

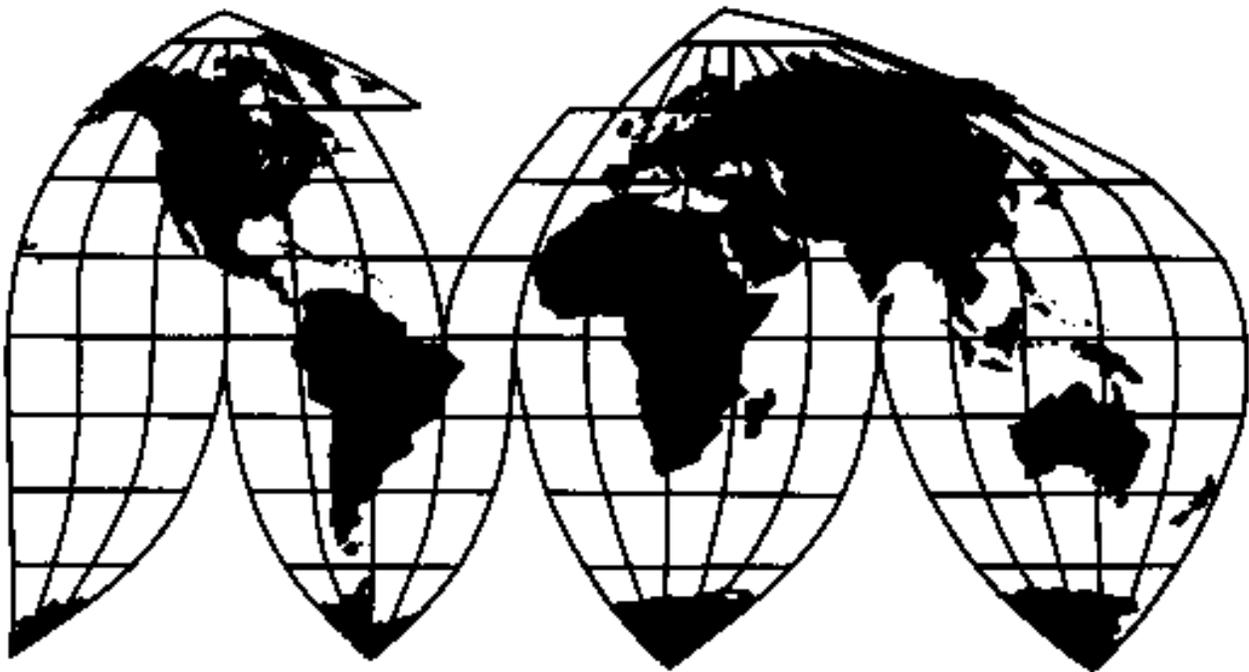
Certain Aluminum Plate From South Africa

Investigation No. 731-TA-1056 (Final)

Publication 3734

November 2004

U.S. International Trade Commission



U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1056 (Final)

CERTAIN ALUMINUM PLATE FROM SOUTH AFRICA

DETERMINATION

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines,² pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from South Africa of certain aluminum plate, provided for in subheading 7606.12.30 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective October 16, 2003, following receipt of a petition filed with the Commission and Commerce by Alcoa, Inc., Pittsburgh, PA. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of certain aluminum plate from South Africa were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of June 15, 2004 (69 FR 33401). The hearing was held in Washington, DC, on October 5, 2004, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Chairman Stephen Koplan and Commissioner Charlotte R. Lane dissenting.

VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of series 6000 aluminum alloy rolled plate (“series 6000 plate”) from South Africa that are sold in the United States at less than fair value (“LTFV”).^{1 2}

I. BACKGROUND

The petition was filed on October 16, 2003 by domestic producer Alcoa, Inc. (“Alcoa” or “Petitioner”). Participating as parties in this investigation were the South African producer Hulett Aluminium (Pty) Ltd. (“Hulett”) and Empire Resources, Inc. (“Empire”), a U.S. importer of the subject merchandise (collectively “Respondents”).^{3 4}

Series 6000 plate is an aluminum alloy flat-surfaced, rolled product that is not less than .250 inch (6.3 mm) in thickness and rectangular in cross section with or without rounded corners, whether in coils or cut-to-length plate forms.⁵ Strong and corrosion-resistant, series 6000 plate has a variety of end use applications including mold applications, semiconductor manufacturing equipment, automotive goods, and tools and fixtures.⁶ A vast majority (up to 90 percent) of the series 6000 plate market is accounted for by 6061 aluminum alloy, although there are many different alloys within the 6000 series.⁷

In addition to the Petitioner Alcoa, the current domestic industry for series 6000 plate consists of Kaiser Aluminum and Chemical Corp. (“Kaiser”) and Pechiney Rolled Products, LLC (“Pechiney”). All three producers provided questionnaire responses to the Commission.⁸ Production facilities for series 6000 plate produced by Alcoa, Kaiser, and Pechiney are located in Iowa, Washington, and West Virginia, respectively.⁹

¹ Whether the establishment of an industry is materially retarded is not at issue in this investigation.

