PORTLAND HYDRAULIC CEMENT FROM CANADA

Determination of No Injury
in Investigation No.AA1921-184
Under the Antidumping Act,
1921, as Amended, Together
With the Infomation
Obtained in the Investigation

USITC PUBLICATION 918

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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USITC REPORTS NO INJURY TO U.S. INDUSTRY BY LTFV IMPORTS OF PORTLAND HYDRAULIC CEMENT FROM CANADA

The United States International Trade Commission today reported to the Secretary of the Treasury its determination, by a 3-to-1 vote, that there is no injury or likelihood of injury or prevention of establishment of an industry in the United States by reason of sales of portland hydraulic cement from Canada at less than fair value (LTFV) within the meaning of the Anti-dumping Act, 1921, as amended.

Vice Chairman Bill Alberger and Commissioners Catherine Bedell and Italo H. Ablondi concurred in the determination. Commissioner George M. Moore dissented. Chairman Joseph O. Parker and Commissioner Daniel Minchew did not participate.

The Commission's investigation began on June 29, 1978, after receipt of a determination of LTFV sales of the product by the Treasury Department. A public hearing in connection with the investigation was held on July 26, 1978, in Washington, D.C.

Portland hydraulic cement is a mixture of limestone, clay, silica, and other raw materials. When mixed with water and mineral

more

aggregate, it chemically reacts to form concrete which is consumed almost wholly in highway and building construction. The product is manufactured from materials which are widely distributed throughout the United States.

Cement plants have been built in virtually every domestic market area. The product is manufactured in 40 States and Puerto Rico in 163 plants owned by 57 companies. In 1977, these plants produced 78 million short tons and utilized 75 percent of their annual grinding capacity. The principal producing States are Texas, Pennsylvania, California, and Michigan. The portland hydraulic cement market is regional and intensely competitive. A cement shortage exists in many areas of the United States.

During 1975-77, annual domestic consumption of the product increased steadily from 69 million tons in 1975 to 78 million tons in 1977. U.S. annual shipments of the product increased continuously during 1975-77, from 66 million tons, valued at $2.0 billion in 1975 to 76 million tons, valued at $2.84 billion in 1977. In addition to Canada, which accounted for more than 55 percent of U.S. imports in 1977, other principal sources included the Bahamas, Norway, Spain, Mexico, and Sweden.

Total U.S. imports of the product decreased from 2.5 million tons valued at $49 million in 1975 to 2.4 million tons, valued at $63 million in 1977.

The four Canadian firms covered in Treasury's investigation accounted for more than 84 percent of all U.S. imports of portland hydraulic cement from Canada all of which was imported into the Northeast. Treasury found the weighted average margins to range from 0.3 percent to 369 percent, while the weighted average margin for all sales at margin (from all four companies) was 50.1 percent.

The domestic companies producing the same merchandise reported increased levels of shipments in the total U.S. market and the Canadian border market, while shipments declined in the northeast market after 1975 from 3,708 short tons to 3,280 short tons in 1977. Employment in the domestic industry, labor productivity, and average earnings of production and related workers all increased during 1975-77. Domestic cement production selling into the Northeast market have operated at a loss for three years.

U.S. capacity utilization has increased annually in the total domestic, northeast, and Canadian border markets. In the northeast market, capacity utilization from 1975 to 1977 had the greatest increase, larger than that for the entire U.S. industry. Canada has been the dominant supplier of U.S. imports during 1975-77. Imports from Canada were about 1.1 million tons in 1975 and 1976 and increased to 1.3 million tons in 1977.

The Commission's report, Portland Hydraulic Cement From Canada (USITC Publication 918), contains the views of the Commissioners and information developed during the investigation (No. AA1921-184). Copies may be obtained by calling (202) 523-5178 or from the office of the Secretary, 701 E Street NW., Washington, D.C. 20436.

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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-184]

PORTLAND HYDRAULIC CEMENT FROM CANADA

Determination of No Injury or Likelihood Thereof

On June 23, 1978, the United States International Trade Commission received advice from the Department of the Treasury that portland hydraulic cement from Canada is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, on June 29, 1978, the Commission instituted investigation No. AA1921-184 under section 201(a) of said act to determine whether an industry in the United States is being,or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. For purposes of Treasury's determination, the term "portland hydraulic cement" refers to portland hydraulic cement, other than white non-staining.

Notices of the institution of the investigation and of the public hearing held in connection therewith were published in the Federal Register on July 6, 1978, (43 F.R. 29192). On July 26-28, 1978, a hearing was held in Washington, D.C. at which all personswho requested the opportunity were permitted to appear by counsel or in person.

In arriving at its determination, the Commission gave due consideration to all written submissions from interested persons and information adduced at the hearing as well as information obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

On the basis of information developed in investigation No. AA1921-184, the Commission has determined (Commissioner George M. Moore dissenting and Chairman Joseph O. Parker and Commissioner Daniel Minchew not participating) that an industry in the United States is not being and is not likely to be injured, and is not prevented from being established by reason of the importation of portland hydraulic cement from Canada that is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Commissioner George M. Moore determined that an industry in the United States is being injured by reason of the importation of portland hydraulic cement into the United States from Canada that is being sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

Statement of reasons of Commissioner Catherine Bedell 1/

In order for a Commissioner to make an affirmative determination in an investigation under the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), it is necessary to find that an industry in the United States is being or is likely to be injured, or is prevented from being established, 2/ and the injury or likelihood thereof must be by reason of imports at less than fair value (LTFV).

Determination

On the basis of information obtained in this investigation, I determine that an industry in the United States is not being injured and is not likely to be injured by reason of the importation of portland hydraulic cement from Canada, which the Department of the Treasury (Treasury) has determined is being, or is likely to be, sold at LTFV.

The imported article and the domestic industry

Portland hydraulic cement other than white nonstaining, the subject of this investigation, is a major building material and is used in road and building construction. A comparable class of merchandise is produced in the United States by 57 companies at 163 plants. I consider the relevant industry in this investigation to consist of those facilities in the United States devoted to the production of portland hydraulic cement but where

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1/ Commissioner Italo H. Ablondi concurs in the result.

2/ Prevention of the establishment of an industry is not an issue in this investigation and will not be discussed further.

the possible impact of LTFV sales is on the producers serving the northeast regional market. 1/

LTFV sales

The Treasury investigation covered sales during the period April 1, 1977, to August 31, 1977. The investigation was limited to four companies who together accounted for about 84 percent of all sales of portland hydraulic cement from Canada to the United States. Comparisons were made on about 72 percent of the portland hydraulic cement sold for export to the United States by the four producers investigated. Treasury found LTFV margins on the following percentages of sales by these manufacturers: 100 percent of the sales by Miron Co., Ltd.; 51 percent of sales by Lake Ontario Cement, Ltd.; 78 percent of the sales by Canada Cement Lafarge, Ltd.; and 99 percent of the sales by St. Lawrence Cement Co. Treasury found the weighted average of the four Canadian producers to be 50.1 percent.

Industry "regional" in character

The statute requires the Commission to make its determination based upon "an industry in the United States." It is recognized, however, that an industry may be considered "regional" in character particularly where: (1) domestic producers of an article are located regionally and serve a particular regional market predominantly or exclusively, and (2) the LTFV imports are concentrated primarily in the regional market. 2/ In

1/ The northeast market includes the States of New York, Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

2/ U.S. Senate, report of the Committee on Finance to Accompany H.R. 10710, Trade Act of 1974, S. Rept. No. 93-1298 (93rd Cong., 2nd Sess.) 1974 at pp. 180-81.

this case, both criteria are met as respects the northeast market. First, transportation costs tend to prohibit shipment of portland hydraulic cement for sale at competitive prices more than 300 miles from the producing plant. Second, LTFV sales were reported by Treasury only as to those shipments to this market, over 80% of imports from Canada being to this market; price comparisons also were made by Treasury only on the four firms that shipped the major part of their exports to the northeast market.

The cement industry singularly has been one of those with respect to which it has been well-recognized that there are separate geographical marketing areas. In a 1978 publication of the Portland Cement Association, 1/ it is stated in part:

> Cement manufacture is a regional industry primarily because of the low value-to-weight ratio of the product. Cement plants tend to be located 150 to 200 miles of their principal markets. Beyond that distance, overland transportation costs become excessive in relation to the value of the product.

The regional character of the industry tends to be diluted to some extent by shipments made much greater distances than 200 or 300 miles in circumstances where prices are favorable and demand is great or water transportation facilities are available to the producer. Nevertheless, the evidence in this case is generally supportive of the regional market concept of the cement industry at this time, and most careful consideration has been given to this matter in this determination. The regional market concept was recognized by the Commission in previous cement antidumping determinations.

1/ The U.S. Cement Industry an Economic Report, p. 6.

Injury to U.S. industry not caused by LTFV sales

Whatever injury the domestic industry is suffering, it is not by reason of imports sold at LTFV.

Domestic industry - conditions as a whole

The U.S. cement industry as a whole is prospering throughout the United States with the exception of certain geographical areas such as the northeast market. Production, prices, plant utilization, and employment are increasing; wages are high in comparison to other industries. There are severe shortages in various parts of the United States and all economic predictions are that the shortage will become more acute in the near future. The indications are that shortages are even being felt in some of the georgraphical market areas in which economic conditions relating to the use of cement are depressed.

Employment in the hydraulic cement industry, labor productivity, and average earnings of production and related workers all increased markedly during the 1975-77 period. The average earnings increased 25 percent during this period compared with an 11 percent increase for construction workers and 16 percent for all manufacturing workers.

Plant utilization increased nationally from 62.9 percent to 75 percent during the 1975-77 period based on total annual grinding capacity. In 1977, the industry had increased the grinding output to a total of 76 million short tons; the total grinding capacity of the U.S. plants is 104 million short tons.

Northeast market conditions

Economic recession

U.S. consumption in the northeast market decreased annually during the 1975-77 period from 4.8 million tons to 4.5 million tons. Consumption in the January-March 1978 period in the northeast market increased 2 percent over the same period in 1977, an indication that economic recovery is beginning in this market. Concrete and concrete products are essential in practically all construction and demand for cement as a raw material for concrete is heavily dependent on construction activity. All indications are that much of the United States recovered much more quickly than the northeast area and that there have been and are severe shortages of cement in many other areas. In fact, shortages are beginning to appear presently in some local areas of the northeast market.

Severe competition in the northeast market

The large number of domestic facilities selling in the northeast market where consumption was decreasing resulted in severe competition, especially since some of the facilities were situated so their sales were restricted to this market while others were situated to enable some sales to adjacent markets. There was no substantial evidence that the Canadians were the leaders to decrease the price of cement. Two instances were found where a lower price for the Canadian product was considered as one of the factors in the decision to purchase. All other indications were that the prices in some city areas in the northeast market were lower for

the domestic product and in other city areas the Canadian product was lower-priced. There did not appear to be any indication of a predominance of one or the other type of circumstance. There were, however, several incidents of domestic producers cutting the price and holding the line on such price when increases were announced either by other domestic companies or Canadian importers. By and large, the sellers of Canadian cement were within the range of prices of a local area.

Many of the purchasers of cement in the northeast market have been using Canadian cement for many years, others stated that the shortage in 1973 resulted in the purchase of the Canadian product as the prime or alternate source of supply of cement. Many purchasers asserted better service and delivery of the Canadian product.

"White" sale of inventory of closed plant

Subsequent to the announcement of the closing of the Universal Atlas plant at Hudson, New York, in September 1976, there was an inventory disposal sale at discount prices which resulted in fairly widespread price decreases. The majority of the cement customers contacted with respect to possible lost sales by the domestic industry to Canadian cement contended that the domestic industry overreacted to happenings and reduced prices prematurely. The inventory disposal sale resulted in fairly widespread price decreases.

No tangible evidence of price suppression

It has not been established that the presence of the LTFV cement in the northeast market caused a suppression of price. Although New York City in this case has been considered to be a part of the northeast market,

little or no Canadian cement acutally entered into that city's market. Prices, nevertheless, were less during the 1975-1977 period than in most areas of the United States. Again, in Philadelphia, which was not considered to be a part of the northeast market, and where there was little or no Canadian cement in the market, prices were more depressed than in the northeast market.

Increased fuel and environmental costs

Although separate figures are not readily available as to fuel and environmental costs in the northeast area, the cement industry as a whole has been particularly adversely affected by increasing fuel and power prices. Energy costs represent about 40 percent of the cost of finished cement.

The domestic cement industry has estimated that $500 million was spent by cement producers during the period 1971-77 in order to comply with air, water-control and land-use regulations.

Employment

One of the most important factors in considering whether there is injury to a domestic industry is what the employment situation is in the industry. Counsel for the Glen Falls Division of the Flintkote Co., which initially presented information to the Treasury Department resulting in the antidumping investigation, remarked in his opening statement at the Commission hearing that the Commission was not going to find that employees were laid off, 1/ and our investigation provided no statistics to support a finding of lessened employment in the northeast market.

1/ Transcript of the hearing, p. 12.

Utilization of production facilities increased

Capacity utilization in the northeast market from the period 1975-77 increased from 62 percent to 77 percent, the largest percentage increase of the various geographical markets for the entire U.S. cement industry. One of the main reasons for the increased utilization in the northeast area was that there were three cement plant closings, apparently old facilities which were not in compliance with environmental regulations.

Findings of no present injury

Due to the particular circumstances in the industry as a whole in the United States, there is no possibility of finding injury by reason of sales at LTFV if consideration is given to the industry and its national market. It is also most evident from the facts and circumstances that even taking cognizance of a geographical market area, referred to as the northeast market, there is no present injury.

No likelihood of injury by reason of LTFV sales

I also determine that there is no likelihood of injury to the domestic industry producing portland hydraulic cement that sells a substantial part of its output in the northeast market. Increased apparent consumption and recent price increase announcements are an indication that demand for cement is on the upswing even in the northeast market. Indeed, much evidence has been recently submitted indicating that the cement shortage already evident in many other areas of the country is beginning to appear in the northeast. The four Canadian companies found by Treasury to be making LTFV sales, and

other Canadian producers, are receiving purchase orders from many areas of the United States and are finding it difficult to keep up with the growing demand for their output.

Statement of reasons of Vice Chairman Bill Alberger

In order for a Commissioner to make an affirmative determination in an investigation under the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), it is necessary to find that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ and the injury or likelihood thereof must be by reason of imports at less than fair value (LTFV).

Determination

On the basis of information obtained in this investigation, I determine that an industry in the United States is not being injured and is not likely to be injured by reason of the importation of portland hydraulic cement from Canada, which the Department of the Treasury (Treasury) has determined is being, or is likely to be, sold at LTFV.

The imported article and the domestic industry

Portland hydraulic cement other than white nonstaining, the subject of this investigation, is a major building material and is used in road and building construction. I consider the relevant industry in this investigation to be those facilities in the United States devoted to the production of portland hydraulic cement. In 1977, portland hydraulic cement was produced by 57 companies in 163 plants.

1/ Prevention of the establishment of an industry is not an issue in this investigation and will not be discussed further.

LTFV sales

The Treasury investigation covered sales during the period April 1, 1977, to August 31, 1977. The investigation was limited to four companies who together accounted for about 84 percent of all sales of portland hydraulic cement from Canada to the United States. Comparisons were made on about 72 percent of the portland hydraulic cement sold for export to the United States by the four producers investigated. Treasury found LTFV margins on the following percentages of sales by these manufacturers: 100 percent of the sales by Miron Co., Ltd.; 51 percent of sales by Lake Ontario Cement, Ltd.; 78 percent of the sales by Canada Cement Lafarge, Ltd.; and 99 percent of the sales by St. Lawrence Cement Co. Treasury found the weighted average margin of the four Canadian producers to be 50.1 percent.

