, and explained why, one stated that it does so to comply with "Buy American" policies, another noted a preference for U.S. hot-rolled steel, and a third stated that hot-rolled steel of U.S. origin is better for NAFTA duties. A fourth (***), reported that its hot-rolled steel purchases are sourced completely from ***. The fifth purchaser, ***, (along with ***, which reported that it "sometimes" bases its purchasing decisions on country of origin), stated that the geographical proximity to their manufacturing and assembly sites are very important. Ford stated that it purchases *** of its hot-rolled steel for its North American operations from the United States and Canada, since it cannot risk delivery delays which could ***.[31] The ability to meet just-in-time requirements, offer technical support on short notice, and have shorter supply chain lead times/transit times were among the reasons for this preference.

[31] Purchaser Ford's prehearing brief, pp. 1-2.

Table II-7
Hot-rolled steel: Purchaser responses to questions regarding the origin of their purchases

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes purchase decision based on country of origin	7	5	14	12
Purchaser makes purchase decision based on the manufacturer	14	9	8	7
Purchaser's customer makes purchase decision based on country of origin	0	5	19	10
Purchaser's customer makes purchase decision based on the manufacturer	0	5	13	16

Source: Compiled from data submitted in response to Commission questionnaires.

The manufacturer of the hot-rolled steel is reportedly more important to the purchaser than country of origin, with a majority of purchasers indicating that their decisions are "always" or "usually" based on the manufacturer. Quality, price, product mix, proximity, delivery performance, potential for claims, packaging, certifications/qualification, availability, and service were noted as reasons for making decisions based on the producer, though quality-related factors were the reasons most often noted by those purchasers.

A large majority of purchasers reported that their customers "sometimes" or "never" make a purchasing decision based on the manufacturer or country of origin of the hot-rolled steel that they buy. Twenty-one purchasers provided reasons why their customers make decisions based on the country of origin, however. Eleven of these purchasers noted specifically that their customers may require domestic product, either due to laws requiring domestic content, or to meet customer/job specifications or requirements; two others noted that some customers simply prefer domestic product.

Factors affecting purchasing decisions

Major factors in purchasing

Purchasers were asked to identify the three most important factors considered by their firm in deciding from which firm to buy hot-rolled steel (table II-8). Price was reported to be one of the top three factors reported by 32 of 36 of the responding purchasers, and quality was reported to be one of the top three factors reported by 30 firms. Quality was the most frequently cited most important factor (cited by 14 purchasers) followed by price (12 purchasers), quality and price were the most frequently reported second-most important factor (12 purchasers each), and delivery time/lead times/on-time delivery was the most frequently reported third-most important factor (9 purchasers).

Table II-8
Hot-rolled steel: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by number of reporting firms

Factor	First	Second	Third	Total
Price	12	12	8	32
Quality	14	12	4	30
Availability/production schedule	2	5	7	14
Delivery time/lead time/on-time delivery	0	4	9	13
Product line/range	3	1	3	7
Contract/traditional supplier/customer mandated supplier	3	1	1	5
Other[1]	2	1	4	7

[1] Other factors include: ability to meet technical requirements and API compliant and capable for the first factors; fixed price for the second factor; and agrees to the purchaser's customers' terms and conditions, consistency of product and delivery, capacity, and delivery performance/availability as the third factors.

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were asked how often they purchase the hot-rolled steel that is offered at the lowest price; of the 37 purchasers which responded, 18 firms indicated "usually," 10 firms indicated "sometimes," 6 firms indicated "always," 3 firms indicated "rarely," and 1 firm indicated "never."[32] Thirty-one purchasers listed reasons why they purchased higher-priced hot-rolled steel even though lower-priced hot-rolled steel was available. Reasons indicated by purchasers included: adherence to specifications, availability, "Buy American" purchasing requirements, coil dimensions, "the cost involved in changing manufacturing process caused by using a different supplier even if the product is the same," ***, delivery/reliability of supply, logistics/proximity, lead time, order quantity requirements, other products or technology offered by the supplier, quality, traditional supplier/contract/customer approval, and transportation costs.

Purchasing patterns

Purchasers were asked a number of questions about whether their purchasing patterns for hot-rolled steel from subject and nonsubject sources had changed since 2007 (table II-9). Most purchasers reported that they had not purchased product from subject countries. The purchasers that reported changes in their purchases of hot-rolled steel from subject countries reported that it had decreased. In contrast, most purchasers (21 of 36) reported purchasing from nonsubject countries, with nine of these reporting constant purchases and eight reporting fluctuating purchases.

[32] One of the 37 firms responding reported that it both "usually" and "sometimes" purchased the lowest priced product. The firm that reported that it "never" buys steel offered at the lowest price is ***.

Table II-9
Hot-rolled steel: Changes in purchase patterns from U.S., subject, and nonsubject countries, since 2007

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	1	2	7	17	11
China	36	0	0	0	0
India	34	2	0	0	0
Indonesia	36	0	0	0	0
Taiwan	35	1	0	0	0
Thailand	35	1	0	0	0
Ukraine	35	1	0	0	0
All other countries	15	1	3	9	8

Source: Compiled from data submitted in response to Commission questionnaires.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 20 factors when making their purchasing decisions (table II-10). The factors listed as "very important" by at least half of the responding firms were product consistency and reliability of supply (35 purchasers each); availability, price, quality meets industry standards, (34 each); delivery time (32); U.S. transportation costs (22); and technical support (19). Most purchasers reported that exchange rate fluctuations (28) and international transportation cost (23) were not important factors, and almost half (17) reported extension of credit was not important.

Table II-10
Hot-rolled steel: Importance of purchase factors, as reported by U.S. purchasers, by number of responding firms

Factor	Very important	Somewhat important	Not important
Availability	34	2	0
Contract with supplier	17	8	11
Delivery terms	16	20	0
Delivery time	32	4	0
Discounts offered	14	19	3
Exchange rate fluctuations	1	7	28
Extension of credit	9	10	17
International transportation costs	3	10	23
Minimum qty requirements	13	19	4
Packaging	8	21	7
Price	34	2	0
Product consistency	35	1	0
Proximity of supplier	15	18	3
Quality meets industry standards	34	2	0
Quality exceeds industry standards	13	17	6
Product range	11	22	3
Raw material price indexing	6	20	10
Reliability of supply	35	1	0
Technical support/service	19	16	1
U.S. transportation costs	22	14	0

Source: Compiled from data submitted in response to Commission questionnaires.

Factors determining quality

Purchasers were also asked to report whether seven distinct product characteristics of the hot-rolled steel they purchase were required. Also, if a characteristic was required, they were asked whether they would consider purchasing hot-rolled steel from the United States and the subject countries based on these characteristics. As shown in table II-11, all of responding purchasers found that hot-rolled steel from the United States tends to have each of these seven characteristics. In contrast, for China, India, Indonesia, and Thailand, approximately half of the purchasers reported that they would not purchase from these countries based on these factors. The only factors in which more than half the responding purchasers reported that they would purchase from these countries were on the basis of coil-to-coil and batch-to-batch consistency (China and India); surface quality (Thailand); tight gauge control (Thailand); and formability (Thailand). Purchasers more frequently reported that they would purchase from Ukraine than those that would not purchase from Ukraine based on surface quality, tight gauge control, cut edge, tight chemistry tolerances, and formability, but in all these cases only one more would purchase than would not. Most responding purchasers reported that they would purchase product from Taiwan, for all 7 factors, and in some cases twice as many reported that they would purchase for this factor than would decide not to purchase from Taiwan for this reason.

Table II-11
Hot-rolled steel: Information on certain quality factors required by U.S. purchasers, by factor and by source[1]

Quality factor is required?	Yes	If so, would you purchase from:													
		U.S.		China		India		Indonesia		Taiwan		Thailand		Ukraine	
		Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
Surface quality	27	28	0	8	9	7	8	6	7	11	4	7	5	6	5
Tight gauge control	30	30	0	8	9	7	8	7	6	10	5	7	6	7	6
Steel cleanliness	31	32	0	8	10	7	9	7	7	10	6	7	7	7	7
Coil-to-coil and batch-to-batch consistency	29	29	0	8	6	7	6	5	5	8	5	5	5	5	5
Cut-edge	21	22	0	7	7	6	6	5	6	9	5	5	6	6	5
Tight chemistry tolerances	24	25	0	7	8	6	7	5	6	9	5	5	6	6	5
Formability	29	29	0	8	9	7	8	6	7	11	5	6	7	7	6

[1] Purchasers were asked whether they require any of the listed product characteristics in the hot-rolled steel that they purchase and, if so, whether they would consider purchasing hot-rolled steel from the countries listed (taking into account that factor). Data in the table represent the number of purchasers for each factor.

Source: Compiled from data submitted in response to Commission questionnaires.

Three of the 37 responding purchasers reported that certain grades/types/sizes of hot-rolled steel were available from only one source (either domestic or foreign). *** stated that the availability of the specific grade/type/sized depends upon the specific end use. Purchaser *** reported that ***. Finally, purchaser *** listed several types of steel that are available only from one source, but did not indicate the source.

Supplier certification

Thirty of 38 responding purchasers reported they require their suppliers to become certified or pre-qualified for all the hot-rolled steel that they purchase.[33] Factors considered in certification or prequalification include: certification (ISO, ASTM, and or TS certification, conflict minerals certification); customer supplier specification; delivery/reliability of supply/ logistics; factors related to the producing firm (financials, service, safety record, repeatable production process, track record, adherence to published production schedules, relationship, technical support, performance and location); price; product range(demonstrate trials for each size/grade purchased); quality (chemical, mechanical and physical properties, meets quality specification, quality system certification, supply chain management); and trials of material from new suppliers (manufacturing trials, lab tests, stamping, welding, and paint trials). The time to qualify a new supplier ranged from one day to one year; most purchasers reported that it took three months or less to qualify a new supplier.[34]

Thirty-five of the 37 responding purchasers indicated that no domestic or foreign producer had failed in its attempts to certify or qualify hot-rolled steel nor had any producers lost their approved status since 2007. Of the two firms that reported that firms had failed to be certified or lost their certification, one reported ***. The other purchaser reported that qualification depended on the product and the end use.[35]

Lead times

Most U.S. producers and importers reported that the vast majority (and in many cases all) of their sales are produced to order rather than being sold from inventory. More than 99 percent of U.S. producers' sales were sold on a produced-to-order basis. The majority of U.S. producers making hot-rolled steel on a produced-to-order basis reported lead times of four to six weeks;[36] for those limited number of firms that reported sales from inventories, lead times ranged from 2 days to 2 weeks.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing hot-rolled steel produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked to provide a country-by-country comparison for 18 of the 20 factors for which they were asked to rate the importance, presented above in table II-10.[37]

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[33] One purchaser reported both that it required certification for 5 percent of its purchases as well as all its purchases it has been included as requiring certification for 100 percent of its purchases.

[34] Three purchasers that reported certification was not needed, nonetheless, reported time required for certification, all these required 2 months or less.

[35] One firm reported that no producers were disqualified but reported some qualify for only some grades and sizes.

[36] Lead times ranged between 2 and 8 weeks for 11 of the 12 responding producers. *** indicated that produced-to-order sales have a lead time of 120 days.

[37] They were not asked for responses for exchange rate fluctuations and international shipping costs.

When comparing the U.S. product to the Chinese product, most responding purchasers reported that the U.S. product was superior to the Chinese product for delivery time, proximity of the supplier, and reliability of supply (table II-12). Most responding purchasers reported that the U.S. and Chinese products were comparable with respect to minimum quantity requirements, packaging, product consistency, product range, and quality meets industry standards. For the 10 remaining factors, responses were mixed.

Table II-12
Hot-rolled steel: Purchasers' comparisons between U.S.-produced and imported product[1]

Factor	U.S. vs. China			U.S vs. India			U.S vs. Indonesia			U.S. vs. Taiwan		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	4	4	0	4	2	1	2	2	0	4	2	0
Contract with supplier	3	4	1	3	2	2	2	1	1	3	2	1
Delivery terms	4	1	3	3	1	3	2	0	2	4	0	2
Delivery time	6	0	3	5	0	3	3	0	2	4	1	2
Discounts offered	4	4	0	4	2	1	3	1	0	4	2	0
Extension of credit	4	3	1	4	2	1	3	0	1	4	1	1
Minimum quantity requirements	3	5	0	3	4	0	2	2	0	3	3	0
Packaging	3	5	0	3	4	0	1	2	0	2	4	0
Price[1]	2	4	2	2	3	2	2	1	1	2	4	0
Product consistency	3	5	1	3	3	1	2	2	0	3	3	0
Product range	3	5	1	3	3	1	2	2	0	3	3	0
Proximity of supplier	6	0	3	5	0	3	3	0	2	5	0	2
Quality meets industry standards	3	5	0	3	4	0	2	2	0	3	3	0
Quality exceeds industry standards	3	3	2	3	2	2	2	1	1	3	2	1
Raw material pricing index	4	3	1	4	2	1	3	0	1	4	1	1
Reliability of supply	5	1	2	4	1	2	2	0	2	4	0	2
Technical support/service	4	3	1	3	3	1	2	1	1	3	2	1
U.S. transportation costs	4	1	3	3	2	2	2	0	2	3	1	2

Table continued on next page.

Table II-12--*Continued*
Hot-rolled steel: Purchasers' comparisons between U.S.-produced and imported product[1]

Factor	U.S. vs. Thailand			U.S vs. Ukraine			U.S vs. nonsubject countries		
	S	C	I	S	C	I	S	C	I
Availability	4	2	0	3	2	0	4	8	5
Contract with supplier	3	2	1	2	2	1	5	9	3
Delivery terms	4	0	2	2	1	2	7	6	4
Delivery time	5	0	2	4	0	2	6	6	5
Discounts offered	4	2	0	3	2	0	2	15	0
Extension of credit	4	1	1	3	1	1	0	16	1
Minimum quantity requirements	4	2	0	2	3	0	0	14	3
Packaging	3	3	0	2	3	0	1	15	1
Price[1]	2	2	2	2	1	2	5	8	4
Product consistency	4	2	0	3	2	0	0	17	0
Product range	4	2	0	3	2	0	5	10	2
Proximity of supplier	5	0	2	4	0	2	6	6	5
Quality meets industry standards	3	3	0	3	2	0	0	17	0
Quality exceeds industry standards	3	2	1	3	1	1	0	16	1
Raw material pricing index	4	0	1	3	1	1	3	13	1
Reliability of supply	4	0	2	3	0	2	1	11	4
Technical support/service	4	1	1	3	1	1	4	13	0
U.S. transportation costs	3	1	2	2	1	2	3	11	3

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

Most responding purchasers reported U.S. product was superior to Indian product for availability, delivery time, discounts offered, extension of credit, proximity of supplier, raw material pricing index, and reliability of supply. They also indicated that the U.S. and Indian products were comparable for minimum quantity requirements, packaging and quality meets industry standards. Responses were mixed for the remaining eight factors.

A majority of responding purchasers reported U.S. product was superior to Indonesian product for delivery time, discounts offered, extension of credit, proximity of supplier, and raw material pricing index. For the remaining 13 factors, responses were mixed.

With respect to product imported from Taiwan, most responding purchasers reported that U.S. product was superior for availability, delivery terms, delivery time, discounts offered, extension of credit, proximity of the supplier, raw material pricing index, and reliability of supply. They also indicated that the two were comparable for packaging and price. Responses were mixed with respect to the remaining eight factors.

Most responding purchasers reported that U.S. product was superior to product imported from Thailand for most (12) factors, while responses were mixed for the remaining factors (including contract with supplier, packaging, price, quality meets industry standard, quality exceeds industry standard, and U.S. transportation costs).

A majority of purchasers indicated that U.S. product was superior to product from Ukraine for most (12) factors, and that U.S. hot-rolled steel and that imported from Ukraine were comparable for minimum quantity requirements and packaging. Responses were mixed for the remaining four factors: contract with supplier, delivery terms, price, and U.S. transportation costs.

Comparisons between the U.S. and nonsubject products were provided by 17 purchasers. Most responding purchasers reported that U.S. and nonsubject product were comparable for 13 of the 18 factors. For the other factors (i.e., availability, delivery terms, delivery time, price, and proximity of supplier), responses were mixed.[38]

Interchangeability

U.S.-produced hot-rolled steel generally can be used in the same applications as imports from the six subject countries as well as other countries. As shown in table II-13, all responding U.S. producers reported that the domestic and imported products are "always" or "frequently" interchangeable. A plurality of importers also reported that U.S. and imported product was "always" or "frequently" interchangeable. While most purchasers reported that imported product was "always" or "frequently" interchangeable with domestic hot-rolled steel, a greater number of purchasers indicated that product was only "sometimes" or "never" interchangeable when compared with producers and importers indicating so. Factors cited that may limit interchangeability included: chemical and mechanical requirements, coil size, lead times, limited availability for some size ranges and grades, packaging, and quality (including surface quality).[39]

[38] Purchasers were requested to compare product from subject and nonsubject countries with product from other subject and nonsubject countries. Only one firm compared product from a subject country (China) with product from any other countries (Canada and Mexico). It reported that Canadian product was superior to Chinese product for all factors, and that Mexican product was superior to Chinese product for all factors except availability, price, and product range.

[39] One importer reported differences by country or origin, reporting that Ukrainian product has a reputation of limited/inferior quality. One purchaser reported on interchangeability from subject countries, for U.S. compared to China, Taiwan, and Thailand it reported quality concerns.

Table II-13
Hot-rolled steel: Perceived interchangeability between hot-rolled steel produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. China	9	3	0	0	7	7	3	0	6	5	5	2
U.S. vs. India	9	3	0	0	7	5	5	0	5	4	4	1
U.S. vs. Indonesia	9	3	0	0	7	5	4	0	5	2	3	1
U.S. vs. Taiwan	9	3	0	0	7	7	3	0	5	4	6	1
U.S. vs. Thailand	9	3	0	0	7	6	3	0	5	3	5	1
U.S. vs. Ukraine	9	3	0	0	6	5	4	0	5	3	6	1
Subject vs. subject countries:												
China vs. India	7	2	0	0	6	7	2	0	4	4	4	1
China vs. Indonesia	7	2	0	0	6	6	3	0	4	2	3	1
China vs. Taiwan	7	2	0	0	6	8	1	0	4	4	4	1
China vs. Thailand	7	2	0	0	6	7	1	0	4	2	4	1
China vs. Ukraine	7	1	1	0	6	5	3	0	4	2	4	1
India vs. Indonesia	7	2	0	0	5	6	2	1	4	2	3	1
India vs. Taiwan	7	2	0	0	5	5	3	0	4	4	4	1
India vs. Thailand	7	2	0	0	5	5	3	0	4	2	4	1
India vs. Ukraine	7	1	1	0	5	4	4	0	4	2	4	1
Indonesia vs. Taiwan	7	2	0	0	5	5	3	0	4	3	4	1
Indonesia vs. Thailand	7	2	0	0	5	5	3	0	4	2	4	1
Indonesia vs. Ukraine	7	1	1	0	5	4	4	0	4	2	3	1
Taiwan vs. Thailand	7	2	0	0	4	6	2	0	4	3	3	1
Taiwan vs. Ukraine	7	1	1	0	5	4	4	0	4	2	4	1
Thailand vs. Ukraine	7	1	1	0	5	4	4	0	4	2	4	1
Comparisons with nonsubject countries:												
U.S. vs. nonsubject	9	3	0	0	8	12	4	0	6	12	9	1
China vs. nonsubject	7	1	1	0	7	5	2	0	4	3	6	1
India vs. nonsubject	7	1	1	0	7	5	2	0	4	3	6	1
Indonesia vs. nonsubject	7	1	1	0	7	5	2	0	4	2	6	1
Taiwan vs. nonsubject	7	1	1	0	7	6	1	0	4	3	6	1
Thailand vs. nonsubject	7	1	1	0	7	6	1	0	4	2	5	1
Ukraine vs. nonsubject	7	1	1	0	6	5	2	0	4	2	6	1

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

A majority of U.S. producers, importers, and purchasers agreed that subject imported products were “always” or “frequently” interchangeable with product from all other subject countries. Most U.S. producers and importers reported product from the United States and subject countries was “always” or “frequently” interchangeable with product from nonsubject countries. Purchasers comparisons of subject and nonsubject product was almost evenly

divided between those reporting that product from most subject countries was “always” or “frequently” interchangeable with that from nonsubject countries and those reporting product from subject countries was only “sometimes” or “never” interchangeable with product from nonsubject countries.

Foreign producers were asked if the hot-rolled steel they produce and sell to their home market is interchangeable with that sold in the United States or third-country markets. Four of the five responding foreign producers reported that the products were interchangeable. The other foreign producer (***) reported that most exports were specialty products rather than commercial grades.

Differences other than price

Producers, importers, and purchasers were also asked to assess how often differences other than price were significant in sales of hot-rolled steel from the United States, subject, and nonsubject countries. As seen in table II-14, most producers reported that there were “never” differences other than price for product from each of the country pairs, whereas most importers reported there were “sometimes” or “never” differences other than price. Purchaser responses were more varied. Half or more responding purchasers reported that there were “always” or “frequently” differences other than price between U.S. and subject imported hot-rolled steel from China, India, Taiwan, and other nonsubject countries. For all other country pairs, a majority of responding purchasers reported that there were “sometimes” or “never” differences other than price.

Differences reported include: availability, logistics (transportation, customs, warehousing, inventories, and cost of managing a long supply chain), material certifications, product range, product support, quality, rule of law and enforceability of contracts, size range, and thickness tolerances.[40]

[40] Thickness tolerances were only reported for product for Ukraine. Differences in quality, transportation, production support and material certification were reported to be an issue for Chinese product. These were the only subject countries specifically mentioned as different in the responses.

Table II-14
Hot-rolled steel: Significance of differences other than price between hot-rolled steel produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. China	1	1	2	8	2	2	9	3	9	2	1	5
U.S. vs. India	1	1	3	7	2	2	9	3	6	2	1	5
U.S. vs. Indonesia	1	1	3	7	2	2	10	2	4	1	1	5
U.S. vs. Taiwan	1	2	2	7	2	1	11	3	5	2	2	5
U.S. vs. Thailand	1	2	2	7	2	1	10	3	4	2	1	5
U.S. vs. Ukraine	1	3	1	7	3	1	9	3	4	1	2	5
Subject vs. subject countries:												
China vs. India	1	0	1	7	2	1	6	4	3	2	2	4
China vs. Indonesia	1	0	1	7	2	1	7	3	3	0	2	4
China vs. Taiwan	1	1	0	7	2	1	6	5	3	1	3	4
China vs. Thailand	1	0	1	7	2	1	6	4	3	1	2	4
China vs. Ukraine	1	1	0	7	2	2	6	3	3	0	2	4
India vs. Indonesia	1	0	1	7	2	0	6	4	3	0	1	5
India vs. Taiwan	1	1	0	7	2	0	6	4	3	1	3	4
India vs. Thailand	1	0	1	7	2	0	6	4	3	1	1	4
India vs. Ukraine	1	1	0	7	2	0	6	4	3	0	1	4
Indonesia vs. Taiwan	1	1	0	7	2	0	6	4	3	1	2	4
Indonesia vs. Thailand	1	0	1	7	2	0	6	4	3	1	1	4
Indonesia vs. Ukraine	1	1	0	7	2	1	6	3	3	0	1	4
Taiwan vs. Thailand	1	1	0	7	2	0	6	4	3	1	1	4
Taiwan vs. Ukraine	1	1	0	7	2	1	6	3	3	0	1	4
Thailand vs. Ukraine	1	1	0	7	2	1	6	3	3	0	1	4
Comparisons with nonsubject countries:												
U.S. vs. nonsubject	1	3	1	7	3	2	12	4	6	7	4	5
China vs. nonsubject	1	1	0	7	3	0	6	4	3	1	3	4
India vs. nonsubject	1	1	0	7	3	1	5	4	3	1	3	4
Indonesia vs. nonsubject	1	1	0	7	3	1	5	4	3	1	1	4
Taiwan vs. nonsubject	1	1	0	7	3	0	6	4	3	1	2	4
Thailand vs. nonsubject	1	1	0	7	3	0	6	4	3	1	1	4
Ukraine vs. nonsubject	1	1	1	6	4	0	5	4	3	1	1	4

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

ELASTICITY ESTIMATES

This section discusses elasticity estimates for the hot-rolled steel market in the United States.[41]

U.S. supply elasticity

The domestic supply elasticity for hot-rolled steel measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of hot-rolled steel. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the low level of inventories, and a lack of many alternate markets for U.S.-produced hot-rolled steel. Earlier analysis of these factors indicates that the U.S. industry has a low to moderate ability to increase or decrease shipments to the U.S. market; an estimate in the range of 2 to 4 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for hot-rolled steel measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of hot-rolled steel. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of hot-rolled steel in the production of any downstream products. Based on the available information, the aggregate demand for hot-rolled steel is likely to be moderately inelastic and in a range of -0.75 to -1.0. Purchasers would not likely be very sensitive to changes in the price of hot-rolled steel and would continue to demand fairly constant quantities over a considerable range of prices.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between domestic and subject imports is likely to be moderate to high and in the range of 3 to 5, with more specialized products falling in the lower part of this range.

[41] Parties were encouraged to comment on these estimates in their prehearing briefs, but no party responded specifically to this request.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

As discussed in Part I, since the filing of the original petitions, the U.S. industry has experienced substantial consolidation. Although new mills opened (including Severstal Columbus in 2007 and ThyssenKrupp's mill in Calvert, Alabama in 2010), several U.S. mills closed. Mills in Sparrows Point, Maryland, Steubenville, Ohio, and Warren, Ohio, changed ownership several times from ArcelorMittal to Severstal to RG Steel before being shut down and sold to liquidators. Following the economic crisis in 2008, the industry idled or curtailed production at several mills and reduced employment. Table III-1 summarizes important events that have taken place in the U.S. industry since January 1, 2007.

Table III-1
Hot-rolled steel: Important industry events since January 1, 2007

Period	Company	Event
January 2007	Evraz (Russia)	**Acquisition:** Evraz (Russia) acquires Oregon Steel Mills. The mill is renamed Evraz Oregon Steel Mills.
June 2007	U.S. Steel	**Acquisition:** U.S. Steel acquires Lone Star Technologies, a pipe producer, with its EAFs and rolling mills used to produce hot-rolled steel.
July 2007	IPSCO	**Acquisition:** SSAB acquires IPSCO including facilities in Mobile, AL and Montpelier, IA.
Third quarter 2007	U.S. Steel	**Capacity reduction:** U.S. Steel permanently shuts down the EAFs and rolling mills formerly owned by Lone Star Technologies.
October 2007	Severstal	**Capacity increase:** Startup of SeverCorr, located near Columbus, MS. SeverCorr is a joint venture created in 2005 between Severstal and a group of steel industry executives headed by John Correnti, a former Nucor executive.
November 2007	Mittal Steel Co. N.V.	**Merger:** Mittal Steel Co. N.V. and Arcelor merge creating ArcelorMittal.
November 2007	Esmark	**Merger:** Esmark Inc. (owner of steel service centers) merges with Wheeling-Pittsburgh Corp. (owner of steel mill in Steubenville, OH).
Fourth quarter 2007	NLMK (Russia)	**Ownership change:** Duferco Farrell Corp.'s mills in Farrell, PA are acquired by the Duferco-NLMK Joint Venture Co.
April 2008	Severstal	**Buy out:** Severstal increases its ownership stake in SeverCorr to 85 percent and buys out the management team of John Correnti. The plant is renamed Severstal Columbus.
May 2008	ArcelorMittal	**Divestiture:** OAO Severstal acquires the Sparrows Point, MD mill from ArcelorMittal. (renamed Severstal Sparrows Point, Inc.)
July 2008	Severstal	**Acquisition:** OAO Severstal acquires WCI Steel, Inc. including its mill in Warren, OH, and the facility is renamed Severstal Warren, Inc.
August 2008	Severstal	**Acquisition:** OAO Severstal acquires Esmark Inc. including the former Wheeling-Pittsburgh mill in Steubenville, OH (renamed Severstal Wheeling, Inc.).
April 2009	Severstal	**Shutdown:** Severstal idles the hot mill at its Steubenville, OH facility.

Table continued on next page.

Table III-1--*Continued*
Hot-rolled steel: Important industry events since January 1, 2007

Period	Company	Event
October 2009	Beta Steel	**Acquisition:** Beta Steel is acquired by NLMK and, in July 2010, renamed NLMK Indiana.
February 2009	Severstal	**Shutdown:** Severstal idles its Warren, OH operations
April 2010	Severstal	**Production restart:** Severstal restarts production at its Warren, OH facility.
July 2010	ThyssenKrupp	**Capacity increase:** ThyssenKrupp's new facility in Calvert City, AL, begins production.
March 2011	RG Steel	**Acquisition:** RG Steel acquires the Sparrows Point, MD, Warren, OH, Steubenville, OH, and Wheeling, WV mills from OAO Severstal
July 2011 September 2011	NLMK (Russia)	**Acquisition:** In July 2011, NLMK (Russia) acquires the Duferco Farrell's interest in the Pennsylvania operations which are now wholly owned by NLMK (Russia). In September 2011, the company is renamed NLMK-Pennsylvania.
	RG Steel	**Bankruptcy:** RG Steel files for Chapter 11 bankruptcy; production ceases.
May 2012	ThyssenKrupp	**Possible sale:** ThyssenKrupp AG announces that it is mulling "strategic options" for its Alabama operations which could include either a sale or a partnership. Current economics no longer support its business of turning profits by shipping low-cost slab from Brazil to high-end markets in North America. That plan assumed low-cost slab production in Brazil and more robust demand in North America, but with production costs in Brazil rising and a slower-than-expected recovery in the United States, that strategy now leaves the company exposed to "considerable risks."
July 2012	RG Steel	**Sale:** RG Steel's Steubenville, OH idled mill is purchased by Herman Strauss, Inc., a scrap processor.
September 2012	RG Steel	**Sale:** RG Steel's operations in Warren, OH and Sparrows Point, MD are sold. The Warren, OH operations were sold to CJ Betters Enterprises and reportedly the new owner is considering reopening the mill. The new owners of the Sparrows Point mill are joint venture partners Hilco Trading LLC (an industrial liquidator) and Environmental Liability Transfer Inc.
	RG Steel	**Possible liquidation:** Nucor Corp. purchases parts of the cold mill at the Sparrows Point, MD facility and indicates that the acquired parts of the mill will be used as spare equipment at Nucor's facilities. This purchase reportedly could rule out operation of Sparrows Point as a steelmaking operation since few buyers would be interested in operating the facility without the state-of-the-art cold mill. A planned auction of the entire facility either as a whole or piecemeal, scheduled for January 3, 2013, has since been canceled; instead, the remaining Sparrows Point production assets will be sold through a private treaty, or negotiated, sale process for immediate sale.
December 2012	ThyssenKrupp	**Accounting change:** ThyssenKrupp announces that its Steel Americas operation, including its Alabama plant, is classified in its accounting statements as a discontinued operation for fiscal year 2011/2012 due to the advanced status of its sale process

Table continued on next page.