² Chairman Koplan and Commissioner Lane dissenting. See the Dissenting Views of Chairman Stephen Koplan and Commissioner Charlotte R. Lane.

³ Petitioner and Respondents participated in the hearing and filed prehearing, posthearing, and supplemental briefs, as well as final comments.

⁴ Hulett accounted for *** percent of the volume of imports of the subject merchandise from South Africa in 2003. Confidential Staff Report (INV-BB-131 as revised by INV-BB-137) (“CR”) at Table IV-1, Public Staff PR Report (“PR”) at Table IV-1.

⁵ 69 Fed. Reg. 60610, 60610-11 (Oct. 12, 2004). The Department of Commerce revised the definition of the scope of the subject merchandise to clarify that product of a thickness of .249 inch was not included. See 68 Fed. Reg. 64801, 64802 (Nov. 12, 2003) and Certain Aluminum Plate from South Africa, Inv. No. 731-TA-1056 (Preliminary), USITC Pub. 3654 (Dec. 2003) (“Preliminary Det.”) at 7-8.

⁶ CR at II-5, PR at II-3.

⁷ CR at I-8, PR at I-6; Respondents’ Prehearing Brief at Exhibit 14 at 2-3.

⁸ CR/PR at I-3 and III-1. These three firms accounted for most of the U.S. production of certain aluminum plate during the period of investigation (the period of investigation extends from the beginning of 2001 through the second quarter of 2004). A fourth firm, McCook Metals, LLC, filed for bankruptcy on August 6, 2001. Its manufacturing facility was subsequently closed and its assets liquidated. Most of its equipment was purchased but has not yet been used by Pechiney. CR and PR at III-1 n.2. Although no data were received from McCook directly, Petitioner provided data purportedly showing McCook’s total shipments during 2001 and 2002, reportedly based on “McCook’s own records.” Petitioner’s Posthearing Brief at 4 n.7. See CR and PR at III-1 n.2.

⁹ CR/PR at Table III-1.

Demand for series 6000 plate generally declined from 2001 through 2003 but increased dramatically beginning in late 2003 and continuing into 2004.¹⁰ While subject imports' U.S. market share increased somewhat from 2001 to 2002, and then declined from 2002 to 2003 and in interim 2004, domestic production accounted for a large and increasing share of the U.S. market for series 6000 plate over the entire period of investigation.¹¹ The share of consumption represented by nonsubject imports fell during the period.¹² Imports from Russia accounted for the bulk of nonsubject imports.¹³ Prices for series 6000 plate fell as demand declined, but then rose sharply as demand increased toward the end of the period.¹⁴

II. DOMESTIC LIKE PRODUCT

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."¹⁵ Section 771(4)(A) of the Tariff Act of 1930, as amended (the "Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."¹⁶ In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation"¹⁷

The decision regarding the appropriate domestic like product(s) in an investigation is a factual one, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.¹⁸ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹⁹ The Commission looks

¹⁰ CR at II-5 to II-7; PR at II-3 to II-4; Transcript of October 5, 2004 Hearing (Revised and Corrected Copy) ("Hearing Tr.") at 20, 64-65 (Wetherbee), 180 (Bradford); Petitioner's Prehearing Brief at 15; Petitioner's Posthearing Brief at Exh. B-3 (electronic file supporting Exh. B-3 provided in October 19, 2004 e-mails from ***); Respondents' Posthearing Brief at Exh. 1 at 15-16; Kaiser's October 13, 2004 submission (Statement of Keith Harvey at 1-2).

¹¹ CR/PR at Table IV-5.

¹² CR/PR at Table IV-5.

¹³ CR/PR at Table IV-5.

¹⁴ CR/PR at Tables V-1 to V-4, Figure V-3; Respondents' Posthearing Brief at Exh. 2.

¹⁵ 19 U.S.C. § 1677(4)(A).

¹⁶ 19 U.S.C. § 1677(4)(A).

¹⁷ 19 U.S.C. § 1677(10).