The issue of a National or Regional industry

It was urged by the petitioners and other domestic industry representatives that the Commission look at injury to a regional market, namely the Northeast.

The statute requires the Commission to make its determination based upon "an industry in the United States". The industry may be considered "regional" in character, particularly where: (1) domestic producers of an article are located in and serve a particular regional market predominantly or exclusively, and (2) the LTFV imports are concentrated primarily in the regional market. 2/ In this investigation, both criteria are met.

2/ U.S. Senate, Report of the Committee of Finance to accompany H.R. 10710, Trade Act of 1974, S. Rept. No. 93-1298 (93rd Cong., 2nd Sess.) 1977 at pp. 180-181.

The Senate Finance Committee in discussion of the Trade Act agreed with the principle of geographic segmentation in antidumping cases. However, the Committee further agreed that there might be instances where application of the principle might be inappropriate --

> . . . , the Committee believes that each case may be unique and does not wish to impose inflexible rules as to whether injury, to regional producers always constitutes injury to an industry. 3/

I believe this case is one of those "unique" instances where application of the regional concept is inappropriate. My belief is based on the major impact a dumping finding would have on the entire U.S. market where shortages clearly exist. Evidence presented to the Commission attests to the current shortage of portland hydraulic cement, particularly in the Western half of the U.S., and to the distinct indication that such shortages are growing throughout the country. High prices in areas of short supply are encouraging transportation over much longer distances than are normally economical in this industry. I could well have found the regional industry is not being injured and is not likely to be injured. However, the legislative history makes it clear that the Commission must analyze the appropriateness of regional injury on a case by case basis. While the criteria for such analysis have been met here, I believe that, due to the reasons stated, consideration on a national basis is more appropriate in this investigation.

The question of injury or likelihood thereof by reason of LTFV sales

Imports and market share -- Imports from Canada from 1975 through 1977 increased by 254 thousand tons, an increase of $14 million in value.

3/ Senate Report, supra, at pp. 180-181.

Canada's share of total U.S. imports increased from 45 to 57 percent in the same time frame. From 1975 through June, 1978, imports from Canada have represented 1.6 percent of apparent U.S. consumption.

Capacity utilization -- From 1975 through 1977, U.S. producers' capacity utilization increased by slightly more than 19 percent.

U.S. producers' shipments -- Shipments of portland hydraulic cement from 1975 through 1977 increased from 66 million tons to 76 million tons, a value increase of $700 million. This increase in shipments reflects an increase in most types of construction.

Consumption -- U.S. consumption exhibited a steady upward climb in the amount of 9 million tons from 1975 through 1977. There is evidence that consumption will continue to increase in 1978.

Employment -- The average number of production and related workers in the U.S. hydraulic cement industry increased slightly from 1975 through 1977. Average hourly earnings for this group increased by $1.59.

Profits -- Data obtained in Commission questionnaires with regard to financial performance showed that the ratio of net profit to net sales increased from 5.7 percent in 1975 to 11.2 percent in 1977.

Prices -- Prices of both U.S. and Canadian portland hydraulic cement varied from 1975 through June, 1978, but generally moved upward while remaining relatively close to each other.

Lost sales -- In checking allegations of lost sales, the Commission found many U.S. purchasers began purchasing the Canadian product in 1973-74 when domestic producers were unable to meet their needs and had continued

buying cement from Canada since then. In most instances, the purchase price for both U.S. and Canadian cement was virtually the same.

Summary -- Based on the growth of domestic shipments, capacity utilization, consumption, employment, a reasonable profit picture, stable prices, and little evidence of lost sales due to prices, I conclude the domestic industry producing portland hydraulic cement is not being injured and is not likely to be injured by reason of LTFV imports from Canada.

Dissenting Views of Commissioner George M. Moore

Determination

On the basis of information developed during this investigation, which is outlined in the accompanying report, I have determined that an industry in the United States is being injured by reason of the importation of portland hydraulic cement from Canada, which the Department of the Treasury (Treasury) has determined is being, or is likely to be, sold at less than fair value (LTFV).

LTFV sales

The Treasury investigation covered domestic sales of portland hydraulic cement imports from April 1, 1977 to August 31, 1977. Treasury limited its investigation to 4 Canadian companies. For all 4 of these companies all U.S. sales were found at LTFV. These companies accounted for about 84 percent of all sales of imports of portland hydraulic cement to the United States from Canada and for nearly 100 percent of Canadian imports of such cement into the Northeast market area. 1/ Thus Treasury found that all sales that occurred in the Northeast market were at LTFV. The 4 Canadian manufacturers were: Miron Co., Ltd.; Lake Ontario Cement, Ltd.; Canada Cement Lafarge, Ltd.; and St Lawrence Cement Co. Treasury found that the weighted average LTFV margins of the 4 Canadian producers were over 50 percent.

The U.S. industry injured by LTFV imports

The 4 Canadian producers included in Treasury's investigation shipped nearly all of their exports into the Northeast market during the period of Treasury's investigation. Therefore, in measuring the impact of the LTFV sales I have determined that the affected domestic market is in the Northeast section of the United States.

1/ The Northeast market includes the States of New York, Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

The Antidumping Act of 1921, as amended, requires the Commission to make its determination based upon injury to an industry in the United States. However, the legislative intent of the Act shows clearly that the Commission has the discretion, upon the discovery of appropriate economic facts and circumstances, to make its injury determination based on geographical regional segments or market areas within the United States.

The legislative history of the Trade Act of 1974 provides explicit support for the Commission's treatment of "regional markets' in antidumping investigations:

> "A hybrid question relating to injury and industry arises when domestic producers of an article are located regionally and serve regional markets predominately or exclusively and the less-than-fair-value imports are concentrated in a regional market with resultant injury to the regional domestic producers. A number of cases have involved this consideration, and where the evidence showed injury to the regional producers, the Commission has held the injury to a part of the domestic industry to be injury to the whole domestic industry. The Committee agrees with the geographic segmentation principle in antidumping cases." (S. Rep. No. 93-1298, 93 Cong., 2d Sess. 180-181 (1974).)

Economic conditions in the Northeast United States require that shipments of portland hydraulic cement to that geographical section must be produced in or near that area. Since LTFV sales from Canada were found only in the Northeast market, it is clear that this market area is the only one in which there is competition between LTFV imports and the domestically produced cement.

Injury by reason of LTFV sales

Portland hydraulic cement imports from Canada into the Northeast market increased in 1977 over 1975, and also increased in the January-March 1978 period as compared to the January-March 1977 period. These increases resulted in a penetration into the domestic market by LTFV Canadian imports of 23.2 percent in

1977 as compared to 17.3 percent in 1975. This penetration into the Northeast increased to 31.7 percent in the first quarter of 1978.

Idle capacity.--During the period of rising LTFV imports idle capacity of the domestic plants that ship to the Northeast market remained at all times over 23 percent.

U.S. producers' shipments.--Annual shipments by U.S. producers into the Northeast market declined from 3.7 million tons in 1975 to 3.3 million tons in 1977. This decline coincided with the increase in LTFV imports and continued into the first 3 months of 1978.

Net losses of U.S. industry.--The domestic plants supplying the Northeast market reported operating losses throughout the 1975-June 1978 period. The ratio of net loss to net sales ranged from a low of 5.5 percent in 1976 to a high of 21.9 percent during the first half of 1978. In 1977, losses were almost 16 percent of net sales. Evidence developed by the Commission indicates that the domestic producers in the Northeast are not able to operate at even a reasonable level of profit, because they are forced to compete with LTFV sales of Canadian imports.

Suppressed prices and lost sales.--Delivered prices for portland hydraulic cement in the Northeast market during the period 1975-78 were suppressed by sales of LTFV imports, and, after correction for transportation costs, they were appreciably lower than in other areas of the United States. For example, in the last quarter of 1977, domestic prices of such cement were $44.72 per ton in Seattle, Wash., and $50.15 in Grand Forks, N.D. In the Northeast U.S., however, prices ranged from $31.30 per ton in Albany, N.Y., to $37.84 in Syracuse, N.Y. while, at the same time, LTFV import prices remained below or about the same as domestic prices. This suppression in the Northeast market caused by LTFV imports prevented the domestic producers from recovering costs or earning an adequate return on their investments.

In several cases, the Commission found evidence that customers of portland hydraulic cement changed from domestic to Canadian suppliers because of the lower price of the Canadian cement.

Conclusion

In my opinion, the injury to the domestic industry in the Northeast market area caused by LTFV sales is more than trivial or inconsequential. This is all that is required for an affirmative determination by the Commission under the Anti-dumping Act of 1921 as amended. Based upon the above considerations, I have determined that the U.S. industry producing portland hydraulic cement is being injured by reason of the importation of such cement from Canada which is being sold at LTFV in the Northeast U.S. market area.

SUMMARY

On June 29, 1978, the United States International Trade Commission instituted investigation No. AA1921-184 following receipt of advice from the Department of the Treasury that portland hydraulic cement, other than white nonstaining cement, from Canada, is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. The Commission must determine whether an industry in the United States is being, or is likely to be injured, by reason of the importation of such merchandise into the United States.

Portland hydraulic cement is by far the most important of the hydraulic cements. It is the material which, when mixed with water and mineral aggregate, chemically reacts to form concrete. Concrete is consumed almost wholly in construction of various types.

The four Canadian firms covered in Treasury's investigation accounted for more than 84 percent of all U.S. imports of portland hydraulic cement from Canada. Treasury found the weighted average margins to range from 0.3 percent to 369 percent; the weighted average margin for all sales at margin (from all four companies) was 50.1 percent.

A like class of merchandise is produced in the United States by 57 companies. U.S. companies reported increasing levels of shipments in the total U.S. market and the Canadian border market, while shipments declined in the northeast market after 1975 as follows:

Year	U.S. producers' shipments to--		
	Total U.S. market	Northeast market	Canadian border market
	1,000 short tons		
1975	66,239	3,708	19,148
1976	70,461	3,597	20,770
1977	76,079	3,280	21,467

Domestic capacity utilization has increased annually in all three market areas. In the northeast market capacity utilization from 1975 to 1977 had the greatest increase, larger than that for the entire U.S. industry. This was caused in substantial part by the closure of three cement plants, alleged to be old and not in compliance with environmental regulations. The capacity represented by these plants was not replaced by any new plants.

Capacity utilization of productive facilities in the northeast market is affected by consumption and the price of cement in both the northeast and adjoining markets. There is substantial movement of cement into and out of this market. Capacity utilization of U.S. plants during 1975-77 is as follows:

Year	Capacity utilization of U.S. plants that shipped cement to--		
	Total U.S. market	Northeast market	Canadian border market
	percent		
1975	63	62	75
1976	68	67	80
1977	75	77	83

Canada was the dominant supplier of U.S. imports during 1975-77. Imports from Canada were about 1.1 million tons in 1975 and 1976, increasing to 1.3 million tons in 1977. The ratio of U.S. imports from Canada to apparent consumption is shown in the following tabulation (in percent):

Year	United States	Northeast	Canadian border
1975	1.6	17.3	1.2
1976	1.5	18.1	1.2
1977	1.7	23.2	1.3

Employment in the hydraulic cement industry, labor productivity, and average earnings of production and related workers all increased during 1975-77. The average earnings increased 25 percent during this period compared with 11 percent increase for construction workers and 16 percent for all manufacturing workers.

In checks of lost sale claims, two customers stated that they purchased Canadian cement partly because of a lower price, but also for other reasons. In all other cases, the customers stated that they paid about the same price for domestic and Canadian cement.

The price of Canadian cement was found to be below that of domestic producers in certain cities. In other cities it was found that the domestic producers were selling at prices lower than the Canadian producers.

Those in oppostition to the petition note that there is a shortage of cement in many areas of the United States. They allege that this shortage is now starting to develop in the northeast market. They also contend that the Commission should consider the entire United States cement market as the relevant market for analyzing direct competition from LTFV imports.

Certain witnesses at the public hearing contended that the Commission should make its determination in this investigation with respect to the northeast region rather than on a national basis. Owing to high transportation costs, U.S. producers generally serve their regional markets predominantly or exclusively. The northeast market accounted for over 77 percent of the imports from Canada each year during 1975-77.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On June 23, 1978, the U. S. International Trade Commission received advice from the Treasury Department 1/ that portland hydraulic cement, other than white nonstaining cement, 2/ from Canada, is being, or is likely to be, sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, the Commission on June 29, 1978, instituted investigation No. AA1921-184 under section 201(a) of the act, to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. The statute directs the Commission to make its determination by September 23, 1978.

A public hearing was held on July 26-28, 1978, in Washington, D.C. Public notice of the institution of the investigation and hearing was duly given by posting copies of the notice at the Secretary's office in the Commission in Washington D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of July 6, 1978 (43 F.R. 29192). 3/

The Treasury Department instituted its investigation after receiving a complaint on August 2, 1977, from Glens Falls Division of the Flintkote Co., of Glens Falls, N. Y. Treasury's notice of the antidumping proceeding was published in the Federal Register of September 8, 1977 (42 F.R. 45059). 4/

The Product

Description and uses

Portland hydraulic cement is by far the most important of the hydraulic cements. 5/ In the preparation of most hydraulic cements, a mixture of limestone, clay, silica, and other raw materials is burned (calcined) in a rotary kiln. The kilned product, in the form of balls or lumps known as clinker, is then pulverized along with a small amount of gypsum to produce the final product. Cement is a highly standardized, heavy product of low unit value. Both domestic and imported portland cement conform to the standards established by the American Society for Testing Materials (ASTM). As a result of its uniformity, most consumers regard any brand of portland cement as equally suitable for their purposes. Portland hydraulic cement has little

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1/ A copy of Treasury's letter is shown in app. A.

2/ Hereafter referred to as portland hydraulic cement.

3/ A copy of the Commission's notice of investigation No. AA 1921-184, is shown in app. B.

4/ A copy of Treasury's notices on Portland hydraulic cement from Canada is presented in app. C.

5/ Hydraulic cement will set, or harden, under water; nonhydraulic cement will not set under water. Portland, masonry, pozzolan, slaglime, and natural or Roman cement are all hydraulic cements.

utility alone, but rather is the material which, when mixed with water and mineral aggregate, chemically reacts to form concrete. Concrete is consumed almost wholly in construction of various types; chief among these are highway construction using ready-mix concrete and building construction using ready-mix concrete and precast concrete units.

Concrete, being a major material in building construction, competes with structural steel, clay products, building stone, and other materials, which are used in various building construction applications. In almost every type of structure, regardless of the principal building material used, there are certain basic uses for concrete (foundations, basements, floors, and so forth), for which there is little direct competition. In many building applications, concrete is used with steel reinforcement to obtain greater strength and durability. The choice of the principal structural material is governed by many factors, such as cost, personal preference, and building-code specifications. Portland cement concrete is the most widely used construction material in the United States.

As a road-building material, concrete competes with asphalt in some secondary road construction, but since asphalt is cheaper to manufacture than concrete, it is generally selected. Concrete is by far the preferred material for expressways and interstate highways. In the construction of some roads, concrete is used as a base for asphalt.

The ASTM maintains standard specifications for five types of portland cement, setting forth the chemical and physical requirements of each. The ASTM describes the five types as follows: 1/

Type I--For use when the special properties specified for any other type are not required;
Type II--For general use, especially when moderate sulfate resistance or moderate heat of hydration is required;
Type III-For use when high early strength is required;
Type IV--For use when a low heat of hydration is required; and
Type V--For use when high sulfate resistance is required.

In addition, the ASTM also maintains specifications for three types of air-entraining portland cement--type IA, type IIA, and type IIIA. The chemical and physical requirements for these three types conform to those for type I, type II, and type III, respectively, except for the addition of air-entraining materials. Concrete made from air-entraining cement or concrete which has had air-entraining agents added during mixing, contains billions of microscopic air cells per cubic foot. 2/

1/ ASTM designation C150.