Table III-1--*Continued*
Hot-rolled steel: Important industry events since January 1, 2007

Period	Company	Event
March 2013	RG Steel	**Possible liquidation:** A plan to remediate the former RG Steel Wheeling facility is announced after Ohio's budgetary oversight board approved the release of $1 million from the Clean Ohio Assistance Fund. After remediation, the city intends to redevelop the property, turning it into a multimodal transfer and processing facility to support midstream shale gas operations. Construction on the facility should begin this summer, with operation set to start by the fourth quarter of 2014, according to the fund's project document.
June 2013	RG Steel	**Sale:** C.J. Betters Enterprises sells the assets of the former RG Steel's Warren, OH operation to Hilco Trading LLC.
July 2013	Big River Steel	**Possible capacity increase:** John Correnti, a former Nucor executive, proposes building a new steel mill, Big River Steel, in Arkansas. The Arkansas Department of Environmental Quality holds hearings to consider granting an air permit to Big River. This permit process is one of the final major hurdles before construction of the proposed $1.1 billion steel mill.
September 2013	RG Steel	**Possible liquidation:** At the former RG Steel Warren, OH facility, demolition permits are approved for parts of the cold mill complex and applications for permits to demolish the hot mill are filed. The hot mill demolition applications are reportedly likely to be approved in the summer of 2014.
November 2013	Big River Steel	**Possible capacity increase:** The proposed new steel mill, Big River Steel, receives air permit approval in September 2013 but the approval is challenged by Nucor in October. A hearing on Nucor's challenge will be held in February 2014. Reportedly the groundbreaking of Big River Steel is likely to be delayed until the first quarter of 2014 due to Nucor's challenge but it is likely that the air permit will be upheld. Big River will have an annual capacity of 1.7 million tons and will produce hot-rolled, cold-rolled, galvanized grain- and non-grain oriented electrical steels, and substrate for pipe.
December 2013	ThyssenKrupp	**Sale**: ArcelorMittal SA and Nippon Steel & Sumitomo Metal Corp. have agreed to buy ThyssenKrupp AG's Calvert, Alabama, facility for $1.55 billion subject to possible anti-trust regulatory approval.

Source: Compiled from information obtained from various news articles and company websites.

Background

The information in this section of the report was compiled from responses of fourteen firms to the Commission's questionnaires. All established U.S. producers, which accounted for more than 95 percent of U.S. production of hot-rolled steel in January 2007 - June 2013, supplied information on their operations in these reviews and other proceedings on hot-rolled steel.[1]

[1] Data for RG Steel ***, as noted in Part I of this report.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of hot-rolled steel since 2007. All domestic producers that provided responses in these reviews indicated that they had experienced such changes; their responses are presented in table III-2.

Table III-2
Hot-rolled steel: Changes in the character of U.S. operations since January 1, 2007

* * * * * * *

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of hot-rolled steel. Their responses appear in table III-3.

Table III-3
Hot-rolled steel: Anticipated changes in the character of U.S. operations

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Capacity and production declined in 2008 and in 2009, and then increased in each subsequent year, ending in 2012 6.9 percent and 6.1 percent lower than in 2007, respectively.

Between January 2007 and June 2013, two firms began production of hot-rolled steel: SeverCorr (later Severstal Columbus) in October 2007 and ThyssenKrupp in July 2010. RG Steel, in contrast, ceased production of hot-rolled steel. RG Steel's Wheeling, West Virginia facility ceased production in April 2009 (while still owned and operated by Severstal) and in May 2012 RG Steel entered chapter 11 bankruptcy, ceasing operations at the firm's facilities in Sparrows Point, Maryland and Warren, Ohio.

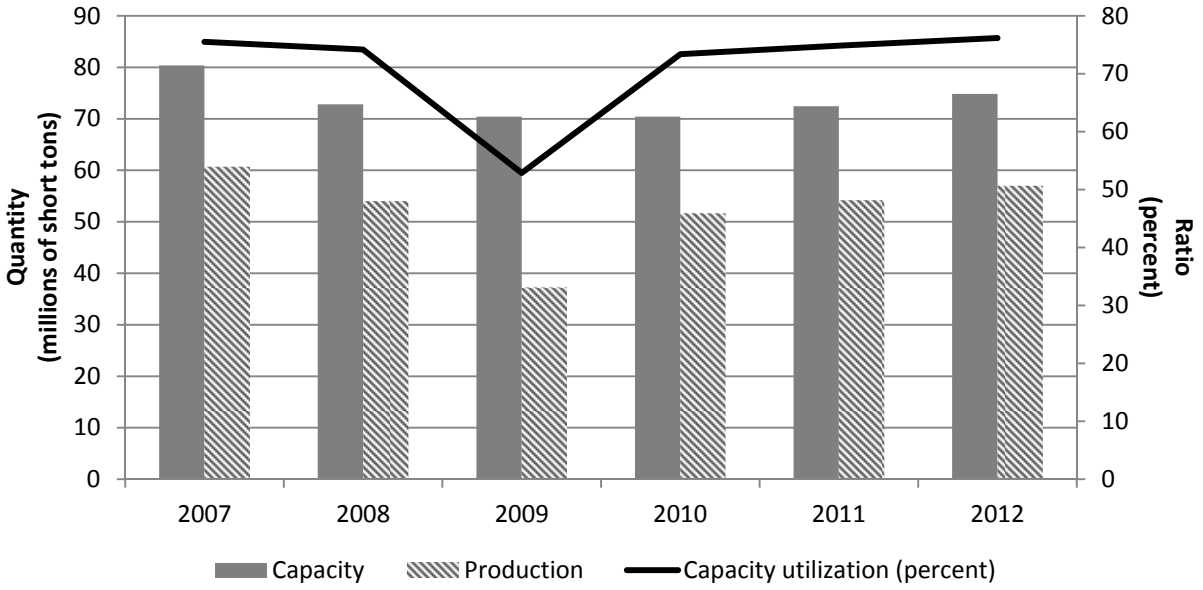
The decline in both capacity and production in 2008 was largely due to ***. Production declined at all but one firm in 2008 (***) and in 2009 (***) and then increased in 2010 at all firms but ***. The largest increases and decreases in production during January 2007-June 2013, involved the largest firms, in terms of capacity and production, ***.

Table III-4
Hot-rolled steel: U.S. producers' production, capacity, and capacity utilization, 2007-12, January-June 2012, and January-June 2013

Item	Calendar year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
Capacity	80,382,246	72,818,689	70,408,591	70,418,659	72,451,936	74,840,642	37,030,805	37,518,879
Production	60,698,008	54,012,619	37,219,428	51,664,655	54,213,932	57,000,441	29,394,056	28,554,588
Capacity utilization (*percent*)	75.5	74.2	52.9	73.4	74.8	76.2	79.4	76.1

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-1
Hot-rolled steel: U.S. producers' production, capacity, and capacity utilization, 2007-12, January-June 2012, and January-June 2013



Source: Table III-4.

Constraints on capacity

As shown in table III-5, all of the responding U.S. producers but *** reported constraints in the manufacturing process.

Table III-5
Hot-rolled steel: U.S. producers' constraints on capacity

* * * * * * *

Alternative and downstream products

The Commission asked domestic producers to report production of other or downstream products on the same equipment and machinery, and/or using the same production and related workers employed to produce hot-rolled steel. Seven companies (***) indicated that they produce other products on their hot-rolled steel equipment and machinery.[2] Six domestic producers (***) responded that they do not produce other products on the same equipment and machinery used to make hot-rolled steel.

Data on domestic producers' capacity, production, and capacity utilization for alternative steel products are presented in table III-6. The reported capacity, production, and capacity utilization for all six categories of steel products fluctuated, but were generally lower in 2012 than reported in 2007. In total, 9 firms reported production of slabs,[3] 7 reported production of nonsubject products on their hot-strip mill,[4] 10 reported production of cold-rolled steel,[5] 9 reported production of coated steel,[6] 5 reported production of steel plate cut from coils,[7] and 2 reported production of tubular products.[8]

[2] ***.
[3] ***.
[4] ***.
[5] ***.
[6] ***.
[7] ***.
[8] ***.

Table III-6
Hot-rolled steel: U.S. producers' capacity, production, and capacity utilization for alternative and downstream products, 2007-12, January-June 2012, and January-June 2013

	Calendar year						January-June	
Item	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2012**	**2013**
Slab casting:								
Capacity (*short tons*)	72,665,796	72,735,871	71,133,246	70,349,286	71,439,851	72,361,104	36,167,102	36,245,078
Production (*short tons*)	59,473,192	55,783,790	38,286,833	53,308,878	55,214,547	57,928,458	29,828,907	28,996,204
Capacity utilization (*percent*)	81.8	76.7	53.8	75.8	77.3	80.1	82.5	80.0
Hot strip/steckel mill:								
Capacity (*short tons*)	83,891,871	76,304,439	73,946,591	74,294,465	78,915,848	81,858,616	40,414,737	40,822,120
Production (*short tons*) Subject	60,509,810	54,030,305	37,248,434	51,688,632	54,242,830	56,994,440	29,356,655	28,575,087
Nonsubject	3,543,011	3,403,119	2,057,675	3,223,572	5,299,154	5,226,870	2,901,167	2,722,923
Total	64,052,821	57,433,424	39,306,109	54,912,204	59,541,984	62,221,310	32,257,822	31,298,010
Capacity utilization	76.4	75.3	53.2	73.9	75.4	76.0	79.8	76.7
Cold-rolled steel:								
Capacity (*short tons*)	46,787,655	43,725,814	39,349,751	38,971,775	40,050,775	40,537,654	20,060,414	20,425,792
Production (*short tons*)	31,490,607	27,801,868	20,188,965	26,552,921	25,430,571	26,975,990	13,643,568	13,201,579
Capacity utilization (*percent*)	67.3	63.6	51.3	68.1	63.5	66.5	68.0	64.6
Coated steel:								
Capacity (*short tons*)	23,109,775	22,526,450	21,527,142	21,683,673	21,306,596	22,333,790	11,224,350	11,636,944
Production (*short tons*)	17,795,051	15,284,638	11,044,269	15,255,360	14,753,422	15,966,500	8,093,778	7,954,380
Capacity utilization (*percent*)	77.0	67.9	51.3	70.4	69.2	71.5	72.1	68.4
Steel plate (cut from coils):								
Capacity (*short tons*)	***	***	***	***	***	***	***	***
Production (*short tons*)	***	***	***	***	***	***	***	***
Capacity utilization (*percent*)	***	***	***	***	***	***	***	***
Tubular products:								
Capacity (*short tons*)	***	***	***	***	***	***	***	***
Production (*short tons*)	***	***	***	***	***	***	***	***
Capacity utilization (*percent*)	***	***	***	***	***	***	***	***

Note.—Subject production data in tables III-4 and III-6 differ due to rounding or minor reporting discrepancies.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-7 presents U.S. producers' U.S. shipments, export shipments, and total shipments. During 2007-12, January-June 2012, and January-June 2013, more than one-half of U.S. producers' total shipments were internally consumed, and more than one-third was sold commercially within the United States. The remaining shipments were divided between transfers to related firms and export shipments, each accounting for less than 4 percent of total shipments over 2007-12, January-June 2012, and January-June 2013. All firms had commercial shipments, ten firms (***) reported internal consumption, ten firms (***) reported transfers to related firms, and all but two firms (***) had export shipments. The quantity of commercial shipments and internal consumption followed the same trends between 2007 and 2012, declining in 2008 and 2009, and then increasing in subsequent years, ending 2.2 percent and 5.3 percent lower in 2012, respectively, than in 2007. Both were also lower in interim 2013 compared with interim 2012.

Average unit values for all forms of shipments followed the same trend between 2007 and 2012, rising to their highest levels in 2008 (reflecting rising values and declining quantities), the falling to the lowest levels in 2009, and then increasing in 2010 and 2011, before declining in 2012, albeit above average unit values in 2007. Average unit values for all forms of shipments were lower in interim 2013 compared with interim 2012.

Table III-7
Hot-rolled steel: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2007-12, January-June 2012, and January-June 2013

	Calendar year						January-June	
Item	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2012**	**2013**
	Quantity (*short tons*)							
Commercial shipments	23,565,143	21,099,573	13,197,735	19,786,108	21,843,481	23,050,999	12,062,344	11,782,752
Internal consumption	33,562,539	30,656,386	21,530,228	28,797,615	29,738,011	31,767,697	16,204,998	15,727,428
Transfers to related firms	2,073,245	1,849,029	964,029	1,454,053	1,423,070	1,341,592	719,365	699,438
U.S. shipments	59,200,927	53,604,988	35,691,992	50,037,776	53,004,562	56,160,288	28,986,707	28,209,618
Export shipments	1,456,322	1,249,300	1,101,366	1,522,803	1,054,556	822,525	391,614	430,255
Total shipments	60,657,249	54,854,288	36,793,358	51,560,579	54,059,118	56,982,813	29,378,321	28,639,873
	Value (*1,000 dollars*)							
Commercial shipments	12,961,021	16,555,589	6,949,810	11,905,660	15,651,177	15,396,698	8,441,332	7,326,018
Internal consumption	18,378,353	23,144,125	11,346,587	17,400,239	20,774,935	20,991,035	11,279,828	9,739,055
Transfers to related firms	1,155,698	1,512,180	528,356	894,457	1,035,081	892,017	498,070	424,121
U.S. shipments	32,495,072	41,211,894	18,824,753	30,200,356	37,461,193	37,279,750	20,219,230	17,489,194
Export shipments	792,319	1,050,565	551,028	926,180	794,300	587,861	295,512	278,856
Total shipments	33,287,391	42,262,459	19,375,781	31,126,536	38,255,493	37,867,611	20,514,742	17,768,050
	Unit value (*dollars per short ton*)							
Commercial shipments	550	785	527	602	717	668	700	622
Internal consumption	548	755	527	604	699	661	696	619
Transfers to related firms	557	818	548	615	727	665	692	606
U.S. shipments	549	769	527	604	707	664	698	620
Export shipments	544	841	500	608	753	715	755	648
Total shipments	549	770	527	604	708	665	698	620
	Share of quantity (*percent*)							
Commercial shipments	38.8	38.5	35.9	38.4	40.4	40.5	41.1	41.1
Internal consumption	55.3	55.9	58.5	55.9	55.0	55.7	55.2	54.9
Transfers to related firms	3.4	3.4	2.6	2.8	2.6	2.4	2.4	2.4
U.S. shipments	97.6	97.7	97.0	97.0	98.0	98.6	98.7	98.5
Export shipments	2.4	2.3	3.0	3.0	2.0	1.4	1.3	1.5
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. commercial shipments, U.S. shipments, and total shipments during 2007-12, January-June 2012, and January-June 2013**.** The domestic industry's inventories declined in 2008 and then increased in subsequent years, ending 7.9 percent lower in 2012 than in 2007. U.S. producers' inventories were also lower in interim 2013 compared to interim 2012. Throughout this period, the *** largest firms, in terms of both capacity and production, (***) generally accounted for the largest quantity of inventories, and also generated the largest increases and decreases in producer inventories. In addition to these producers, *** had the largest increase in quantity of inventories in 2010.[9]

Table III-8
Hot-rolled steel: U.S. producers' inventories, 2007-12, January-June 2012, and January-June 2013

	Calendar year						January-June	
Item	2007	2008	2009	2010	2011	2012	2012	2013
Inventories (*short tons*)	1,785,483	943,817	1,369,887	1,473,964	1,627,207	1,644,836	1,642,943	1,558,942
Ratio to production	2.9	1.7	3.7	2.9	3.0	2.9	2.8	2.7
Ratio to U.S. commercial shipments (*percent*)	7.6	4.5	10.4	7.4	7.4	7.1	6.8	6.6
Ratio to U.S. shipments (*percent*)	3.0	1.8	3.8	2.9	3.1	2.9	2.8	2.8
Ratio to total shipments (*percent*)	2.9	1.7	3.7	2.9	3.0	2.9	2.8	2.7

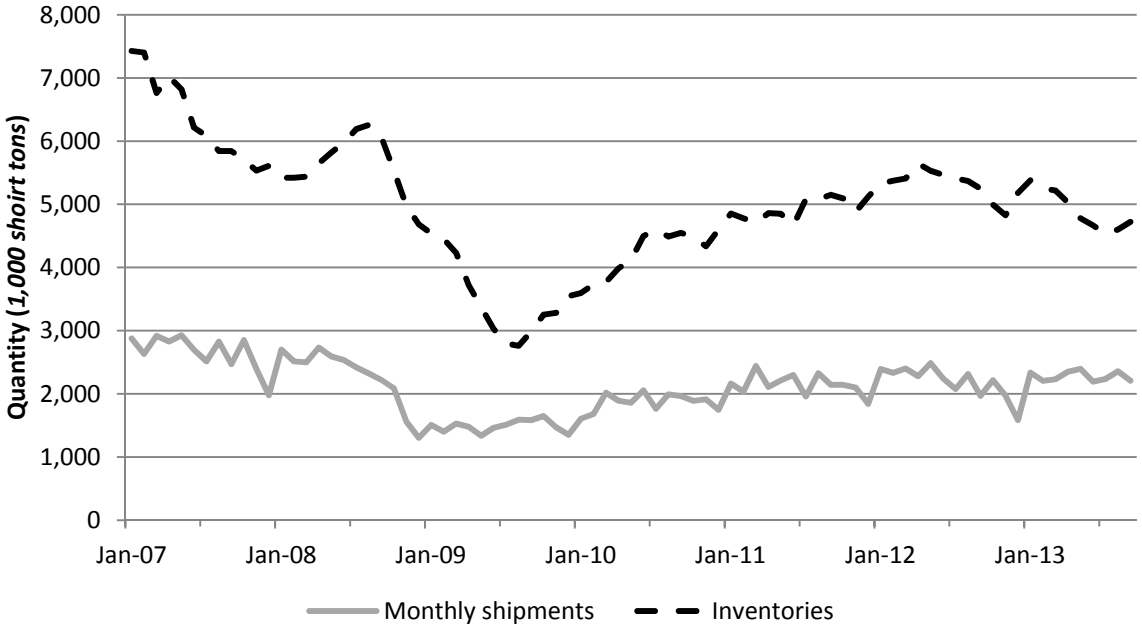
Source: Compiled from data submitted in response to Commission questionnaires.

Steel inventories are held by numerous market participants, including producers, end users, importers, and service centers. Steel service centers hold inventory and distribute steel for industrial customers.[10] Figure III-2 illustrates the trends in steel service center shipments and inventories of flat-rolled steel (all forms except plate) since January 2007.

[9] This decline was due to inventories at ***. *** also had the largest decreases in 2011 and 2012 compared to other U.S. producers.

[10] Compiled from data obtained from the Metal Service Center Institute, Data on shipments and inventories of carbon flat-rolled products (excluding plate). See: http://www.msci.org/, retrieved November 18, 2013.

Figure III-2
Carbon steel flat-rolled products (excluding plate): Steel service centers' shipments and inventories, January 2007-September 2013



Source: Compiled from Metal Service Center Institute data.

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-9 presents data on individual U.S. producers' U.S. production and U.S imports of hot-rolled steel during 2007-12, January-June 2012, and January-June 2013.

No domestic producer directly imported, or purchased from importers, hot-rolled steel from the subject countries. Five firms directly imported from nonsubject sources, four firms purchased hot-rolled steel from other domestic producers,[11] and two firms purchased from other sources, believed to be U.S. distributors.

[11] ***.

Table III-9
Hot-rolled steel: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2007-12, January-June 2012, and January-June 2013

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows U.S. producers' employment-related data during 2007-12, January-June 2012, and January-June 2013. The number of production and related workers ("PRWs") employed by the domestic hot-rolled producers declined between 2007 and 2012 by 1,722 or 7.7 percent. A substantial number of the decline in PRWs between 2007 and 2012 (particularly between 2008 and 2009) were attributable to producers with integrated mills. ***, with a decline of *** PRWs, accounted for the largest overall decline in the number of PRWs between 2007-12. Most of the decline was in ***. The next largest decline of PRWs was by *** which ***, which idled its mills during *** and had an unplanned outage at one of its facilities between ***. In addition, *** accounted for the majority of the decline in PRWs in 2009, the year in which employment was at its lowest level. The firm reported that this decline was ***.[12]

Table III-10
Hot-rolled steel: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2007-12, January-June 2012, and January-June 2013

	Calendar year						January-June	
Item	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2012**	**2013**
PRWs (*number*)	22,372	21,844	18,453	19,179	20,146	20,650	20,469	20,839
Total hours worked (*1,000 hours*)	47,316	45,956	34,894	42,020	42,435	43,840	21,432	22,648
Hours worked per PRW (*hours*)	2,115	2,104	1,891	2,191	2,106	2,123	1,047	1,087
Wages paid (*$1,000*)	1,559,477	1,606,431	1,147,072	1,427,443	1,500,221	1,582,994	797,637	783,567
Hourly wages (*dollars*)	32.96	34.96	32.87	33.97	35.35	36.11	37.22	34.60
Productivity (*short tons per 1,000 hours*)	1,283	1,175	1,067	1,230	1,278	1,300	1,372	1,261
Unit labor costs (*per short ton)*	25.69	29.74	30.82	27.63	27.67	27.77	27.14	27.44

Source: Compiled from data submitted in response to Commission questionnaires.

[12] Email from ***, August 27, 2013.

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Fourteen firms, which accounted for the majority of U.S. production of hot-rolled steel in 2012, provided useable financial data.[13] As discussed earlier in Part III, these firms either internally consumed or transferred to related parties a substantial portion of their hot-rolled steel to produce further manufactured products, such as cold-rolled sheet, corrosion-resistant sheet, tin- and chromium-coated steel sheet, and pipe and tube.

On a quantity basis in 2012, approximately 55 percent of hot-rolled steel was consumed internally to manufacture downstream products, 42 percent was sold commercially, and 3 percent was transferred to related parties. The share of internal consumption is consistent with previous reviews. As shown in the company-specific table presented in this section of the report, the relative importance of these categories to each U.S. firm was not uniform.

***, together accounted for *** percent, by quantity and value, of total sales of hot-rolled steel in 2012. The domestic steel industry has undergone further consolidation and restructuring since the 2007 reviews, as described earlier in tables III-1 and III-2 in this part of the report.[14] In addition, Severstal Columbus commissioned a new facility in August 2007 and began shipments in September of that year. ThyssenKrupp began operations in 2010, registering sales beginning in fiscal year 2011.

Operations on hot-rolled steel

Table III-11 presents aggregated data on the U.S. producers' overall operations in relation to hot-rolled steel for 2007-12, January-June 2012, and January-June 2013. Corresponding financial information by producer for selected items is presented in table III-12. As reflected in these tables, fair market values assigned to internal consumption and transfers to related firms are based on commercial sales values adjusted for differences, if any, in the cost of hot-rolled steel consumed for commercial sales and the cost of hot-rolled steel consumed for internal consumption or transferred to related firms ("constructed fair market value").[15] Appendix E presents the industry's financial results using a second valuation

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[13] The firms (and their respective fiscal year ends, if other than December 31) are: AK Steel, ArcelorMittal, CSI, Evraz, Gallatin, NLMK (***) , North Star (***), Nucor, SDI, Severstal (reporting separately for Columbus and Dearborn operations), Severstal/RG Wheeling, SSAB, ThyssenKrupp (***), and U.S. Steel. Data for Severstal/RG Wheeling ***. ThyssenKrupp ***. Differences between the trade and financial data are largely due to the timing differences of year-end. The majority of companies reported their results based on GAAP; *** reported their results based on IFRS.

[14] For example, Evraz acquired Oregon Steel Mills, SSAB acquired the assets of IPSCO, and U.S. Steel acquired (and closed) Lone Star Steel in 2007. ArcelorMittal sold its plant at Sparrows Point, Maryland to Severstal in 2007, which also acquired WCI in Warren, Ohio in 2008. NLMK acquired Beta Steel in 2008. Nucor bought its supplier of scrap raw materials in 2008, and has invested in projects that produce scrap substitutes. Severstal sold its operations at Sparrows Point, Maryland; Wheeling, West Virginia; and Warren, Ohio to RG Steel, which closed these mills in 2010-12.

[15] The Commission's questionnaire provided instructions on how firms would construct fair market value for their internal consumption and transfers. If there were no differences between the hot-rolled

(*continued*...)

methodology for internal consumption and transfers to related firms: the underlying cost of the hot-rolled steel plus an amount of the gross profit of downstream products as allocated based on relative cost ("cost plus allocated gross profit of downstream products").

(…*continued*)
steel sold commercially and that consumed internally or transferred, the unit sales values should be approximately the same. If there were differences (such as due to product mix, chemistry, physical, or quality) between the hot-rolled steel sold commercially and that consumed internally or transferred that result in cost differences, then the per-unit sales values were to be adjusted to compensate for the differences. In most instances, the unit values of internal consumption and transfers of the reporting companies were nearly the same as their commercial sales.

Table III-11
Hot-rolled steel: Results of operations of U.S. producers (valuation of consumption and transfers to related firms based on constructed fair market value), fiscal years 2007-12, January-June 2012, and January-June 2013

Item	Fiscal year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
Commercial sales	24,965,498	22,668,149	14,158,533	21,056,849	22,775,026	23,755,568	12,392,886	12,175,796
Internal consumption	33,488,847	30,748,010	21,558,968	28,761,445	29,393,124	31,121,549	16,092,079	15,560,396
Related co. transfers	2,073,245	1,853,912	985,928	1,609,447	1,571,723	1,482,376	786,044	742,810
Total net sales	60,527,590	55,270,071	36,703,429	51,427,741	53,739,873	56,359,493	29,271,009	28,479,002
	Value (*$1,000*)							
Commercial sales	13,777,075	17,332,445	7,809,854	12,685,975	16,217,990	15,990,302	8,686,215	7,577,540
Internal consumption	18,360,325	23,208,724	11,331,685	17,407,362	20,660,366	20,647,851	11,252,284	9,690,815
Related co. transfers	1,155,698	1,517,801	541,643	1,000,297	1,160,573	998,900	552,008	455,043
Total net sales	33,293,098	42,058,970	19,683,182	31,093,634	38,038,929	37,637,053	20,490,507	17,723,398
COGS:								
Raw materials	18,097,033	23,631,867	13,196,600	19,567,115	23,811,902	23,779,815	12,836,995	11,153,736
Direct labor	2,365,989	2,344,704	1,862,478	2,250,508	2,411,575	2,623,781	1,337,118	1,273,895
Other factory costs	9,103,482	9,686,793	5,762,508	7,408,369	7,769,355	7,840,854	3,914,267	3,902,368
Total COGS	29,566,504	35,663,364	20,821,586	29,225,992	33,992,832	34,244,450	18,088,380	16,329,999
Gross profit	3,726,594	6,395,606	(1,138,404)	1,867,642	4,046,097	3,392,603	2,402,127	1,393,399
SG&A expenses	874,510	878,826	644,733	717,369	909,680	1,009,994	490,201	452,258
Operating income or (loss)	2,852,084	5,516,780	(1,783,137)	1,150,273	3,136,417	2,382,609	1,911,926	941,141
Total other income/ (expense), net[1]	(557,227)	(811,451)	(504,856)	(397,647)	(433,381)	(505,299)	(250,929)	(309,873)
Net income or (loss)	2,294,857	4,705,329	(2,287,993)	752,626	2,703,036	1,877,310	1,660,997	631,268
Depreciation/ amortization	883,585	862,714	943,704	1,004,576	878,342	892,578	442,218	453,147
Cash flow	3,178,442	5,568,043	(1,344,289)	1,757,202	3,581,378	2,769,888	2,103,215	1,084,415
	Ratio to net sales (*percent*)							
COGS:								
Raw materials	54.4	56.2	67.0	62.9	62.6	63.2	62.6	62.9
Direct labor	7.1	5.6	9.5	7.2	6.3	7.0	6.5	7.2
Other factory costs	27.3	23.0	29.3	23.8	20.4	20.8	19.1	22.0
Total COGS	88.8	84.8	105.8	94.0	89.4	91.0	88.3	92.1
Gross profit	11.2	15.2	(5.8)	6.0	10.6	9.0	11.7	7.9
SG&A expenses	2.6	2.1	3.3	2.3	2.4	2.7	2.4	2.6
Operating income or (loss)	8.6	13.1	(9.1)	3.7	8.2	6.3	9.3	5.3
Net income or (loss)	6.9	11.2	(11.6)	2.4	7.1	5.0	8.1	3.6

Table continued on next page.