¹⁸ See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n. 3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n. 4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

¹⁹ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

for clear dividing lines among possible like products and disregards minor variations.²⁰ Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise that has been found to be sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.²¹

As discussed below, we have considered in the present investigation whether to broaden the domestic like product beyond the bounds of the scope to include aluminum sheet and/or other aluminum plate products. Where the domestic like product corresponding to the scope consists of several or a series of products, the Commission examines whether there are clear dividing lines among the products or whether they comprise a continuum which is itself a single like product.²² When considering whether to expand the like product beyond the scope to encompass a broader continuum, the Commission is faced with determining where the continuum line ends.²³

B. Product Description

In its notice of final determination of sales at less than fair value, Commerce defined the imported merchandise within the scope of this investigation as: 6000 series aluminum alloy, flat surface, rolled plate, whether in coils or cut-to-length forms, that is rectangular in cross section with or without rounded corners and with a thickness of not less than .250 inches (6.3 millimeters). 6000 Series Aluminum Rolled Plate is defined by the Aluminum Association, Inc.²⁴

The Aluminum Association defines series 6000 rolled aluminum plate as plate made of aluminum alloys containing silicon and magnesium to form magnesium silicide, thus making the product heat-treatable.²⁵ Series 6000 plate is one of the strongest of the aluminum alloys, characterized by good

²⁰ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

²¹ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations in which Commerce found five classes or kinds).

²² Preliminary Det. at 10-11 n.59 (citing Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine, Inv. Nos. 701-TA-417-421 and 731-TA-952, 954, 956-59, 961, and 962 (Final), USITC Pub. 3546 (Oct. 2002); Ball Bearings from China, Inv. No. 731-TA-989 (Final), USITC Pub. 3593 (Apr. 2003)); Certain Cut-to-Length Steel Plate from France, India, Indonesia, Italy, Japan, and Korea, Inv. Nos. 701-TA-387-391 (Final) and 731-TA-816-821 (Final), USITC Pub. 3273 (Jan. 2000) at 5-7.

²³ Preliminary Det. at 11 n.59 (citing Minivans from Japan, Inv. No. 731-TA-522 (Final), USITC Pub. 2529 at 6 (July 1992)) (“there is no clearer dividing line if the like product were defined to include minivans plus any other category of vehicles. If we broadened the like product to include, for example station wagons, it is not clear that a rational basis would exist for excluding passenger automobiles from the like product.”). Respondents contend that the Commission had never articulated the continuum test described above prior to the Preliminary Determination in this investigation, and that it therefore departed from its past practice. Respondents’ Prehearing Brief at Appendix at 4. As the Commission indicated, however, that approach was set out previously in Minivans from Japan, Inv. No. 731-TA-522 (Final), USITC Pub. 2529 at 6 (July 1992) (cited in Preliminary Det. at 11 n.59).

²⁴ 69 Fed. Reg. 60610, 60610-11 (Oct. 12, 2004). Specifically excluded from the scope are extruded aluminum products and tread plate. Id.

²⁵ CR at I-7, D-3, and Table I-1; PR at I-6, D-3, and Table I-1.

formability, good welding characteristics, and high corrosion resistance.²⁶ Series 6000 plate is primarily used in mold applications, semiconductor manufacturing equipment, automotive goods, and tools and fixtures.²⁷ The Aluminum Association defines plate as a quarter-inch thick or more, in contrast to sheet (.249 to .006 inch thick) and foil (less than .006 inch thick).²⁸

C. Domestic Like Product

Petitioner contends that the Commission should define the domestic like product coextensive with Commerce's scope to include series 6000 plate only.²⁹ Respondents have made three proposals to expand the domestic like product beyond Commerce's scope, which would alternately include: (1) all series 6000 plate and series 6000 sheet products; (2) series 5000 plate and series 6000 plate; and (3) all aluminum plate (series 1000 through 7000).^{30 31} We examine each alternative proposed by Respondents below. For the reasons discussed, we find a single domestic like product consisting of all domestically produced series 6000 aluminum plate only.

1. Whether the Domestic Like Product Should Include Series 6000 Aluminum Sheet

a. Arguments of the Parties

Respondents assert that there is no bright-line distinction between series 6000 sheet and plate because, according to Respondents, the difference in thickness between the two is only .001 inch. They state that although the domestic industry uses different terms to discuss plate and sheet, there are no differences in substantive industry standards. They also contend that a statement by the Commission in the preliminary determination that "differences in thickness appear to dictate different end uses" proves nothing, because differences among plate of different thicknesses are as great as the difference between plate and sheet.³² They state that the Commission's finding in the preliminary determination that "[t]here is some interchangeability between plate and sheet, but only at the upper end of the sheet thicknesses and the lower end of plate thicknesses" requires the finding of a continuum and the inclusion of sheet in the domestic like product.³³

Petitioner maintains that there is no cause to re-examine the Commission's decision in the preliminary determination not to expand the domestic like product to include sheet. It notes that in a previous stainless steel sheet and strip investigation, the Commission declined to expand the like product

²⁶ CR/PR at Table I-1.