2/ Concrete made from air-entraining cement has high resistance to severe frost action, high immunity to surface scaling, and exceptional workability and durability.

Specifications for type I and type II portland hydraulic cement are so similar that many domestic companies make one cement that meets the requirements of both. In 1975, these two types (including the air-entraining versions) accounted for 93 percent (based on quantity) of domestic shipments of portland cement. Type III portland cement, which is produced regularly by about two-thirds of the domestic cement plants, accounted for 3 percent of domestic shipments and type V accounted for 1 percent. Type IV and other miscellaneous portland cements accounted for the remainder of domestic portland cement shipments.

Virtually all, if not all, portland cement is marketed in the United States either in bulk or in bags containing 94 pounds, net. In 1977, deliveries in bulk accounted for about 90 percent of domestic shipments, and deliveries in bags, about 10 percent.

In 1972, the commercial unit of measure changed from barrels of 376 pounds each to short tons of 2,000 pounds. However, with the exception of the United States and a few minor cement-producing nations, the universal unit of measure for cement is the metric ton. The quantity data in this report will be given in short tons.

U.S. tariff treatment

U.S. imports of portland hydraulic cement from countries entitled to the column 1 rate under item 511.14 of the Tariff Schedules of the United States; are duty-free; countries exporting such cement under the column 2 rate are assessed with a duty of 6 cents per 100 pounds, including weight of the immediate container. The duty-free treatment became effective January 1, 1972, reflecting concessions granted by the United States in the Kennedy round of trade-agreement negotiations. The column 1 rate immediately prior to January 1, 1968, was 2-1/4 cents per 100 pounds, including weight of the immediate container.

Treasury Finding of Sales at Less Than Fair Value

During the period of the Department of the Treasury's investigation, Miron Co. Ltd. (Miron), a subsidiary of Genstar, Ltd., St. Lawrence Cement Co. (St. Lawrence), Lake Ontario Cement, Ltd., and Canada Cement Lafarge, Ltd. (Lafarge) accounted for approximately 84 percent of U.S. imports of portland hydraulic cement from Canada. Fair value comparisons were made on about 72 percent of such sales. They were made on the basis of purchase price and the home market price for Miron, since all exports by Miron were made to unrelated customers in the United States. Exporter's sales price and home market price were used for the other three companies since all exports by these firms were to U.S. firms related to the Canadian producers. Home-market price was used since portland hydraulic cement was sold in the home market in sufficient quantities to provide a basis of comparison for fair value purposes.

Price comparisons were made during April 1-August 31, 1977. Purchase price was calculated on the basis of the delivered price in the United States, with deductions for freight, customs brokerage, and prompt-payment discount.

Exporter's sales price was calculated on the basis of the delivered price to unrelated U.S. customers, with deductions for freight, customs brokerage, and financing expenses. Additions were made for the Canadian Federal sales tax and provincial taxes, as applicable, that were not collected on exports. The home-market price was calculated on the basis of a weighted average delivered price, generally to unrelated customers, with adjustments for cash discounts, market-condition discounts, freight, selling expenses, and storage costs.

Margins for each firms's sales compared ranged from 0.3 percent to 369 percent and the weighted average margin for all sales at margin (from all four companies) was 50.1 percent. Treasury accordingly made a determination of sales at LTFV on portland hydraulic cement from Canada.

The Domestic Industry

In the United States and Puerto Rico, portland hydraulic cement in 1977 was produced by 57 companies in 163 plants. These plants have an estimated annual grinding capacity of 104 million short tons as shown in the following table. In 1977, these plants produced 78 million short tons, thereby

Portland hydraulic cement: Productive capacity and percent of capacity utilized in the U.S. industry, 1975-77

Item	1975	1976	1977
Grinding plants:			
Number of plants	174	169	163
Total capacity----------1,000 short tons--	106,111	104,106	104,000
Percent utilized	62.9	68.4	75.0

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

utilizing 75 percent of their annual grinding capacity. Capacity utilization also increased for plants that shipped to the northeast market, 1/ from 62 percent in 1975 to 77 percent in 1977, and for the plants that shipped to the Canadian border market 2/ from 75 percent in 1975 to 83 percent in 1977. In the northeast market capacity utilization from 1975 to 1977 had the greatest increase, larger than that for the entire U.S. industry, caused in substantial

1/ For purposes of this report, the northeast market includes the States of New York, Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

2/ For purposes of this report, the Canadian border market includes the States of Pennsylvania, Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, North Dakota, South Dakota, Montana, Wyoming, Idaho, Washington, Oregon, and Alaska; but does not include those states listed in the northeast market.

part by the closure of three cement plants, alleged to be old and not in compliance with environmental regulations. The capacity represented by these plants was not replaced by any new plants. Capacity utilization in the northeast market is affected by consumption and price of cement in both the northeast and adjoining markets. There is substantial movement of cement into and out of this market. It was stated at the hearing that when plants operate at 75 percent of capacity or more for substantial periods of time, the producers start considering plant expansion.

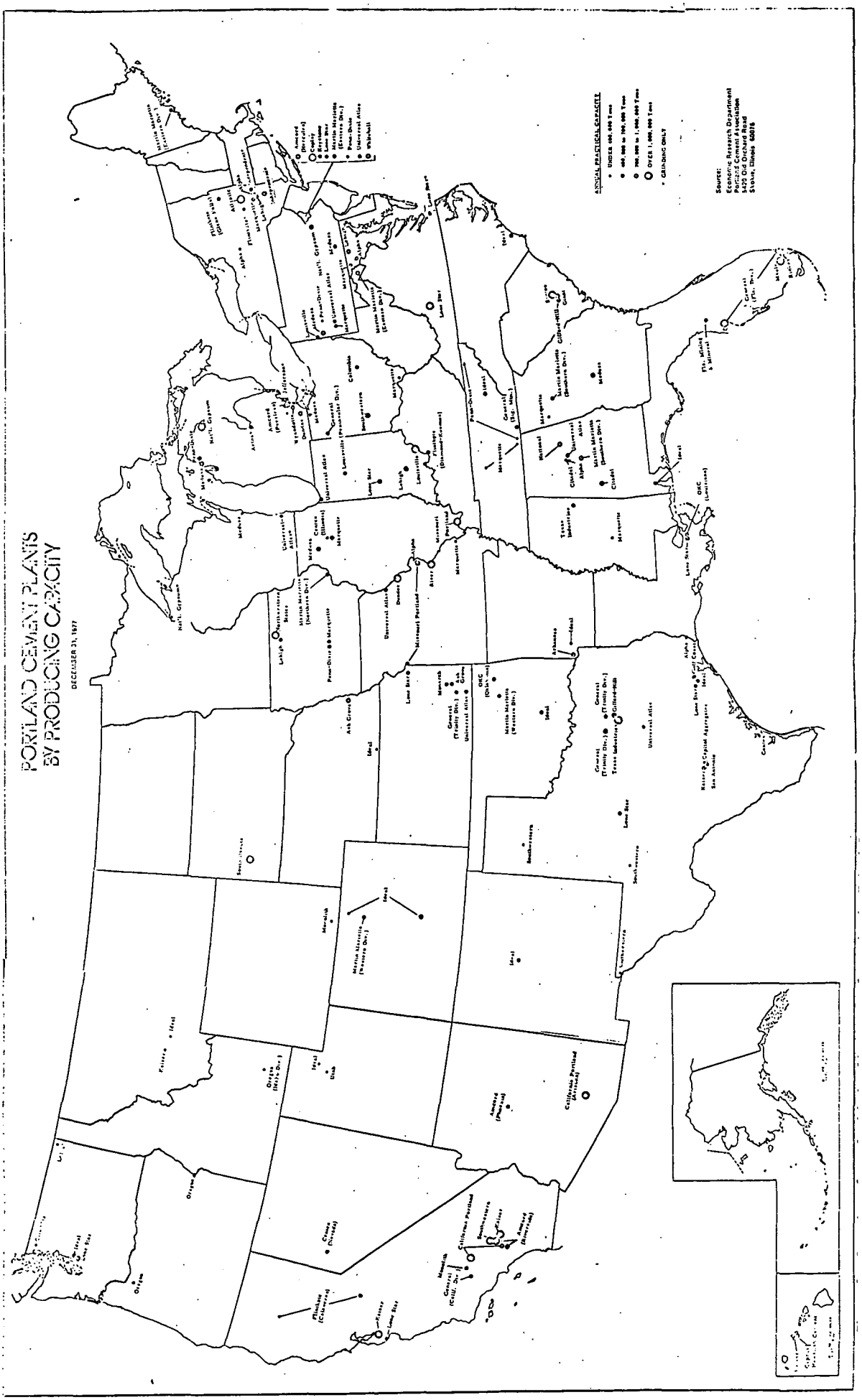
Portland hydraulic cement is manufactured from materials which are widely distributed throughout the United States, and cement plants have been built in or near virtually every substantial market area. Domestic plants are located in 40 States and Puerto Rico with the principal producing States being Texas (17 plants), Pennsylvania (15 plants), California (12 plants), and Alabama, Missouri, and New York (7 plants each).

The United States portland hydraulic cement industry has been changing from single-plant companies to multiplant companies with widely diversified product lines. The eight largest portland-cement producing companies (which account for approximately 40 percent of domestic cement shipments) and the locations of their cement plants are shown as follows:

Company	Headquarters	Cement plants
Amcord, Inc.	Newport Beach, Calif.	Bethlehem, Pa. Detroit, Mich. Phoenix, Ariz. Riverside, Calif.
General Portland, Inc.	Dallas, Tex.	Lebec, Calif. Miami, Fla. Tampa, Fla. Paulding, Ohio Chattanooga, Tenn. Fredonia, Kans. Dallas, Tex. Fort Worth, Tex.
Ideal Basic Industries, Inc.	Denver, Colo.	Mobile, Ala. Saratoga, Ark. Ft. Collins, Colo. Florence, Colo. Trident, Mont. Superior, Nebr. Tijeras, N. Mex. Ada, Okla. Knoxville, Tenn. Galena Park, Tex. Star Route, Utah Seattle, Wash.

Kaiser Cement & Gypsum Corp.	Oakland, Calif.	Lucerne Valley, Calif. Permanente, Calif. Oaku, Hawaii Montana City, Mont. San Antonio, Tex.
Lone Star Industries, Inc.	Greenwich, Conn.	Davenport, Calif. Greencastle, Ind. Bonner Springs, Kans. Nazareth, Pa. Houston, Tex. Maryneal, Tex. Norfolk, Va. Seattle, Wash.
Martin Marietta Corp.	Rockville, Md.	Calera, Ala. North Birmingham, Ala. Lyons, Colo. Atlanta, Ga. Davenport, Iowa Thomaston, Maine Tulsa, Okla. Northampton, Pa. Martinsburg, W. Va.
Marquette Co.	Nashville, Tenn.	Rockmart, Ga. Oglesby, Ill. Des Moines, Iowa Hagerstown, Md. Brandon, Miss. Cape Girardeau, Mo. Catskill, N.Y. Superior, Ohio Pittsburgh, Pa. Cowan, Tenn. Nashville, Tenn.
United States Steel Corp., Universal Atlas Cement Division	Pittsburgh, Pa.	Leeds, Ala. Buffington, Ind. Independence, Kans. Hannibal, Mo. Northampton, Pa. Universal, Pa. Waco, Tex. Milwaukee, Wis.

There are no cement plants in the following States: Alaska, Connecticut, Delaware, Massachusetts, Minnesota, New Hamphire, New Jersey, North Dakota, Rhode Island, and Vermont, or the District of Columbia. Figure 1 shows the location of portland hydraulic producing plants in the United States.


PORTLAND CEMENT PLANTS
BY PRODUCING CAPACITY
DECEMBER 31, 1977
ANNUAL PRACTICAL CAPACITY
• UNDER 400,000 Tons
• 400,000 to 700,000 Tons
• 700,000 to 1,000,000 Tons
○ OVER 1,000,000 Tons
• GRINDING ONLY
Source:
Economic Research Department
Portland Cement Association
Post Office Box 1498
Skokie, Illinois 60076

An examination was made of the idle capacity of the domestic cement producers in the northeast market to determine if the idle capacity would have satisfied the northeast market if there had been no imports. The idle capacity of the cement producing plants exceeded imports in each year from 1975 through 1977.

Portland hydraulic cement production is a regional but intensely competitive industry. Because such cement is a highly standardized product that varies little, either from plant to plant or from country to country, and because of its low value-to-weight ratio, cement plants are usually located within a 300-mile radius of their principal markets. Shortages in certain areas, however, such as presently are occurring in many areas of the country do result in long-distant shipments of portland hydraulic cement (see appendix D). The distance of cement shipments for 1972 is believed to correspond largely with 1978 practice, as shown in the following table.

Distance of cement shipments compared with all manufactured products (1972)

(In percent)

Miles	Cement	All manufactured products
0-99 miles	57.5	28.7
100-299 miles	37.6	28.6
300-499 miles	3.5	13.7
500-999 miles	1.2	16.4
1,000 miles or more	.2	12.6
Total	100.0	100.0

Source: Portland Cement Association.

The ready-mix-concrete industry consumes sixty-three percent of the portland hydraulic cement shipped. Other concrete articles, such as blocks, beams, tile, and precast and prestressed products, account for 13 percent of total cement shipments. The remaining 24 percent is consumed by road, dam, and utility contractors and building-material dealers.

The portland hydraulic cement industry is highly capital intensive. Escalating operating costs (caused principally by increasing fuel and power costs 1/), as well as rigid pollution abatement policies, have had a dynamic impact on the domestic cement industry. Many producers have increased prices substantially because of the necessity of converting from gas or oil to coal as the primary source of energy and replacing old noncompetitive plants with highly automated facilities capable of meeting the Environmental Protection Agency's standards. The domestic cement industry estimated that $500 million was spent by cement producers during 1971-77 in order to comply

1/ Approximately 40 percent or more of the direct cost of manufacturing cement is attributed to energy costs. According to the U.S. Bureau of Mines, an average of 5.6 million Btu of fuel and 124 kWh of electricity are required to produce 1 ton of cement.

with air, water-control and land-use regulations. In many instances, old and/or uneconomical facilities were closed down. To be assured of the raw materials necessary for the manufacturing and marketing of portland hydraulic cement, many producers have found it good economic practice to integrate vertically.

Consideration of Injury by Reason of LTFV Sales

U.S. consumption

During 1975-77, annual U.S. consumption of portland hydraulic cement increased steadily, from 69 million tons in 1975 to 78 million tons in 1977 (table 1, app. E). Consumption in January-March 1978 was slightly lower than in the corresponding period of 1977.

U.S. consumption in the northeast market decreased annually during 1975-77, from 4.8 million tons to 4.5 million tons. Consumption during January-March 1978 in the northeast market increased 2 percent over the same period in 1977. U.S. consumption in the Canadian border market and the total Canadian related market 1/ both increased during 1975-77. Ratios of total imports and imports from Canada to consumption for the market areas are as follows:

Portland hydraulic cement: Ratios of total imports to consumption and ratios of Canadian imports to consumption, 1975-77, January-March 1977, and January-March 1978

Item	1975	1976	1977	January-March--	
				1977	1978
Ratio of total imports to consumption:					
Northeast market	23.2	22.8	27.8	31.5	35.5
Canadian border market	1.3	1.2	1.4	1.7	3.2
Total Canadian related market	5.7	5.1	5.9	6.6	8.6
Total U.S. market	3.6	2.9	3.0	2.4	4.4
Ratio of Canadian imports to consumption:					
Northeast market	17.3	18.1	23.2	27.8	31.7
Canadian border market	1.2	1.2	1.3	1.6	2.2
Total Canadian related market	4.5	4.2	5.1	2.3	7.1
Total U.S. market	1.6	1.5	1.7	1.3	1.6

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

1/ For purposes of this report, the total Canadian related market is the sum of the northeast market and the Canadian border market.