Table III-11--*Continued*
Hot-rolled steel: Results of operations of U.S. producers (valuation of consumption and transfers to related firms based on constructed fair market value), fiscal years 2007-12, January-June 2012, and January-June 2013

Item	Fiscal year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Average unit value (*dollars per short ton*)							
Commercial sales	552	765	552	602	712	673	701	622
Internal consumption	548	755	526	605	703	663	699	623
Related co. transfers	557	819	549	622	738	674	702	613
Total net sales	550	761	536	605	708	668	700	622
Cost of goods sold:								
Raw materials	299	428	360	380	443	422	439	392
Direct labor	39	42	51	44	45	47	46	45
Other factory costs	150	175	157	144	145	139	134	137
Total COGS	488	645	567	568	633	608	618	573
Gross profit	62	116	(31)	36	75	60	82	49
SG&A expenses	14	16	18	14	17	18	17	16
Operating income or (loss)	47	100	(49)	22	58	42	65	33
	Number of firms reporting:							
Operating losses	3	***	11	3	***	3	***	3
Data	14	14	14	13	14	14	14	14

[1] Comprised mostly of interest expense.

Note.--***

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-12
Hot-rolled steel: Results of operations of U.S. producers (valuation of consumption and transfers to related firms based on constructed fair market value), fiscal years 2007-12, January-June 2012, and January-June 2013

* * * * * * *

Net sales quantity and value

Total sales fell substantially from 2007 to a period low in 2009. Sales increased thereafter and, although sales quantity in 2012 did not achieve the same level as in 2007, sales value was higher, reflecting higher average unit values. Total sales quantity and value were lower in January-June 2013 compared with January-June 2012, and average unit values were lower as well.

Table III-12 shows that most of the reporting U.S. producers reported lower sales quantities in 2008 compared to 2007 and in 2009 compared to 2008. Notwithstanding declines in the total sales quantity in 2008, the value of the industry's revenue reached its highest absolute level in 2008 due to higher average sales value. Table III-12 shows that most U.S. producers reported substantially higher average sales values in 2008 than in 2007. Likewise, in 2008 U.S. producers collectively reported substantially higher average raw material costs. In 2009, this pattern reversed with almost all U.S. producers reporting sharp declines in average sales values (the impact on profitability was partially offset by corresponding declines in

average raw material costs). U.S. producers generally indicated that this pattern reflected recession-induced supply and demand conditions in 2009. Sales quantity rose from 2010 to 2012; sales value rose irregularly between those years. The average value of sales increased from 2010 to 2011 and declined between 2011 and 2012. As shown in table III-12, all U.S. producers reported somewhat higher average sales values in 2011 compared to 2010 and most reported lower average sales values in 2012 compared to 2011. Sales quantity, value, and average unit value were lower in January-June 2013 than in January-June 2012; the pattern was mixed among the firms.

Operating costs and expenses

Raw material costs represent the single largest component of overall COGS, averaging approximately 66.5 percent of total COGS on a cumulative basis during 2007-12, and ranging from 54.4 percent of sales value (in 2007) to 67.0 percent of sales value (in 2009). As shown in table III-12, average raw material costs, direct labor, and other factory costs (i.e., conversion costs) vary from company to company. These costs generally reflect underlying differences in steel production; e.g., the average raw material costs reported by ***, an integrated producer, are consistently lower than those of ***, a scrap-based producer, while its average other factory costs are higher. This pattern is consistent with the lower relative cost of the more basic raw materials consumed in integrated steel production and the corresponding higher cost to convert these raw materials into steel. The highest average raw material costs were reported by *** which do not have upstream steel production and instead purchase semi-finished slabs to produce hot-rolled steel.

While company-specific patterns of change in average raw material costs were not uniform throughout the entire period, table III-12 shows that most U.S. producers reported sharp increases in average raw material costs in 2008 compared to 2007 followed by declines in 2009. The average unit value of raw material costs rose steadily from the low point in 2009 to a high point in 2011 and were slightly lower in full year 2012. Average raw material costs were lower in January-June 2013 compared to January-June 2012.[16]

After raw materials, the largest component of reported COGS is other factory costs (26.0 percent) followed by direct labor (7.6 percent) on a cumulative basis from 2007 to 2012. Company-specific changes in average direct labor and other factory costs were mixed during the period with some companies reporting their highest average direct labor and other factory costs in 2008, while others reported the highest average value for these items in 2009. Changes

[16] Changes in average sales value and average raw material costs generally tracked each other between 2007 and 2012 and during the interim periods. The year-to-year difference in the change of sales values versus raw material costs indicates whether the metal spread widened or narrowed. For example, sales values increased by $211 per short ton from 2007 to 2008 while raw material costs increased by $129 per short ton. Hence, the metal spread increased by $82 per short ton. The metal spread narrowed by $157 per short ton between 2008 and 2009; widened by $47 and $40 per short ton between 2009 and 2010 and between 2010 and 2011; narrowed by $19 per short ton between 2011 and 2012; and narrowed when comparing interim 2013 to interim 2012.

in other factory costs were generally inverse to changes in volume produced and sold.[17] As shown in table III-12, ***.

Non-recurring charges

A number of companies included non-recurring charges in COGS and SG&A expenses.[18] These included inventory adjustments, impairment charges to the value of plant and equipment (including closure charges), pensions, and "idle plant costs." The amounts reported by two firms in particular, ***, represent large absolute values and affected financial results on a company-specific basis. However, these and other smaller non-recurring charges included in COGS and SG&A expenses did not have a substantial impact on the industry's overall operating income (loss). With respect to net income, non-recurring charges ("other expense") were offset by non-recurring income ("other income") items in most years.[19]

Profitability

Table III-11 shows that the industry's gross profit, on an absolute and relative basis, was at its highest level in 2008. Notwithstanding variability in average direct labor and other factory costs, changes in the industry's gross profit margin primarily reflect the extent to which changes in average raw material costs were or were not offset by corresponding changes in average sales value. Operating income rose substantially from 2007 to 2008, was negative in 2009, and then rose irregularly between 2010 and 2012. Both gross profit and operating income were much lower in January-June 2013 than in January-June 2012. With the exception of 2009 (when nearly all reporting firms operating at that time reported operating losses), a majority of the reporting firms were consistently profitable. As shown in table III-12 and with respect to the operating results of other reporting producers, *** in each period of 2007-12, January-June 2012, and January-June 2013. ***.[20] ***. In contrast,***.[21]

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[17] All things being equal, given the substantially large declines in company-specific sales and production quantity in 2009 compared to 2008, average direct labor and other factory costs would be expected to reach their highest level in 2009, reflecting much-reduced fixed cost absorption in 2009.

[18] ***. Questionnaire responses of U.S. producers, section III-9.

[19] ***.

[20] ThyssenKrupp's new mill in Calvert, Alabama began operations in 2010, and the firm reported sales in its fiscal year ending September 2011. ***. Staff notes that under U.S. GAAP startup costs are expensed immediately and that ***.

[21] As may be seen from the data in table III-11, net income and cash flow (net income plus depreciation expenses) followed the trend of operating income. The financial services industry uses a variety of alternative measures of profitability and cash flow. One of these is earnings before interest, taxes, depreciation and amortization ("EBITDA"). This is usually expressed as a ratio to sales and may be calculated from III-11 as operating income plus depreciation (depreciation is typically included as part of other factory costs and general and administrative expenses). EBITDA is not a measure approved under GAAP because it omits costs in calculating profitability. EBITDA as a percentage of sales ranged from a negative 6.0 percent in 2009 (versus the reporting firms' operating ratio of a negative 10.7 percent) to a positive 15.3 percent in 2008 (versus a positive 13.3 percent operating margin). Hence, EBITDA is about 2 to 4 percentage points higher than the operating income margin. The consulting group

(*continued*...)

Variance analysis

A variance analysis for the operations of U.S. producers of hot-rolled steel is presented in table III-13.[22] The information for this variance analysis is derived from table III-11. The variance analysis for the reporting firms together indicates that the decrease in operating income between 2007 and 2012 was mainly due to the unfavorable net cost/expense (unit costs increased) variance that was greater than a favorable sales variance (unit sales values increased). Between other full year periods these variances were mixed—the sales variance was unfavorable between some years and the net cost/expense variance was favorable between some years. Operating income was lower in January-June 2013 than in January-June 2012 due to an unfavorable price variance that was greater than a favorable net cost/expense variance. The composition of net operating variance is summarized at the bottom of table III-13.

(…*continued*)
McKinsey&Company conducted and presented to the OECD Steel Committee a study of 84 large steel firms worldwide. One question was, in the context of global overcapacity, what would be the financial requirements of restructuring the worldwide steel industry, and particularly, what would be the industry's ability to raise finance capital externally. Assuming factors for debt service, cost of equity, and the like, the McKinsey study concluded that the industry would need a benchmark level of 16 percent EBITDA to be economically sustainable in the long-term. However, it indicated that the average EBITDA of 42 of these 84 firms has been less than the benchmark level during most of 2000-12 (and before), and that more than 80 percent of the 42 firms had failed to achieve that level during 2009-11. The exception was that between 32 percent and 39 percent of the industry had achieved 17 to 18 percent EBITDA only in the period 2004-07 as a result of an immense credit bubble for the global economy. *See* McKinsey&Company, "Overcapacities in the steel industry," OECD Steel Committee 74th session, Paris, July 2, 2013, p. 14. It should be noted that the McKinsey study was of total operations of steelmakers worldwide which may not be comparable to an examination of hot-rolled operations of U.S. producers.

[22] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

Table III-13
Hot-rolled steel: Variance analysis on the financial results operations of U.S. producers (valuation of internal consumption and transfers to related firms based on constructed fair market value), fiscal years 2007-12, January-June 2012, and January-June 2013

Item	Between fiscal years						Jan.-June
	2007-12	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Value (*$1,000*)						
Commercial sales:							
Price variance	2,880,920	4,823,150	(3,015,997)	1,071,006	2,496,877	(925,927)	(956,516)
Volume variance	(667,693)	(1,267,780)	(6,506,594)	3,805,115	1,035,138	698,239	(152,159)
Commercial sales.	2,213,227	3,555,370	(9,522,591)	4,876,121	3,532,015	(227,688)	(1,108,675)
Internal consumption:							
Price variance	3,585,402	6,351,068	(4,941,112)	2,289,958	2,870,691	(1,227,421)	(1,189,693)
Volume variance	(1,297,876)	(1,502,669)	(6,935,927)	3,785,719	382,313	1,214,906	(371,776)
Internal consumption	2,287,526	4,848,399	(11,877,039)	6,075,677	3,253,004	(12,515)	(1,561,469)
Transfers:							
Price variance	172,573	484,367	(265,538)	116,109	183,722	(95,698)	(66,603)
Volume variance	(329,371)	(122,264)	(710,620)	342,545	(23,446)	(65,975)	(30,362)
Transfers	(156,798)	362,103	(976,158)	458,654	160,276	(161,673)	(96,965)
Total net sales:							
Price variance	6,636,610	11,657,761	(8,247,095)	3,514,151	5,547,361	(2,256,133)	(2,212,682)
Volume variance	(2,292,655)	(2,891,889)	(14,128,693)	7,896,301	1,397,934	1,854,257	(554,427)
Total net sales	4,343,955		(22,375,788)	11,410,452	6,945,295	(401,876)	(2,767,109)
Cost of sales:							
Cost variance	(6,713,977)	(8,665,052)	2,861,534	(51,412)	(3,452,873)	1,405,407	1,268,951
Volume variance	2,036,031	2,568,192	11,980,244	(8,352,994)	(1,313,967)	(1,657,025)	489,430
Total cost	(4,677,946)	(6,096,860)	14,841,778	(8,404,406)	(4,766,840)	(251,618)	1,758,381
Gross profit variance	(333,991)	2,669,012	(7,534,010)	3,006,046	2,178,455	(653,494)	(1,008,728)
SG&A expenses:							
Expense variance	(195,705)	(80,277)	(61,127)	186,011	(160,059)	(55,970)	24,679
Volume variance	60,221	75,961	295,220	(258,647)	(32,252)	(44,344)	13,264
Total SG&A variance	(135,484)	(4,316)	234,093	(72,636)	(192,311)	(100,314)	37,943
Operating income variance	(469,475)	2,664,696	(7,299,917)	2,933,410	1,986,144	(753,808)	(970,785)
Summarized as:							
Price variance	6,636,610	11,657,761	(8,247,095)	3,514,151	5,547,361	(2,256,133)	(2,212,682)
Net cost/expense variance	(6,909,682)	(8,745,329)	2,800,407	134,600	(3,612,932)	1,349,436	1,293,630
Net volume variance	(196,402)	(247,736)	(1,853,229)	(715,341)	51,715	152,889	(51,732)

Note: Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table III-10.

Source: Compiled from data submitted in response to Commission questionnaires.

Capital expenditures and research and development expenses

Table III-14 presents capital expenditures and research and development ("R&D") expenses by firm. Total capital expenditures declined between 2007 and 2008, fell sharply in 2009 but increased through 2011 before declining in 2012. Capital expenditures were lower during January-June 2013 than in the same period one year earlier. Capital expenditures ranged from 28.2 percent in 2008 to a high of 101.8 percent in 2010 (and were a negative 48.9 percent in 2009) when expressed as a ratio to operating income.[23] Four U.S. producers, ***, accounted for *** percent of the total in 2012. Total R&D expenses ranged from $*** in 2008 to $*** in 2009, and was lower in January-June 2013 than in the same period one year earlier. R&D expenses were reported by five firms, but three firms, ***, accounted the majority of R&D spending.

***.[24] *** capital expenditures and its R&D expenses have been focused on three projects: one is its ***.[25] The firm reported that each of the three would improve the firm's product mix, process efficiency, and overall competitiveness. CSI stated that it had commissioned a ***.[26] ***, described its capital expenditures as those "to maintain equipment to sustain current level of operational performance."[27] *** stated that "our capital expenditures related to the production of hot-rolled steel are generally associated with environmental compliance, safety, equipment or facility maintenance, and product quality."[28] *** reported that its spending was in "equal weights between modernization, maintenance, and environmental." ***. The capital expenditures reported by *** reflect the construction of the company's ***.[29] ***, stated that "our capital expenditures are devoted primarily to maintaining our current facilities and complying with environmental requirements."

[23] Calculated by dividing total capital expenditures (shown in table III-14) by operating income (shown in table III-11, earlier).

[24] ***.

[25] ***.

[26] ***.

[27] ***.

[28] ***.

[29] ***.

Table III-14
Hot-rolled steel: Capital expenditures and research and development expenses of U.S. producers, by firm, 2007-12, January-June 2012, and January-June 2013

Item	Fiscal years						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Value (*$1,000*)							
Capital expenditures:								
Total	1,718,461	1,554,619	871,549	1,170,595	1,418,839	990,601	525,984	275,808
R&D expenses:								
Total	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Assets and return on investment

Table III-15 presents data on the U.S. producers' total assets and their return on investment ("ROI"). Operating income (table III-11) was divided by total net assets resulting in ROI. Total net assets increased by 15.9 percent from 2007 to 2012 and operating income declined between those years by 16.5 percent. Because the increase in the value of investment was greater than that of operating income, the ratio declined.

Table III-15
Hot-rolled steel: U.S. producers' total assets and return on investment, by firm, fiscal years 2007-12

Item	Fiscal years					
	2007	2008	2009	2010	2011	2012
	Value (*$1,000*)					
Total assets						
Total	15,095,419	16,293,667	15,117,181	16,067,891	17,272,013	17,489,045
	Ratio of operating income to assets (*percent*)					
ROI						
Average	18.9	33.9	(11.8)	7.2	18.2	13.6

[1] Firm reported no data for either or both assets and operating income. Ratio calculated is not meaningful.

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 78 firms believed to import hot-rolled steel between January 2007 and June 2013. Thirty-two firms provided data and information in response to the questionnaires, and 26 firms certified that they had not imported hot-rolled steel since January 1, 2007. Based on official Commerce statistics for imports of hot-rolled steel, importers' questionnaire data accounted for approximately two-thirds of U.S. imports of hot-rolled steel during January 2007-June 2013, although less than one-quarter of such imports from subject countries during this period. Firms responding to the Commission's questionnaire accounted for the following shares of individual subject country's subject imports (as a share of official import statistics) during January 2007-June 2013:

- no imports from Indonesia (per official import statistics);
- no imports from Ukraine;[1]
- less 1 percent of the subject imports from China;
- approximately one-quarter of the subject imports from Thailand;
- approximately one-half of the subject imports from Taiwan; and
- substantially all the subject imports from India.

In light of the data coverage by the Commission's questionnaires, import data in this report are based on official Commerce statistics for hot-rolled steel.[2] [3]

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[1] One firm, ***, reported imports from Ukraine during 2007-12, however this firm was not identified in proprietary Customs data as importer of record of imports from Ukraine.

[2] Import data were based on the following HTS statistical reporting numbers: HTS 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, and 7211.19.7590. Import data do not include the following HTS statistical reporting numbers that cover primarily coated or other forms of nonsubject merchandise: 7210.70.3000, 7210.90.9000, 7211.14.0030, 7212.40.1000, 7212.40.5000, and 7212.50.0000. This approach is consistent with that used in the most recent five-year review concerning hot-rolled steel. *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Investigation Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. IV-1.

[3] Data do not include minor volumes of micro-alloy steel (estimated to account for less than 5 percent of U.S. hot-rolled steel imports). See *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Investigation Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. IV-1.

No importers reported entering or withdrawing hot-rolled steel from foreign trade zones or bonded warehouses or importing under the temporary importation under bond program.

Imports from subject and nonsubject countries

Table IV-1 presents information on U.S. imports of hot-rolled steel from each subject country and all other sources in 2007-12, January-June 2012, and January-June 2013. The combined quantity of imports from subject imports experienced relatively wide fluctuations from 2007 to 2012, with aggregate subject imports declining to only 254 short tons in 2009. Imports from India accounted for the majority of imports from subject countries in 2007. [4] Imports from China and Taiwan were present in each period. Imports from India and Thailand were only present in 2007-08 and imports from Ukraine were only present in 2008 and 2012. There were no imports from Indonesia between January 2007 and June 2013.

The share of U.S. imports from subject countries, by quantity, did not exceed 0.6 percent during 2007-12, January-June 2012, and January-June 2013, and the ratio to U.S. production of hot-rolled steel did not even reach 0.1 percent over the same period. Imports of hot-rolled steel from nonsubject countries, which accounted for virtually all U.S. imports of hot-rolled steel, ranged between 5.5 percent and 6.7 percent as a ratio to U.S. production. Imports from nonsubject countries declined in 2009, consistent with the lower demand during the general decline in the U.S. economy, as described further in Part II of this report. Imports from nonsubject countries increased in each subsequent calendar year and were 14 percent higher in 2012 than in 2007. However, imports from nonsubject countries were lower in January-June 2013 compared to January-June 2012.

[4] Staff adjusted imports from India to reflect non-hot-rolled steel imports. *** which ***.

Table IV-1
Hot-rolled steel: U.S. imports by source, 2007-12, January-June 2012, and January-June 2013

Item	Calendar year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
China	1,093	247	159	1,631	541	2,419	1,763	1,481
India	17,665	185	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0	0	0
Taiwan	241	655	95	45	2,483	560	492	26
Thailand	2,171	5,632	0	0	0	0	0	0
Ukraine	0	19	0	0	0	806	0	0
Subtotal, subject	21,169	6,739	254	1,676	3,024	3,784	2,256	1,507
All others	3,327,507	3,618,209	2,273,854	3,035,620	3,535,471	3,806,535	1,947,026	1,688,597
Total U.S. imports	3,348,676	3,624,948	2,274,108	3,037,296	3,538,495	3,810,320	1,949,281	1,690,104
	Value (*1,000 dollars*)[1]							
China	732	222	172	1,469	649	3,027	2,040	1,683
India	10,464	291	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0	0	0
Taiwan	142	484	101	39	1,976	414	358	19
Thailand	1,075	4,685	0	0	0	0	0	0
Ukraine	0	44	0	0	0	624	0	0
Subtotal, subject	12,413	5,726	274	1,508	2,625	4,064	2,398	1,702
All others	1,819,256	2,880,457	1,215,906	1,867,911	2,578,646	2,598,160	1,372,570	1,145,933
Total U.S. imports	1,831,669	2,886,183	1,216,179	1,869,419	2,581,271	2,602,224	1,374,968	1,147,635
	Unit value (*dollars per short ton*)							
China	670	897	1,085	900	1,200	1,251	1,157	1,136
India	592	1,571	--	--	--	--	--	--
Indonesia	---	---	---	---	---	---	---	---
Taiwan	590	739	1,065	877	796	739	728	726
Thailand	495	832	---	---	---	---	---	---
Ukraine	---	2,316	---	---	---	774	---	---
Average, subject	586	850	1,078	900	868	1,074	1,063	1,129
All others	547	796	535	615	729	683	705	679
Average, total imports	547	796	535	615	729	683	705	679
	Share of quantity (*percent*)							
China	(2)	(2)	(2)	0.1	(2)	0.1	0.1	0.1
India	0.5	(2)	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	(2)	(2)	(2)	(2)	0.1	(2)	(2)	(2)
Thailand	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	(2)	0.0	0.0	0.0	(2)	0.0	0.0
Subtotal, subject	0.6	0.2	(2)	0.1	0.1	0.1	0.1	0.1
All others	99.4	99.8	100.0	99.9	99.9	99.9	99.9	99.9
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-1 --C*ontinued*
Hot-rolled steel: U.S. imports by source, 2007-12, January-June 2012, and January-June 2013

Item	Calendar year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Share of value (*percent*)							
China	(2)	(2)	(2)	0.1	(2)	0.1	0.1	0.1
India	0.6	(2)	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	(2)	(2)	(2)	(2)	0.1	(2)	(2)	(2)
Thailand	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	(2)	0.0	0.0	0.0	(2)	0.0	0.0
Subtotal, subject	0.7	0.2	(2)	0.1	0.1	0.2	0.2	0.1
All others	99.3	99.8	100.0	99.9	99.9	99.8	99.8	99.9
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Ratio of imports to U.S. production (*percent*)							
China	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
India	(2)	(2)	0.0	0.0	(2)	0.0	0.0	(2)
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Thailand	(2)	(2)	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	(2)	0.0	0.0	0.0	(2)	0.0	0.0
Subtotal, subject	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All others	5.5	6.7	6.1	5.9	6.5	6.7	6.6	5.9
Total U.S. imports	5.5	6.7	6.1	5.9	6.5	6.7	6.6	5.9

[1] Landed, duty-paid.
[2] Less than 0.05.

Note.—***, which ***.

Source: Compiled from official import statistics (imports) and data submitted in response to Commission questionnaires (U.S. production).

Leading nonsubject sources of imports

During 2007-12, January-June 2012, and January-June 2013, imports of hot-rolled steel entered the United States from a variety of sources other than the subject countries. The leading nonsubject suppliers are shown in table IV-2. The leading nonsubject sources were Canada,[5] followed by Korea.[6] These two countries combined accounted for 53.4–60.4 percent of imports of hot-rolled steel from nonsubject sources between January 2007 and June 2013.[7] Between 2011 and 2012, on a percentage basis, among the largest increases in U.S. imports of hot-rolled steel was from Japan, while among the largest declines was U.S. imports from Australia. In August 2011, BlueScope Steel announced major restructuring of its Australian operations including exiting the Australian export business.[8] [9] U.S. importer *** reported that ***.[10] In 2013 Nippon Steel & Sumitomo Metals Corporation, which is headquartered in Japan, entered a joint-venture with BlueScope Steel which included BlueScope's U.S. subsidiary Steelscape, located in Rancho Cucamonga, California.[11]

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[5] According to proprietary Customs data, the largest importer of hot-rolled steel from Canada was ***, accounting for approximately *** percent of total imports during 2007-12 (ranging from low of *** percent in 2007 to a high of *** percent in 2010). U.S. producers accounted for approximately *** percent of hot-rolled steel imported from Canada during 2007-12 (ranging from low of *** percent in 2010 to high of *** percent in 2008).

[6] *** accounted for approximately *** percent of total imports of hot-rolled steel from Korea during 2007-12 (ranging from low of *** percent in 2011 to a high of *** percent in 2007). The second largest importer of hot-rolled steel from Korea was ***, accounting for approximately *** percent of total imports during 2007-12.

[7] These two countries were also the leading nonsubject sources in 2012, accounting for 32.6 percent and 23.4 percent of total imports of hot-rolled steel from nonsubject sources, respectively.

[8] "BlueScope announces major restructure to Australian operations and reinforces commitment to steel production in Australia," BlueScope press release, August 22, 2011, found at http://clients.weblink.com.au/clients/BlueScopeSteel2/article.asp?view=3359409.

[9] BlueScope has several subsidiaries in the United States. *See:* http://www.bluescopesteel.com/about-us/where-we-are?country=USA&officetype=All

[10] Email from ***, November 6, 2013.

[11] "Welcome to Steelscape," Steelscape website, found at http://www.steelscape.com/, and "BlueScope FY2012 Financial Results Presentation," p. 19, August 20, 2012, found at http://www.bluescopesteel.com/media/29371/fy2012-results-presentation.pdf

Table IV-2
Hot-rolled steel: U.S. imports from leading nonsubject sources, 2007-12, January-June 2012, and January-June 2013

Item	Calendar year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
Canada	1,360,068	1,453,945	915,378	1,136,378	1,305,102	1,241,558	677,671	621,547
Korea	601,910	708,491	457,915	503,680	727,265	889,349	435,798	280,684
Mexico	245,235	179,695	276,287	294,380	373,989	367,561	148,407	191,210
Russia	136,294	76,426	1,708	125,081	181,689	288,873	267,105	26,673
Netherlands	234,645	227,027	183,249	196,562	233,235	282,516	113,126	108,991
Japan	15,504	15,577	9,053	15,033	25,947	202,416	130,820	132,643
Australia	394,403	580,420	234,667	456,590	470,741	194,070	52,340	75,188
Germany	31,331	49,786	15,436	91,088	30,765	129,029	10,059	64,997
New Zealand	119,260	66,825	44,650	87,499	118,479	98,331	51,844	58,513
France	80,380	56,989	41,398	50,369	22,485	33,308	16,239	30,780
Belgium	12,348	17,297	21,133	19,339	8,817	26,370	7,691	7,407
Italy	279	40	44	208	13	19,575	19,438	110
Turkey	997	182,031	25,090	2,162	6,802	15,044	13,186	35,520
Brazil	50	46	148	512	3,503	9,736	870	42,334
Subtotal	3,232,704	3,614,596	2,226,157	2,978,880	3,508,830	3,797,737	1,944,594	1,676,595
All others	94,803	3,613	47,697	56,739	26,641	8,798	2,431	12,001
Total	3,327,507	3,618,209	2,273,854	3,035,620	3,535,471	3,806,535	1,947,026	1,688,597
	Value (*1,000 dollars*)[1]							
Canada	784,642	1,149,319	485,421	723,575	975,370	887,143	503,842	395,670
Korea	288,386	484,208	275,797	293,918	521,798	607,939	308,220	279,121
Mexico	131,536	138,748	128,700	181,595	268,827	231,287	101,233	113,059
Russia	69,061	72,989	1,751	69,708	134,668	188,493	174,846	14,624
Netherlands	127,467	157,925	86,662	117,127	173,020	184,209	76,862	63,204
Japan	10,263	13,666	10,897	14,636	21,133	133,208	86,579	79,488
Australia	205,815	460,803	115,540	264,133	322,492	113,367	32,904	42,830
Germany	18,710	36,980	8,665	60,869	25,118	106,434	8,005	46,209
New Zealand	67,876	50,613	21,322	53,409	85,985	66,651	36,706	36,217
France	50,031	43,206	22,907	31,150	17,539	25,144	12,528	19,653
Belgium	7,884	11,054	10,502	11,640	6,853	18,019	5,870	4,608
Italy	234	43	29	561	15	14,110	13,859	188
Turkey	588	258,317	10,864	1,525	5,222	10,102	8,696	20,836
Brazil	37	48	128	402	3,485	6,033	592	23,131
Subtotal	1,762,532	2,877,918	1,179,184	1,824,247	2,561,528	2,592,139	1,370,744	1,138,838
All others	56,725	2,539	36,721	43,664	17,118	6,021	1,826	7,095
Total	1,819,256	2,880,457	1,215,906	1,867,911	2,578,646	2,598,160	1,372,570	1,145,933

Table continued on next page.

Table IV-2--*Continued*
Hot-rolled steel: U.S. imports from leading nonsubject sources, 2007-12, January-June 2012, and January-June 2013

Item	Calendar year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Unit value (*dollars per short ton*)							
Canada	577	790	530	637	747	715	743	637
Korea	479	683	602	584	717	684	707	994
Mexico	536	772	466	617	719	629	682	591
Russia	507	955	1,025	557	741	653	655	548
Netherlands	543	696	473	596	742	652	679	580
Japan	662	877	1,204	974	814	658	662	599
Australia	522	794	492	578	685	584	629	570
Germany	597	743	561	668	816	825	796	711
New Zealand	569	757	478	610	726	678	708	619
France	622	758	553	618	780	755	771	638
Belgium	639	639	497	602	777	683	763	622
Italy	839	1,064	675	2,699	1,190	721	713	1,714
Turkey	590	1,419	433	705	768	671	659	587
Brazil	733	1,047	863	785	995	620	681	546
Average, subtotal	545	796	530	612	730	683	705	679
All others	598	703	770	770	643	684	751	591
Average	547	796	535	615	729	683	705	679

[1] Landed, duty-paid.

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

Source: Compiled from official Commerce statistics.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2013

The Commission requested importers to indicate whether they had imported or arranged for the importation of hot-rolled steel from subject for delivery after June 30, 2013. Data on the actual and arranged imports of the fourteen responding importers are presented in table IV-3. One firm (***) reported arranged imports from a subject country, namely ***, while three firms (***) accounted for the majority of the arranged imports from nonsubject countries.

Table IV-3
Hot-rolled steel: U.S. importers' orders for subsequent to June 30, 2013

* * * * * * *

U.S. IMPORTERS' INVENTORIES

Table IV-4 presents data for inventories of U.S. imports of hot-rolled steel from subject countries and all other sources held in the United States. No importers reported inventories of imports from subject countries, while 12 importers maintained inventories of imports from

nonsubject sources. Three importers (***) accounted for the majority of these inventories.*** accounted for *** of total reported hot-rolled steel imports from nonsubject sources during 2007-12. ***. ***.[12] For example, ***.[13]

Table IV-4
Hot-rolled steel: U.S. importers' end-of-period inventories of imports, by source, 2007-12, January-June 2012, and January-June 2013

Item	Calendar year						January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
Imports from subject sources								
Inventories (*short tons*)	0	0	0	0	0	0	0	0
Ratio to U.S. imports (*percent*)	---	---	---	---	---	---	---	---
Ratio to total shipments of imports (*percent*)	---	---	---	---	---	---	---	---
Imports from all other sources								
Inventories (*short tons*)	104,415	196,483	93,521	150,875	116,182	122,657	72,917	111,535
Ratio to U.S. imports (*percent*)	5.2	9.0	6.5	7.6	5.0	5.2	3.2	4.8
Ratio to total shipments of imports (*percent*)	5.0	9.4	6.1	7.8	4.9	5.0	3.1	4.7
Imports from all sources								
Inventories (*short tons*)	104,415	196,483	93,521	150,875	116,182	122,657	72,917	111,535
Ratio to U.S. imports (*percent*)	5.1	9.0	6.5	7.6	4.9	5.2	3.1	4.8
Ratio to total shipments of imports (*percent*)	4.9	9.4	6.1	7.8	4.9	5.0	3.1	4.7

Source: Compiled from data submitted in response to Commission questionnaires.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries would be likely to compete with each other and with the domestic like product and has generally considered four factors, among others: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Additional information concerning geographical markets and simultaneous presence in the market is presented below. For the purposes of its original determinations and first five-year review determinations, the Commission cumulated imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine.[14]

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[12] U.S. Steel stated that it does not control where USS-Posco gets its inputs, such as hot-rolled steel. Hearing transcript, p. 133 (Lighthizer).

[13] Email from ***, August 12, 2013.

[14] *Hot-Rolled Steel Products From China, India, Indonesia, Kazakhstan, The Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-405-408 (Final) and Investigations Nos. 731-TA-899-904 and 906-908 (Final)*, USITC Publication 3468, November 2001, p. 3, and *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South*

(*continued*...)

Domestic interested parties contend that that all countries should be cumulated.[15] They argue that the statutory prerequisites for cumulation are met, namely that subject imports from each country are likely to have a discernible adverse impact on the U.S. market and subject imports would be likely to compete with one another and the domestic like product. Moreover, domestic interested parties note that given the unused capacity at each of the subject countries, they could capture U.S. market share far surpassing the low discernible adverse impact threshold, and each respondent claims the same competitive behavior for unique market conditions but rather all six countries operate under similar conditions of competition. In addition, they contend that no respondent has demonstrated how imports from its country would not compete with other subject imports and as a result cause collective harm to the domestic U.S. industry.

Indian respondents contend that subject imports from India should not be cumulated with imports from other subject countries since imports from India are likely to remain low in the event the orders on India are revoked and these imports will not have any adverse impact on the domestic industry. Indian respondents argue that given the strong demand for hot-rolled steel in India, which is expected to continue into the foreseeable future, the fact that India is a net importer of hot-rolled steel, and that prices of hot-rolled steel are higher in India than in the United States, it is unlikely that imports of hot-rolled steel from India will increase significantly.[16]

Taiwan respondents argue that imports from Taiwan should not be cumulated as these imports are likely to compete in the U.S. market under different conditions of competition. Specifically, the industry in Taiwan markets hot-rolled steel almost exclusively to home or Asian markets where demand is strong and growing, Taiwan mills internally consume approximately half of hot-rolled steel production for downstream products, the Taiwan industry operates close to effective full capacity, pricing patterns were significantly different from other subject countries in the Commission's previous proceeding, and the industry in Taiwan shipped no subject merchandise to the United States during the period of review and is expected to continue this pattern.[17]

Thai respondents contend that imports from Thailand should not be cumulated with other subject countries as imports from Thailand have no discernible adverse impact and compete under unique conditions of competition. Thai respondents note that U.S. imports from Thailand have remained at very low levels since before imposition of the orders, never accounting for more than 0.3 percent of U.S. consumption, even during the period when

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(…*continued*)
Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review), USITC Publication 3956, October 2007, p. 20.

[15] Domestic interested party U.S. Steel's posthearing brief, p. 10; Domestic interested party ArcelorMittal USA's prehearing brief, p. 5; Domestic interested party Nucor's prehearing brief, p. 8; Domestic interested parties SDI, Gallatin, SSAB's prehearing brief, p. 2, and hearing transcript, p. 33 (Price).

[16] Respondent interested parties Essar and JSW's posthearing brief, pp. 7-13.

[17] Respondent interested party Shang Chen Steel's posthearing brief, pp. 7-11 and hearing transcript, pp. 221-224 (Waite).

Thailand's largest producer was not subject to the antidumping duty order. Thai respondents also contend that Thai producers are almost exclusively focused on the home market, Thailand is a net importer of hot-rolled steel, Thailand has imposed trade remedy protection against dumped hot-rolled steel imports in its home market, and the largest Thai producer, SSI, has recently acquired a slab producer to enable it to supply the growing auto industry in Thailand.[18]

Geographical markets

As previously noted, hot-rolled steel produced in the United States is shipped nationwide. During January 2007-June 2013, the top Customs districts for imports were as follows:

- China: Houston-Galveston, Texas and New Orleans, Louisiana;
- India: Houston-Galveston, Texas;
- Taiwan: Houston-Galveston, Texas, Los Angeles, California, and U.S. Virgin Islands;
- Thailand: Houston-Galveston, Texas; and
- Ukraine: Laredo, Texas.

Presence in the market

Table IV-5 presents data on the monthly entries of U.S. imports of hot-rolled steel, by source, during January 2007-June 2013. While imports from any subject source were not present in all months of any year during January 2007-June 2013, imports from China and Taiwan were present in at least two months in each full year, imports from India and Thailand were present in 2007 and 2008, imports from Ukraine in 2008 and 2012, and imports from Indonesia were not present at any time during January 2007-June 2013. Imports from nonsubject sources were present in every month during January 2007-June 2013.

Table IV-5
Hot-rolled steel: U.S. imports, monthly entries into the United States, by sources, January 2007-June 2013

Item	2007	2008	2009	2010	2011	2012	Jan-Jun 2013
China	9	8	5	7	7	11	5
India	4	2	0	0	0	0	0
Indonesia	0	0	0	0	0	0	0
Taiwan	2	2	4	2	5	4	1
Thailand	2	2	0	0	0	0	0
Ukraine	0	3	0	0	0	2	0
All others	12	12	12	12	12	12	6

Staff adjusted 2009-June 2013 imports from India to reflect non-hot-rolled steel imports. *** which ***.

Source: Compiled from official import statistics.

[18] Respondent interested party SSI's posthearing brief, pp. 2-11 and hearing transcript, pp. 202-206 (LaFrankie).

THE SUBJECT FOREIGN INDUSTRIES

Table IV-6 presents capacity, production, exports, and trade remedy data, for each subject country for 2012.

Table IV-6
Hot-rolled steel: Comparison of capacity, production, net capacity changes, exports, net exports, and trade remedies, in subject countries, 2012

Item	Capacity		Production		Net capacity change (2009-12)	
	Published	Reported	Published	Reported	Published	Reported
	Quantity (*1,000 short tons*)					
China[1]	***	***	***	***	***	***
India	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
Ukraine	***	***	***	***	***	***
Total	***	***	***	***	***	***
	Exports		Net exports		Trade remedy measures	
	Published	Reported	Published		(*number)*	
	Quantity (*1,000 short tons*)					
China[1]	10,684	***	***		5	
India	1,758	***	***		4	
Indonesia	19	***	***		1	
Taiwan	3,393	***	***		4	
Thailand	27	***	***		2	
Ukraine	3,023	***	***		2	
Total	18,904	***	***			

[1] China export data include exports of hot-rolled carbon and alloy steel (discussed further later in this report).

Note.--Net export data include exports of carbon and alloy steel. Staff telephone interview with ***.

Source: Published from *** and Global Trade Atlas; reported from data submitted in response to Commission questionnaires; and trade remedy measures from data submitted in response to Commission questionnaires and responses to notice of institution.

THE INDUSTRY IN CHINA

Overview

The following five Chinese producers of the subject merchandise provided the Commission with information on their hot-rolled steel operations in China in the original investigations: Angang Group International Trade Corp. ("Angang"); Shanghai Baosteel Group Corp. ("Shanghai Baosteel"); Benxi Iron and Steel Group Co.("Benxi"); Pangang Group International Economic & Trading Corp. ("Pangang"); and International Economic & Trading Corp. Wugang Group ("Wugang"). These five firms accounted for 75.7 percent of U.S. imports of the Chinese subject merchandise during 2000.[19] Shanghai Baosteel, the largest of the responding Chinese producers at that time, accounted for *** percent of total reported Chinese production of hot-rolled steel products during 2000.[20]

In the first reviews, the domestic interested parties indicated that there are about 35 producers of hot-rolled steel in China, with the largest five producers (i.e., Anshan Iron and Steel Group Corp. ("Anshan"), Baoshan Iron and Steel Co., Benxi, Tangshan Iron and Steel, and Wuhan Iron and Steel Co. ("Wuhan")) representing slightly more than one-half of the total capacity to produce hot-rolled steel in China. Data on hot-rolled operations were provided by eight Chinese producers: Anshan; Baosteel Iron & Steel Co. ("Baosteel"); Benxi; Jiangsu Shagang Group Co., Ltd. ("Jiangsu Shagang"); Maanshan Iron & Steel Co. Ltd. ("Maanshan"); Panzhihua Iron & Steel (Group) Co. ("Panzhihua"); Taiyuan Iron & Steel (Group) Co. Ltd. ("Taiyuan"); and Wuhan. These firms represented between one-quarter and one-half of total production of hot-rolled steel in China during 2006. The largest responding Chinese hot-rolled steel producer, Baosteel, alone accounted for an estimated *** percent of total production of hot-rolled steel in China during 2006.[21]

In the current reviews, domestic parties identified more than 160 Chinese producers/exporters of hot-rolled steel and respondent parties identified nine Chinese producers/exporters. No Chinese producers/exporters of hot-rolled steel provided a response to the Commission's questionnaire. Exports of hot-rolled steel from China were subject to tariff or non-tariff barriers to trade in countries other than the United States, as presented the following tabulation:[22]

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[19] *Hot-Rolled Steel Products from Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, p. VII-2.

[20] *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigations Nos. 701-TA-404-408 (Final) and 731-TA-898-908 (Final),* INV-Y-141, August 6, 2001, p. VII-3.

[21] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007, pp. IV-21-22.

[22] Domestic parties' response to the notice of institution. Information compiled from the WTO's semiannual "Definitive Anti Dumping Measures," for the reporting countries noted in the tabulation and

(*continued*...)

Product	Country	Year imposed	Barrier (*rate*)
Hot-rolled steel in coils and cut-to-length, nonalloy and alloy steel	Canada	2001	Antidumping: 77.0 percent
Hot-rolled steel in coils, nonalloy steel	Indonesia	2008	Antidumping: 0.0-42.58 percent
Hot rolled steel alloyed with boron in coils and cut-to-length		2012	Antidumping: 14.28 –19.47 percent
Hot-rolled steel in coils and cut-to-length, nonalloy steel		2011	Antidumping: 30.91 percent
Hot-rolled flat steel products with certain amounts of alloying elements	Thailand	2013	Definitive safeguard duty: September 15, 2013 – February 26, 2014: 44.20 percent; February 27, 2014 – February 26, 2015: 43.57 percent; February 27, 2015 – February 26, 2016: 42.95 percent

Table IV-7 presents data on China's capacity, production, exports, and net exports for 2009-12 and China's top export markets for hot-rolled carbon and alloy steel are presented in table IV-8.[23]

(…*continued*)
Canadian Border Services Agency, "Measures in Force Goods subject to anti-dumping or countervailing duties," updated November 21, 2013.

[23] Data compiled by *** suggest that that while hot-rolled sheet consumption in China slightly exceeds hot-rolled sheet production, coiled plate consumption is far less than coiled plate production (suggesting net exports of *** short tons in 2012). ***. Moreover, published descriptions of exports of Chinese hot-rolled coil (sometimes abbreviated "HRC") include terms such as "commercial-grade, boron-containing HRC," suggesting that some volume of hot-rolled steel exports with elevated boron levels (possibly within "micro-alloy" levels specified in the scope of the current reviews) might be classified for export purposes as alloy steel product rather than carbon (or carbon-equivalent) steel product. See "Chinese HRC exports slow on uncompetitive offers" in Metal Bulletin, November 26, 2012. As shown in the table below, exports of hot-rolled alloy steel, including boron-containing hot-rolled steel, increased greater than three-fold in 2011 compared with 2010.

	Quantity (*short tons*)					
Item	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Total	787,268	4,029,060	1,216,596	2,928,273	8,953,998	10,500,275

Source: Global Trade Atlas (HTS: 7225.30, 7225.40, 7225.99, 7226.91, and 7226.99).

Table IV-7
Hot-rolled steel: Chinese capacity, production, exports, and net exports, 2009-12

Item	2009	2010	2011	2012
	Quantity *(1,000 short tons)*			
Capacity	***	***	***	***
Production	***	***	***	***
Exports[1]	4,874	11,392	9,432	10,684
Net exports	***	***	***	***

[1] China export data include exports of hot-rolled carbon and alloy steel.

Source: *** and Global Trade Atlas.

Table IV-8
Hot-rolled steel: Chinese exports of hot-rolled carbon and alloy steel, by market, 2007-12

Item	Quantity *(short tons)*					
	2007	2008	2009	2010	2011	2012
Korea	4,562,602	5,298,601	1,870,299	3,158,272	3,461,263	3,480,943
Vietnam	1,470,863	1,042,818	675,495	1,440,837	937,474	1,276,477
India	1,402,061	1,021,245	610,993	2,277,388	874,723	867,240
Thailand	196,133	281,854	105,038	158,806	322,637	760,121
Philippines	115,492	75,186	60,928	203,291	294,709	424,318
Singapore	328,529	172,190	50,656	134,110	383,407	415,027
Peru	60,252	125,003	7,232	171,275	141,233	237,535
Chile	24,010	25,970	2,113	172,467	113,633	231,160
Spain	417,148	312,624	39,635	217,857	146,931	193,155
United Arab Emirates	302,198	394,308	157,622	236,512	306,355	180,409
Pakistan	109,947	47,352	15,301	142,712	57,486	174,017
Taiwan	210,731	194,296	71,396	183,566	200,229	166,599
Saudi Arabia	185,673	235,906	45,940	106,481	110,196	164,820
Japan	271,531	262,078	68,558	222,312	201,063	161,115
Portugal	46,589	61,593	37,744	110,310	55,993	155,388
Mexico	10,222	40,616	166	9,380	54,961	140,646
Italy	1,103,983	1,508,533	138,245	767,172	199,705	138,146
Malaysia	66,555	68,517	17,461	126,710	69,930	136,660
Indonesia	351,835	107,421	43,489	50,271	89,475	123,880
Belgium	442,079	496,982	52,262	187,278	205,883	123,212
All others	1,126,156	1,480,350	803,017	1,314,776	1,205,059	1,133,288
Total	12,804,588	13,253,442	4,873,589	11,391,783	9,432,346	10,684,157

Table continued on next page.

Table IV-8--*Continued*
Hot-rolled steel: Chinese exports of hot-rolled carbon and alloy steel, by market, 2007-12

Item	Value (*1,000 dollars)*					
	2007	2008	2009	2010	2011	2012
Korea	2,189,529	4,020,612	896,037	1,710,805	2,184,990	1,897,613
Vietnam	686,833	661,066	299,225	779,287	600,431	689,432
India	718,121	922,163	293,720	1,211,922	569,525	481,737
Thailand	84,280	223,033	52,686	90,921	204,659	408,308
Philippines	55,818	59,924	27,972	106,350	187,476	237,431
Singapore	167,639	134,322	27,180	75,431	247,685	234,263
Peru	29,669	99,382	3,387	93,263	87,162	130,946
Chile	12,558	22,629	1,210	100,704	74,614	125,178
Spain	207,729	268,145	19,025	123,250	99,498	106,199
United Arab Emirates	144,774	320,340	75,426	126,212	196,927	98,992
Pakistan	55,715	40,791	8,807	77,642	38,513	96,092
Taiwan	99,210	151,416	35,077	111,330	141,308	101,456
Saudi Arabia	91,995	194,257	22,145	58,069	70,025	90,617
Japan	130,851	209,676	35,519	130,041	139,799	94,915
Portugal	23,064	53,575	16,188	63,521	37,406	82,829
Mexico	4,942	39,798	223	5,817	37,122	78,707
Italy	535,334	1,263,142	68,624	427,227	132,892	86,526
Malaysia	35,215	53,383	9,473	70,059	49,334	77,491
Indonesia	161,939	82,509	24,203	29,719	60,425	70,493
Belgium	218,971	440,254	30,723	106,064	151,184	78,775
All others	603,027	1,283,811	472,610	810,352	893,255	733,914
Total	6,257,210	10,544,226	2,419,461	6,307,986	6,204,229	6,001,917
Korea	480	759	479	542	631	545
Vietnam	467	634	443	541	640	540
India	512	903	481	532	651	555
Thailand	430	791	502	573	634	537
Philippines	483	797	459	523	636	560
Singapore	510	780	537	562	646	564
Peru	492	795	468	545	617	551
Chile	523	871	573	584	657	542
Spain	498	858	480	566	677	550
United Arab Emirates	479	812	479	534	643	549
Pakistan	507	861	576	544	670	552
Taiwan	471	779	491	606	706	609
Saudi Arabia	495	823	482	545	635	550
Japan	482	800	518	585	695	589
Portugal	495	870	429	576	668	533
Mexico	484	980	1,347	620	675	560
Italy	485	837	496	557	665	626
Malaysia	529	779	543	553	705	567
Indonesia	460	768	557	591	675	569
Belgium	495	886	588	566	734	639
All others	535	867	589	616	741	648
Average	489	796	496	554	658	562

Note.--Data include exports of hot-rolled carbon and alloy steel.

Source: Global Trade Atlas (HTS 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, 7225.30, 7225.40, 7225.99, 7226.91, and 7226.99).

THE INDUSTRY IN INDIA

Overview

Four firms responded to the Commission's questionnaire in the original investigations: Ispat Industries, Ltd. ("Ispat"); Essar Steel, Ltd. ("Essar"); Steel Authority of India, Ltd. ("SAIL"); and Tata Iron and Steel Co., Ltd. ("Tata"). The four responding firms accounted for 79.1 percent of U.S. imports of the subject merchandise during 2000.[24] In the first review, two producers in India, JSW Steel Ltd. ("JSW") and Tata, provided useable data, and another, Essar provided a response but with little useable data.[25] Finally, in these current reviews, two producers in India, Essar and JSW, provided data in response to the Commissions questionnaires. Essar and JSW estimated that they accounted for *** and *** percent, respectively, of hot-rolled steel production in India in 2012.[26]

Exports of hot-rolled steel from India were subject to tariff or non-tariff barriers to trade in countries other than the United States, as presented the following tabulation:[27]

[24] *Hot-Rolled Steel Products from Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, p. VII-2.

[25] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007, pp. IV-31.

[26] Staff compared the Indian producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. See ***. According to this comparison, the two responding Indian producers accounted for *** percent of hot strip rolling capacity in India in 2012.

[27] Domestic parties' response to the notice of institution. Information compiled from the WTO's semiannual "Definitive Anti Dumping Measures," for the reporting countries noted in the tabulation and Canadian Border Services Agency, "Measures in Force Goods subject to anti-dumping or countervailing duties," updated November 21, 2013.

Product	Country	Year imposed	Barrier (*rate*)
Hot-rolled steel in coils and cut-to-length, nonalloy and alloy	Canada	2001	Antidumping: 77.0 percent CVD: 3,150 rupees per metric ton
Hot-rolled steel in coils, nonalloy	Indonesia	2008	Antidumping: 12.95 - 56.51 percent
Hot-rolled steel in coils and cut-to-length, nonalloy	Thailand	2003	Antidumping: 20.02 – 31.92 percent
Hot-rolled flat steel products with certain amounts of alloying elements	Thailand	2013	Definitive safeguard duty: September 15, 2013 – February 26, 2014: 44.20 percent; February 27, 2014 – February 26, 2015: 43.57 percent; February 27, 2015 – February 26, 2016: 42.95 percent

Table IV-9 presents data on India's capacity, production, exports, and net exports for 2009-12 and India's top export markets are presented in table IV-10.

Table IV-9
Hot-rolled steel: Indian capacity, production, exports, and net exports, 2009-12

Item	2009	2010	2011	2012
	Quantity *(1,000 short tons)*			
Capacity	***	***	***	***
Production	***	***	***	***
Exports	508	1,337	2,247	1,758
Net exports	***	***	***	***

Source: *** and Global Trade Atlas.

Table IV-10
Hot-rolled steel: Indian exports, by market, 2007-12

Item	Quantity *(short tons)*					
	2007	2008	2009	2010	2011	2012
United Arab Emirates	240,842	181,154	22,722	105,504	110,144	293,703
Belgium	535,943	458,565	43,466	722,299	835,100	261,442
Spain	81,587	126,898	6,813	15,969	199,578	212,509
Saudi Arabia	47,935	48,694	7,387	21,516	47,665	140,060
Oman	2,672	13,488	11,825	18,059	26,010	94,034
Nepal	3,617	13,919	13,806	13,903	11,813	80,244
Thailand	4,169	34,588	8,153	118	5,133	74,474
Taiwan	49	20	17,609	81,437	145,898	69,073
Italy	33,200	33,392	57,075	779	94,480	64,837
Kenya	40,750	44,831	19,593	22,702	106,490	59,173
Sri Lanka	9,406	5,685	6,358	12,244	16,022	40,561
Tanzania	19,942	29,499	34,882	14,483	57,058	39,093
Vietnam	7,617	55,116	9,597	141	51,290	35,711
Singapore	904	25,804	8,431	8,803	175,683	34,219
Malaysia	540	233	22	106	34	25,913
Unidentified Country	0	12	4	17,949	11,753	25,029
France	1,444	87	(1)	36	26,886	21,777
Bangladesh	11,053	15,896	80,933	26,835	3,757	21,248
United Kingdom	53,245	75,483	13,978	149,774	38,976	18,952
Mozambique	463	722	17	9	9,134	18,090
All others	360,514	156,879	145,551	104,811	274,458	128,119
Total	1,455,889	1,320,963	508,223	1,337,478	2,247,364	1,758,262
	Value *(1,000 dollars)*					
United Arab Emirates	144,802	139,232	12,356	63,268	73,952	157,978
Belgium	300,643	363,442	20,529	417,896	562,025	144,232
Spain	45,293	99,591	3,814	9,585	119,763	113,067
Saudi Arabia	27,700	39,981	3,179	13,423	31,151	84,526
Oman	1,834	8,774	6,746	12,301	14,678	51,565
Nepal	2,307	11,059	8,137	8,969	7,744	45,834
Thailand	2,856	24,322	3,173	157	3,217	37,339
Taiwan	43	25	8,061	44,763	84,235	35,545
Italy	19,763	26,506	21,283	1,806	61,224	32,548
Kenya	24,012	41,833	11,204	14,476	74,775	33,916
Sri Lanka	5,325	3,906	3,086	7,399	9,376	22,868
Tanzania	11,748	21,338	19,952	9,771	38,612	21,849
Vietnam	4,935	33,768	4,072	169	29,205	19,416
Singapore	560	26,217	3,927	4,572	108,806	19,327
Malaysia	545	266	27	98	88	12,943
Unidentified Country	0	16	3	11,707	8,592	9,037
France	1,058	84	(1)	92	19,627	11,884
Bangladesh	6,004	9,307	39,060	14,450	2,435	12,795
United Kingdom	30,783	67,420	6,106	85,926	26,663	11,277
Mozambique	477	672	5	9	5,005	8,844
All others	246,711	117,487	78,770	64,590	186,288	95,969
Total	877,398	1,035,246	253,488	785,426	1,467,462	982,759

Table continued on next page.

Table IV-10 --*Continued*
Hot-rolled steel: Indian exports, by market, 2007-12

Item	Unit value (*dollars per short ton*)					
	2007	2008	2009	2010	2011	2012
United Arab Emirates	601	769	544	600	671	538
Belgium	561	793	472	579	673	552
Spain	555	785	560	600	600	532
Saudi Arabia	578	821	430	624	654	603
Oman	686	651	570	681	564	548
Nepal	638	795	589	645	656	571
Thailand	685	703	389	1,330	627	501
Taiwan	895	1,281	458	550	577	515
Italy	595	794	373	2,317	648	502
Kenya	589	933	572	638	702	573
Sri Lanka	566	687	485	604	585	564
Tanzania	589	723	572	675	677	559
Vietnam	648	613	424	1,196	569	544
Singapore	619	1,016	466	519	619	565
Malaysia	1,008	1,146	1,203	926	2,584	499
Unidentified Country	(2)	1,346	753	652	731	361
France	733	963	(1)	2,518	730	546
Bangladesh	543	585	483	538	648	602
United Kingdom	578	893	437	574	684	595
Mozambique	1,031	931	280	1,054	548	489
All others	684	749	541	616	679	749
Average	603	784	499	587	653	559

[1] Result not meaningful due to small quantity of exports.

[2] Not applicable.

Source: Global Trade Atlas (HTS 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19).

Operations on hot-rolled steel

Table IV-11 presents data on Essar and JSW's hot-rolled steel operations in India during 2007-12, January-June 2012, and January-June 2013.[28] The combined hot-rolled steel capacity increased between 2007 and 2012, and was higher in January-June 2013 compared to January-June 2012. ***. In December 2010 JSW increased its stake in Ispat to become the largest shareholder and in June 2013 Ispat was merged with JSW.[29] This merger included ***.

The *** of shipments of hot-rolled steel of Indian producers were to ***. Essar reported that ***, while JSW stated that ***.

[28] JSW only provided value for total exports, so Staff estimated value of exports to individual markets based on this and the share of these markets for total exports.

[29] "Merger catapults JSW Steel to top league in Indian steel sector," JSW press release, January 9, 2012, found at http://www.jswispat.in/pdf/PressRelease.pdf and "JSW steel completes merger of JSW Ispat,"The Economic Times, found at http://articles.economictimes.indiatimes.com/2013-06-03/news/39714934_1_jsw-ispat-steel-jsw-building-systems-jsw-ispat.

Table IV-11
Hot-rolled steel: Indian producers' capacity, production, shipments, and inventories, 2007-12, January-June 2012, and January-June 2013

* * * * * * *

Alternative and downstream products

As shown in table IV-12, both Indian producers ***. These firms ***. While the capacity utilization for hot-rolled steel ranged from a low of *** percent in interim 2013 to a high of *** percent in 2009, the capacity utilization of downstream products was lower in 2008 and 2009, but was generally higher in periods after 2009 ***.

Table IV-12
Hot-rolled steel: Indian producers' capacity, production, and capacity utilization for alternative and downstream products, 2007-12, January-June 2012, and January-June 2013

* * * * * * *

THE INDUSTRY IN INDONESIA

Overview

The Commission identified one Indonesian producer of hot-rolled steel, PT Krakatau Steel ("Krakatau") in the original investigations, and in the first five-year reviews the Commission issued questionnaires to two possible producers in Indonesia, PT Gunung Raja Paksi and Krakatau, neither of which responded.[30] In the current reviews, the Commission issued questionnaires to these firms, neither of which responded.

The larger of these two firms, Krakatau, reportedly has a hot-rolled steel production capacity of 2.6 million short tons (2.4 million metric tons) and a cold-rolled steel mill with a capacity of 937,000 short tons (850,000 metric tons).[31] In 2012, Krakatau produced 2.02 million short tons (1.83 million metric tons) of hot-rolled steel and 590,838 short tons (536,000 metric tons) of cold-rolled steel, an increase from 2011 of 4.3 percent and 29.4 percent, respectively.[32] Krakatau reported that in 2012 it had 41 percent market share for hot-rolled steel in Indonesia.[33] Krakatau also has a joint venture with Posco (Korea), PT. Krakatau Posco, with the first stage of production of 3.0 million metric tons of plate and slab steel scheduled for

[30] *Hot-Rolled Steel Products from Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, VII-5 and *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007, p. IV-34.

[31] "About Us, Production Facilities," found at http://www.krakatausteel.com/?page=content&cid=47.

[32] PT Krakatau Steel, Annual report 2012, p. 51.

[33] PT Krakatau Steel, Annual report 2012, p. 68.

completion in late 2013.[34] The second phase of this project, which is scheduled to commence in 2015, will include the production of hot-rolled steel.[35] The other known hot-rolled steel producer in Indonesia, PT Gunung Raja Paksi, which is part of the Gunung Steel Group (Indonesia), has a hot-rolled steel capacity of 265,000 short tons (240,000 metric tons).[36]

Exports of hot-rolled steel from Indonesia were subject to tariff or non-tariff barriers to trade in countries other than the United States, as presented the following tabulation:[37]

Product	Country	Year imposed	Barrier (*rate*)
Hot-rolled in coils and cut-to-length, nonalloy	Thailand	2003	Antidumping: 24.48 percent

Table IV-13 presents data on Indonesia's capacity, production, exports, and net exports for 2009-12 and Indonesia's top export markets are presented in table IV-14.

Table IV-13
Hot-rolled steel: Indonesian capacity, production, exports, and net exports, 2009-12

Item	2009	2010	2011	2012
	Quantity *(1,000 short tons)*			
Capacity	***	***	***	***
Production	***	***	***	***
Exports	111	20	32	19
Net exports	***	***	***	***

Source: *** and Global Trade Atlas.

[34] PT Krakatau Steel, Annual report 2012, p. 67, and "Indonesia Integrated Steelworks manufactures first coke," Posco press release, October 18, 2013, found at http://www.posco.com/homepage/docs/eng2/jsp/prcenter/news/s91c1010025v.jsp?mode=view&idx=2224.