U.S. shipments and inventories

Annual U.S. shipments of portland hydraulic cement increased continuously during 1975-77 from 66 million tons, valued at $2.1 billion, in 1975 to 76 million tons, valued at $2.8 billion, in 1977 (table 1). Shipments into the northeast market, however, decreased annually during 1975-77, from 3.7 million tons in 1975 to 3.3 million tons in 1977; shipments into the Canadian border market area increased annually during this period, from 19.1 million tons in 1975 to 21.5 million tons in 1977. U.S. cement shipments into the total Canadian related market also increased annually during 1975-77, from 22.9 million tons in 1975 to 24.7 million tons in 1977.

U.S. shipments of portland hydraulic cement increased in the northeast market during January-March 1978 as compared with the same period in 1977, but decreased in both the Canadian border market and in the total Canadian related market. The increase in U.S. shipments of portland hydraulic cement in 1975-77 was due mainly to an overall increase in most types of construction, including an upturn in housing starts.

U.S. producers inventories are usually small in respect to sales. During the period of this investigation, there was no substantial change in the inventories to sales ratio. As a result, changes in inventory are not believed to be a factor in the alleged injury or the cause of that injury and will not be discussed further outside of the special case of Universal Atlas (see page A-17)

U.S. imports

Portland hydraulic cement.--Total U.S. imports of portland hydraulic cement (table 2) decreased from 2.5 million tons, valued at $49 million in 1975 to 2.3 million tons, valued at $63 million in 1977. In addition to Canada, which accounted for more than 57 percent of U.S. imports in 1977, other principal source countries included the Bahamas, Norway, Spain, Mexico, and Sweden. Total imports in January-June 1978 totaled 2.3 million tons valued at $36 million compared with 884,000 tons valued at $21 million in the same period of 1977. The large increase of imports in January-June 1978 came predominantly from Mexico. Imports from Canada accounted for only 25 percent of total imports during January-June 1978, as compared with 55 percent in the corresponding of 1977.

U.S. imports from Canada during 1975-77 increased from 1.1 million tons, valued at $23 million to 1.3 million tons, valued at $36 million. Canada increased its share of total U.S. imports, from 45 percent in 1975 to 57 percent in 1977. Imports from Canada in January-June 1978 amounted to 576,000 tons, valued at $16 million, compared with 486,000 tons, valued at $13 million in January-June 1977 (table 2) Imports from Canada by customs districts are given in table 3. Data on imports from Canada by customs districts in the first 6 months of 1978 are not available.

Total U.S. imports of portland hydraulic cement and imports from Canada to the northeast market area, the Canadian border market area, and the total

Canadian related market of the United States are shown in table 1. The northeast market area accounted for over 77 percent of the imports from Canada each year during 1975-77.

Cement clinker 1/.--Cement clinker is an intermediate product used to manufacture portland hydraulic cement but is not included within the scope of this investigation. During 1975-77, U.S. imports of cement clinker increased from 1.2 million tons, valued at $20 million in 1975, to 1.6 million tons, valued at $29 million in 1977 (table 4). A growing number of domestic cement producers have turned to importing clinker for the manufacture of cement rather than investing heavily in kiln improvements necessitated by air and water pollution standards. In addition, some producers have found it economical to import clinker because of rising fuel costs and to supplement domestic production.

Canada was the major source of U.S. imports of cement clinker, accounting for more than 53 percent of imports from 1975 to 1977 (table 4). The Detroit-Chicago area received from 60 to 77 percent of the imports from Canada during 1975-77 (table 5). Imports of cement clinker to domestic cement producers in January-June 1978 totaled 965,000 tons, valued at $21.1 million, or 70 percent more than in the corresponding period of 1977. Canada, Japan, and Spain each accounted for about 25 percent of the imports in January-June 1978 (table 4).

U.S. exports 2/

Exports of cement were less than 1 percent of total U.S. domestic shipments during 1975-77, and fell from a high of 494,000 tons, valued at $28 million in 1975 to a low of 239,000 tons, valued at $24 million in 1977 (table 6). In 1977, exports of cement to Canada accounted for over 65 percent of total U.S. exports. Total exports in January-June 1978 amounted to 31,000 tons valued at $4.2 million, compared with 104,000 tons, valued at $11 million, in the corresponding period of 1977. Little if any cement is exported by the plants that ship to the northeast market.

The Canadian industry

Portland hydraulic cement is produced in Canada by 7 companies with 22 plants having an estimated capacity of 16 million short tons. In the Atlantic Provinces (Newfoundland, Nova Scotia, New Brunswick, and Prince Edward Island) there are three portland hydraulic cement manufacturing plants with a capacity of about 1.1 million tons; in the Province of Quebec there are five plants with a capacity of 4.4 million tons; in Ontario there are six plants with a capacity of 6.2 million tons; in the Prairie region (Manitoba, Saskatchewan, and Alberta) there are five plants with a capacity of 2.6 million tons; and in

1/ Importing clinker eliminates the need for calcining in the manufacture of portland cement; see section on description and uses.

2/ Official export statistics are not available by type of cement; however, it is believed that portland hydraulic cement accounts for the bulk of cement exports.

the Pacific region (British Columbia) there are three plants with a capacity of 1.2 million tons.

Canadian production of portland hydraulic cement in 1977 was about 11.1 million tons, up from 10.6 million tons in 1975. In 1977 most of the portland hydraulic cement exported to the United States came from the Provinces of Quebec and Ontario. The Province of Quebec produced 3.3 million tons ofportland cement in 1977, up from 2.9 million tons in 1976. The Province of Ontario produced about 4.1 million tons of portland hydraulic cement in both 1976 and 1977.

Canadian domestic shipments of portland hydraulic cement by the four producers 1/ that Treasury determined were making LTFV sales in the United States increased slightly in 1977 over the 2 previous years and totaled 8.3 million tons valued at $323 million (table 7). Shipments in January-June 1978 were 2 percent less than in the corresponding period of 1977 period.

Exports to the United States by these companies increased each year during 1975-77 and totaled 1.2 million tons in 1977, representing a 9 percent increase over 1976. Exports in January-June 1978 totaled 708,000 tons, 2/ or 30 percent more than in the corresponding period of 1977.

Exports to the northeast market were 21 percent greater in 1977 than in 1975, while exports to the Canadian border market decreased 24 percent in 1977 compared with 1975. In January-June 1978, exports to the northeast market decreased slightly, while exports to the Canadian border market increased 137 percent compared with those in January-June 1977.

Employment

Portland hydraulic cement comprises 95 percent of U.S. hydraulic cement output. Employment data for the hydraulic cement industry therefore provide a good indication of employment in the portland hydraulic cement industry.

The production of hydraulic cement in the United States is a highly automated, capital-intensive process; a handful of workers can operate a centrally controlled, automated cement plant. The average number of all employees and of production and related workers engaged in the production of hydraulic cement in the United States increased slightly from 1975 to 1977.

1/ St. Lawrence Cement Co., Genstar, Ltd., Lake Ontario Cement Ltd., and Canada Cement LaFarge, Ltd.

2/ As reported by Canadian producers and differs from U.S. official import statistics.

Average number of employees in the hydraulic cement industry in the United States, total and production and related workers, and average hourly earnings of the latter, 1975-77, January-April 1977, and January-April 1978

Period	All Employees	Production and related workers	
		Average number	Average hourly earnings
1975	30,300	23,800	$6.33
1976	29,600	23,400	7.26
1977	30,400	24,200	7.92
January-April--			
1977	29,500	23,800	7.58
1978	30,600	24,200	8.27

Source: U.S. Bureau of Labor Statistics, Employment and Earnings.

Average earnings for production and related workers in the U.S. hydraulic cement industry were $7.92 per hour in 1977, 25 percent more than in 1975. Average earnings for comparable workers in the construction industry were $8.04 per hour in 1977, 11 percent more than in 1975. Average earnings for comparable workers in all manufacturing were $5.41 per hour, 16 percent more than in 1975.

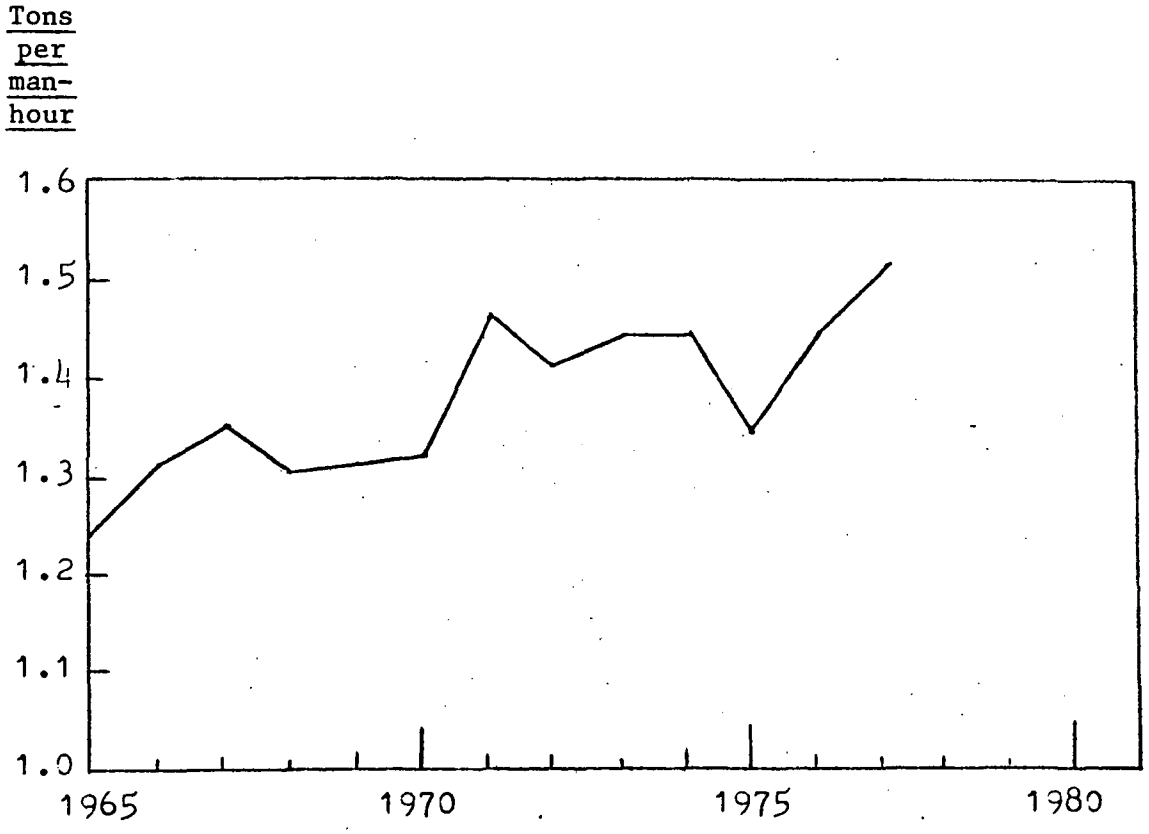
Labor productivity in the cement industry has been generally increasing during the past 12 years, from 1.24 tons of cement per man-hour in 1965 to 1.51 tons of cement per hour in 1977 (fig. 2).

General economic conditions affecting the cement industry

Concrete and concrete products are essential in practically all construction; thus, the demand for cement as a raw material for concrete is heavily dependent on construction activity. During 1975-77, construction activity in the United States rose to a high of $169.7 billion in 1977. The value of new construction put in place in the United States, 1975-77, January-April 1977, and January-April 1978 is shown in the following tabulation in millions of dollars:

Period	Value of constuction in current dollars
1975	134,293
1976	147,481
1977	169,734
January-April--	
1977	45,522
1978	51,573

Figure 2.--Labor productivity in the cement industry of the United States, 1965-77



Source: PCA Economic Research Department; data submitted in response to questionnaire of the U.S. International Trade Commission.

A leading indicator of construction activity for which New England 1/ data are available is new housing units authorized by building permits, shown in the following table. The number of housing units authorized in the United States nearly doubled, from 949,200 in 1975 to 1,688,000 in 1977. The number of units authorized in January-June 1978 was 501,000, up 18.7 percent from the 422,000 in the corresponding period of 1977. The trend in the number of new housing units authorized in New England was similar to that of such units in the United States, showing a 41 percent increase in 1977 over what it was in 1975.

New housing units authorized in the United States and in the New England States, 1975-77 1/

Year	Number of housing units authorized in--		Value of housing units authorized in--	
	United States	New England	United States	New England
	1,000 units	1,000 units	Million dollars	Million dollars
1975	949.2	130.2	24,107	3,096
1976	1,302.7	152.4	35,714	3,952
1977	1,687.5	183.1	49,945	5,107

1/ Data for 1975-77 include public housing contract awards; the data were based on a U.S. total of approximately 14,000 places.

Source: U.S. Bureau of the Census, Construction Reports, series C40.

The cement industry was particularly hard hit by increasing fuel and power prices since it is one of the most energy-intensive manufacturing industries in the United States. Energy costs represent about 40 percent of the cost of finished cement. To offset the rising cost of fuel, many cement plants have converted from oil or gas to coal as the kiln fuel. In addition, there is an increasing use of preheater kilns and the dry-process method of making cement, both of which help to conserve energy.

Competitive conditions in northeast market area

From 1975 to June 1978, there were nine cement plants operating in the northeast area, and eight additional U.S. plants shipping cement into this market area. These 17 producing plants compete intensely with each other and with the 4 Canadian suppliers who are themselves keen competitors.

The announcement of the closing of the Universal Atlas plant at Hudson, N.Y. in September 1976 was assumed by other domestic producers to be a chance to gain new customers or increased sales to established customers. The subsequent inventory disposal sale by Universal Atlas at discount prices resulted

1/ Includes the States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

in fairly widespread price decreases. The acquisition of the Universal Atlas plant and of a number of the Universal Atlas sales personnel in January 1978 probably enabled Independent Cement Co., a subsidiary of St. Lawrence, to service a number of former customers of Universal Atlas, but at the reduced price established by the inventory sale. According to several cement purchasers, this reduced price was accepted by some of the domestic producers prior to Independent's acquisition of the Universal Atlas plant. The majority of the cement customers contacted in regard to the lost sales contended that the domestic industry "overreacted" to these happenings and "reduced prices prematurely." The customers usually did not reveal to their suppliers the prices that they were paying, stating only that "your price is not competitive." A number of the customers expressed concern regarding the future supply. Some of these customers have been notified during August 1978 by their domestic suppliers that orders may not be filled in a timely manner.

Financial experience of domestic producers

Twenty-one companies operating portland hydraulic cement plants in the United States that represent 41 percent of the total U.S. portland hydraulic cement industry capacity submitted usable profit-and-loss and other financial data, as shown in tables 8, 9, and 10.

The following table gives the ratio of net profit or loss to net sales for overall operations of cement-producing companies, for just their cement operations, for the establishments of the companies shipping to the northeast market, and for the establishments shipping to the Canadian border market. All the ratios of profit to sales increased during 1975-77 except in the northeast market, where losses were reported each year.

Ratios of net profit or (loss) to net sales for U.S. producers of portland hydraulic cement, 1975-77, January-June 1977, and January-June 1978

(In percent)

Period	Overall establishments operations	Portland hydraulic cement establishments shipping to--		
		Total United States	Northeast market 1/	Candian border market 1/
1975	8.3	5.7	-20.0	12.4
1976	11.5	9.3	-5.5	17.7
1977	12.8	11.2	-13.6	18.0
January-June--				
1977	12.0	8.5	-15.8	15.8
1978	15.0	6.5	-21.9	13.2

1/ Includes data for plants that reported shipping only a part of their output to the market area.