[35] "Krakatau Posco's $3b mills to begin operations in December," Jakarta Post, June 12, 2013, found at http://www.thejakartapost.com/news/2013/06/12/krakatau-posco-s-3b-mills-begin-operations-december.html, and "Company," PT Krakatau Postco website, found at http://www.krakatauposco.co.id/company/our_company.

[36] "Coil service center," Gunung Steel Group website, found at http://www.grdsteel.com/index.php?option=com_content&view=article&id=64&Itemid=101.

[37] Domestic parties' response to the notice of institution. Information compiled from the WTO's semiannual "Definitive Anti Dumping Measures," for Thailand.

Table IV-14
Hot-rolled steel: Indonesian exports, by market, 2007-12

Item	Quantity *(short tons)*					
	2007	2008	2009	2010	2011	2012
Malaysia	18,374	12,541	7,194	15,282	21,609	11,572
Vietnam	7,792	31,591	9,608	0	2,212	4,926
Australia	30,489	10,582	7,453	981	2,986	1,895
Singapore	77,384	69,840	57,442	2,744	4,428	432
United Arab Emirates	405	7,092	5,456	129	278	154
Japan	16,475	19,279	(1)	(1)	64	52
Nigeria	0	0	26	0	0	23
Philippines	17	2,815	(1)	(1)	42	3
Korea South	2	6,736	311	(1)	(1)	2
China	0	960	0	1	(1)	2
Thailand	3,635	24,101	8,217	118	36	2
Hong Kong	0	0	(1)	12	2	(1)
Germany	4,450	16,512	0	0	(1)	(1)
Taiwan	228	0	0	0	0	(1)
Senegal	0	0	0	0	0	(1)
Solomon Islands	0	0	0	0	25	0
Sri Lanka	422	109	713	420	169	0
Tonga	0	0	0	(1)	0	0
United Kingdom	1,285	355	(1)	0	(1)	0
Kuwait	0	621	0	0	0	0
All others	166,498	69,586	14,284	(1)	645	0
Total	327,456	272,720	110,703	19,690	32,498	19,065
	Value *(1,000 dollars)*					
Malaysia	9,869	10,118	3,530	9,290	15,773	6,607
Vietnam	5,262	23,804	4,615	0	984	3,622
Australia	16,441	7,987	4,135	697	2,205	1,372
Singapore	52,796	65,861	28,361	1,352	2,598	548
United Arab Emirates	392	7,962	2,694	321	752	423
Japan	9,877	14,921	(1)	(1)	291	472
Nigeria	0	0	51	0	0	47
Philippines	16	3,050	(1)	(1)	530	149
Korea South	10	7,464	217	(1)	(1)	36
China	0	963	0	2	(1)	10
Thailand	2,353	24,742	4,098	118	353	190
Hong Kong	0	0	(1)	2,074	2,958	(1)
Germany	3,087	13,278	0	0	(1)	(1)
Taiwan	68	0	0	0	0	(1)
Senegal	0	0	0	0	0	(1)
Solomon Islands	0	0	0	0	29	0
Sri Lanka	296	87	327	213	120	0
Tonga	0	0	0	(1)	0	0
United Kingdom	595	406	(1)	0	(1)	0
Kuwait	0	743	0	0	0	0
All others	96,937	64,030	7,895	(1)	448	0
Total	197,999	245,416	55,937	14,113	27,071	14,044

Table continued on next page.

Table IV-14 --*Continued*
Hot-rolled steel: Indonesian exports, by market, 2007-12

Item	Unit value (*dollars per short ton)*					
	2007	2008	2009	2010	2011	2012
Malaysia	537	807	491	608	730	571
Vietnam	675	753	480	(2)	445	735
Australia	539	755	555	710	738	724
Singapore	682	943	494	493	587	1,269
United Arab Emirates	968	1,123	494	2,486	2,708	2,742
Japan	600	774	(1)	(1)	4,554	9,110
Nigeria	(2)	(2)	1,943	(2)	(2)	2,009
Philippines	953	1,083	(1)	(1)	12,653	(1)
Korea South	4,411	1,108	698	(1)	(1)	(1)
China	(2)	1,003	(2)	1,559	(1)	4,548
Thailand	647	1,027	499	1,000	9,691	(1)
Hong Kong	(2)	(2)	(1)	(1)	(1)	(1)
Germany	694	804	(2)	(2)	(1)	(1)
Taiwan	300	(2)	(2)	(2)	(2)	(1)
Senegal	(2)	(2)	(2)	(2)	(2)	(1)
Solomon Islands	(2)	(2)	(2)	(2)	1,138	(2)
Sri Lanka	701	802	459	508	712	(2)
Tonga	(2)	(2)	(2)	(1)	(2)	(2)
United Kingdom	463	1,144	(1)	(2)	(1)	(2)
Kuwait	(2)	1,198	(2)	(2)	(2)	(2)
All others	582	920	553	(1)	695	(2)
Average	605	900	505	717	833	737

[1] Results not meaningful due to the small quantity of exports.

[2] Not applicable

Source: Global Trade Atlas (HTS 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19).

THE INDUSTRY IN TAIWAN

Overview

During the Commission's original investigations, the hot-rolled steel industry in Taiwan included two known firms, China Steel Corp. ("China Steel") and Yieh Loong Enterprise Co., Ltd. ("Yieh Loong").[38] The exports to the United States of these two firms combined represented *** percent of total U.S. imports of the subject merchandise from Taiwan during 1998-2000. China Steel was the larger of the two firms, accounting for *** percent of reported production in Taiwan during 2000.[39]

In the first five-year reviews, the Commission issued and received responses to the Commission's questionnaires by three producers in Taiwan, China Steel, Chung Hung Steel Corp. ("Chung Hung") (formerly Yieh Loong) and Shang Shing Industrial Co., Ltd. ("Shang Shing") (formerly An Feng Steel Co., Ltd.). These three firms accounted for all production of hot-rolled steel in Taiwan.[40] China Steel accounted for *** percent of Taiwan production during 2006, Chung Hung accounted for *** percent, and Shang Shing accounted for *** percent.[41]

In the current five-year reviews, four firms (China Steel, Chung Hung, Dragon Steel Corp. ("Dragon Steel"), and Shang Chen) provided data on their hot-rolled steel operations in Taiwan. These firms are believed to account for virtually all of current hot-rolled steel production in Taiwan.[42] Exports of hot-rolled steel from Taiwan were subject to tariff or non-tariff barriers to trade in countries other than the United States, as presented the following tabulation:[43]

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[38] *Hot-Rolled Steel Products from Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, p. VII-8.

[39] *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigations Nos. 701-TA-404-408 (Final) and 731-TA-898-908 (Final)*, INV-Y-141, August 6, 2001, p. VII-18.

[40] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007, p. IV-50.

[41] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review),* INV-EE-136, September 21, 2007, p. IV-98.

[42] Staff compared the Taiwan producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. See ***. According to this comparison, the four responding Taiwan producers accounted for *** percent of hot strip rolling capacity in Taiwan in 2012.

[43] Domestic parties' response to the notice of institution. Information compiled from the WTO's semiannual "Definitive Anti Dumping Measures,"for the reporting countries noted in the tabulation and Canadian Border Services Agency, "Measures in Force Goods subject to anti-dumping or countervailing duties," updated November 21, 2013.

Product	Country	Year imposed	Barrier (*rate*)
Hot-rolled in coils and cut-to-length, nonalloy	Australia	2012	Antidumping: 2.6- 8.2 percent
Hot-rolled in coils and cut-to-length, nonalloy and alloy	Canada	2001	Antidumping: 77.0 percent
Hot-rolled in coils, nonalloy	Indonesia	2008	Antidumping: 0 - 37.02 percent
Hot-rolled in coils and cut-to-length, nonalloy	Thailand	2003	Antidumping: 3.45 - 25.15 percent

Table IV-15 presents data on Taiwan's capacity, production, exports, and net exports for 2009-12 and Taiwan's top export markets are presented in table IV-16.

Table IV-15
Hot-rolled steel: Taiwan capacity, production, exports, and net exports, 2009-12

Item	2009	2010	2011	2012
	Quantity *(1,000 short tons)*			
Capacity	***	***	***	***
Production	***	***	***	***
Exports	2,933	2,600	3,174	3,393
Net exports	***	***	***	***

Source: *** and Global Trade Atlas.

Table IV-16
Hot-rolled steel: Taiwan exports, by market, 2007-12

Item	Quantity *(short tons)*					
	2007	2008	2009	2010	2011	2012
Japan	641,137	570,095	391,805	512,663	620,261	617,023
Vietnam	361,618	417,001	519,253	396,797	510,031	525,377
Malaysia	428,598	366,177	348,408	471,093	418,156	445,478
Korea South	246,173	278,086	616,898	434,605	565,311	426,746
Indonesia	167,391	146,425	99,117	116,866	175,760	254,487
Thailand	19,662	14,004	20,663	19,132	71,972	198,464
China	331,206	213,309	571,338	228,624	225,836	155,784
Philippines	185,083	116,974	79,509	86,952	141,705	149,420
Australia	28,374	32,235	29,278	68,933	87,644	99,846
Hong Kong	94,078	93,370	56,287	59,817	121,882	82,426
Saudi Arabia	23,101	15,742	6,908	8,346	21,975	59,278
Bangladesh	52,553	67,491	33,815	39,262	37,798	57,377
Singapore	17,953	17,829	39,920	53,123	44,586	56,399
India	27,825	1,615	66,891	49,382	36,659	51,809
United Arab Emirates	9,043	17,902	31,365	1,008	0	44,312
Mexico	7	1,186	5,353	23,112	25,913	34,037
Djibouti	0	6	0	10	0	30,723
Kenya	0	105	0	0	104	20,320
Pakistan	2,468	3,276	2,274	4,709	11,810	18,070
Spain	830	7,615	0	5,276	26,228	14,672
All others	98,884	71,717	14,253	20,186	30,407	51,329
Total	2,735,986	2,452,159	2,933,333	2,599,895	3,174,039	3,393,377
	Value *(1,000 dollars)*					
Japan	284,066	378,611	240,604	318,878	441,704	361,986
Vietnam	178,771	264,528	205,370	216,718	317,040	291,463
Malaysia	203,614	248,158	160,308	270,023	268,464	261,545
Korea South	120,757	189,190	252,125	241,083	358,922	242,981
Indonesia	85,586	104,949	51,639	74,845	120,082	155,963
Thailand	13,043	11,542	9,895	12,980	47,614	115,340
China	177,504	150,690	245,371	141,863	158,865	106,136
Philippines	94,481	85,410	35,309	48,539	88,852	85,758
Australia	14,314	23,257	14,417	40,096	58,317	63,583
Hong Kong	48,227	65,980	26,473	36,732	81,857	50,709
Saudi Arabia	11,441	11,901	3,396	4,417	13,305	34,741
Bangladesh	26,528	45,184	16,720	22,192	22,826	33,317
Singapore	9,485	11,261	19,148	30,241	30,107	35,399
India	13,014	1,204	23,741	25,107	21,426	28,511
United Arab Emirates	4,970	13,554	11,836	629	0	23,154
Mexico	16	913	3,071	13,635	18,001	23,528
Djibouti	0	4	0	7	0	16,947
Kenya	0	71	0	0	76	10,354
Pakistan	961	2,597	1,231	3,411	8,034	9,828
Spain	470	6,246	0	2,701	16,666	8,184
All others	51,841	52,123	8,029	11,842	21,570	33,356
Total	1,339,089	1,667,374	1,328,683	1,515,936	2,093,726	1,992,783

Table continued on next page.

Table IV-16--*Continued*
Hot-rolled steel: Taiwan exports, by market, 2007-12

Item	Unit value (*dollars per short ton)*					
	2007	2008	2009	2010	2011	2012
Japan	443	664	614	622	712	587
Vietnam	494	634	396	546	622	555
Malaysia	475	678	460	573	642	587
Korea South	491	680	409	555	635	569
Indonesia	511	717	521	640	683	613
Thailand	663	824	479	678	662	581
China	536	706	429	621	703	681
Philippines	510	730	444	558	627	574
Australia	504	721	492	582	665	637
Hong Kong	513	707	470	614	672	615
Saudi Arabia	495	756	492	529	605	586
Bangladesh	505	669	494	565	604	581
Singapore	528	632	480	569	675	628
India	468	746	355	508	584	550
United Arab Emirates	550	757	377	624	(1)	523
Mexico	2,353	769	574	590	695	691
Djibouti	(1)	801	(1)	690	(1)	552
Kenya	(1)	680	(1)	(1)	734	510
Pakistan	390	793	541	724	680	544
Spain	566	820	(1)	512	635	558
All others	524	727	563	587	709	650
Average	489	680	453	583	660	587

[1] Not applicable.

Source: Global Trade Atlas (HTS 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19).

Operations on hot-rolled steel

Data provided by China Steel,[44] Chung Hung, Dragon Steel,[45] and Shang Chen concerning their operations in Taiwan during 2007-12, January-June 2012, and January-June 2013 are presented in table IV-17. These firms are believed to account for virtually all of current hot-rolled steel production in Taiwan.[46]

The combined hot-rolled steel capacity in Taiwan increased in 2009-11 due to ***. Capacity in interim 2013, during which ***, was higher compared with interim 2012.[47] Aggregate production declined from 2007 to its lowest level in 2009, then increased to its highest level in 2011, and then declined again, ending *** percent higher in 2012 than in 2007. Aggregate capacity utilization ranged from a high of *** in 2007 to a low of *** in January-June 2013.[48] ***, reported at least *** of their shipments for internal consumption. ***. Unlike internal consumption, which as a share of total shipments fluctuated during 2007-12, commercial home market shipments declined during 2007-12, while total exports share (largely to Asia) increased over the same period.

[44] China Steel reported ***. Email from ***, November 15, 2013.

The hot-rolled steel capacity, 7.7 million short tons, published on the firm's website, is *** to the ***, while the *** is *** to other published sources (***).

The reported design capacity and effective capacity are shown in the table below.

Item	Calendar years					January-June	
	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
Design capacity	***	***	***	***	***	***	***	***
Effective capacity	***	***	***	***	***	***	***	***

[45] Dragon Steel, a wholly owned subsidiary of China Steel, noted that *** Email from ***, September 3, 2013, and "Dragon Steel –Milestones," found at www.dragonsteel.com.tw/en/company.aspx

[46] China Steel estimated that it accounted for *** percent of hot-rolled steel production in Taiwan, Chung Hung estimated it accounted for *** percent, Dragon Steel estimated it accounted for *** percent, and Shang Chen estimated it accounted for *** percent.

[47] ***.

[48] ***, which reported production greater than capacity in ***, reported that reported capacity is based on design or nameplate capacity, which is based on a certain product/specification mix. The actual production can be higher than design capacity if the relevant product specifications take less time to produce than the mix assumed for the design capacity. Email from ***, September 3, 2013.

Table IV-17
Hot-rolled steel: Taiwan capacity, production, shipments, and inventories, 2007-12, January-June 2012, and January-June 2013

* * * * * * *

Alternative and downstream products

Table IV-18 presents data on alternative and downstream products. One producer, ***, produced nonsubject products on the hot-strip/steckel mill, and all responding producers produced downstream products. *** reported that its can switch to ***.[49]

Table IV-18
Hot-rolled steel: Taiwan producers' capacity, production, and capacity utilization for alternative and downstream products, 2007-12, January-June 2012, and January-June 2013

* * * * * * *

THE INDUSTRY IN THAILAND

Overview

The Commission received information from three Thai firms (i.e., Nakornthai Strip Mill Public Co. Ltd. ("Nakornthai"), Sahaviriya Steel Industries Public Co. Ltd. ("Sahaviriya" or "SSI"), and Siam Strip Mill Public Co. Ltd. ("Siam")) on their operations concerning the subject merchandise during the original investigations.[50] Exports of the subject merchandise to the U.S. market by these three firms accounted for *** percent of total U.S. imports of subject merchandise from Thailand during 1998-2000.[51]

The three Thai producers participating in the first five-year reviews (G Steel Public Co. Ltd. ("G Steel") (successor firm to Siam),[52] Nakornthai, and Sahaviriya) indicated that they accounted for all production of the subject merchandise in Thailand. During 2006, G Steel

[49] *** reported outsourcing coated steel and steel plate, and so has not been included in the table.

[50] *Hot-Rolled Steel Products from Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, p. VII-8.

[51] *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-404-408 (Final) and 731-TA-898-908 (Final),* INV-Y-141, August 6, 2001, p. VII-20.

[52] In 2001, at the time of the financial crisis in Thailand, Siam filed for bankruptcy and undertook a debt restructuring program. By 2003, Siam emerged from bankruptcy and began operations under its new name, G Steel.

accounted for *** percent of hot-rolled steel production in Thailand, Nakornthai accounted for *** percent, and Sahaviriya accounted for *** percent.[53]

In these current reviews, the one responding Thai producer, Sahaviriya, indicated in its response to the Commission's notice of institution that it accounts for all current (i.e. as of the filing) production of the subject merchandise in Thailand,[54] and estimated that it accounted for *** percent of hot-rolled steel production in Thailand in 2012. [55]

In 2008, Nakornthai changed its name to G J Steel Public Company ("G J Steel") under a restructuring plan, with G Steel holding 49.67 percent[56] In March 2011, ArcelorMittal signed an agreement to acquire a 40-percent stake in G Steel,[57] but in December 2011 withdrew from the agreement.[58] G Steel and G J Steel ceased production in August 5, 2012 for "annual maintenance due to the selling price of hot-rolled coil is lower than its production costs."[59] On March 20, 2013 G J Steel announced that it had restarted its mill operations, while G Steel remained closed.[60] [61]

Exports of hot-rolled steel from Thailand were subject to tariff or non-tariff barriers to trade in countries other than the United States, as presented the following tabulation:[62]

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[53] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review),* INV-EE-136, September 21, 2007, p. IV-108.

[54] Sahaviriya response to notice of institution, p. 2.

[55] Staff compared the Thailand producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. See ***. According to this comparison, the responding Thailand producer accounted for *** percent of hot strip rolling capacity in Thailand in 2012.

[56] G J Steel 2009 annual report, p. 8.

[57] "ArcelorMittal to invest in a leading Thai steel producer G Steel Public Company Limited ("G Steel")," ArcelorMittal press release, March 2, 2011, found at http://corporate.arcelormittal.com/news-and-media/press-releases/2011/mar/02-03-2011.

[58] "ArcelorMittal scraps deal to buy stake in Thai G Steel," Reuters, December 21, 2011, found at http://www.reuters.com/article/2011/12/21/gsteel-arcelormittal-idUSL3E7NL0HI20111221.

[59] "G Steel Public Company Limited and its Subsidiaries, Interim financial statements for the three-month period ended 31 March 2013," p. 14, and "Explanation of operational results for the year 2012," G J Steel, March 4, 2013, found at http://www.gjsteel.co.th/download/FS%20Q4-2012/Explanation%20of%20operational%20results%20for%20the%20year%202012_EN.pdf.

[60] "Notification of restarting operation," G J Steel, March 20, 2013, found at http://www.gjsteel.co.th/download/GJS30_RestartOperation_EN.pdf, and "G Steel Public Company Limited and its Subsidiaries, Interim financial statements for the three-month period ended 31 March 2013," p. 14,

[61] SSI reported that GJ Steel is currently operating at less than 50 percent capacity and that it might achieve 50 percent by end of 2013. Hearing transcript, p. 231 (LaFrankie) and SSI's posthearing brief, exh. 1, p. 19.

[62] Domestic parties' response to the notice of institution. Information compiled from the WTO's semiannual "Definitive Anti Dumping Measures," for Thailand.

Product	Country	Year imposed	Barrier (*rate*)
Hot-rolled in coils, nonalloy	Indonesia	2008	Antidumping: 7.52 - 27.44 percent

Table IV-19 presents data on Thailand's capacity, production, exports, and net exports for 2009-12 and Thailand's top export markets are presented in table IV-20.

Table IV-19
Hot-rolled steel: Thai capacity, production, exports, and net exports, 2009-12

Item	2009	2010	2011	2012
	Quantity *(1,000 short tons)*			
Capacity	***	***	***	***
Production	***	***	***	***
Exports	333	192	36	27
Net exports	***	***	***	***

Source: *** and Global Trade Atlas.

Table IV-20
Hot-rolled steel: Thai exports, by market, 2007-12

Item	Quantity *(short tons)*					
	2007	2008	2009	2010	2011	2012
Saudi Arabia	70,347	160,478	84,583	106,772	12,220	9,091
Laos	3,982	4,332	6,726	6,752	2,542	7,899
Malaysia	734	357	3,854	10,672	9,713	5,121
Myanmar	13,089	12,984	16,593	19,730	6,413	3,299
Cambodia	522	128	64	311	56	960
Vietnam	146,654	138,890	99,343	32,283	4,056	112
China	19	281	52,301	291	31	89
Pakistan	1,294	41	24	22	82	78
Papua New Guinea	0	(1)	0	6	15	39
Japan	15	384	21	84	114	28
Singapore	3,474	16,823	429	499	455	20
Philippines	9,807	14,505	10	8	29	17
Indonesia	97,562	84,576	32,102	226	443	17
Australia	1,831	2,875	97	9	(1)	3
Taiwan	(1)	3,496	28	42	10	3
India	340,698	81,329	10	24	13	3
Argentina	0	0	0	0	0	3
Madagascar	0	0	0	0	11	2
Sri Lanka	(1)	(1)	0	0	(1)	(1)
Norway	0	0	0	0	0	(1)
All others	226,943	96,937	36,696	13,952	30	(1)
Total	916,973	618,417	332,879	191,682	36,235	26,785
	Value *(1,000 dollars)*					
Saudi Arabia	38,348	140,822	45,815	67,819	9,028	5,430
Laos	2,644	3,656	3,761	4,585	2,055	5,904
Malaysia	358	295	1,881	6,502	6,490	3,387
Myanmar	7,739	8,753	8,393	12,144	4,833	2,335
Cambodia	318	113	45	242	47	778
Vietnam	77,909	73,617	42,023	16,882	2,648	117
China	16	304	20,595	203	44	104
Pakistan	710	47	14	21	83	95
Papua New Guinea	0	(1)	0	4	24	90
Japan	36	475	27	141	189	66
Singapore	2,047	12,018	278	291	666	6
Philippines	5,236	8,678	12	13	30	16
Indonesia	56,048	56,569	16,536	238	458	39
Australia	1,050	1,624	53	12	(1)	6
Taiwan	(1)	2,080	18	24	17	5
India	186,304	57,356	16	48	22	5
Argentina	0	0	0	0	0	7
Madagascar	0	0	0	0	254	55
Sri Lanka	(1)	(1)	0	0	(1)	(1)
Norway	0	0	0	0	0	(1)
All others	132,286	80,751	22,549	8,756	48	(1)
Total	511,053	447,162	162,017	117,924	26,945	18,460

Table continued on next page.

Table IV-20--*Continued*
Hot-rolled steel: Thai exports, by market, 2007-12

Item	Unit value (*dollars per short ton*)					
	2007	2008	2009	2010	2011	2012
Saudi Arabia	545	878	542	635	739	597
Laos	664	844	559	679	808	747
Malaysia	487	826	488	609	668	661
Myanmar	591	674	506	616	754	708
Cambodia	608	883	697	779	840	810
Vietnam	531	530	423	523	653	1,040
China	829	1,081	394	698	1,430	1,169
Pakistan	549	1,148	590	947	1,018	1,212
Papua New Guinea	(2)	(1)	(2)	678	1,558	2,330
Japan	2,332	1,237	1,275	1,678	1,663	2,390
Singapore	589	714	649	583	1,462	281
Philippines	534	598	1,254	1,673	1,054	956
Indonesia	574	669	515	1,054	1,035	2,370
Australia	574	565	545	1,405	(1)	1,748
Taiwan	(1)	595	635	576	1,694	1,445
India	547	705	1,630	1,960	1,689	1,663
Argentina	(2)	(2)	(2)	(2)	(2)	2,267
Madagascar	(2)	(2)	(2)	(2)	(1)	(1)
Sri Lanka	(1)	(1)	(2)	(2)	(1)	(1)
Norway	(2)	(2)	(2)	(2)	(2)	(1)
All others	583	833	614	628	1,629	(1)
Average	557	723	487	615	744	689

[1] Results not meaningful due to the small quantity of exports.

[2] Not applicable.

Source: Global Trade Atlas (HTS 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19).

Operations on hot-rolled steel

Table IV-21 presents data for Sahaviriya's hot-rolled steel operations in Thailand during 2007-12, January-June 2012, and January-June 2013. The vast majority of Sahaviriya's shipments were ***.[63] The firm ***.

Production capacity for Sahaviriya varied over 2007-12, January-June 2012, and January-June 2013, as it was based on planned and actual product mix and downtime.[64] Capacity utilization varied from a low of *** percent in 2007 to a high of *** percent in 2009. The firm projects to increase both capacity and production of hot-rolled steel in 2014-15 due to a more stable supply of slab from its recently acquired affiliated supplier, and less downtime. In March 2011, Sahaviriya acquired the UK slab facility, Teesside Cast Products (now known as Sahaviriya Steel Industries UK).[65] Production at this facility started in April 2012,[66] with Sahaviriya receiving

[63] Email from ***, August 27, 2013.

[64] G Steel and GJ Steel have an estimated 2012 capacity of ***.

[65] Sahaviriya Steel Industries (United Kingdom) website, found at http://www.ssi-steel.co.uk/index.php.

the first slab shipment in ***. ***. Prior to this, Sahaviriya imported slab from various sources, with varying quality. Sahaviriya noted that ***.

Table IV-21
Hot-rolled steel: Thai producer Sahaviriya's capacity, production, shipments, and inventories, 2007-12, January-June 2012, and January-June 2013

* * * * * * *

Alternative and downstream products

Sahaviriya ***.

THE INDUSTRY IN UKRAINE

Overview

Two of the four firms identified in the original petition provided a questionnaire response in the Commission's original investigations, Ilyich Iron and Steel Works ("Ilyich") and Zaporizhstal Iron & Steel Works ("Zaporizhstal").[67] Exports of the subject merchandise to the U.S. market by these two firms accounted for *** percent of total U.S. imports of subject merchandise from Ukraine during 2000. Zaporizhstal was the larger of the two producing firms in Ukraine at that time.[68] In the first five-year reviews and the current reviews the Commission issued questionnaires to these two same firms, neither of which responded to either requests.

Exports of hot-rolled steel from Ukraine were subject to tariff or non-tariff barriers to trade in countries other than the United States, as presented the following tabulation:[69]

Product	Country	Year imposed	Barrier (*rate*)
Hot-rolled in coils and cut-to-length, nonalloy and alloy	Canada	2001	Antidumping: 77.0 percent
Hot-rolled in coils and cut-to-length, nonalloy	Thailand	2003	Antidumping: 30.45 - 67.69 percent

(…*continued*)

[66] "SSI begins to reap benefits of strategic UK acquisition," Bangkok Post, November 23, 2012, found at http://ssi-steel.com/en/investor-relations/newsroom/newsroom-clippings.php.

[67] *Hot-Rolled Steel Products from Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, p. VII-9.

[68] *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigations Nos. 701-TA-404-408 (Final) and 731-TA-898-908 (Final),* INV-Y-141, August 6, 2001, p. VII-23.

[69] Domestic parties' response to the notice of institution. Information compiled from the WTO's semiannual "Definitive Anti Dumping Measures,"for the reporting countries noted in the tabulation and Canadian Border Services Agency, "Measures in Force Goods subject to anti-dumping or countervailing duties," updated November 21, 2013.

Zaporizhstal has hot-roll steel production capacity of 4.1 million short tons (3.7 million metric tons).[70] Table IV-22 presents data on Ukraine's capacity, production, exports, and net exports for 2009-12 and Ukraine's top export markets are presented in table IV-23.

Table IV-22
Hot-rolled steel: Ukrainian capacity, production, exports, and net exports, 2009-12

Item	2009	2010	2011	2012
	Quantity *(1,000 short tons)*			
Capacity	***	***	***	***
Production	***	***	***	***
Exports	3,031	3,448	3,541	3,023
Net exports	***	***	***	***

Source: *** and Global Trade Atlas.

[70] "Production structure," Zaporizhstal website, found at http://www.zaporizhstal.com/en/about/production/

Table IV-23
Hot-rolled steel: Ukrainian exports, by market, 2007-12

Item	Quantity *(short tons)*					
	2007	2008	2009	2010	2011	2012
Turkey	1,629,713	1,506,900	640,725	809,245	728,395	638,265
Russia	450,825	272,349	206,796	280,510	427,585	419,966
Poland	150,148	117,443	160,009	324,762	387,774	354,854
Bulgaria	30,851	76,448	14,663	64,500	187,473	216,305
Greece	4,210	16,238	40,842	115,697	170,561	158,538
Lebanon	96,095	99,441	178,806	240,980	150,651	123,971
Belarus	175,056	126,266	79,529	120,219	99,450	112,314
Pakistan	89,524	44,631	230,302	130,139	17,124	101,251
Italy	0	0	134,495	196,337	238,548	78,655
Nigeria	61,431	48,183	58,657	44,745	40,199	69,319
Iraq	2,294	0	3,689	4,963	32,480	66,651
Jordan	66,843	25,782	85,017	217,389	61,468	61,662
Slovakia	43,907	46,131	13,400	30,731	42,339	61,226
Israel	180,750	105,064	105,870	78,178	100,885	60,676
India	57,476	22,058	97,507	34,577	168,655	59,257
United Arab Emirates	195,923	124,680	89,513	102,321	73,687	57,850
Romania	2,780	5,356	8,764	23,051	42,739	53,712
Syria	310,566	254,890	225,247	175,508	179,077	53,125
Bosnia & Herzegovina	70,636	80,549	68	8,811	42,636	43,126
Egypt	4,085	8,235	26,745	68,553	40,684	39,506
All others	500,046	636,997	630,566	377,035	308,912	192,583
Total	4,123,161	3,617,642	3,031,213	3,448,251	3,541,322	3,022,813
	Value *(1,000 dollars)*					
Turkey	688,752	979,284	247,474	387,979	413,057	318,588
Russia	191,433	182,078	77,262	135,699	253,114	219,988
Poland	72,407	74,842	64,110	170,875	237,356	187,994
Bulgaria	14,074	52,712	5,831	33,222	108,245	105,798
Greece	2,026	8,044	15,470	55,840	96,052	78,219
Lebanon	41,392	57,065	60,473	108,334	85,072	60,822
Belarus	82,312	90,005	31,274	62,251	60,553	59,601
Pakistan	36,527	25,777	75,523	59,798	8,880	52,142
Italy	0	0	48,124	96,847	134,827	39,829
Nigeria	26,765	27,132	20,720	22,141	23,718	34,939
Iraq	923	0	1,267	2,612	19,294	30,991
Jordan	29,415	14,958	28,575	100,685	32,533	29,807
Slovakia	22,480	31,595	5,414	16,521	25,645	32,061
Israel	75,641	65,619	37,071	36,764	59,852	30,514
India	22,202	11,241	30,259	14,888	95,663	28,800
United Arab Emirates	84,795	71,967	33,290	50,630	42,075	30,287
Romania	1,256	3,759	3,567	11,917	25,490	26,669
Syria	130,277	136,632	76,196	82,482	96,176	26,072
Bosnia & Herzegovina	31,217	63,479	26	4,678	25,097	21,107
Egypt	1,856	6,574	12,975	32,548	23,911	19,318
All others	222,724	408,479	211,554	183,969	180,758	100,403
Total	1,778,473	2,311,243	1,086,454	1,670,682	2,047,368	1,533,951

Table continued on next page.

Table IV-23--*Continued*

Hot-rolled steel: Ukrainian exports, by market, 2007-12

Item	Unit value (*dollars per short ton)*					
	2007	2008	2009	2010	2011	2012
Turkey	423	650	386	479	567	499
Russia	425	669	374	484	592	524
Poland	482	637	401	526	612	530
Bulgaria	456	690	398	515	577	489
Greece	481	495	379	483	563	493
Lebanon	431	574	338	450	565	491
Belarus	470	713	393	518	609	531
Pakistan	408	578	328	459	519	515
Italy	([1])	([1])	358	493	565	506
Nigeria	436	563	353	495	590	504
Iraq	402	([1])	343	526	594	465
Jordan	440	580	336	463	529	483
Slovakia	512	685	404	538	606	524
Israel	418	625	350	470	593	503
India	386	510	310	431	567	486
United Arab Emirates	433	577	372	495	571	524
Romania	452	702	407	517	596	497
Syria	419	536	338	470	537	491
Bosnia & Herzegovina	442	788	378	531	589	489
Egypt	454	798	485	475	588	489
All others	445	641	335	488	585	521
Average	431	639	358	485	578	507

[1] Not applicable.

Source: Global Trade Atlas (HTS 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19).

GLOBAL MARKET

Production

Production increased globally during 2009-10 by *** percent (*** tons) as the world was recovering from the global financial crisis (table IV-24).[71] During 2009-13 global production increased by *** percent (*** tons). All regions increased production during 2009-10. However, production in Europe declined steadily during 2011-13 by *** percent (*** tons) as end-user demand remained weak in this region. Most of the global production increase during 2009-13 was accounted for by China which produced *** tons more in 2013 than in 2009.

Table IV-24
Hot-rolled steel: Global and regional production, 2009-13

* * * * * * *

All regions are forecasted to increase production during 2014-18 (table IV-25) with global production expected to increase *** percent (*** tons) with China accounting for *** percent of the increase (*** tons).

Table IV-25
Hot-rolled steel: Forecasted global and regional production, 2014–18

* * * * * * *

Consumption

Global consumption increased during 2009-13 by *** percent (*** tons) as shown in table IV-26.[72] China alone accounts for about half of the increase (*** tons) but its consumption increase was less than its production increase (*** tons) during this period. Each year during the same period, the CIS consistently produced about *** tons a year more than it consumed. All of the major consuming regions increased consumption relatively steadily during this period with the exception of Europe whose consumption steadily decreased during 2011-13 as weak demand persists in that region. Consumption is predicted to rise steadily both globally and for all regions during 2014-17 (table IV-27).

Table IV-26
Hot-rolled steel: Global and regional consumption, 2009 - 2013

* * * * * * *

[71] Data for 2007-08 are not available from ***.
[72] Data for 2007-08 are not available from ***.

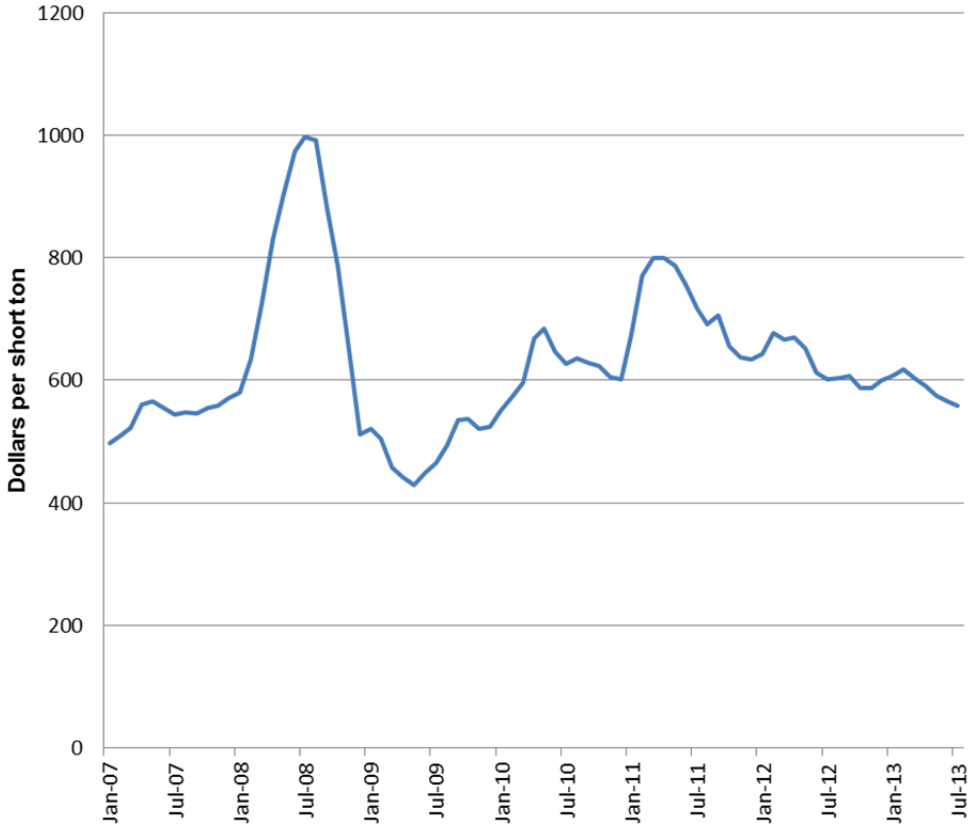
Table IV-27
Hot-rolled steel: Forecasted global and regional consumption, 2014 – 2017

* * * * * * *

Prices

Published price data are available from several reputable sources. These data, however, are collected based on different product categories, timing, and commercial considerations, and so may not be directly comparable with each other. Moreover, such data are distinct from the pricing data presented in Part V of this report, which are collected directly from U.S. producers and U.S. importers according to precise product definitions. Average world prices, as compiled by Management Engineering & Production Services ("MEPS"), are presented in figure IV-1.

Figure IV-1
Average world price for hot-rolled steel, January 2007-July 2013



Source: Compiled from data published by MEPS, found at http://www.meps.co.uk/World%20Carbon%20Price.htm

Globally country-specific and regional transaction prices have generally declined since 2011, and most markets expect prices to continue their decline in the near future (tables IV-28 and IV-29).[73] In North America, ***. Europe is experiencing ***. In China, ***. In Japan, ***.[74]

Table IV-28
Hot-rolled steel: Spot prices for hot-rolled steel, by selected country or region, and by month, January 2007- September 2013

* * * * * * *

Table IV-29
Hot-rolled steel: Spot prices for hot-rolled steel, by selected country or region, and by month, January 2007- September 2013

* * * * * * *

Additional global supply and demand factors

Production capacity during 2009-13 was relatively stable except in Asia. Of the global capacity increase of *** tons during this period, China accounted for *** and the rest of Asia accounted for *** (table IV-30). Little capacity growth is predicted globally and for most regions during 2014-17 (table IV-31). The Middle East will be the only region expected to substantially increase capacity and the increase will occur during 2015-17, (*** tons and *** percent).

Table IV-30
Hot-rolled steel: Global and regional production capacity, 2009-13

* * * * * * *

Table IV-31
Hot-rolled steel: Forecasted global and regional production capacity, 2014-17

* * * * * * *

Most responding U.S. producers (8 of 11),[75] importers (13 of 24), and purchasers (17 of 33) reported that demand outside the U.S. market has fluctuated since January 2007 (table IV-32). At least one firm in each respondent group reported that demand outside the United States had increased, decreased, and not changed. Purchasers cited the improving economy as the main actor driving increased demand. The only producer reporting increased demand explained that growth in Asia was greater than the declines elsewhere. The sole importer reporting an increase in demand outside the United States reported growth in Mexico. Two foreign producers reported increasing demand and two reported fluctuating demand, while

[73] Price data were compiled from ***.
[74] Information in this section was compiled from ***.
[75] One producer reported both that demand had fluctuated and demand had decreased.

one reported decreasing demand. Foreign producers reported the same trends for their home markets. Firms reporting declining demand outside the U.S. market reported that it was caused by economic conditions/the recession or, specifically, economic conditions in Europe, as well as an oversupplied market for hot-rolled steel.

Table IV-32
Hot-rolled steel: U.S. producer, importer, and purchaser responses regarding demand since 2007 and anticipated demand through 2014 for hot-rolled steel outside the United States

Item	Number of firms reporting			
	Increase	No Change	Decrease	Fluctuate
Demand since 2007: U.S. producers	2	1	1	8
Importers	3	4	4	13
Foreign producers	2	0	1	2
Purchasers	5	4	7	17
Anticipated demand through 2014: U.S. producers	5	2	0	4
Importers	8	6	1	10
Foreign producers	5	0	0	0
Purchasers	9	4	2	14

Source: Compiled from data submitted in response to Commission questionnaires.

Producers, importers, foreign producers, and purchasers are more optimistic about future demand outside the United States. More producers, importers, and purchasers anticipate increased demand through 2014 than reported increased demand since 2007. Demand is expected to improve with the economy and improvements in specific countries (particularly developing countries). Firms predicting decreased demand expect substitution of lightweight materials for fuel economy, a lack of improvements in the EU economy, and continued oversupply.

World demand for hot-rolled steel decreased during the 2007-08 global financial crisis but began to recover thereafter. During the crisis, demand in important end-use markets for hot-rolled steel, such as automotive and appliances, decreased sharply. Since 2009, global demand increased (table IV-26).

***.[76] ***.[77] ***.[78] ***.[79] ***.[80] ***.[81]

With respect to trade, annual exports of hot-rolled steel are compiled for reporting countries in the Global Trade Atlas. As shown in table IV-33, between 2007 and 2012, worldwide exports decreased by 18 percent (13 million short tons). Top exporters include

[76] ***.
[77] ***.
[78] ***.
[79] ***.
[80] ***.
[81] ***.

Japan, Korea, and Russia. With respect to imports, top import markets include Korea, United States, Italy, and Germany (table IV-34).

Table IV-33
Hot-rolled steel: Reported worldwide exports, by market, 2007-12

Reporting country	2007	2008	2009	2010	2011	2012
	Quantity (*short tons*)					
United States	1,969,565	2,376,774	1,680,025	2,179,324	1,989,353	1,851,003
Top exporters:						
Japan	7,803,994	7,801,616	8,011,273	10,177,278	9,699,231	11,378,300
South Korea	3,657,987	4,123,424	4,703,354	5,261,738	6,917,554	6,690,971
Russia	5,321,169	4,552,387	6,644,445	6,296,760	6,035,349	5,068,207
Germany	3,733,691	3,761,272	2,545,257	3,037,055	3,096,813	4,071,703
Taiwan	2,735,986	2,452,159	2,933,333	2,599,895	3,174,039	3,393,377
Belgium	5,878,878	5,853,378	2,896,670	3,550,210	3,713,738	3,037,941
Ukraine	4,123,161	3,617,642	3,031,212	3,448,251	3,541,322	3,022,813
France	2,784,436	2,040,155	1,118,894	1,382,820	1,454,050	2,726,100
Netherlands	2,602,530	2,335,653	1,778,631	1,991,300	2,454,218	2,350,350
Italy	2,549,836	2,275,284	1,643,709	2,015,790	2,211,509	2,210,284
All other	31,605,415	27,398,513	19,473,821	27,066,393	20,496,075	15,530,154
Total	74,766,648	68,588,256	56,460,626	69,006,814	64,783,250	61,331,203
	Value (*1,000 dollars*)					
United States	1,207,962	1,841,632	990,308	1,489,125	1,539,899	1,380,573
Top exporters:						
Japan	3,870,664	5,515,047	3,884,391	6,063,537	6,632,360	6,898,331
South Korea	1,953,028	3,040,742	2,427,072	3,222,643	4,729,562	4,095,808
Russia	2,665,060	3,093,107	2,510,653	3,000,753	3,567,021	2,642,595
Germany	2,504,058	2,905,337	1,667,227	1,914,825	2,421,227	2,777,930
Taiwan	1,339,089	1,667,374	1,328,683	1,515,936	2,093,726	1,992,783
Belgium	3,723,963	4,470,969	1,882,441	2,210,745	2,848,612	2,010,382
Ukraine	1,778,473	2,311,243	1,086,454	1,670,682	2,047,368	1,533,951
France	1,449,773	1,549,779	802,410	920,895	1,113,743	1,744,084
Netherlands	1,559,076	1,832,592	937,365	1,175,733	1,718,990	1,432,539
Italy	1,483,796	1,719,205	888,238	1,150,608	1,587,583	1,399,305
All other	16,767,756	21,331,836	9,354,937	15,529,097	14,087,457	9,732,317
Total	40,302,699	51,278,864	27,760,180	39,864,578	44,387,548	37,640,599
	Unit value (*per short ton*)					
United States	613	775	589	683	774	746
Top exporters:						
Japan	496	707	485	596	684	606
South Korea	534	737	516	612	684	612
Russia	501	679	378	477	591	521
Germany	671	772	655	630	782	682
Taiwan	489	680	453	583	660	587
Belgium	633	764	650	623	767	662
Ukraine	431	639	358	485	578	507
France	521	760	717	666	766	640
Netherlands	599	785	527	590	700	610
Italy	582	756	540	571	718	633
All other	531	779	480	574	687	627
Average	539	748	492	578	685	614

Source: Global Trade Atlas (HTS 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19).

Table IV-33
Hot-rolled steel: Reported worldwide imports, by market, 2007-12

Reporting country	2007	2008	2009	2010	2011	2012
	Quantity (*short tons*)					
United States	3,389,559	3,646,224	2,294,693	3,114,532	3,578,210	3,871,992
Top importers:						
South Korea	8,359,167	8,478,830	6,508,045	8,051,880	5,937,138	5,463,537
Italy	5,226,824	5,581,083	3,337,426	4,359,232	4,919,987	3,342,920
Germany	4,655,090	4,222,540	2,771,005	3,317,613	3,519,450	3,083,249
Turkey	5,156,250	4,837,254	3,353,328	3,601,119	3,170,103	2,963,505
Thailand	2,601,222	2,815,142	1,567,375	2,444,535	2,424,332	2,820,879
France	4,130,658	3,826,728	2,092,085	2,788,119	2,833,106	2,473,135
India	3,552,320	2,711,124	3,598,608	3,719,834	2,403,262	2,236,600
Belgium	4,039,279	2,920,914	949,747	1,866,966	2,312,211	1,939,847
Japan	1,906,514	1,809,762	1,134,016	1,730,871	1,960,296	1,918,678
Spain	3,195,675	2,326,308	1,283,139	1,991,233	2,044,361	1,908,505
All other	21,388,923	25,263,029	21,463,257	28,025,598	27,085,495	25,488,954
Total	67,601,482	68,438,939	50,352,724	65,011,533	62,187,952	57,511,799
	Value (*1,000 dollars*)					
United States	1,746,417	2,789,142	1,171,874	1,834,395	2,500,544	2,511,681
Top importers:						
South Korea	4,181,419	6,490,105	3,258,015	4,845,109	4,132,710	3,361,591
Italy	2,987,234	4,236,775	1,733,182	2,469,592	3,305,026	1,977,371
Germany	3,114,965	3,450,788	1,769,538	2,171,177	2,802,666	2,140,215
Turkey	2,753,236	3,748,568	1,647,287	2,008,582	2,121,982	1,729,993
Thailand	1,474,122	2,104,480	907,484	1,613,904	1,849,314	2,048,629
France	2,596,789	2,853,998	1,390,209	1,792,488	2,216,268	1,682,853
India	2,172,318	2,405,736	1,935,377	2,298,833	1,589,236	1,372,475
Belgium	2,259,897	2,322,819	556,483	963,055	1,465,831	1,045,828
Japan	896,174	1,281,340	689,765	1,131,898	1,480,593	1,217,488
Spain	1,900,883	1,801,033	739,922	1,223,157	1,561,433	1,215,452
All other	12,980,577	19,101,078	11,589,565	17,518,902	19,691,319	16,721,977
Total	39,064,030	52,585,862	27,388,698	39,871,091	44,716,922	37,025,553
	Unit value (*per short ton*)					
United States	515	765	511	589	699	649
Top importers:						
South Korea	500	765	501	602	696	615
Italy	572	759	519	567	672	592
Germany	669	817	639	654	796	694
Turkey	534	775	491	558	669	584
Thailand	567	748	579	660	763	726
France	629	746	665	643	782	680
India	612	887	538	618	661	614
Belgium	559	795	586	516	634	539
Japan	470	708	608	654	755	635
Spain	595	774	577	614	764	637
All other	607	756	540	625	727	656
Average	578	768	544	613	719	644

Source: Global Trade Atlas (HTS 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19)**.**

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Hot-rolled steel prices reflect the quality, material properties, and intended end use of the steel. Important pricing factors include the carbon content of the hot-rolled steel and its levels of alloy elements; the metallurgical properties of the hot-rolled steel, such as the purity and grain structure of the steel; and surface and edge qualities. These elements typically are measured in terms of AISI and SAE grades, which generally rate the steel's chemistry, and ASTM specifications, which rate the steel for mechanical and physical properties. Prices also include additional processing such as pickling and oiling, temper rolling, edge trimming, cutting to size and weight, and packaging. Finally, prices can vary depending on the nature of the purchase agreement, including the quantity purchased; whether the agreement is a spot sale or a longer term contract; and, at times, surcharges for raw materials, transportation, fuel, and/or energy.

Raw material costs

Raw material cost share

As noted in Part I of this report, there are different processes used to manufacture hot-rolled steel. These were described as the integrated and non-integrated steelmaking processes. Nine of 13 responding U.S. producers specifically noted that scrap, iron (either pig iron, iron pellets, direct reduced iron, or iron ore), and alloys were the primary raw materials used in the production of hot-rolled steel. Coke was identified by four producers and coal by three. Additionally, four non-integrated producers identified purchased steel slabs for re-rolling as their primary raw material for hot-rolled steel.

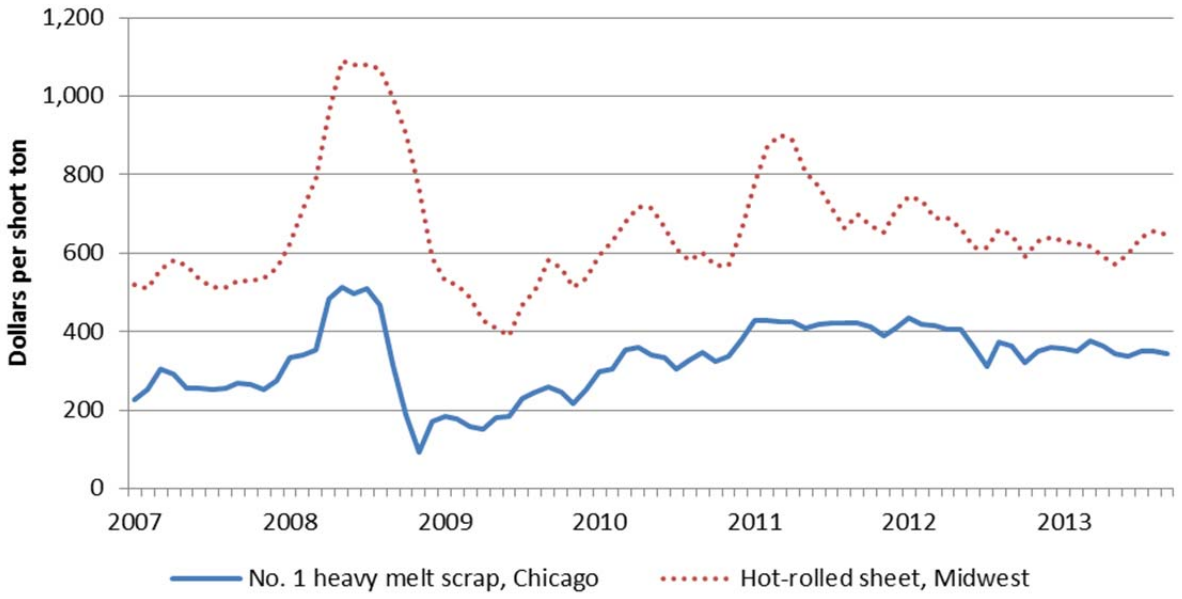
Raw materials, as a share of cost of goods sold for domestic producers of hot-rolled steel, increased irregularly from 61.2 percent in 2007 to 70.0 percent in 2011 before decreasing slightly to 69.4 percent in 2012. The ratio was 68.3 percent in January-June 2013, compared with 71.0 percent in January-June 2012.

Scrap and iron

Since January 2007, the price of heavy melt scrap steel has varied between a high of $513 per short ton in May 2008 to a low of $92 per short ton in November 2008 (see figure V-1). In general, prices of scrap steel rose from 2007 to early 2008 and spiked in spring and summer 2008, then decreased by more than 80 percent in the remainder of 2008. Since that time, prices of scrap steel increased until the start of 2011, remained around $400 per short ton into early 2012 and have been declining slightly since that time. Prices of hot-rolled steel sheet

have generally followed scrap price movements[1] with the exception of 2011, during which time prices for hot-rolled steel increased and then decreased while scrap prices remained relatively steady.

Figure V-1
Hot-rolled steel: Steel sheet and heavy melt scrap prices, monthly, January 2007-September 2013



Source: American Metal Market.

Integrated producers typically use iron ore instead of scrap to produce hot-rolled steel. Certain of the larger integrated producers own iron mining operations, and therefore use an internal price for iron ore. The price of iron ore increased from $54.10 per short ton in 2007 to $84.15 in 2009 and $90.22 in 2011. It is estimated to be $91.63 in 2012.[2]

Metallurgical coke

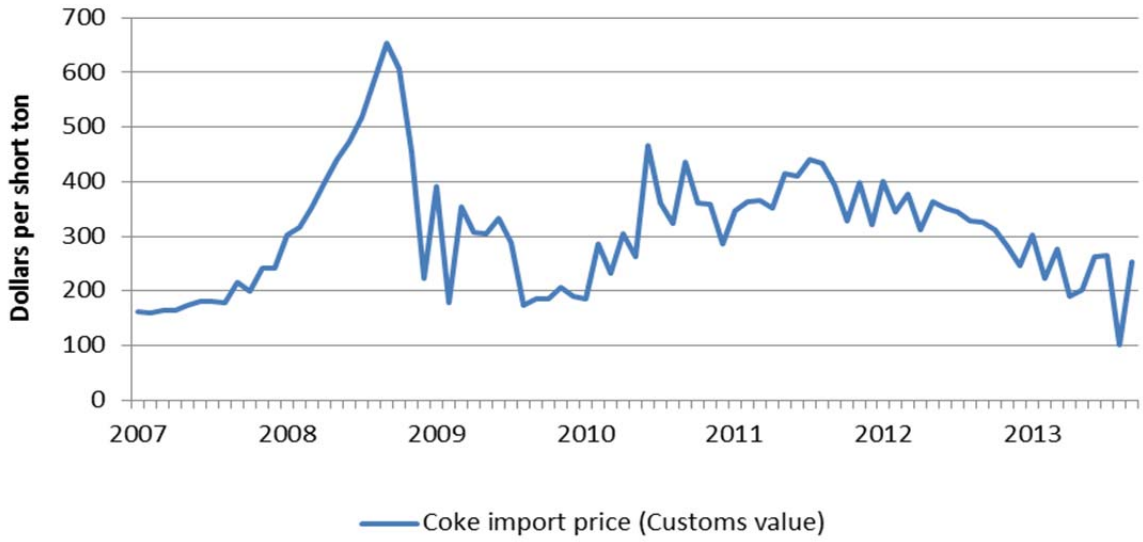
Coke combined with iron ore pellets is used to charge the blast furnaces. Several integrated steel producers manufacture their own coke from coal stocks, and even sell coke to other steel companies, while others import coke. As seen in figure V-2, Customs import unit values of coke were rising in 2007 and increased greatly in 2008. After September 2008, unit values decreased precipitously and were at early 2008 levels until early 2010. Since then, unit values increased until mid-2011, but have been generally declining since that time. Domestic prices of coke compiled by the Department of Energy were slightly higher than import unit

[1] The correlation coefficients between these two data series, with scrap prices lagged one month, is 0.763. This indicates that current scrap prices may provide an indication of the direction hot-rolled steel prices will move in the following month.

[2] *Iron Ore*, United States Geological Survey, Mineral Commodity Summaries, January 2011 and January 2013. Prices are based on estimates from reported values of ore at mines.

values but tended to move in similar directions: $311 per short ton in 2009, $203 in 2010, $432 in 2011, and $396 in 2012.[3]

Figure V-2
Coke: Unit values of imports of coke for blast furnaces (on Customs value basis), monthly, January 2007-September 2013



Source: USITC Dataweb, HTS subheading 2704.00.00.

Anticipated raw material costs

Nine of 12 responding producers indicated that they believe that raw material prices will continue to be volatile. Producer *** stated that a new direct-reduced iron ("DRI") facility due to open soon in the United States may have an impact on iron ore prices.[4] Producer *** anticipates no significant changes in the second half of 2013 for coke or iron ore, but a *** percent decrease in the price of iron ore in 2014 and no change again in 2015. With respect to coke, it anticipates a *** percent increase in 2014 and a *** percent increase in 2015. Producer *** expects no significant changes. Nine of 11 responding importers also expect continued fluctuations, whereas the other two anticipate declining raw material costs. Foreign producers *** anticipated fluctuating raw iron prices (decreasing in the second half of 2013 due to increased mining of inputs and continuing to decrease by a further 10 percent in 2014, but then increasing by 3 percent in 2015), whereas *** anticipates increased raw material costs.

[3] U.S. Department of Energy Quarterly Coal Report, various issues.

[4] Nucor's 2.5 million tons-per-year DRI facility on the Mississippi River in Louisiana was expected to begin production by the end of September 2013. "Planned expansions at Nucor push ahead," *American Metal Market*, July 19, 2013. However, one of its storage domes collapsed in late September, pushing back its opening until the end of 2013. "Storage Dome Collapse At Nucor Steel Louisiana," found at http://www.nucor.com/investor/news/releases/?rid=1859123, retrieved November 19, 2013.

Raw material purchase basis

U.S. producers purchase raw materials according to a wide variety of schedules – from spot market purchases to contracts ranging from one month to five years. Long-term raw material contracts may include quarterly and/or annual price and volume adjustments. Four of 12 responding producers have changed their raw material purchasing frequency since 2007: *** have begun using or have increased the use of contracts for pig iron; *** is purchasing raw materials using shorter contracts that have variable prices instead of their previous annual contracts; and *** has pricing that now changes on a quarterly basis rather than an annual basis.

A majority of producers, importers, and foreign producers stated that raw material prices affect the price of hot-rolled steel. Some firms noted concurrent price changes or the inclusion of price mechanisms (e.g., surcharges or price increase pass-throughs) in their contracts. One producer and one importer noted that hot-rolled steel prices only change if the raw material price change is large enough. In contrast, five producers and three importers stated that hot-rolled steel prices are affected by demand-side market considerations or are not affected by raw material pricing changes.

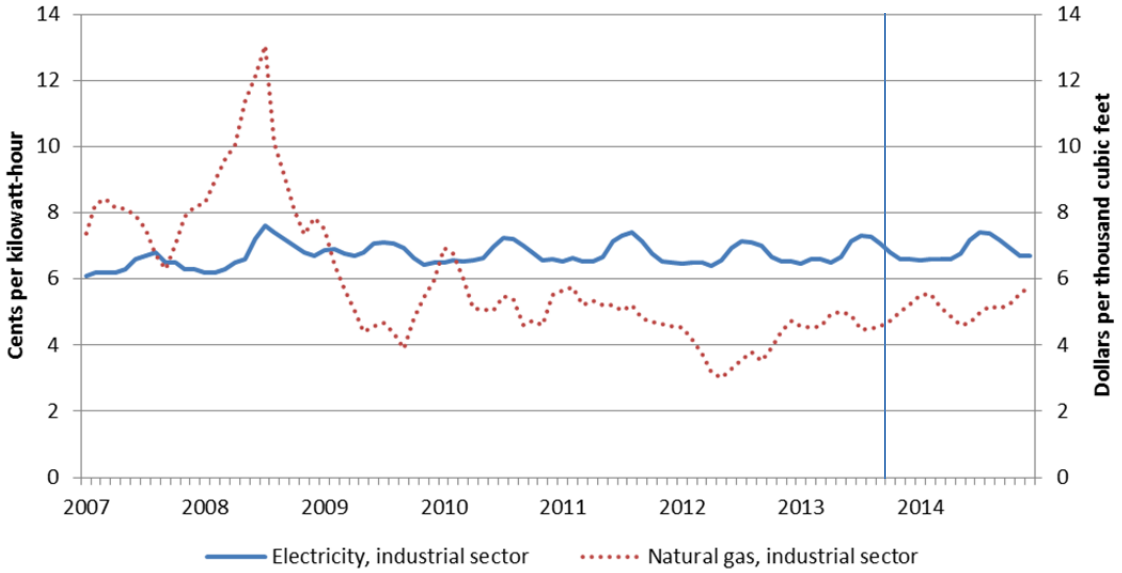
Raw material surcharges

Six responding producers reported that they had included surcharges in their sales contracts for hot-rolled steel to cover changes in the prices of raw materials at some point since 2007, while only one importer had done so. Most of these surcharges occurred in 2007 and 2008, but have since been integrated into the negotiated price of hot-rolled steel. Fifteen of 24 responding purchasers reported paying raw material/scrap surcharges on their purchases of hot-rolled steel since 2007, although surcharges were not applied uniformly through June 2013. Some indicated that the surcharges have been integrated into pricing, while others indicated that certain suppliers are still using raw material surcharges (e.g., Evraz, Nucor, and SSAB as noted by ***, and "generally all US producers" as reported by ***).