The principal elements of operating costs for the production of cement are cost of goods sold, general selling and administrative costs, and other operating costs. The indexes of these costs are shown as follows:

Indexes of cost of goods sold, general, selling, and administrative expenses, and other operating expenses, 1975-77

(1975=100)

Market and year	Cost of goods sold	General, selling, and administrative expenses	Other operating expenses
Total U.S. market:			
1975	100	100	100
1976	111	111	149
1977	129	121	60
Canadian border market:			
1975	100	100	100
1976	115	113	79
1977	134	122	56
Northeast market:			
1975	100	100	100
1976	114	113	84
1977	125	113	67

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

For the past 3 years, the largest increases in operating costs have been in cost of goods sold. The greatest cost of production is in fuel costs.

In addition, certain financial data covering the operations of eight selected cement-producing firms were obtained from Standard & Poor's Industry Surveys and are shown in tables 11 and 12.

Consideration of Likelihood of Injury

The issue of future injury to the domestic portland hydraulic cement-producing industry is clouded by the cement shortage throughout many parts of the country. It is most apparent west of the Mississippi and in Florida. This shortage is beginning to show in the northeast market where some of the domestic producers are refusing further orders that have short delivery dates.

Price increases recently have been announced by certain domestic producers but other producers have guaranteed present prices through March 1979. If the shortage continues or becomes more acute in the northeast, guaranteed prices will not necessarily establish the price in the market.

Capacity of the Canadian portland hydraulic cement industry was built for both the Canadian and the U. S. markets. Utilization of this capacity, as indicated by the four Canadian producers that reported to the Commission, has decreased from 82 percent in 1975 to 77 percent in 1977, then increased to 79 percent in the January-June 1978. These producers are now refusing additional orders, as their excess supplies are being purchased by distant customers, largely in other sections of the United States.

Consideration of an Industry Prevented From Being Established

Prevention of establishment is not an issue in this investigation. An industry producing portland cement exists not only in the United States as a whole, but in the regional markets also.

Consideration of the Causal Relationship Between Alleged Injury and LTFV Sales

The Department of the Treasury made fair value comparisons on 72 percent of the sales of portland hydraulic cement by the four Canadian companies investigated during April 1, 1977 through August 31, 1977. Total shipments of these four companies to U.S. markets during this period according to Treasury accounted for about 84 percent of total U.S. imports from Canada.

Market penetration

As shown in table 1, the ratio of imports from Canada to total apparent consumption in the United States during the January 1975-June 1978 period remained stable at about 1.6 percent. In the northeast market area, however, the ratio during the corresponding period increased from 17.3 percent in 1975 to 31.7 percent in January-March 1978.

Prices

Pricing practices.--Portland hydraulic cement is manufactured to rigid industry specifications with little product variation. Thus price is a very important sales factor. Producers compete on the basis of net delivered price, and, in order to remain competitive, they often absorb part of the freight charges, provide cash and quantity discounts, and offer other credit incentives.

At the present time about 90 percent of portland hydraulic cement shipments are made in bulk, while prior to 1950 most cement was shipped in bags. About 80 percent of cement shipments are made direct from the mill to the customer; the remainder are made through distribution terminals. The largest single class of customer is ready-mix-concrete producers, accounting for about 63 percent of cement shipments.

Because of portland hydraulic cement's low value-to-weight ratio, transportation is a significant factor in its delivered cost. Transportation from the mill represents an average of 20 to 25 percent of total cost to the buyer. For this reason, under normal conditions, more than 95 percent of the cement produced in the United States is distributed within a 300-mile radius of the cement manufacturer.

Portland hydraulic cement is shipped by truck, railway, barge, and ship. Truck shipments account for more than 80 percent of total shipments. Transportation by railways and waterways plays an important role in shipments from plants to distribution terminals.

Actual prices.--The average price for portland cement for 20 U.S. cities, f.o.b. city, during July-August 1978, as reported in Engineering News-Record, was $47.65 per ton in bulk and $64.00 per short ton in bags. Comparable prices for the corresponding period in Montreal and Toronto were $48.15 and $62.00, respectively.

The average prices for 20 U.S. cities, f.o.b. city, during January 1975-August 1978 are shown in table 13. Separate prices are also given for Boston, New York, Philadelphia, and Seattle. The prices shown include imports.

The average mill value of U.S.-produced portland hydraulic cement in bulk, which follows the average annual price trend closely for the United States during 1975-77 is shown in the following tabulation per short ton:

Year	Mill value 1/ of U.S.-produced material in United States 2/
1975	$31.09
1976	33.86
1976	36.36

1/ Mill value is the actual value of sales to customer, f.o.b. plant, less all discounts and allowances, all freight charges to customer, all freight charges from producing plant to distribution terminal, if any, total cost of operating terminal, if any, and cost of paper bags and pallets.
2/ Includes Puerto Rico.

The average mill value of portland hydraulic cement in the United States increased from $31.09 per ton in 1975 to $36.36 per ton in 1977. These increases are a reflection of increased costs of fuel, power, labor, and pollution control during 1975-77.

The price indexes for portland hydraulic cement and for industrial commodities at wholesale showed increases for January 1975-January- March 1978 (table 14). Using January-March 1975 as 100, the index for portland hydraulic cement in the first quarter of 1978 was 125.4 and that for industrial commodities at wholesale was 120.5, as shown in the following table.

Price indexes for portland hydraulic cement, f.o.b. city, 20 U.S. cities averages and for industrial commodities at wholesale, 1975-77, and January-March 1978

(January-March 1975=100)

Period	Portland hydraulic cement in bulk, 20 U.S. cities average	Industrial commodities at wholesale
1975	103.1	101.9
1976	113.8	108.4
1977	121.3	115.9
1978 (January-March)	125.4	120.5

Source: Table 13 and U.S. Department of Commerce, Survey of Current Business.

Data, by quarters,on lowest net delivered selling prices for domestically produced hydraulic cement were collected by questionnaires, for January 1975 through June 1978. Replies were received from 27 domestic producers, acccounting for about half of the domestic industry, and from 4 Canadian producers, which accounted for 86 percent of cement imports for the period under this investigation.

Average price data are shown in table 15 for 10 different American cities. These cities mainly represent markets where imports from Canada competed with domestic portland hydraulic cement. The cities selected were Montpelier, Vt., Philadelphia, Pa., Boston, Mass., New York City, Albany, N.Y., Syracuse, N.Y., Buffalo, N.Y., Detroit, Mich., Forks, N.D., and Seattle, Wash.

In Grand Forks, N.D., the Canadian prices were nearly equal to or above those of the domestic producers. Little or no Canadian sales were reported in New York City, Seattle, Philadelphia, and Detroit. In the Philadelphia area, served entirely by domestic producers, the price has remained relatively stable during the January 1975-June 1978 period. No sales were reported for domestic producers in Buffalo, N.Y. until April 1977, when domestic sales were reported from that period until the present at prices higher than the Canadian price.

Almost all Canadian prices at Montpelier, Vt. were lower than the domestic producers' sales through March 1977. From April 1977-June 1978 domestic sales were quoted at a lower price. All of the prices quoted for Syracuse, N.Y. showed that the Canadians were selling under the domestic producers' price, while almost the opposite was found at Boston, Mass. The Canadians did not participate in the Albany, N.Y. market until the last part of 1976. Since that time they have been selling below the domestic producers' price.

Lost Sales

No lost sales were claimed in any areas of the United States except in the northeast market. The sales of Canadian portland hydraulic cement in the midwestern and far western United States were largely to U.S. producers.

Five of the domestic producers marketing portland hydraulic cement in the northeast market submitted a massive quantity of lost sales data. The Commission found 80 cases in the group with sufficient data to warrant a further check. Forty-six percent of the purchasers involved were called to verify the reasons for the purchase of portland hydraulic cement from another supplier, sometimes from a domestic company but usually from a Canadian company. In two instances the customers stated that they ordered Canadian portland hydraulic cement partly because of its lower price but also because of the assurance of timely availability and service. In all other instances, the customers stated that they paid about the same price for both domestic and Canadian cement. All of the customers attempt to have more than one source of supply for their portland hydraulic cement requirements and many buy small amounts from several producers. A substantial number of customers stated that they began purchasing Canadian portland hydraulic cement in 1973 and 1974 when the domestic industry was unable to supply their requirements and have continued buying Canadian material since then.

Regional Considerations

The witnesses for the domestic producers contend that the Commission should make its determination in this investigation on a regional rather than a national basis. These witnesses in their testimony and briefs presented data relating to conditions in the northeast market of the United States. In its report on the Trade Act of 1974, the Senate Finance Committee had the following comments on regional market considerations during Antidumping proceedings: 1/

> A hybrid question relating to injury and industry arises when domestic producers of an article are located regionally and serve regional markets predominately or exclusively and the less-than-fair-value imports are concentrated in a regional market with resultant injury to the regional domestic producers. A number of cases have involved this consideration, and where the evidence showed injury to the regional producers, the Commission has held the injury to a part of the domestic industry to be injury to the whole domestic industry. The Committee agrees with the geographic segmentation principle in antidumping cases. However, the Committee believes that each case may be unique and does not wish to impose inflexible rules as to whether injury to regional producers always constitutes injury to the industry.

The Committee appears to agree with the geographical segmentation principle where (1) U.S. producers serve regional markets predominately or exclusively and (2) the LTFV imports are concentrated in a regional market with resultant injury to the regional domestic producers.

Data compiled in response to the Commission's questionnaires and other sources indicate that usually transportation costs discourage shipments beyond 300 miles from the producing plant. In times of shortages, however, portland hydraulic cement is shipped much greater distances. At the present time, shortages are occurring in many areas of the United States and many long-distance shipments are reported.

The U.S. industry serves the northeast market from plants located in the market area and adjacent States. Imports by the four Canadian concerns, which comprised approximately 84 percent of all imports from Canada during period April 1-August 31, 1977, were all to the northeast market.

Import penetration in the northeast market, as shown in table 1, increased from 17 percent in 1975 to nearly 32 percent in January-March 1978. It was reported to the Commission by cement customers that some domestic producers are refusing to accept new orders, thus forcing customers to turn to Canadian sources.

The profit-and-loss experience as reported to the Commission clearly shows the regional nature of the domestic industry. The ratio of net loss to net sales during January 1975-June 1978 for the establishments shipping to the northeast market ranged from 6 to 22 percent (loss), while for other regions

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1/ U.S. Senate, report of the Committee on Finance to Accompany H.R. 10710, Trade Act of 1974, S. Rept. No. 93-1298 (93rd Cong., 2nd Sess.) 1974 at pp. 180-81.

profit ranged from 6 to 18 percent of net sales. Prices in the northeast market, as reported to the Commission, were generally lower than in any other areas of the United States, but were quite uniform for both domestic and imported material. Several of the plants that ship into the northeast market also supply the Philadelphia area. The Commission did not request profit and loss data for this market area. Reported average selling prices, however, indicate that this is another area of keen competition. With no imports, this competition is believed to be between domestic producers.

APPENDIX A

TREASURY DEPARTMENT LETTER TO THE COMMISSION ADVISING THE COMMISSION OF ITS DETERMINATION OF LTFV SALES OF PORTLAND HYDRAULIC CEMENT FROM CANADA

THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

Dear Mr. Chairman:

In accordance with section 201(a) of the Antidumping Act, (1921), as amended, you are hereby advised that portland hydraulic cement from Canada, is being, or is likely to be, sold at less than fair value within the meaning of the Act.

The U.S. Customs Service is making the files relative to this determination available to the International Trade Commission under separate cover. These files are for the Commission's use in connection with its investigation as to whether an industry in the U.S. is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of this merchandise into the U.S. Since some of the data in these files is regarded by the Treasury to be of a confidential nature, it is requested that the Commission consider all information therein contained for the use of the Commission only, and not to be disclosed to others without prior clearance with the Treasury Department.

Sincerely yours,

Robert H. Mundheim

The Honorable
Joseph O. Parker
Chairman
U.S. International
Trade Commission
Washington, D.C. 20436

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICE CONCERNING INVESTIGATION NO. AA1921-184, PORTLAND HYDRAULIC CEMENT FROM CANADA

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

(AA1921-184)

PORTLAND HYDRAULIC CEMENT FROM CANADA

Notice of Investigation and Hearing

Having received advice from the Department of the Treasury on June 23, 1978, that portland hydraulic cement from Canada is being, or is likely to be, sold at less than fair value, the United States International Trade Commission on June 29, instituted investigation No. AA1921-184 under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. For purposes of Treasury's determination, the term "portland hydraulic cement" refers to portland hydraulic cement, other than white non-staining.

Hearing. A public hearing in connection with the investigation will be held in the Commission's Hearing Room, United States International Trade Commission Building, 701 E Street, N.W. Washington, D.C. 20436, beginning at 10 a.m., e.d.t., on Wednesday, July 26, 1978. All persons shall have the right to appear in person or by counsel, to present evidence and to be heard. Requests to appear at the public hearing, or to intervene under the provisions of section 201(d) of the Antidumping Act, 1921, shall be filed with the Secretary of the Commission, in writing, not later than noon, Friday, July 21, 1978.

By order of the Commission.

KENNETH R. MASON
Secretary

Issued: June 30, 1978

APPENDIX C

TREASURY DEPARTMENT NOTICES ON PORTLAND HYDRAULIC CEMENT FROM CANADA AS PUBLISHED IN THE FEDERAL REGISTER

SUMMARY: This notice is to advise the public that an antidumping investigation has resulted in a determination that imports of portland hydraulic cement from Canada are being sold at less than fair value. This case is being referred to the United States International Trade Commission for a determination whether the sales made at less than fair value have caused injury or are likely to cause injury to an industry in the United States.

EFFECTIVE DATE: June 28, 1978.

FOR FURTHER INFORMATION CONTACT:

Vincent Kane, Operations Officer, U.S. Customs Service, Office of Operations, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue NW., Washington, D.C. 20229 telephone 202-566-5492.

SUPPLEMENTARY INFORMATION: On the basis of the information supplied by counsel on behalf of the Glens Falls Division of the Flintkote Co., an "Antidumping Proceeding Notice" was published in the FEDERAL REGISTER of September 8, 1977 (42 FR 45059), and an investigation was conducted to enable the Secretary of the Treasury to determine whether there was reason to believe or suspect that there are, or are likely to be, sales of portland hydraulic cement from Canada at less than fair value, within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.) (hereafter referred to as "the Act"). A "Withholding of Appraisement Notice" was published in the FEDERAL REGISTER of March 17, 1978 (43 FR 11294).

For purposes of this notice, the term, "portland hydraulic cement" refers to porland hydraulic cement, other than white non-staining. Requests have been received from two respondents that the "class of kind" of merchandise be modified and that the certain types of portland hydraulic cement be excluded from this determination. The evidence submitted to date is inconclusive regarding the functional interchangeability and price competitiveness of the various types of portland hydraulic cement. The definition as set out in the "Withholding of Appraisement Notice" has been used in previous antidumping investigations invoiving the identical product and considered accurate by both the Treasury Department and the U.S. International Trade Commission. It has therefore been determined that no change in the definition of "class or kind" is appropriate for purposes of this decision. If the Treasury Department subsequently determines and notifies the International Trade Commission that modification is appropriate, or the International Trade Commission during the course of its investigation into the question of

[4810-22]

DEPARTMENT OF THE TREASURY

Office of the Secretary

PORTLAND HYDRAULIC CEMENT FROM CANADA

Antidumping; Determination of Sales at Less Than Fair Value

AGENCY: U.S. Treasury Department.

ACTION: Determination of Sales at Less Than Fair Value.

injury, likelihood of injury, or prevention of establishment determines that a modification is appropriate, such modification would be reflected in any Finding of Dumping which might ultimately be issued.

DETERMINATION OF SALES AT LESS THAN FAIR VALUE

On the basis of information developed in Customs' investigation and for the reasons noted below, I hereby determine that portland hydraulic cement from Canada is being or is likely to be sold in the United States at less than its fair value, within the meaning of section 201(a) of the Act (19 U.S.C. 160(a)).

Requests for an exclusion from this determination were received from Inland Cement Industries, Ltd., and British Columbia Cement Co., Ltd., subsequent to the tentative determination. Analysis has not been completed on the sales data submitted by these companies in support of their requests. Should subsequent analysis reveal that an exclusion is warranted for one or both of these firms, Treasury would amend this determination and notify the International Trade Commission of its action.

STATEMENT OF REASONS ON WHICH THIS DETERMINATION IS BASED

A. SCOPE OF THE INVESTIGATION

It appears that about 84 percent of all imports of portland hydraulic cement from Canada was produced by Miron Company, Ltd., Lake Ontario Cement, Ltd., Canada Cement Lafarge, Ltd., and St. Lawrence Cement Co. Therefore, the investigation was limited to these four producers.

B. BASIS OF COMPARISON

For the purposes of considering whether the merchandise in question is being, or is likely to be, sold at less than fair value within the meaning of the Act, the proper basis of comparison is between the purchase price and the home market price of such merchandise on all sales by Miron Co., Ltd., and between exporter's sales price and home market price on all sales by other three companies under investigation. Purchase price, as defined in section 203 of the Act (19 U.S.C. 162), was used for the sales of Miron Co., Ltd., since all export sales by this company were made to unrelated customers in the United States. Exporter's sales price, as defined in section 204 of the Act (19 U.S.C. 163), was used since the sales by the other three producers were made to U.S. firms related to those producers within the meaning of section 207 of the Act (19 U.S.C. 166). Home market price, as defined in § 153.2, Customs Regulations (19 CFR 153.2), was used since such merchandise was sold by the manufacturers in the home market in sufficient quantities to provide an adequate basis for fair value comparisons.

In accordance with § 153.31(b), Customs Regulations (19 CFR 153.31(b)), pricing information was obtained concerning exports and appropriate home market sales made during the period April 1, 1977, through August 31, 1977.

C. PURCHASE PRICE

For purposes of this determination, purchase price was calculated on the basis of the delivered price in the United States. Deductions were made for freight, Customs brokerage, and a prompt payment discount. An addition was made for the Canadian Federal Sales Tax incurred with respect to such sales, but not collected by reason of export to the United States, in accordance with section 203 of the Act (19 U.S.C. 162).

D. EXPORTER'S SALES PRICE

For the purposes of this determination, exporter's sales price has been calculated on the basis of the delivered price to unrelated U.S. customers, with deductions for freight, Customs brokerage, financing expenses, and storage costs, as applicable. Additions were made for the Canadian Federal Sales Tax and provincial taxes, as applicable, incurred with respect to such sales, but not collected by reason of export to the United States, in accordance with section 204 of the Act (19 U.S.C. 163).

E. HOME MARKET PRICE

For the purposes of this determination, the home market price has been calculated on the basis of a weighted-average delivered price, generally to unrelated customers. Adjustments were made for cash discounts, discounts granted to respond to changes in market conditions, freight, selling expenses, and storage costs, as applicable. Adjustments were made for costs relating to differences in credit terms and for Portland Cement Association dues, which were regarded as assumed advertising costs, as applicable, in accordance with § 153.10, Customs Regulations (19 CFR 153.10).

A claim was made for an adjustment to home market price for all vessel leasing costs incurred since these costs were primarily related to Canadian sales. The claim was not allowed and all sales using vessel deliveries were regarded as properly bearing a proportional amount of these leasing costs.

A claim was made that storage expenses incurred in Buffalo, N.Y., be considered production expenses not to be deducted in the calculation of exporter's sales price. Storage expenses incurred in Buffalo are regarded as expenses incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States and as such must be deducted in the calculation of exporter's sales price in accordance with section 204 of the Act (19 U.S.C. 163). Consistent with the provisions of § 153.10(b) of the Customs Regulations (19 CFR 153.10(b), adjustments were made to the home market price for storage expenses incurred in that market up to the amount of such expenses incurred in the U.S. market.

A claim was made that the delivery of cement be considered a service to the customer and that pursuant to § 153.10 of the Customs Regulations (19 CFR 153.10) due allowance be made for differences in freight costs incurred in delivery. This claim was based on the fact that in the cement industry it is an established trade practice to provide on a delivered basis and that delivery costs are an integral part of the price structure of cement. Regardless of industry practice, freight costs cannot be considered a "circumstance of sale" under § 153.10, Customs Regulations (Id.). Section 204 of the Act specifically requires that freight be deducted in the calculation of exporter's sales price.

A claim was made that certain administrative expenses incurred by the Canadian parent firm on behalf of its U.S. subsidiary be allowed as a deduction in calculating home market price. Such an adjustment is not allowable under the Act but these costs were deducted in the calculation of exporter's sales price with a corresponding deduction to home market price under § 153.10(b), Customs Regulations (19 CFR 153.10(b)).

F. RESULTS OF FAIR VALUE COMPARISONS

Using the above criteria, the purchase price or the exporter's sales price, as appropriate, were found to be lower than the home market price of such merchandise. Comparisons were made on about 72 percent of the portland hydraulic cement sold for export to the United States by all producers investigated for the period under consideration. Margins were found ranging from 31 to 106 percent for sales made by Miron Co., Ltd., on 100 percent of the sales compared, ranging from 0.3 to 73 percent for sales made by Lake Ontario Cement, Ltd., on 51 percent of the sales compared, ranging from 1 to 190 percent for sales made by Canada Cement Lafarge, Ltd., on 78 percent of the sales compared, and ranging from 1 to 369 percent for sales made by St. Lawrence Cement Co. on 99 percent of the sales compared. Weighted-average margins for each firm's sales compared were approximately 54 percent for Miron Co., Ltd., 3.2 percent for Lake Ontario Cement Ltd., 19.5 percent for Canada Cement

Lafarge, Ltd., and 62.5 percent for St. Lawrence Cement Co.

The Secretary has provided an opportunity to known interested persons to present written and oral views pursuant to § 153.40, Customs Regulations (19 CFR 153.40).

The U.S. International Trade Commission is being advised of this determination.

This determination is being published pursuant to section 201(d) of the Act (19 U.S.C. 160(d)).

ROBERT H. MUNDHEIM,
General Counsel
of the Treasury.

JUNE 22, 1978.

[FR Doc. 78-17934 Filed 6-27-78; 8:45 am]

APPENDIX D

PRESS ARTICLE AND LETTER REGARDING PORTLAND HYDRAULIC CEMENT SHORTAGE

THE WALL STREET JOURNAL, Friday, Aug. 18, 1978

Concrete Complaint

Shortage of Cement Is Delaying Builders In West and Soon May Spread to the East

By James Carberry
Staff Reporter of The Wall Street Journal

Raymond Michel, president of Koss Construction Co. in Des Moines, Iowa, is being vexed by a concrete—and costly—problem.

He says Koss has had to suspend work on a 10-mile road-building project near Muskogee, Okla., because an Ideal Basic Industries Inc. plant in Oklahoma slashed its cement deliveries for the $2.8 million job to about one day a week. As a result, he adds, completion of the work, originally slated for last month, isn't likely until this fall, and Koss will have to absorb $50,000 to $100,000 in added costs.

When the state awarded the contract last December, Mr. Michel says, Ideal assured him that enough cement would be available to supply the 12,000 tons of it needed for the project. However, an Ideal spokesman contends that the company, whose customers in Oklahoma have been on allocation for some time, told Koss before the big roadbuilder began the project that Ideal couldn't deliver cement as fast as the construction schedule required. "There wasn't any attempt on our part to kid him into thinking he would get deliveries sooner than he did," the spokesman adds.

Uneven Demand

So far, the scattered shortages of cement, which have contributed to a surge in the price of concrete, are mostly confined to the Western half of the country. The Portland Cement Association, an industry trade group, recently issued a report pinpointing the areas where a boom in residential and commercial construction has ballooned demand for cement. The study found demand in the first five months of this year, compared with the average for the similar period in the preceding four years, up 9% in California, Nevada and Arizona, up 34% in the Rocky Mountain States, and up 18% in Texas and five nearby states. By contrast, the association found cement demand flat in Michigan and other Great Lakes states and down 11% in the Northeast.

However, there are indications "that the (cement) shortages are beginning to spread east," says Charles Pitcher, a Commerce Department commodity specialist. Supplies are tight in Detroit and in the Southeast, he says. Other observers say demand for cement is reviving in some Northeastern markets such as New York City, where new construction and renovation work have picked up a bit. "By fall," Mr. Pitcher adds, "some of the Eastern producers could have customers on allocation": Like those in the West, they may begin refusing new customers and supplying old ones with a percentage of their needs based on past levels of consumption.

The customers – mainly ready-mix plants, which mix cement with water, sand and gravel to make concrete—buy most of their cement from nearby producers because of the high cost of shipping cement long distances. Moreover, a shortage of railroad cars has increased the transportation difficulties. So Northeast cement producers, despite their surplus productive capacity, haven't stepped up shipments to the West.

Imports Up

Cement imports are up, however. In May, they totaled 525,000 tons, up 39% from the May average of the preceding 10 years, the Bureau of Mines says. Most of the imported cement is delivered to the West Coast and Texas from nearby producers in Canada or Mexico and from Japanese suppliers, which can use economical water transport.

Also as a result of the strong demand, the U.S. price index for concrete products (including ready-mix concrete) was up 11.1% in July from a year earlier, the Bureau of Labor Statistics reports. And prices have increased more than that in some areas of strong demand—particularly west of the Mississippi, where cement makers are producing at an annual rate of 42 million tons, or 94% of capacity.

Despite rising demand, higher prices and improved profit margins, cement producers have been cautious about expanding production capacity. The companies say they don't want to repeat their mistake of the 1960s, when they expanded for a level of demand that never materialized. And because of the long lead time and cost of expansion—up to three years and $60 million for an average-sized plant—producers give more consideration to long-range demand than the near-term outlook. "You can't build capacity for a year like this one, when demand is unusually strong," says Louis Barrenechea, president of Amcord Inc., a Newport Beach, Calif., producer. "You have to look at the long term."

Drop Seen Next Year

So producers are looking at next year, when demand is expected to drop 2% or 3% from this year's estimated 81 million tons, says Thomas O'Connor, an economist with the Portland Cement Association. His forecast assumes a slowdown "but not a significant decline" next year in home building, which accounts for about 25% of total cement consumption, and in some other construction. But in 1980, demand is expected to rebound, possibly to 82 million tons, Mr. O'Connor adds.

Proceeding cautiously, therefore, producers are likely by 1981 to add four million to five million tons to their current annual production capacity of 97 million tons. Although the new and expanded facilities may be partially offset by closings of some older plants, the net gain is expected to be sufficient to enable producers to meet demand, the companies say. Most of the expansion is slated in Western states.

But because of the time required to bring in new production, no immediate relief for the current spot shortages is in sight. Moroever, the shortages have been aggravated by production problems at some plants. Frequently in such cases, concrete users feel the impact quickly. For example, rebuilding of a runway at the Denver airport recently was disrupted for three weeks because of production difficulties at a cement plant in South Dakota.

Shakedown Problems

The plant, which is owned by the state of South Dakota, has been beset "by the usual shakedown problems," in an expansion program, says Thomas Kelley, an official of a state commission that oversees operation of the facility. He says he expects the plant to be working smoothly within two or three months and notes that it shipped a record 100,000 tons of cement in June. But he adds that "demand has been unreal," partly because of a need to build more storage capacity for the record grain crop this year. The state tried to embargo the plant's shipments to out-of-state customers, who buy about 45% of its output, but the move recently was struck down by a federal court, Mr. Kelley says.

Ideal Basic's plant in Trident, Mont., which produces about half the cement consumed in the state, also has had problems. The facility was closed for two weeks in July to repair a crack in the kiln—the furnace in which the limestone and other raw materials are burned. The unscheduled closing "only aggravated the shortage" in Montana, an Ideal spokesman says. That shortage forced Bill Leslie, president of a ready-mix company in Billings, to close for a week. Mr. Leslie says he now can fill demand from his contractor customers, but he is worried about cement supplies this fall, when construction is accelerated in a rush to finish jobs before winter.

Many other ready-mix operators are being frustrated by the shortage of cement; they are flooded with orders from their customers, the builders, and they can't meet the demand. One such operator is Gene Bessler, a partner in a Burlington, Ky., concrete company. "I'm really sore about this (expletive deleted) cement shortage," Mr. Bessler says in a telephone interview. "Are you taking all this down? I shouldn't be cussing."

Home Costs Increased

The builders themselves complain not only about the delays in taking delivery on concrete but also about the rise in prices. Charles Duncan, a home builder in Burlington, gripes that he is paying $3 a cubic yard more this summer than last. That increase works out to about a $300 rise in the cost of building a three-bedroom house, he says.

Sometimes even more important to builders are the cost increases attributable to the delivery delays themselves. In San Diego, Roel Construction Co. has experienced delays of as long as three weeks in construction of an office building, a bank and a high-rise apartment building, George Line, a Roel vice president, says. He estimates that the delays in getting concrete have added as much as $10,000 to the cost of each project—costs that Roel has had to absorb.

Robert J. Frankel, president of Titan Group Inc., a Paramus, N.J., contractor, says that when his concrete suppliers for construction of a sewage-treatment plant and a hospital in Los Angeles told him that they couldn't meet delivery schedules, "I offered them a bonus if they'd make delivery on time, but they said they couldn't meet the schedule even if they were given a bonus." He says that in the past month, both projects have been delayed a total of about two weeks while Titan waited for concrete; the company had to absorb the added costs (which it declines to disclose).

Fixed-Price Contracts

Both Roel and Titan were stuck with these extra bills because the jobs involved were fixed-price contracts, which are standard in construction work for public agencies and are used in some private jobs as well. But because such contracts expose contractors to major financial risks, many builders say their bids now allow for possible delays in concrete deliveries. Other contractors, including Peter Kiewit Sons' Co. of Omaha, say they haven't bid on some contracts because of doubts about concrete supplies. And in bidding on other contracts, says Lee Rowe, a Kiewit vice president, the big builder "has been unusually careful in discussing the cement situation" with concrete suppliers.

Delays in concrete deliveries are costly primarily because of the extra payroll expenses. If a concrete supplier cancels delivery at the last minute, some skilled workers, such as cement masons, must be paid anyway under terms of their labor contracts. Furthermore, the ability to move these workers or even common laborers to another job-site depends on whether the contractor has another project nearby. For example, H. B. Zachry Co. of San Antonio says the cost of a $3 million highway-repaving job in North Texas has risen about 5% because of delays in concrete deliveries to the isolated job site. Delays also can be costly because a contractor's heavy-construction equipment is left sitting idle.

And in Northern parts of the country, severe winter weather can turn a delay of a few weeks into a delay of months. James B. Kenney, president of a Denver-based construction company, says that "we may have to shut down" some heavy-construction and highway projects in Wyoming because of the cement shortage. "Even if the shortage eases during the winter, we couldn't get the work done then," he adds, and "we may have to wait until spring" to finish the projects.

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August 15, 1978

Mr. Joseph O. Parker, Chairman
U.S. International Trade Commission
Washington D.C. 20436

RE: Portland Hydraulic Cement AA1921-161

Dear Mr. Parker:

This is to introduce our office as representing the Southwest Minnesota Cement Association, and AD Hoc Association, consisting of approximately fifteen (15) consumers for cement in Southwestern Minnesota. Our primary provider is the Rapid City Plant out of Rapid City, South Dakota, and to be eligible for membership, all members have to have some participation with this plant.