Energy costs

In addition to raw material costs, energy costs are an important factor in hot-rolled steel production, especially for mills using electric arc furnaces. Available data indicate that annual average industrial prices of electricity (per kilowatt-hour) generally increased from 6.1 cents in January 2007 to 6.5 cents in January 2013, and from 6.7 cents to 7.2 cents between July 2007 and July 2013 (figure V-3). Natural gas prices (per thousand cubic feet) spiked during mid-2008 but then declined irregularly through early 2012. Since then, natural gas prices have been increasing and are predicted to continue to climb through 2014. The price for electricity is not forecasted to vary appreciably from 2012-13 levels in 2013-14.

Figure V-3
Industrial natural gas and electricity prices, monthly January 2007-September 2013 and October 2013-December 2014 (forecast)



Source: Energy Information Administration, http://www.eia.gov/forecasts/steo/tables/?tableNumber=8#, retrieved November 6, 2013.

Transportation costs to the United States

Overseas transportation costs have declined overall since 2007. One index to which parties referred in this proceeding, and often used as a point of reference for overseas shipping costs, is the Baltic Dry Index.[5] After rising from slightly more than 4,000 at the beginning of 2007 to its peak of more than 11,500 in the first half 2008, the index had fallen to under 1,000 through most of 2013. Recently, it increased briefly over 2,000, but had declined to around 1,500 in mid-November 2013. Domestic interested parties submitted that ocean freight for hot-rolled steel is currently inexpensive relative to earlier in the review period.[6]

Domestic interested parties reported that transportation costs from subject countries such as Taiwan or India are approximately the same whether the hot-rolled steel is shipped to

[5] The Baltic Dry Index is "a shipping and trade index created by the London-based Baltic Exchange that measures changes in the cost to transport raw materials such as metals, grains and fossil fuels by sea. The Baltic Exchange directly contacts shipping brokers to assess price levels for a given route, product to transport and time to delivery (speed). The Baltic Dry Index is a composite of three sub-indexes that measure different sizes of dry bulk carriers (merchant ships) - Capesize, Supramax and Panamax. Multiple geographic routes are evaluated for each index to give depth to the index's composite measurement. It is also known as the 'Dry Bulk Index'." Found at http://www.investopedia.com/terms/b/baltic_dry_index.asp, retrieved November 26, 2013.

[6] Baltic Dry Index, found at http://www.findata.co.nz/markets/index/bdi/chart.htm, retrieved November 20, 2013 and domestic interested party Nucor's posthearing brief, exh. 1, pp. 60-61.

various third country markets or the United States.[7] Respondent interested parties disagreed with this characterization, noting that shipping to the United States is more expensive than shipping to markets in third countries.[8]

U.S. inland transportation costs

Thirteen U.S. producers provided usable U.S. transportation cost data. Transportation costs in 2012 averaged 5 percent and ranged from 2 to 8 percent of the total delivered cost of their U.S. shipments. U.S.-produced hot-rolled steel is shipped a variety of distances, though a large majority in 2012 was shipped less than 100 miles (40.0 percent) or between 101 and 1,000 miles (54.5 percent). Eleven producers reported arranging transportation for purchasers, whereas four reported that purchasers arrange it themselves.[9] The only importer to report usable U.S. transportation costs indicated that such costs averaged *** percent of total delivered costs for subject imports.

Five of 12 responding producers and 3 of 30 responding importers reported using transportation or fuel surcharges at some point since 2007. Nineteen of 24 responding purchasers noted paying fuel surcharges at some time since 2007 on the hot-rolled steel that they bought. Department of Energy diesel indices were most frequently noted as the basis for these surcharges.

PRICING PRACTICES

Pricing methods

Pricing basis

The majority of hot-rolled steel is sold on a spot basis. Thirteen U.S. producers reported that they set prices for hot-rolled steel on a transaction-by-transaction basis, 11 reported selling via contracts, and two reported using price lists (table V-1). Twenty-four of 25 responding importers also reported setting prices on a transaction-by-transaction basis.

[7] Hearing transcript, p. 74 (Scherrbaum) and domestic interested party Nucor's posthearing brief, exh. 1, pp. 60-64.

[8] Hearing transcript, p. 244 (Fan-Chiang), respondent interested party Shang Chen's posthearing brief, exh. 1, p. 1, and respondent interested party Essar's posthearing brief, exh. 3, p. 3.

[9] Some producers reported that their firm and the purchaser arranged transportation.

Table V-1

Hot-rolled steel: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	13	24
Contract	11	7
Set price list	2	1
Other	3	3

[1] The sum of responses may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

Domestic sales are largely divided between short-term contract sales and spot sales (table V-2). The majority of U.S. producers' 2012 hot-rolled steel sales were via spot sales, and nearly all of the remainder was sold via short-term contracts. Importers of subject hot-rolled steel[10] sold exclusively on a spot basis in 2012.

Table V-2

Hot-rolled steel: U.S. producers' and importers' reported use of contracts and spot sales, by type of sale, 2012

Type of sale	U.S. producers	Importers
Long-term contracts	1.9	0.0
Short-term contracts	41.6	0.0
Spot sales	56.4	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Contract terms

Twelve U.S. producers reported that the duration of short-term contracts ranged between 1 and 12 months (averaging 8 months). Terms also varied: two responding producers' short-term contracts fixed price only, whereas six fixed price and quantity and five fixed quantity only. Two producers reported that prices typically are renegotiable whereas nine reported that they are not. Eleven producers' contracts typically did not contain meet-or-release clauses, whereas one did.[11]

Although no importers reported any 2012 shipments of subject imports pursuant to contracts, two importers noted terms regarding their typical short-term sales contracts. *** typically fix both price and quantity, price cannot be renegotiated, and the company does not include meet-or-release provisions. *** only noted that its short-term contracts include meet-or-release provisions.

[10] These firms reported importing hot-rolled steel from ***.

[11] Not all producers which indicated that they used short-term contracts responded to all portions of this question.

Sales terms and discounts

All 13 responding producers[12] but only 3 of 9 responding importers reported that the majority of their sales were on an f.o.b. basis. The remaining six importers reported that most of their sales were on a delivered basis.

Both U.S. producers and U.S. importers typically sell hot-rolled steel on a net 30 payment basis. Nearly half (6 of 13) of responding producers do not offer discounts to purchasers of hot-rolled steel except for early payment discounts, whereas four offer quantity or annual volume discounts. Discounts may be included in the sales negotiations. Two producers indicated that discounts may be granted in competitive situations. The industry standard payment terms producers offered are ½ percent 10/net 30 days. Twenty-three of 25 responding importers offer no discounts.

PRICE DATA

The Commission requested U.S. producers and U.S. importers of hot-rolled steel to provide quarterly data for the total quantity and value of hot-rolled steel that was shipped to unrelated customers in the U.S. market. Quarterly data were requested for the period January 2007–June 2013. The products for which pricing data were requested are as follows:

> ***Product 1***.–Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, not high strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width.
>
> ***Product 2***.–Hot-rolled carbon sheet in coils, commercial quality, SAE 1006-1015 or ASTM A1011 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.
>
> ***Product 3***.–Hot-rolled carbon steel sheet in coils, commercial quality SAE 1006-1015 or ASTM A1011 equivalent, pickled and oiled, temper-rolled, not high strength, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.
>
> ***Product 4***.–Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, in high strength low alloy qualities according to SAE J 1392, ASTM A-572/656/1011, 0.187" through 0.625" in nominal or actual thickness 40" through 72" in width.

Thirteen U.S. producers and three importers provided usable price data for sales of the four products, although not all firms reported prices for all products and all quarters.[13] Reported pricing products represented 35.3 percent of U.S. open market (i.e., non-captive) shipments of U.S.-produced products. Among subject imports, they represent *** percent of imported product from India and *** percent from Thailand. No pricing data were received for

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[12] Two producers additionally noted that they also sell on a delivered basis.

[13] Data suspected of being in error are not included. Despite persistent attempts to allow *** to correct its highly erroneous data for ***, it was unable to correct the errors. As a result, data from this producer in this year are ***. ***.

sales of imports from China, Indonesia, Taiwan, or Ukraine. Price data are presented in tables V-3 to V-5 and figures V-4 to V-7. All data are reported in short tons and dollars per short ton.

Table V-3
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,[1] and margins of underselling/(overselling), by quarter, January 2007-June 2013

Period	United States		India			Thailand		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
2007: Jan.-Mar.	$520	730,017	$***	***	***	$***	***	***
Apr.-June	569	773,448	--	0	--	--	0	--
July-Sept.	548	776,730	--	0	--	--	0	--
Oct.-Dec.	532	790,281	***	***	***	--	0	--
2008: Jan.-Mar.	588	951,066	--	0	--	--	0	--
Apr.-June	804	1,073,614	--	0	--	--	0	--
July-Sept.	978	917,832	--	0	--	--	0	--
Oct.-Dec.	741	371,050	--	0	--	--	0	--
2009: Jan.-Mar.	527	360,521	--	0	--	--	0	--
Apr.-June	403	400,392	--	0	--	--	0	--
July-Sept.	445	701,439	--	0	--	--	0	--
Oct.-Dec.	497	651,687	--	0	--	--	0	--
2010: Jan.-Mar.	543	819,317	--	0	--	--	0	--
Apr.-June	639	736,659	--	0	--	--	0	--
July-Sept.	584	621,078	--	0	--	--	0	--
Oct.-Dec.	547	614,844	--	0	--	--	0	--
2011: Jan.-Mar.	669	600,217	--	0	--	--	0	--
Apr.-June	788	573,621	--	0	--	--	0	--
July-Sept.	677	687,438	--	0	--	--	0	--
Oct.-Dec.	640	695,868	--	0	--	--	0	--
2012: Jan.-Mar.	666	721,691	--	0	--	--	0	--
Apr.-June	664	569,383	--	0	--	--	0	--
July-Sept.	614	481,872	--	0	--	--	0	--
Oct.-Dec.	589	476,975	--	0	--	--	0	--
2013: Jan.-Mar.	599	532,893	--	0	--	--	0	--
Apr.-June	575	548,470	--	0	--	--	0	--

[1] Product 1: Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, not high strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-4
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,[1] and margins of underselling/(overselling), by quarter, January 2007-June 2013

Period	United States		India		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
2007:					
Jan.-Mar.	$500	554,298	--	0	--
Apr.-June	556	697,842	--	0	--
July-Sept.	548	652,982	--	0	--
Oct.-Dec.	521	612,441	$***	***	***
2008:					
Jan.-Mar.	582	662,212	--	0	--
Apr.-June	777	717,958	--	0	--
July-Sept.	947	539,742	--	0	--
Oct.-Dec.	650	250,563	--	0	--
2009:					
Jan.-Mar.	503	249,101	--	0	--
Apr.-June	414	306,820	--	0	--
July-Sept.	441	521,534	--	0	--
Oct.-Dec.	493	497,931	--	0	--
2010:					
Jan.-Mar.	539	601,770	--	0	--
Apr.-June	628	576,451	--	0	--
July-Sept.	571	497,654	--	0	--
Oct.-Dec.	536	578,279	--	0	--
2011:					
Jan.-Mar.	646	671,600	--	0	--
Apr.-June	750	591,021	--	0	--
July-Sept.	664	624,363	--	0	--
Oct.-Dec.	622	648,956	--	0	--
2012:					
Jan.-Mar.	654	611,070	--	0	--
Apr.-June	646	587,693	--	0	--
July-Sept.	597	577,316	--	0	--
Oct.-Dec.	575	582,203	--	0	--
2013:					
Jan.-Mar.	583	577,300	--	0	--
Apr.-June	564	561,793	--	0	--

[1] Product 2: Hot-rolled carbon sheet in coils, commercial quality, SAE 1006-1015 or ASTM A1011 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-5
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic products 3 and 4,[1] and margins of underselling/(overselling), by quarter, January 2007-June 2013

Period	United States product 3		United States product 4	
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*
2007:				
Jan.-Mar.	$581	223,833	$569	416,845
Apr.-June	630	227,465	621	442,034
July-Sept.	578	264,711	617	437,414
Oct.-Dec.	580	228,537	601	443,060
2008:				
Jan.-Mar.	626	300,256	605	498,787
Apr.-June	836	255,430	805	533,910
July-Sept.	1,029	197,832	1,020	521,430
Oct.-Dec.	790	126,208	830	305,063
2009:				
Jan.-Mar.	579	110,682	739	223,440
Apr.-June	468	115,225	541	137,710
July-Sept.	498	173,781	629	289,606
Oct.-Dec.	549	172,259	742	387,346
2010:				
Jan.-Mar.	592	228,466	603	349,133
Apr.-June	692	187,105	678	348,728
July-Sept.	659	199,747	660	352,256
Oct.-Dec.	607	175,243	603	324,706
2011:				
Jan.-Mar.	694	299,514	694	374,932
Apr.-June	827	238,664	828	417,833
July-Sept.	738	267,613	736	404,546
Oct.-Dec.	678	246,162	685	383,506
2012:				
Jan.-Mar.	704	323,515	720	463,487
Apr.-June	716	263,479	710	400,614
July-Sept.	657	269,469	641	331,250
Oct.-Dec.	631	261,608	635	338,330
2013:				
Jan.-Mar.	638	300,666	634	353,109
Apr.-June	624	251,387	610	327,886

[1] Product 3: Hot-rolled carbon steel sheet in coils, commercial quality SAE 1006-1015 or ASTM A1011 equivalent, pickled and oiled, temper-rolled, not high strength, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Product 4: Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, in high strength low alloy qualities according to SAE J 1392, ASTM A-572/656/1011, 0.187" through 0.625" in nominal or actual thickness 40" through 72" in width.

Source: Compiled from data submitted in response to Commission questionnaires.

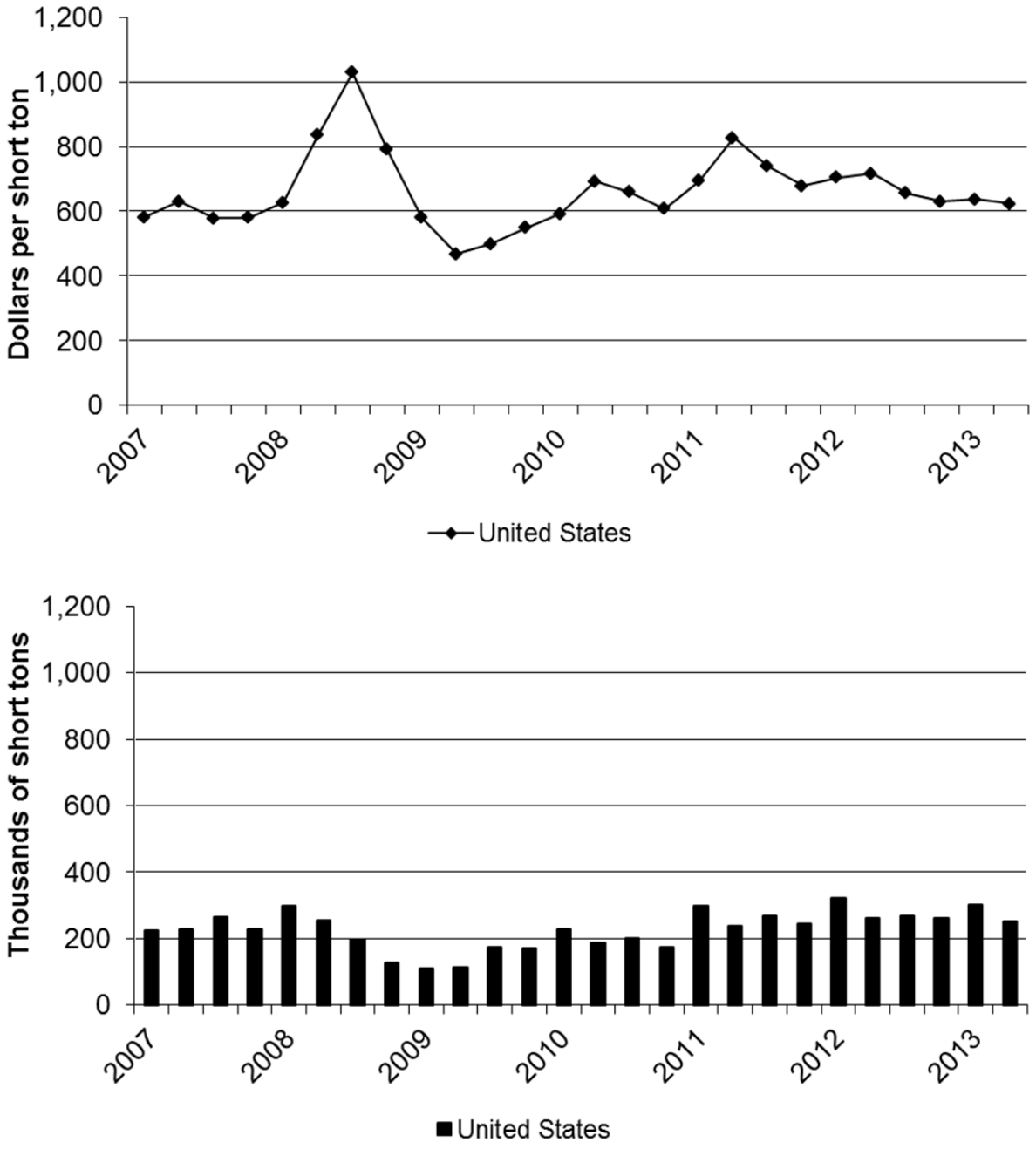
Figure V-4
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarter, January 2007-June 2013

* * * * * * *

Figure V-5
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarter, January 2007-June 2013

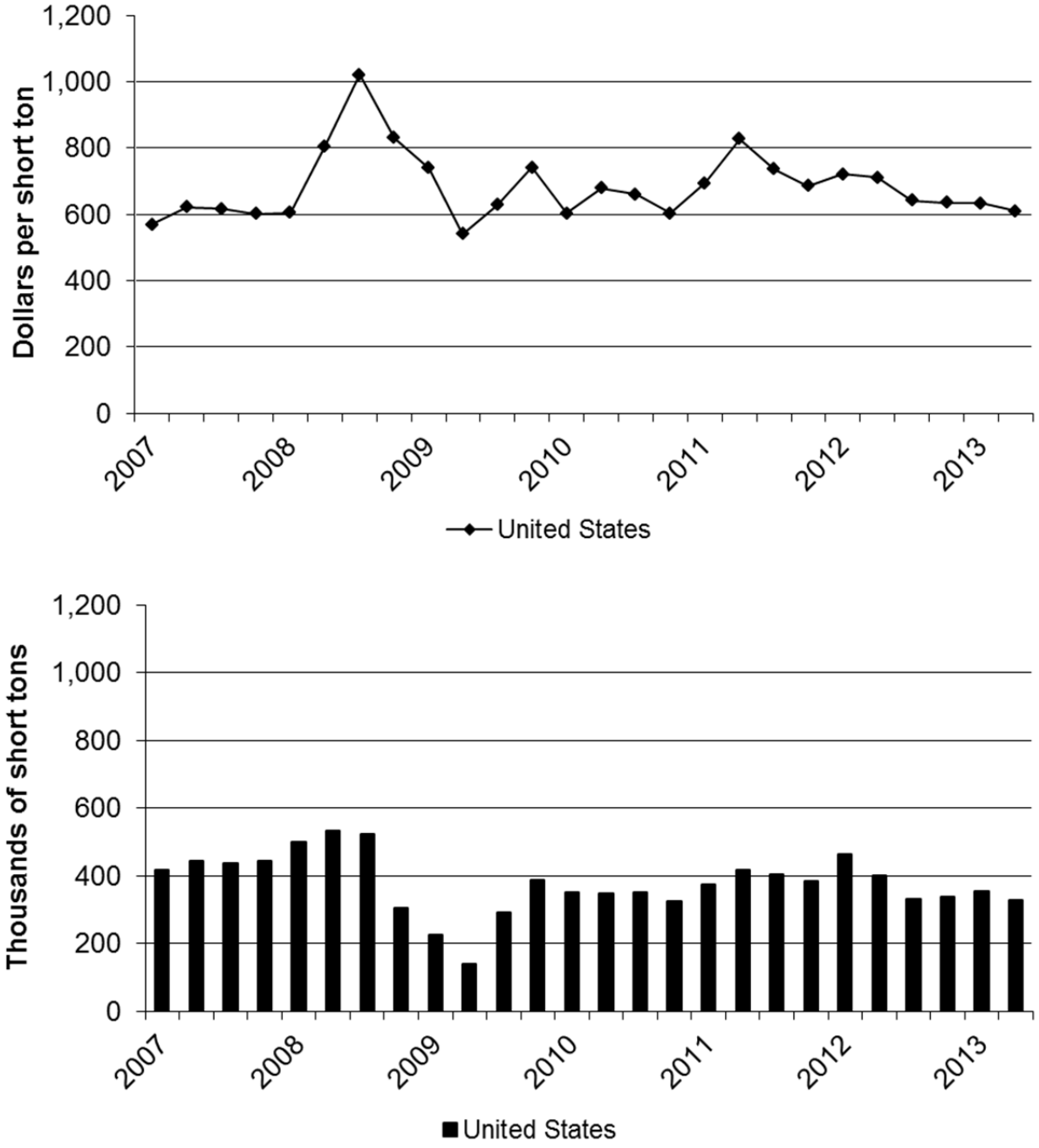
* * * * * * *

Figure V-6
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic product 3, by quarter, January 2007-June 2013



Product 3.-- Hot-rolled carbon steel sheet in coils, commercial quality SAE 1006-1015 or ASTM A1011 equivalent, pickled and oiled, temper-rolled, not high strength, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Figure V-7
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic product 4, by quarter, January 2007-June 2013



Product 4.-- Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, in high strength low alloy qualities according to SAE J 1392, ASTM A-572/656/1011, 0.187" through 0.625" in nominal or actual thickness 40" through 72" in width.

Source: Table V-5.

Price trends

In general, prices peaked in mid-2008, but decreased sharply between the third quarter of 2008 and the second quarter of 2009. Prices then increased until the second quarter of 2011,[14] and have declined irregularly since that time. As shown in figure V-8, prices for all four domestic pricing products were very similar.[15] Changes in the pricing of product 3 mirrored those for products 1 and 2, although the price of product 3 was always slightly higher than the price of products 1 and 2. Product 4, the only high-strength low-alloy pricing product, moved in line with the other three products and was nearly equivalent to prices of product 3, except during 2009.

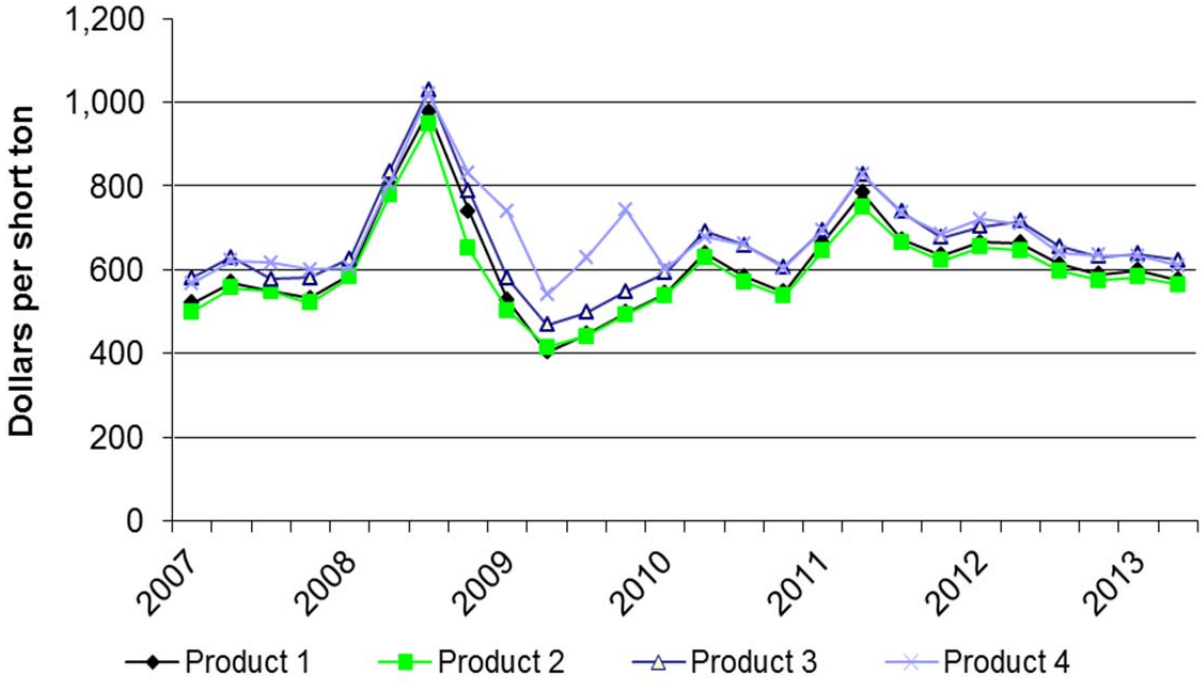
Table V-6 summarizes the price trends by country and by product. Despite a general decline during the two most recent years, prices are higher in the most recent quarter (the second quarter of 2013) for all four products than they were in the first quarter of 2007. Differences between the first quarter of data and the last quarter of data ranged between 7.3 and 12.8 percent. Since price data for hot-rolled steel imported from subject countries were reported only for 2007, price trends were not available.

[14] Prices declined for two quarters in the second half of 2010.

[15] Correlation coefficients among the prices of products 1, 2, and 3 ranged between 0.986 and 0.995, signifying nearly complete correlation. When comparing prices of products 1, 2, and 3 with those of product 4, correlation coefficients were also very high, ranging between 0.845 and 0.875.

These prices also correlate well with American Metal Markets hot-rolled sheet (Midwest) pricing series, even though the collected price data are national and the AMM series is regional. The correlation coefficients for products 1-3 ranged between 0.910 and 0.931. For product 4, the correlation coefficient was somewhat lower (0.774).

Figure V-8
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic products 1-4, by quarter, January 2007-June 2013



Product 1.-- Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, not high strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width.

Product 2.-- Hot-rolled carbon sheet in coils, commercial quality, SAE 1006-1015 or ASTM A1011 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Product 3.-- Hot-rolled carbon steel sheet in coils, commercial quality SAE 1006-1015 or ASTM A1011 equivalent, pickled and oiled, temper-rolled, not high strength, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Product 4.-- Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, in high strength low alloy qualities according to SAE J 1392, ASTM A-572/656/1011, 0.187" through 0.625" in nominal or actual thickness 40" through 72" in width.

Source: Tables V-3 - V-5.

Table V-6
Hot-rolled steel: Summary of weighted-average f.o.b. prices for products 1 through 4 from the United States and subject countries

Item	Number of quarters	Low price (*per short ton*)	High price (*per short ton*)	Change in price[1] (*percent*)
	Product 1			
United States	26	$403	$978	10.7
India	2	***	***	--
Thailand	1	***	***	--
	Product 2			
United States	26	414	947	12.8
India	1	***	***	--
	Product 3			
United States	26	468	1,029	7.3
	Product 4			
United States	26	541	1,020	7.3

[1] Percentage change is based on unrounded data. Changes are not reported for products for which data were not available in both the first and last year of the period.

Source: Compiled from data submitted in response to Commission questionnaires.

Price comparisons

As shown in table V-7, prices for hot-rolled steel imported from India and Thailand were above prices for U.S.-produced product in four comparisons; margins of overselling ranged from *** to *** percent.

Table V-7
Hot-rolled steel: Instances of underselling/overselling and the range and average margin by country, January 2007-June 2013

Product and Country	Number of quarters of underselling	Number of quarters of (overselling)	Margins of underselling			Margins of (overselling)		
			Average (*percent*)	*Range (percent)*		*Average (percent)*	*Range (percent)*	
				Min	*Max*		*Min*	*Max*
India								
1	0	2	--	--	--	***	***	***
2	0	1	--	--	--	***	***	***
Thailand								
1	0	1	--	--	--	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

In the original investigations, there were 301 possible price comparisons between U.S.-produced hot-rolled steel and imported hot-rolled steel from China, India, Indonesia, Taiwan, Thailand, and Ukraine.

- For China, there were 35 instances of underselling and 23 instances of overselling, with average margins of underselling ranging from *** percent and average margins of overselling ranging from *** percent.
- For India, there were 29 instances of underselling, with average margins ranging from *** percent and 9 instances of overselling, with average margins of ranging from *** percent.
- For Indonesia, there were 20 instances of underselling and 2 instances of overselling, with average margins of underselling ranging from *** percent and average margins of overselling of *** percent.
- For Taiwan, there were 15 instances of underselling with average margins of underselling ranging from *** percent and 22 instances of overselling with average margins ranging from *** percent.
- For Thailand, there were 12 instances of underselling, with average margins of underselling ranging from *** percent and 6 instances of overselling with average margins of overselling ranging from *** percent.
- For Ukraine, there were 28 instances of underselling and no instances of overselling, with average margins of underselling ranging from *** percent.[16]

In the first reviews, there were 37 possible price comparisons between U.S.-produced hot-rolled steel and imports from five of the subject countries. No data were available for imports from Ukraine.