I am writing you this letter concerning the hearings which have just concluded concerning the dumping provision of cement primarily in the eastern part of the United States as we understand it. Unfortunately, we first learned about this meeting too late to make an appearance on our own behalf, and we would like to write this letter to explain to you the situation that we have in the Midwest.

We first became aware of a cement problem in May of 1978. Up to that time, our members had assurances that there would be adequate cement available and there would be no problems.

In May, the first crunch came, and in June, South Dakota by virtue of having a State-owned cement plant, cut all shipments off that were destined to the out-state consumers. For a period of approximately thirty (30) days, no cement was delivered outside of South Dakota borders and during this period of time, Reeves Concrete Products out of Gillett, Wyoming, brought a temporary

restraining order before the federal court in Rapid City, South Dakota. Andrew W. Bogue heard the Motion and on July 21, 1978, filed his restraining order which was in the form of a permanent injunction. The South Dakota Cement Commission as the administering board for the cement plant, called a new meeting to be held in Sioux Falls, South Dakota. During this meeting it was decided that the available cement would be put on a priority allocation which would take into consideration the following items:

1. Highway construction within the State of South Dakota

2. Health Care facilitites

3. Agriculture which was later considered as an additional priority.

After these three priority items were serviced, the remaining cement would be put on allocation. Due to several large paving jobs, there would be no cement after such priority allocation. Our Association appeared before the Board and pleaded to have some cement as some of our members were still totally without product. A week later, a special meeting was held in Rapid City and we sent a telegram to this meeting again asking for a straight, across-the-board allocation that we could have at least some product. The federal judge at this point indicated he was going to hold the Commission in contempt and at this point, the Commission decided to allocate their production straight across the board, based on the historical consumption of the customers of the cement plant for the preceding three years.

At this point, some of our users had been without cement for almost sixty (60) days.

By attending these meetings, we became aware that even with maximum production, there would be no way to meet the demands put upon the industry based on the historical growth for industry of fourteen percent (14%) a year in the State of South Dakota alone, agriculture which was estimated to be a 3,000 percent increase over preceding years due to the governmental grain, storage

programs and the additional demand from the daily market.

Right after the temporary restraining order from Rapid City, we contacted the State of Minnesota and asked for assistance in locating and finding cement. Our members themselves scoured the entire Midwest and went as far south as New Orleans without finding any available supply. Our Economic Development Committee for the State of Minnesota located a plant in Toronto, Canada, that would sell us cement for $38.86 a ton. This is going mill rate for the Canadians in this area. Upon ascertaining the shortage of the South Dakota supply and finding out that none of the other producers would supply us - their comment being that we bedded down with South Dakota, we could now sleep with them - we flew to Toronto, Canada, and concluded the cement purchase for 30,000 tons which would meet the needs of the Association in the Southwestern area.

This cement is now being moved into United States through International Falls. Because of our purchase, we received considerable publicity on the TV and radio as well as the newspapers and we have been contacted continuously since our purchase by prospective buyers from as far away as California. There is no question as to price, only if the product is available and they will make arrangements for shipping. Our primary understanding in the Association was that no profit was to be made on this shipment, it was to be used for our own allocation, and if we could not consume the entire purchase order, it would be distributed out at cost plus expenses to other out-state users of the Rapid City plant.

Marshall, Minnesota, is a community of approximately 12,000 people located in the agricultural area of our State. The withholding of cement from our area would have had dramatic effect on the economy for the area as we have two industrial projects in process at this time which total over $80,000,000.00 plus the normal work and the additional agricultural demand. We are able to meet our current contracts by bringing cement in, but at a considerable increase in cost over the $36.00 a ton we were paying from Rapid City. We pay 38.86 out of Toronto, and we pay freight to the Sioux Falls Terminal in the amount of $47.80. We pay the Sioux Falls Terminal $2.00 a ton to load and unload, and finally there is the

transportation to the consumer. We figure our cement will be runnning $95.00 to $97.00 a ton.

As we attempted to bring the cement into the United States, we ran into the dumping restriction at the border and now have to pay a single entry bond for each and every load coming into the United States. This is an additional $1.00 a thousand and will represent an additional $10,000.00 charge.

Because of the shortage this year, many of the projects have been pushed back in time, particularly the larger state jobs which use large amounts of cement. These will be coming up again next year, and the projections from the South Dakota Plant are that cement will be just as short next year as it is this year. Knowledgeable people in the profession indicate that this shortage in our area will persist for the next three to four years. The South Dakota plant is not the only plant that is on allocation as Northwestern is on allocation and Lehigh is on allocation, distributing their product equally to their users.

We have personal knowledge as an Association that Reeves Concrete Products out of Gillett, Wyoming, is in a very similar situation as our own Association and that they are working on very limited production capacity due to their inability to acquire the necessary quantity of cement for their business. They are obtaining some product out of Canada, some product out of the East Coast, and are continually shopping for new product. They have informed me that they have brought cement in from Winnipeg and have had to pay $65.00 a ton, American dollar, American ton, at the plant in Winnipeg for the cement. Because of the difficulty in obtaining rail cars, they transported by truck the product into the Wyoming area.

Our shortage as of today has spread into the Minneapolis St. Paul area and although not as critical as our own area originally was, this area is tightening up as well.

If we did not have access to the Canadian cement, the entire Southwestern part of the State of Minnesota would have laid idle throughout this entire production year. We have had to pay cash on the barrelhead for our transactions in Canada, which means we have had our cash tied up for approximately two weeks before we can acquire the product in our own area. At times, we have had as much as a quarter of a million dollars

on the track without being able to have access to the product.

We feel we will have to look to Canada next year for the necessary cement to supplement the South Dakota production in order to meet the demands of the economy in our area. This product is already 300 percent higher than normal because of the additional transportation and handling that has been involved. If we would have to consider a retroactive tariff on any of this product, some of the Association members would have to go out of business. The smaller users are still faced with market opposition to this price as producers from other plants are still obtaining their product at regular, American mill rate.

I can not begin to stress how close we came to encountering a real disaster for our economy by this shortage. I do not feel this shortage is contrived, but rather feel it is a reflection of several things entering the marketplace at the same time, primarily increased industrial demands, an extravagant agricultural demand and a general increase in normal consumption.

I only regret we did not have notice of the meeting as I am sure many of our Association members would have gladly appeared personally to describe the situation as it exists in the northern part of the Midwest. It is my hope that you will take this letter into your considerations along with the testimony that has already been received from the producers in making a determination as to the dumping situation. Should you need any further information, we will be only too happy to open up what records and data we have to substantiate any of the representations made in this letter.

Yours truly,

Arthur F. Blaufuss

ARTHUR F. BLAUFUSS

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APPENDIX E

STATISTICAL TABLES

Table 1.--Portland hydraulic cement: U.S. producers' domestic shipments, imports for consumption, total and from Canada, and apparent consumption, by specified markets, 1975-77, January-March 1977, and January-March 1978

Item	1975	1976	1977	January-March-- 1977	January-March-- 1978
	Quantity				
Domestic shipments:					
Northeast market 1/----------1,000 tons--	3,708	3,597	3,280	298	287
Canadian border market 2/---------do------	19,148	20,770	21,467	2,183	2,161
Total Canadian related market 3/--do------	22,856	24,367	24,747	2,481	2,448
Total U.S----------do------	66,239	70,461	76,079	12,125	11,703
Total imports:					
Northeast market 1/----------do------	1,121	1,060	1,263	137	158
Canadian border market 2/---------do------	252	246	297	37	72
Total Canadian related market 3/--do------	1,373	1,306	1,560	174	230
Total U.S----------do------	2,474	2,122	2,372	301	538
Imports from Canada:					
Northeast market 1/----------do------	837	845	1,055	121	141
Canadian border market 2/---------do------	250	243	292	36	49
Total Canadian related market 3/--do------	1,087	1,088	1,347	157	190
Total U.S----------do------	1,087	1,088	1,347	157	192
Apparent consumption:					
Northeast market 1/----------do------	4,829	4,657	4,543	435	445
Canadian border market 2/---------do------	19,400	21,016	21,764	2,220	2,233
Total Canadian related market 3/--do------	24,229	25,673	26,307	2,655	2,678
Total U.S----------do------	68,713	72,583	78,451	12,426	12,241
Ratio of total imports to consumption:					
Northeast market 1/----------Percent--	23.2	22.8	27.8	31.5	35.5
Canadian border market 2/---------- do ----	1.3	1.2	1.4	1.7	3.2
Total Canadian related market 3/--- do ----	5.7	5.1	5.9	6.6	8.6
Total U.S---------- do ----	3.6	2.9	3.0	2.4	4.4
Ratio of Canadian imports to consumption:					
Northeast market 1/----------Percent--	17.3	18.1	23.2	27.8	31.7
Canadian border market 2/---------- do ----	1.2	1.2	1.3	1.6	2.2
Total Canadian related market 3/--- do ----	4.5	4.2	5.1	5.9	7.1
Total U.S---------- do ----	1.6	1.5	1.7	1.3	1.6
	Value				
Domestic shipments: 4/					
Total U.S----------1,000 dollars--	2,097,995	2,426,268	2,789,558	5/	5/
Total imports:					
Northeast market 1/---------- do -------	22,018	22,525	29,614	3,030	3,898
Canadian border market 2/------- do -------	8,174	7,138	11,869	1,254	2,430
Total Canadian related market 3/-do -------	30,192	29,663	41,483	4,284	6,328
Total U.S---------- do -------	49,286	46,635	62,920	7,173	13,606
Imports from Canada:					
Northeast market 1/---------- do -------	15,916	18,938	25,668	2,717	3,572
Canadian border market 2/------- do -------	6,678	7,072	10,784	1,186	1,751
Total Canadian related market 3/-do -------	22,594	26,010	36,452	3,903	5,323
Total U.S---------- do -------	22,594	26,014	36,457	3,908	5,883
Apparent consumption: 4/					
Total U.S---------- do -------	2,147,281	2,472,903	2,852,478	5/	5/
Ratio of total imports to consumption: 4/					
Total U.S----------Percent--	2.3	1.9	2.2	5/	5/
Ratio of Canadian imports to consumption: 4/:					
Total U.S----------Percent--	1.1	1.1	1.3	5/	5/

1/ The northeast market includes the States of New York, Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

2/ The Canadian border market includes the States of Pennsylvania, Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, North Dakota, South Dakota, Montana, Wyoming, Idaho, Washington, Oregon, and Alaska.

3/ The total Canadian related market is the sum of the northeast market and the Canadian border market.

4/ Data for specified market areas not available.

5/ Data not available.

Source: Consumption compiled from official statistics of the U.S. Department of the Interior; imports compiled from official statistics of the U.S. Department of Commerce.

Table 2 .--Portland hydraulic cement: U.S. imports for consumption, by principal sources, 1975-77, January-June 1977, and January-June 1978

Period	Canada	Bahamas	Norway	Spain	Mexico	Sweden	All other	Total
	Quantity (1,000 short tons)							
1975	1,087	349	320	236	147	144	174	2,457
1976	1,088	242	265	236	175	19	97	2,122
1977	1,347	90	210	67	580	-	78	2,372
January-June--								
1977	486	62	100	66	166	-	4	884
1978	576	16	78	24	1,563	-	89	2,346
	Value (1,000 dollars)							
1975	22,594	8,655	5,506	3,857	2,520	2,432	3,722	49,286
1976	26,014	6,195	4,409	3,685	3,649	361	2,322	46,635
1977	36,457	2,562	4,462	923	15,233	-	3,283	62,920
January-June--								
1977	12,541	1,766	1,884	864	3,921	-	402	21,378
1978	16,043	71	2,016	760	13,940	-	3,490	36,320

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

Table 3.--Portland hydraulic cement: U.S. imports for consumption from Canada, by customs districts, 1975-77, January-March 1977, and January-March 1978.

Customs district	1975	1976	1977	January-March -- 1977	January-March -- 1978
	Quantity (short tons)				
Buffalo, N.Y	581,623	514,995	579,470	66,501	81,154
St. Albans, Vt	100,937	180,836	289,126	23,697	45,552
Seattle, Wash	47,035	73,289	111,223	28,731	35,919
Pembina, N.D	93,093	101,377	115,713	7,688	12,860
Ogdensburg, N.Y	110,936	108,369	150,653	25,970	11,213
Anchorage, Alaska	63,346	33,110	50,042	- 0	
Portland, Maine	43,668	40,970	33,765	4,338	3,040
Great Falls, Mont	3,771	5,638	5,104	44	65
Cleveland, Ohio	33,159	29,569	7,550	0	
Detroit, Mich	1,836	68	2,316	33	27
Providence, R.I	0	0	1,449	0	
New Orleans, La	0	21	210	96	
Boston, Mass	0	0	146	0	
Milwaukee, Wis	8,000	0	47	0	
Tampa, Fla	0	0	0	0	2,630
Norfolk, Va	0	72	0	0	
Chicago, Ill	76	0	0	0	
El Paso, Tex	0	22	0	0	
Total	1,087,480	1,088,336	1,346,814	157,098	192,460
	Value (1,000 dollars)				
Buffalo, N.Y	10,491	11,260	13,105	1,328	1,809
St. Albans, Vt	2,280	3,818	7,726	572	1,400
Seattle, Wash	1,196	2,489	4,216	1,013	1,322
Pembina, N.D	2,293	2,621	4,132	170	425
Ogdensburg, N.Y	2,244	2,604	3,759	679	279
Anchorage, Alaska	2,037	1,105	1,915	-	-
Portland, Maine	901	1,256	1,040	140	83
Great Falls, Mont	138	234	242	2	3
Cleveland, Ohio	816	621	177	-	-
Detroit, Mich	37	2	95	1	1
Providence, R.I	-	-	37	-	-
New Orleans, La	-	1/	6	3	-
Boston, Mass	-	-	5	-	-
Milwaukee, Wis	160	-	2	-	-
Tampa, Fla	-	-	-	-	561
Norfolk, Va	-	3	-	-	-
Chicago, Ill	1	-	-	-	-
El Paso, Tex	-	1	-	-	-
Total	22,594	26,014	36,457	3,908	5,883

1/ Less than 500 dollars.