- For China, there were 6 instances of underselling and 4 instances of overselling, with average margins of underselling ranging from 2.1 to 45.4 percent and average margins of overselling ranging from (15.3) to (29.8) percent.
- For India, there were 7 instances of underselling, with average margins ranging from 1.4 to 27.3 percent, and 2 instances of overselling, with average margins of *** and *** percent.
- For Indonesia, there were 2 instances of underselling and 6 instances of overselling, with average margins of underselling of *** percent and average margins of overselling ranging from (29.1) to (74.7) percent.
- For Taiwan, there were no instances of underselling and 5 instances of overselling with average margins ranging from (42.2) to (59.8) percent.
- For Thailand, there were 2 instances of underselling, average margins of underselling ranging from *** percent compared with 3 instances of overselling with average margins of overselling ranging from (11.4) to (28.2) percent.[17]

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[16] *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-908 (Final)*, USITC Confidential Staff Report, Memorandum No. INV-Y-141, August 2001.

[17] *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigation Nos. 701-TA-404-408 and 731-TA-898-903 and 905-908 (Review)*, USITC Confidential Staff Report, Memorandum No. INV-EE-136, September 2007.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
77 FR 66439 November 5, 2012.	*Initiation of Five-Year ("Sunset") Review*	http://www.gpo.gov/fdsys/pkg/FR-2012-11-05/pdf/2012-26960.pdf
77 FR 66078 November 1, 2012	*Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine; Institution of Five-Year Reviews Concerning the Countervailing Duty Orders on Hot-Rolled Steel Products From India, Indonesia, and Thailand and Antidumping Duty Orders on Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine*	http://www.gpo.gov/fdsys/pkg/FR-2012-11-01/pdf/2012-26803.pdf
78 FR 11901 February 20, 2013	*Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine; Notice of Commission Determination To Conduct Full Five-year Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2013-02-20/pdf/2013-03798.pdf
78 FR 24435 April 25, 2013	*Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine*	http://www.gpo.gov/fdsys/pkg/FR-2013-04-25/pdf/2013-09780.pdf

Continued on next page.

Citation	Title	Link
78 FR 15703 March 12, 2013	*Certain Hot-Rolled Carbon Steel Flat Products From India, Indonesia, the People's Republic of China, Taiwan, Thailand, and Ukraine; Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*	http://www.gpo.gov/fdsys/pkg/FR-2013-03-12/pdf/2013-05647.pdf
78 FR 16252 March 14, 2013	*Certain Hot-Rolled Carbon Steel Flat Products From India, Indonesia, and Thailand: Final Results of Expedited Sunset Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2013-03-14/pdf/2013-05932.pdf
78 FR 64008 October 25, 2013	*Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine; Revised Schedule for the Subject Five Year Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2013-10-25/pdf/2013-25129.pdf
Note.–The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at http://www.usitc.gov/press_room/news_release/2013/er0204ll1.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review and the Commission's explanation of its determinations can be found at can be found at http://pubapps2.usitc.gov/sunset/caseProf/show/10201 http://pubapps2.usitc.gov/sunset/caseProf/show/10202. http://pubapps2.usitc.gov/sunset/caseProf/show/10203; http://pubapps2.usitc.gov/sunset/caseProf/show/10204; http://pubapps2.usitc.gov/sunset/caseProf/show/10205; http://pubapps2.usitc.gov/sunset/caseProf/show/10206; http://pubapps2.usitc.gov/sunset/caseProf/show/10207; http://pubapps2.usitc.gov/sunset/caseProf/show/10208; http://pubapps2.usitc.gov/sunset/caseProf/show/10209.		

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject:	Hot-Rolled Steel Products from China, India, Indonesia, Taiwan, Thailand, and Ukraine
Inv. Nos.:	701-TA-405, 406, and 408 and 731-TA-899-901 and 906-908 (Second Review)
Date and Time:	October 31, 2013 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

CONGRESSIONAL APPEARANCES:

The Honorable Joe Donnelly, United States Senator, Indiana

The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

The Honorable Todd Rokita, U.S. Representative, 4th District, Indiana

EMBASSY WITNESS:

Royal Thai Embassy
Washington, DC

Perapat Uthaisri, Minister-Counselor (Commercial)

OPENING REMARKS:

In Support of Continuation (**Alan H. Price**, Wiley Rein LLP)
In Opposition to Continuation (**Frederick P. Waite**, Vorys, Sater, Seymour and Pease LLP)

In Support of the Continuation of
Antidumping and Countervailing Duty Orders:

Schagrin Associates
Washington, DC
on behalf of

Gallatin Steel
SSAB Enterprises LLC
Steel Dynamics, Inc.

Glenn Gilmore, Trade Supervisor, SSAB Enterprises LLC

Mark Millett, President *and* Chief Executive Officer, Steel Dynamics, Inc.

Thomas Scruggs, Commercial Manager, Flat Rolled Division, Steel Dynamics, Inc.

Roger B. Schagrin) – OF COUNSEL

Wiley Rein LLP
Washington, DC
on behalf of

Nucor Corporation

John J. Ferriola, President *and* Chief Executive Officer, Nucor Corporation

Rick Blume, General Manager, Commercial Steelmaking Group, Nucor Corporation

Alan H. Price)
Timothy C. Brightbill) – OF COUNSEL
Maureen E. Thorson)

In Support of the Continuation of
Antidumping and Countervailing Duty Orders (continued):

Kelley Drye Warren LLP
Washington, DC
on behalf of

ArcelorMittal USA LLC ("AMUSA")

Daniel Mull, Executive Vice President for Sales and Marketing, AMUSA

Buster Yonych, Director, Hot-Rolled Products Sales and Marketing, AMUSA

David McCall, District 1 Director, United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW)

Gina Beck, Economist, Georgetown Economic Services

Paul C. Rosenthal)
Kathleen W. Cannnon) – OF COUNSEL
R. Alan Luberda)

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, DC
on behalf of

United States Steel Corporation

Mario Longhi, President *and* Chief Executive Officer, United States Steel Corporation

Joseph R. Scherrbaum, Jr., Vice President - Sales, United States Steel Corporation

Robert Y. Kopf, General Manager, North American Flat-Rolled Marketing, United States Steel Corporation

Robert E. Lighthizer)
James C. Hecht) – OF COUNSEL
Stephen P. Vaughn)

In Opposition to the Continuation of
Antidumping and Countervailing Duty Orders:

Hughes Hubbard & Reed LLP
Washington, DC
on behalf of

Sahaviriya Steel Industries Public Company Limited

Robert L. LaFrankie) – OF COUNSEL

Vorys, Sater, Seymour and Pease LLP
Washington, DC
on behalf of

Shang Chen Steel Co., Ltd. ("Shang Chen Steel")

Dr. Kenneth Button, Senior Vice President, Economic
Consulting Services LLC

Frederick P. Waite) – OF COUNSEL

Dentons US LLP
Washington, DC
on behalf of

Essar Steel India Limited

Mark P. Lunn) – OF COUNSEL

In Opposition to the Continuation of
Antidumping and Countervailing Duty Orders (continued):

NON PARTY WITNESS:

Wu & Partners
Taipei, Taiwan
on behalf of

China Steel Corporation
Chung Hung Steel Corporation
Dragon Steel Corporation

C.K. (Chin Kang) Fan Chiang, Manager, Sales Section-4, Marketing Department, China Steel Corporation, Taiwan

Chien-Chung Chu, Administrator, Foreign Marketing Research Section, Marketing Administration Department, China Steel Corporation

LunFan Lin) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (**Paul C. Rosenthal**, Kelley Drye Warren LLP)
Respondents (**Mark P. Lunn**, Dentons US LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Hot-rolled steel: Summary data concerning the U.S. market, 2007-12, January to June 2012, and January to June 2013
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Report data								Period changes						
	Calendar year					January to June			Calendar year						Jan-Jun
	2007	2008	2009	2010	2011	2012	2012	2013	2007-12	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
U.S. consumption quantity:															
Amount	62,549,603	57,229,936	37,966,100	53,075,072	56,543,057	59,970,608	30,935,988	29,899,722	(4.1)	(8.5)	(33.7)	39.8	6.5	6.1	(3.3)
Producers' share (1)	94.6	93.7	94.0	94.3	93.7	93.6	93.7	94.3	(1.0)	(1.0)	0.3	0.3	(0.5)	(0.1)	0.6
Importers' share (1):															
China	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Thailand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
Subject sources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)
All others sources	5.3	6.3	6.0	5.7	6.3	6.3	6.3	5.6	1.0	1.0	(0.3)	(0.3)	0.5	0.1	(0.6)
Total imports	5.4	6.3	6.0	5.7	6.3	6.4	6.3	5.7	1.0	1.0	(0.3)	(0.3)	0.5	0.1	(0.6)
U.S. consumption value:															
Amount	34,326,741	44,098,077	20,040,932	32,069,775	40,042,464	39,881,974	21,594,198	18,636,829	16.2	28.5	(54.6)	60.0	24.9	(0.4)	(13.7)
Producers' share (1)	94.7	93.5	93.9	94.2	93.6	93.5	93.6	93.8	(1.2)	(1.2)	0.5	0.2	(0.6)	(0.1)	0.2
Importers' share (1):															
China	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	(0.0)
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Thailand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
Subject sources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)
All others sources	5.3	6.5	6.1	5.8	6.4	6.5	6.4	6.1	1.2	1.2	(0.5)	(0.2)	0.6	0.1	(0.2)
Total imports	5.3	6.5	6.1	5.8	6.4	6.5	6.4	6.2	1.2	1.2	(0.5)	(0.2)	0.6	0.1	(0.2)
U.S. imports of from:															
China:															
Quantity	1,093	247	159	1,631	541	2,419	1,763	1,481	121.3	(77.4)	(35.8)	927.8	(66.8)	347.0	(16.0)
Value	732	222	172	1,469	649	3,027	2,040	1,683	313.2	(69.7)	(22.3)	752.5	(55.8)	366.2	(17.5)
Unit value	$670	$897	$1,085	$900	$1,200	$1,251	$1,157	$1,136	86.7	33.9	21.0	(17.1)	33.3	4.3	(1.8)
India:															
Quantity	17,665	185	0	0	0	0	0	0	(100.0)	(99.0)	(100.0)	(2)	(2)	(2)	(2)
Value	10,464	291	0	0	0	0	0	0	(100.0)	(97.2)	(100.0)	(2)	(2)	(2)	(2)
Unit value	$592	$1,571	$0	$0	$0	$0	$0	$0	(100.0)	165.2	(100.0)	(2)	(2)	(2)	(2)
Indonesia:															
Quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	$0	$0	$0	$0	$0	$0	$0	$0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Taiwan:															
Quantity	241	655	95	45	2,483	560	492	26	132.5	172.1	(85.5)	(52.6)	5,413.2	(77.5)	(94.7)
Value	142	484	101	39	1,976	414	358	19	191.3	240.8	(79.1)	(61.0)	4,903.8	(79.1)	(94.7)
Unit value	$590	$739	$1,065	$877	$796	$739	$728	$726	25.2	25.2	44.2	(17.7)	(9.2)	(7.2)	(0.3)
Thailand:															
Quantity	2,171	5,632	0	0	0	0	0	0	(100.0)	159.5	(100.0)	(2)	(2)	(2)	(2)
Value	1,075	4,685	0	0	0	0	0	0	(100.0)	335.9	(100.0)	(2)	(2)	(2)	(2)
Unit value	$495	$832	$0	$0	$0	$0	$0	$0	(100.0)	68.0	(100.0)	(2)	(2)	(2)	(2)
Ukraine:															
Quantity	0	19	0	0	0	806	0	0	(2)	(2)	(100.0)	(2)	(2)	(2)	(2)
Value	0	44	0	0	0	624	0	0	(2)	(2)	(100.0)	(2)	(2)	(2)	(2)
Unit value	$0	$2,316	$0	$0	$0	$774	$0	$0	(2)	(2)	(100.0)	(2)	(2)	(2)	(2)
Subtotal, Subject															
Quantity	21,169	6,739	254	1,676	3,024	3,784	2,256	1,507	(82.1)	(68.2)	(96.2)	560.7	80.4	25.2	(33.2)
Value	12,413	5,726	274	1,508	2,625	4,064	2,398	1,702	(67.3)	(53.9)	(95.2)	451.5	74.1	54.8	(29.0)
Unit value	$586	$850	$1,078	$900	$868	$1,074	$1,063	$1,129	83.1	44.9	26.9	(16.5)	(3.5)	23.7	6.2
All other sources:															
Quantity	3,327,507	3,618,209	2,273,854	3,035,620	3,535,471	3,806,535	1,947,026	1,688,597	14.4	8.7	(37.2)	33.5	16.5	7.7	(13.3)
Value	1,819,256	2,880,457	1,215,906	1,867,911	2,578,646	2,598,160	1,372,570	1,145,933	42.8	58.3	(57.8)	53.6	38.0	0.8	(16.5)
Unit value	$547	$796	$535	$615	$729	$683	$705	$679	24.8	45.6	(32.8)	15.1	18.5	(6.4)	(3.7)
Total imports:															
Quantity	3,348,676	3,624,948	2,274,108	3,037,296	3,538,495	3,810,320	1,949,281	1,690,104	13.8	8.3	(37.3)	33.6	16.5	7.7	(13.3)
Value	1,831,669	2,886,183	1,216,179	1,869,419	2,581,271	2,602,224	1,374,968	1,147,635	42.1	57.6	(57.9)	53.7	38.1	0.8	(16.5)
Unit value	$547	$796	$535	$615	$729	$683	$705	$679	24.9	45.6	(32.8)	15.1	18.5	(6.4)	(3.7)
U.S. producers':															
Average capacity quantity	80,382,246	72,818,689	70,408,591	70,418,659	72,451,936	74,840,642	37,030,805	37,518,879	(6.9)	(9.4)	(3.3)	0.0	2.9	3.3	1.3
Production quantity	60,698,008	54,012,619	37,219,428	51,664,655	54,213,932	57,000,441	29,394,056	28,554,588	(6.1)	(11.0)	(31.1)	38.8	4.9	5.1	(2.9)
Capacity utilization (1)	75.5	74.2	52.9	73.4	74.8	76.2	79.4	76.1	0.7	(1.3)	(21.3)	20.5	1.5	1.3	(3.3)
U.S. shipments:															
Quantity	59,200,927	53,604,988	35,691,992	50,037,776	53,004,562	56,160,288	28,986,707	28,209,618	(5.1)	(9.5)	(33.4)	40.2	5.9	6.0	(2.7)
Value	32,495,072	41,211,894	18,824,753	30,200,356	37,461,193	37,279,750	20,219,230	17,489,194	14.7	26.8	(54.3)	60.4	24.0	(0.5)	(13.5)
Unit value	$549	$769	$527	$604	$707	$664	$698	$620	20.9	40.1	(31.4)	14.4	17.1	(6.1)	(11.1)
Export shipments:															
Quantity	1,456,322	1,249,300	1,101,366	1,522,803	1,054,556	822,525	391,614	430,255	(43.5)	(14.2)	(11.8)	38.3	(30.7)	(22.0)	9.9
Value	792,319	1,050,565	551,028	926,180	794,300	587,861	295,512	278,856	(25.8)	32.6	(47.5)	68.1	(14.2)	(26.0)	(5.6)
Unit value	$544	$841	$500	$608	$753	$715	$755	$648	31.4	54.6	(40.5)	21.6	23.8	(5.1)	(14.1)
Ending inventory quantity	1,785,483	943,817	1,369,887	1,473,964	1,627,207	1,644,836	1,642,943	1,558,942	(7.9)	(47.1)	45.1	7.6	10.4	1.1	(5.1)
Inventories/total shipments (1)	2.9	1.7	3.7	2.9	3.0	2.9	2.8	2.7	(0.1)	(1.2)	2.0	(0.9)	0.2	(0.1)	(0.1)
Production workers	22,372	21,844	18,453	19,179	20,146	20,650	20,469	20,839	(7.7)	(2.4)	(15.5)	3.9	5.0	2.5	1.8
Hours worked (1,000s)	47,316	45,956	34,894	42,020	42,435	43,840	21,432	22,648	(7.3)	(2.9)	(24.1)	20.4	1.0	3.3	5.7
Wages paid ($1,000)	1,559,477	1,606,431	1,147,072	1,427,443	1,500,221	1,582,994	797,637	783,567	1.5	3.0	(28.6)	24.4	5.1	5.5	(1.8)
Productivity (short tons per 1,000 hours)	1,283	1,175	1,067	1,230	1,278	1,300	1,372	1,261	1.4	(8.4)	(9.2)	15.3	3.9	1.8	(8.1)
Unit labor costs	$25.69	$29.74	$30.82	$27.63	$27.67	$27.77	$27.14	$27.44	8.1	15.8	3.6	(10.4)	0.2	0.4	1.1
Net sales:															
Quantity	60,527,590	55,270,071	36,703,429	51,427,741	53,739,873	56,359,493	29,271,009	28,479,002	(6.9)	(8.7)	(33.6)	40.1	4.5	4.9	(2.7)
Value	33,293,098	42,058,970	19,683,182	31,093,634	38,038,929	37,637,053	20,490,507	17,723,398	13.0	26.3	(53.2)	58.0	22.3	(1.1)	(13.5)
Unit value	$550	$761	$536	$605	$708	$668	$700	$622	21.4	38.3	(29.5)	12.7	17.1	(5.7)	(11.1)
Cost of goods sold (COGS)	29,566,504	35,663,364	20,821,586	29,225,992	33,992,832	34,244,450	18,088,380	16,329,999	15.8	20.6	(41.6)	40.4	16.3	0.7	(9.7)
Gross profit or (loss)	3,726,594	6,395,606	(1,138,404)	1,867,642	4,046,097	3,392,603	2,402,127	1,393,399	(9.0)	71.6	(2)	(2)	116.6	(16.2)	(42.0)
SG&A expenses	874,510	878,826	644,733	717,369	909,680	1,009,994	490,201	452,258	15.5	0.5	(26.6)	11.3	26.8	11.0	(7.7)
Operating income or (loss)	2,852,084	5,516,780	(1,783,137)	1,150,273	3,136,417	2,382,609	1,911,926	941,141	(16.5)	93.4	(2)	(2)	172.7	(24.0)	(50.8)
Capital expenditures	1,718,461	1,554,619	871,549	1,170,595	1,418,839	990,601	525,984	275,808	(42.4)	(9.5)	(43.9)	34.3	21.2	(30.2)	(47.6)
Unit COGS	$488	$645	$567	$568	$633	$608	$618	$573	24.4	32.1	(12.1)	0.2	11.3	(3.9)	(7.2)
Unit SG&A expenses	$14	$16	$18	$14	$17	$18	$17	$16	24.0	10.1	10.5	(20.6)	21.4	5.9	(5.2)
Unit operating income or (loss)	$47	$100	($49)	$22	$58	$42	$65	$33	(10.3)	111.8	(2)	(2)	160.9	(27.6)	(49.4)
COGS/sales (1)	88.8	84.8	105.8	94.0	89.4	91.0	88.3	92.1	2.2	(4.0)	21.0	(11.8)	(4.6)	1.6	3.9
Operating income or (loss)/sales (1)	8.6	13.1	(9.1)	3.7	8.2	6.3	9.3	5.3	(2.2)	4.6	(22.2)	12.8	4.5	(1.9)	(4.0)

(1) Report data are in percent and period changes are in percentage points.
(2) Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and from adjusted official Commerce statistics.

APPENDIX D

RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS, AND FOREIGN PRODUCERS CONCERNING SIGNIFICANCE OF THE AD/CVD ORDERS AND THE LIKELY AFFECTS OF REVOCATION

This section is confidential in its entirety

* * * * * * *

APPENDIX E

HOT-ROLLED STEEL: RESULTS OF OPERATIONS OF U.S. PRODUCERS (VALUATION OF INTERNAL CONSUMPTION AND TRANSFERS TO RELATED FIRMS BASED ON COST PLUS DOWNSTREAM PROFIT)

This appendix presents the U.S. steel industry's financial results on hot-rolled steel using a second valuation methodology for internal consumption and transfers to related firms from that presented in Part III of the report, which reflected constructed fair market value. Here, the value of hot-rolled steel that is consumed internally or transferred to related firms reflects the underlying cost of the hot-rolled steel plus an amount of the gross profit of downstream products as allocated based on relative cost ("cost plus allocated gross profit of downstream products").[1]

The data are presented in table E-1 and the variance analysis is presented in table E-2. Differences in operating income or (loss) as compared with the data presented in table III-11 are due to the differing unit values used for internal consumption and transfers. Operating income based on constructed fair market value exceeded operating income based on cost plus downstream profit value in four of the six yearly periods (2007, 2008, 2011, and 2012) and both interim periods, with differences ranging from $735.1 million (25.8 percent) in 2007 to $2.0 billion (36.1 percent) in 2008. Operating income based on cost plus downstream profit exceeded operating income based on fair market value in 2009 ($121.2 million or 6.8 percent) and 2010 (the operating loss was less by 2.4 percent or $27.4 million).

[1] The Commission's questionnaire instructed firms to construct a value for their internal consumption and transfers based upon the ratio of the cost of producing hot-rolled steel to the cost of producing the downstream product times the unit gross profit margin of the downstream product. Total COGS is approximately the same in dollars and unit values as depicted in table III-10, presented earlier. Although not all firms allocated the same SG&A expenses to their operations on hot-rolled steel based on cost plus downstream profit, staff does not believe the differences are meaningful.

Table E-1
Hot-rolled steel: Results of operations of U.S. producers (valuation of consumption and transfers to related firms based on cost plus downstream profit), fiscal years 2007-12, January-June 2012, and January-June 2013

	Fiscal year						January-June	
Item	2007	2008	2009	2010	2011	2012	2012	2013
	Quantity (*short tons*)							
Commercial sales	24,965,498	22,668,149	14,158,533	21,056,849	22,793,026	23,755,568	12,392,886	12,175,796
Internal consumption	33,488,847	30,748,010	21,558,968	28,761,445	29,375,124	31,121,549	16,092,079	15,560,396
Related co. transfers	2,073,245	1,853,912	985,928	1,609,447	1,571,723	1,482,376	786,044	742,810
Total net sales	60,527,590	55,270,071	36,703,429	51,427,741	53,739,873	56,359,493	29,271,009	28,479,002
	Value (*$1,000*)							
Trade sales	13,777,075	17,332,445	7,809,854	12,685,975	16,217,989	15,990,303	8,686,215	7,577,540
Internal consumption	17,565,212	21,240,684	11,429,215	17,455,129	19,503,321	19,797,441	10,597,249	9,497,168
Related co. transfers	1,215,752	1,496,476	565,312	980,102	1,132,070	1,006,612	558,053	461,396
Total net sales	32,558,039	40,069,605	19,804,381	31,121,206	36,853,380	36,794,356	19,841,517	17,536,104
Cost of goods sold:								
Raw materials	18,097,033	23,631,867	13,196,600	19,567,115	23,811,902	23,779,815	12,881,167	11,186,616
Direct labor	2,365,989	2,344,705	1,862,478	2,250,701	2,411,575	2,623,781	1,337,118	1,273,895
Other factory costs	9,103,481	9,686,793	5,762,508	7,408,369	7,769,355	7,840,854	3,914,266	3,902,368
Total COGS	29,566,503	35,663,365	20,821,586	29,226,185	33,992,832	34,244,450	18,132,551	16,362,879
Gross profit	2,991,536	4,406,240	(1,017,205)	1,895,021	2,860,548	2,549,906	1,708,966	1,173,225
SG&A expenses	874,510	878,636	644,733	717,369	909,683	1,009,994	490,742	452,317
Operating income or (loss)	2,117,026	3,527,604	(1,661,938)	1,177,652	1,950,865	1,539,912	1,218,224	720,908
Other income items	(1,181,395)	(1,649,321)	(1,055,012)	(828,103)	(886,090)	(1,036,876)	(250,887)	(309,400)
Net income or (loss)	935,631	1,878,283	(2,716,950)	349,549	1,064,775	503,036	967,337	411,508
Depreciation/amortization	893,781	875,110	955,270	1,015,028	888,116	694,366	447,018	457,857
Cash flow	1,829,412	2,753,393	(1,761,680)	1,364,577	1,952,891	1,197,402	1,414,355	869,365
	Ratio to net sales (*percent*)							
Cost of goods sold:								
Raw materials	55.6	59.0	66.6	62.9	64.6	64.6	64.9	63.8
Direct labor	7.3	5.9	9.4	7.2	6.5	7.1	6.7	7.3
Other factory costs	28.0	24.2	29.1	23.8	21.1	21.3	19.7	22.3
Total COGS	90.8	89.0	105.1	93.9	92.2	93.1	91.4	93.3
Gross profit	9.2	11.0	(5.1)	6.1	7.8	6.9	8.6	6.7
SG&A expenses	2.7	2.2	3.3	2.3	2.5	2.7	2.5	2.6
Operating income or (loss)	6.5	8.8	(8.4)	3.8	5.3	4.2	6.1	4.1
Net income or (loss)	2.9	4.7	(13.7)	1.1	2.9	1.4	4.9	2.3

Table continued on next page.

Table E-1
Hot-rolled steel: Results of operations of U.S. producers (valuation of consumption and transfers to related firms based on cost plus downstream profit), fiscal years 2007-12, January-June 2012, and January-June 2013

	Fiscal year						January-June	
Item	2007	2008	2009	2010	2011	2012	2012	2013
	Average unit value (*dollars per short ton*)							
Trade sales	552	765	552	602	712	673	701	622
Internal consumption	525	691	530	607	664	636	659	610
Related co. transfers	586	807	573	609	720	679	710	621
Total net sales	538	725	540	605	686	653	678	616
Cost of goods sold:								
Raw materials	299	428	360	380	443	422	440	393
Direct labor	39	42	51	44	45	47	46	45
Other factory costs	150	175	157	144	145	139	134	137
Total COGS	488	645	567	568	633	608	619	575
Gross profit	49	80	(28)	37	53	45	58	41
SG&A expenses	14	16	18	14	17	18	17	16
Operating income or (loss)	35	64	(45)	23	36	27	42	25
	Number of firms reporting:							
Operating losses	3	***	11	3	3	***	***	***
Data	14	14	14	13	14	14	14	14

Note.--***

Source: Compiled from data submitted in response to Commission questionnaires.

Table E-2
Hot-rolled steel: Variance analysis on the financial results operations of U.S. producers (valuation of internal consumption and transfers to related firms based on cost plus downstream profit), fiscal years 2007-12, January-June 2012, and January-June 2013

	Between fiscal years						Jan.-June
Item	**2007-12**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**
	Value (*$1,000*)						
Trade sales:							
Price variance	2,880,921	4,823,150	(3,015,997)	1,071,006	2,486,031	(912,566)	(956,516)
Volume variance	(667,693)	(1,267,780)	(6,506,594)	3,805,115	1,045,983	684,880	(152,159)
Trade sales	2,213,228	3,555,370	(9,522,591)	4,876,121	3,532,014	(227,686)	(1,108,675)
Internal consumption:							
Price variance	3,473,899	5,113,067	(3,463,691)	2,207,612	1,675,754	(865,401)	(749,947)
Volume variance	(1,241,670)	(1,437,595)	(6,347,778)	3,818,302	372,438	1,159,521	(350,134)
Internal consumption	2,232,229	3,675,472	(9,811,469)	6,025,914	2,048,192	294,120	(1,100,081)
Transfers:							
Price variance	137,346	409,341	(230,528)	57,276	174,941	(61,104)	(65,963)
Volume variance	(346,486)	(128,617)	(700,636)	357,514	(22,973)	(64,354)	(30,694)
Transfer variance	(209,140)	280,724	(931,164)	414,790	151,968	(125,458)	(96,657)
Total net sales:							
Price variance	6,478,353	10,339,607	(6,804,810)	3,371,903	4,333,000	(1,855,490)	(1,768,547)
Volume variance	(2,242,036)	(2,828,041)	(13,460,414)	7,944,922	1,399,174	1,796,466	(536,866)
Total net sales	4,236,317	7,511,566	(20,265,224)	11,316,825	5,732,174	(59,024)	(2,305,413)
Cost of sales:							
Cost variance	(6,713,978)	(8,665,054)	2,861,535	(51,605)	(3,452,671)	1,405,407	1,279,046
Volume variance	2,036,031	2,568,192	11,980,244	(8,352,994)	(1,313,976)	(1,657,025)	490,626
Total cost variance	(4,677,947)	(6,096,862)	14,841,779	(8,404,599)	(4,766,647)	(251,618)	1,769,672
Gross profit variance	(441,630)	1,414,704	(5,423,445)	2,912,226	965,527	(310,642)	(535,741)
SG&A expenses:							
Expense variance	(195,705)	(80,087)	(61,253)	186,011	(160,062)	(55,967)	25,147
Volume variance	60,221	75,961	295,156	(258,647)	(32,252)	(44,344)	13,278
Total SG&A variance	(135,484)	(4,126)	233,903	(72,636)	(192,314)	(100,311)	38,425
Operating income variance	(577,114)	1,410,578	(5,189,542)	2,839,590	773,213	(410,953)	(497,316)
Summarized as:							
Price variance	6,478,353	10,339,607	(6,804,810)	3,371,903	4,333,000	(1,855,490)	(1,768,547)
Net cost/expense variance	(6,909,683)	(8,745,141)	2,800,282	134,407	(3,612,733)	1,349,439	1,304,193
Net volume variance	(145,784)	(183,888)	(1,185,013)	(666,720)	52,946	95,097	(32,962)

Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table E-1.

Source: Compiled from data submitted in response to Commission questionnaires.