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

Table 4 .--Cement clinker: U.S. imports for consumption, by principal sources, 1975-77, January-June 1977, and January-June 1978

Source	1975	1976	1977	January-June -- 1977	January-June -- 1978
	Quantity (1,000 short tons)				
Canada	727	711	855	346	251
France	310	175	194	76	105
United Kingdom	72	0	120	26	77
Japan	28	6	360	100	250
West Germany	30	1/	0	0	0
Denmark	15	0	0	0	0
Spain	26	69	30	0	251
Mexico	1/	0	54	20	1/
All other	0	0	0	0	31
Total	1,208	961	1,613	568	965
	Value (1,000 dollars)				
Canada	11,356	12,819	15,641	5,830	4,745
France	5,784	4,761	5,020	2,049	3,131
United Kingdom	1,195	-	2,452	561	1,403
Japan	633	127	4,454	1,768	6,428
West Germany	456	10	-	-	-
Denmark	410	-	-	-	-
Spain	384	1,418	551	-	5,088
Mexico	2	-	1,105	416	6
All other	-	-	-	-	313
Total	20,220	19,135	29,223	10,624	21,114

1/ Less than 500 short tons

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

Table 5 .--Cement clinker: U.S. imports for consumption from Canada, by customs districts, 1975-77, January-March 1977, and January-March 1978

Customs district	1975	1976	1977	January-March-- 1977	1978
Detroit, Mich	412,311	524,381	652,842	58,290	31,681
Seattle, Wash	221,218	156,169	193,855	69,280	28,470
Chicago, Ill	27,111	0	6,194	6,194	0
Anchorage, Alaska	0	0	1,041	0	0
Ogdensburg, N.Y	0	361	394	394	0
Buffalo, N.Y	0	0	126	126	0
St. Albans, Vt	0	98	22	23	0
Portland, Maine	0	0	27	0	0
Milwaukee, Wis	43,587	30,393	0	0	0
Duluth, Minn	22,140	0	0	0	0
Houston, Tex	1	0	0	0	0
Total	726,368	711,402	854,501	134,307	60,151
	Value (1,000 dollars)				
Detroit, Mich	7,349	10,334	13,063	1,109	669
Seattle, Wash	2,423	1,703	2,330	753	511
Chicago, Ill	525	-	160	160	-
Anchorage, Alaska	-	-	71	-	-
Ogdensburg, N.Y	-	14	12	12	-
Buffalo, N.Y	-	-	4	4	-
St. Albans, Vt	-	2	1	1	-
Portland, Maine	-	-	1	-	-
Milwaukee, Wis	611	766	-	-	-
Duluth, Minn	443	-	-	-	-
Houston, Tex	4	-	-	-	-
Total	11,355	12,819	15,642	2,038	1,180

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

Table 6.--Cement: U.S. exports, by principal destinations, 1975-77, January-June 1977, and January-June 1978

Market	1975	1976	1977	January-June -- 1977	January-June -- 1978
	Quantity (1,000 short tons)				
Canada	274	219	156	72	16
Mexico	109	128	10	3	4
Dominican Republic	35	9	2	1	1/
Leeward & Windward Islands	23	24	25	13	2
Venezuela	16	56	7	1	1/
Japan	1	1	1	1	1/
Netherland Antilles	7	4	1	1	1/
Bahamas	2	1	13	1	2
All other	27	24	24	11	7
Total	494	466	239	104	31
	Value (1,000 dollars)				
Canada	16,105	15,995	13,156	6,421	1,832
Mexico	3,910	3,625	2,011	613	1,147
Dominican Republic	788	361	286	191	112
Leeward & Windward Islands	651	655	933	624	77
Venezuela	589	1,527	281	123	81
Japan	313	276	493	336	58
Netherland Antilles	212	123	88	50	-
Bahamas	135	121	641	100	72
All other	5,706	3,918	5,851	2,551	861
Total	28,409	26,601	23,740	11,009	4,240

1/Less than 500 short tons.

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

Table 7.--Portland hydraulic cement: Canadian shipments and exports to the United States, 1/ 1975-77, January-June 1977, and January-June 1978

Item	1975	1976	1977	January-June-- 1977	January-June-- 1978
	Quantity (1,000 short tons)				
Domestic Canadian shipments	7,879	7,803	8,272	3,975	3,903
Exports to the United States:					
To Northeast market	802	785	968	421	417
To Canadian border market	249	278	190	123	291
Total to the United States	1,051	1,063	1,158	544	708
	Value (1,000 dollars)				
Domestic Canadian shipments	243,621	292,113	323,196	155,408	144,691
Exports to the United States:					
To Northeast market	17,399	18,333	20,760	9,208	9,911
To Canadian border market	7,214	9,064	10,332	4,081	8,281
Total to the United States	24,613	27,397	31,092	13,289	18,192

1/ Includes Genstar, Ltd., St. Lawrence Cement Co., Lake Ontario Cement, Ltd., and Canada Cement LaFarge, Ltd.

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

Table 8.--Profit-and-loss experience of U.S. producers of portland hydraulic cement shipping to total U.S. markets, 1975-77, January-June 1977, and January-June 1978

Item	1975	1976	1977	January-June--	
				1977	1978
Net sales----------1,000 dollars--	769,376	901,218	1,028,761	454,742	516,469
Cost of goods sold---------- do -------	629,330	700,807	812,781	366,566	428,167
Gross profit---------- do -------	140,046	200,411	215,980	88,176	88,302
General, selling, and administrative expenses---------- do -------	70,781	78,683	85,884	41,675	45,401
Net operating profit---------- do -------	69,265	121,728	130,096	46,501	42,901
Other expenses, net---------- do -------	25,173	37,572	15,191	7,895	9,441
Net profit before taxes---------- do -------	44,092	84,156	114,905	38,606	33,460
Ratio of net profit to net sales----------percent--	5.7	9.3	11.2	8.5	6.5

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

Table 9.--Profit-and-loss experience of U.S. portland hydraulic cement plants 1/ shipping to Canadian border market, 1975-77, January-June 1977, and January-June 1978

Item	1975	1976	1977	January-June--	
				1977	1978
Net sales----------1,000 dollars--	400,443	487,316	561,296	243,662	271,215
Cost of goods sold---------- do -------	311,125	358,790	416,052	183,520	213,664
Gross profit---------- do -------	89,318	128,526	145,244	60,142	57,551
General, selling, and administrative expenses---------- do -------	33,104	37,304	40,364	19,777	19,803
Net operating profit---------- do -------	56,214	91,222	104,880	40,365	37,748
Other expenses, net---------- do -------	6,527	5,154	3,666	1,763	1,856
Net profit before taxes---------- do -------	49,687	86,068	101,214	38,602	35.892
Ratio of net profit to net sales----------percent--	12.4	17.7	18.0	15.8	13.2

1/ Includes data for plants that reported shipping only part of their output to the specified market.

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

Table 10.--Profit-and-loss experience of U.S. portland hydraulic cement plants 1/ shipping to the northeast market, 1975-77, January-June 1977, and January-June 1978

Item	1975	1976	1977	January-June-- 1977	January-June-- 1978
Net sales----------1,000 dollars--	62,813	80,942	81,136	34,188	36,961
Cost of goods sold---------- do -------	66,047	75,301	82,327	34,793	40,149
Gross profit (or loss)---------- do -------	(3,234)	5,641	(1,191)	(605)	(3,188)
General, selling, and administrative expenses---------- do -------	7,704	8,685	8,741	4,142	4,428
Net operating loss---------- do -------	10,938	3,044	9,932	4,747	7,616
Other expenses, net---------- do -------	1,657	1,385	1,118	735	492
Net loss before taxes---------- do -------	12,595	4,429	11,050	5,482	8,108
Ratio of net loss to net sales----------percent--	20.0	5.5	13.6	15.8	21.9

1/ Includes data for plants that reported shipping only part of their output to the specified market.

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

Table 11.--Profit-and-loss experience of 8 domestic producers of portland cement on their U.S. cement operations, 1971-76

Item	1971	1972	1973	1974	1975	1976
	Index of net sales (1967=100)					
Alpha Portland Industries, Inc--	269	350	432	436	441	579
Amcord, Inc----------	116	131	141	157	146	176
General Portland Inc----------	195	191	214	235	212	220
Ideal Basic Industries, Inc----	116	131	146	166	174	193
Kaiser Cement & Gypsum Corp----	142	161	181	206	199	226
Lehigh Portland Cement Co------	122	127	140	143	92	106
Lone Star Industries, Inc------	199	247	363	347	335	383
Medussa Cement Co----------	197	224	259	307	319	375
	Index of net profit (1967=100)					
Alpha Portland Industries, Inc--	442	708	1,074	866	1/	1,522
Amcord, Inc----------	48	74	90	105	118	164
General Portland Inc----------	219	236	126	37	10	3
Ideal Basic Industries, Inc----	111	139	163	195	182	200
Kaiser Cement & Gypsum Corp----	89	112	125	99	44	132
Lehigh Portland Cement Co------	254	356	509	357	142	288
Lone Star Industries, Inc------	166	188	215	189	150	211
Medussa Cement Co----------	128	157	192	132	104	263
	Ratio of net profit to net sales (percent)					
Alpha Portland Industries, Inc--	2.1	2.6	3.1	2.5	1/	3.3
Amcord, Inc----------	2.2	3.0	3.4	3.5	4.3	5.0
General Portland Inc----------	7.2	6.2	3.8	1.0	0.3	0.1
Ideal Basic Industries, Inc----	9.8	10.7	11.3	11.9	10.6	10.5
Kaiser Cement & Gypsum Corp----	5.2	5.8	5.7	4.0	1.8	4.9
Lehigh Portland Cement Co------	4.5	6.1	7.9	5.4	2.5	5.9
Lone Star Industries, Inc------	5.7	5.2	4.0	3.7	3.2	3.8
Medussa Cement Co----------	5.5	5.6	5.9	3.4	2.6	5.6

1/ Not available.

Source: Standard & Poor's Industry Surveys.

Table 12.--Sales, earnings as a percent of sales, and capital expenditures for 8 domestic producers 1/ of portland cement, 1971-76

(Per share)

Item	1971	1972	1973	1974	1975	1976
Sales	$63.72	$74.55	$92.17	$95.65	$85.37	$69.80
Earnings as a percent of sales	3.92	3.96	4.22	3.38	1.54	4.18
Capital expenditures	4.43	5.37	5.01	5.96	5.72	4.02

1/ 1976 included only 7 domestic producers.

Source: Standard & Poor's Industry Surveys.

Table 13.--Portland hydraulic cement in bulk: Average prices f.o.b. city, for 20 U.S. cities, 1/ and 4 specified U.S. cities, by quarters, January 1975-August 1978

(Per short ton)

Period	20 U.S. cities	Boston	New York	Philadelphia	Seattle
1975:					
January-March	$35.62	$37.40	$35.00	$31.60	$36.15
April-June	36.77	37.40	35.00	31.60	39.50
July-September	37.08	37.40	35.00	35.70	39.50
October-December	37.37	37.40	35.00	35.70	39.50
1976:					
January-March	38.65	37.70	34.55	35.70	42.80
April-June	40.18	42.00	34.10	35.70	44.85
July-September	41.61	42.00	40.00	39.00	44.85
October-December	41.68	42.00	40.00	39.00	44.85
1977:					
January-March	42.61	42.00	40.00	39.00	48.85
April-June	43.09	42.00	40.00	39.00	51.85
July-September	43.69	45.50	40.00	43.00	51.85
October-December	43.46	42.00	40.00	33.98	51.85
1978:					
January-March	44.67	42.00	40.00	33.98	51.85
April-June	46.25	39.00	37.00	34.35	58.20
July-August	47.65	43.00	40.29	36.35	58.20

1/ Atlanta, Baltimore, Birmingham, Boston, Chicago, Cincinnati, Cleveland, Dallas, Denver, Detroit, Kansas City, Los Angeles, Minneapolis, New Orleans, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, and Seattle.

Source: Engineering News Record, McGraw-Hill, Inc.

Table 14.--Price indexes for portland hydraulic cement, f.o.b. city: U.S. 20-city averages, 4 specified U.S. cities, and industrial commodities at wholesale, by quarters, 1975-78

(January-March 1975 = 100)

Period	Portland hydraulic cement in bulk					Industrial commodities at wholesale
	U.S. 20-city average	Boston 1/	New York 2/	Philadelphia 3/	Seattle 4/	
1975:						
January-March	100.0	100.0	100.0	100.0	100.0	100.0
April-June	103.2	100.0	100.0	100.0	109.3	101.1
July-September	104.1	100.0	100.0	113.0	109.3	102.3
October-December	104.9	100.0	100.0	113.0	109.3	104.2
1976:						
January-March	108.5	100.8	98.7	113.0	118.4	105.8
April-June	112.8	112.3	97.4	113.0	124.1	107.4
July-September	116.8	112.3	114.3	123.4	124.1	109.2
October-December	117.0	112.3	114.3	123.4	124.1	111.1
1977:						
January-March	119.6	112.3	114.3	123.4	124.1	112.9
April-June	121.0	112.3	114.3	123.4	143.4	115.3
July-September	122.7	121.7	114.3	136.1	143.4	117.0
October-December	122.0	112.3	114.3	107.5	143.4	118.5
1978:						
January-March	125.4	112.3	114.3	107.5	143.4	120.5

1/ Includes Canadian and U.S. cement.
2/ Includes Norwegian and U.S. cement.
3/ Includes U.S. cement.
4/ Includes U.S. and Canadian cement.

Source: Table 13 and U.S. Department of Commerce, Survey of Current Business.

Table 15.--Average lowest net delivered prices of type 1 portland hydraulic cement produced in the United States and that imported from Canada shipped in bulk to customers located at or near selected cities, by quarters, 1975-77 and January-June 1978

(Per short ton)

Period	Montpelier, Vt.		Philadelphia, Pa.		Boston, Mass.		New York, N.Y.		Albany, N.Y.	
	U.S. produced	Imported from Canada	U.S. produced	Imported from Canada	U.S. produced	Imported from Canada	U.S. produced	Imported from Canada	U.S. produced	Imported from Canada
1975:										
January-March	***	$34.47	$28.61	1/	$36.84	***	$32.48	1/	$31.50	1/
April-June	***	33.47	28.44	1/	36.04	***	32.43	1/	31.34	1/
July-September	***	32.07	30.39	1/	33.70	***	32.43	1/	31.34	1/
October-December	***	32.07	30.39	1/	31.40	***	31.92	1/	30.76	1/
1976:										
January-March	***	33.00	29.99	1/	36.24	***	32.67	1/	31.80	1/
April-June	***	33.33	30.51	1/	35.94	***	32.32	1/	32.48	1/
July-September	***	34.67	31.77	1/	35.94	***	33.21	1/	33.28	1/
October-December	***	33.67	31.77	1/	35.74	***	33.21	1/	33.40	***
1977:										
January-March	***	37.33	32.07	1/	35.50	35.84	33.16	1/	33.00	***
April-June	***	37.67	32.07	1/	33.04	35.40	33.13	1/	31.90	***
July-September	***	37.89	30.60	1/	32.24	36.40	32.69	1/	31.30	***
October-December	***	37.33	29.82	1/	32.24	35.93	32.59	1/	31.30	***
1978:										
January-March	***	37.33	29.91	1/	30.77	36.40	34.61	1/	31.30	***
April-June	***	39.09	29.94	1/	31.46	36.40	33.37	***	32.34	***

Period	Syracuse, N.Y.		Buffalo, N.Y.		Detroit, Mich.		Grand Forks, N.D.		Seattle, Wash.	
	U.S. produced	Imported from Canada	U.S. produced	Imported from Canada	U.S. produced	Imported from Canada	U.S. produced	Imported from Canada	U.S. produced	Imported from Canada
1975:										
January-March	***	$27.75	1/	$31.90	$33.61	1/	***	***	$36.68	1/
April-June	***	30.58	1/	34.00	34.15	1/	***	***	36.68	1/
July-September	***	29.45	1/	33.70	32.65	1/	***	***	36.50	1/
October-December	***	30.78	1/	33.70	32.01	1/	***	***	36.88	1/
1976:										
January-March	***	30.78	1/	34.23	34.50	1/	***	***	39.43	1/
April-June	***	31.58	1/	34.23	32.49	1/	***	***	39.43	1/
July-September	***	33.25	1/	34.23	31.62	1/	***	***	39.53	1/
October-December	***	32.66	1/	34.11	31.62	1/	***	***	39.56	1/
1977:										
January-March	***	34.02	1/	33.60	32.53	1/	***	***	44.57	1/
April-June	***	32.99	***	34.63	32.18	1/	***	***	44.57	1/
July-September	***	32.99	***	34.55	30.51	1/	***	***	44.72	1/
October-December	***	33.10	***	34.39	30.51	1/	***	***	44.72	1/
1978:										
January-March	***	33.08	***	34.69	33.67	1/	***	***	51.79	1/
April-June	***	35.35	***	36.06	32.78	1/	***	***	51.89	1/

1/ No sales reported.

Source: Compiled from data submitted in response to questionnaire of the United States International Trade Commission.

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