²⁷ CR at II-5, PR at II-3.

²⁸ CR and PR at I-4, n.9.

²⁹ Petitioner's Prehearing Brief at 1-2.

³⁰ Respondents' Prehearing Brief at Appendix at 8-27, Respondents' Supplemental Brief at 1-5.

³¹ During the preliminary phase of the investigation, Respondents asked the Commission to define the domestic like product to include, alternatively, all aluminum plate and sheet products, all heat-treatable plate (series 2000, 6000, and 7000), and all aluminum plate (series 1000 through 7000). Respondents' Postconference Brief at 3-25. The Commission declined to expand the domestic like product for purposes of the preliminary determination, but expressed an intent to re-examine whether to include all aluminum plate in the domestic like product in the event of a final phase investigation.

³² Respondents' Prehearing Brief at Appendix at 12.

³³ Respondents' Prehearing Brief at Appendix at 12.

to include plate, and that the Court of International Trade later affirmed.³⁴ Petitioner states that the line between plate and sheet is clear in definitions promulgated by the Aluminum Association, the Harmonized Tariff Schedule, and the industry.³⁵

b. Analysis

Commerce's definition of the scope of the merchandise subject to investigation is the starting point for the Commission's domestic like product analysis. The Commission may define the domestic like product more broadly than the subject merchandise identified by Commerce, if the facts so warrant. We examine whether to include series 6000 aluminum sheet in the domestic like product using the traditional six factor analysis.

i. Physical Characteristics and Uses

Series 6000 aluminum plate and series 6000 aluminum sheet are flat-rolled, aluminum products. The Aluminum Association has developed industry standards that distinguish plate from sheet. Series 6000 plate is defined as equal to or greater than .250 inch in thickness, while series 6000 sheet ranges from .249 inch to .006 inch.³⁶ Although manufacturers have the ability to produce plate and sheet to almost any thickness within these ranges, in practice producers manufacture series 6000 plate and sheet in established thickness increments. The thinnest series 6000 plate is typically .250 inch, while the thickest series 6000 sheet commonly produced is .190 inch, with the next-thickest series 6000 sheet increment occurring at .150 inch.³⁷

Series 6000 plate generally is handled and transported in a flat, rectangular form, while series 6000 sheet products may be handled and transported in flat or coil form.³⁸

Series 6000 plate is primarily used in mold applications, semiconductor manufacturing equipment, automotive goods, and tools and fixtures.³⁹ Series 6000 aluminum sheet is used in auto body panels, truck and trailer sheet, and other applications.⁴⁰ There may be some overlap in end uses between sheet and plate at the highest thicknesses of sheet and lowest thicknesses of plate,⁴¹ but generally the differences in thickness dictate different end uses.⁴²

³⁴ Petitioner's Supplemental Brief at 8 & n.25 (citing Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, the Republic of Korea, Mexico, Taiwan, and the United Kingdom, Inv. Nos. 701-TA-380-382 and 731-TA-797-804 (Preliminary), USITC Pub. 3118 (Aug. 1998) and Acciai Speciali Terni S.r.L. v. United States, 118 F. Supp.2d 1298 (CIT 2000)).

³⁵ Petitioner's Prehearing Brief at 11, Petitioner's Supplemental Brief at 8.

³⁶ CR/PR at I-4 n. 9.

³⁷ Hearing Tr. at 155-56 (Wetherbee, Cooper).

³⁸ CR at I-10, and Table I-2; PR at I-8, and Table I-2; Hearing Tr. at 156-57 (Wetherbee).

³⁹ CR at II-5, PR at II-3.

⁴⁰ CR at I-10, PR at I-8.

⁴¹ Transcript of November 6, 2003 Conference (Revised and Corrected copy) ("Conf. Tr.") at 177-178 (Kahn).

⁴² We are not persuaded by Respondents' assertion that some of the differences observed between plate and sheet are also found between plate products of different thicknesses. As noted previously, where Commerce's scope encompasses several products, such as here in terms of thickness, the Commission considers whether these products comprise a continuum. In considering whether to expand the domestic like product, the Commission considers whether the product is part of a broader continuum, where the continuum line ends, and whether a clear line is found at a different point. Thus, depending on the circumstances, a difference observed between products inside and outside the scope may provide a sufficient basis not to expand the domestic like product even if the same difference exists between different products found within the scope. In any event, in the present investigation there are differences between series 6000 plate and series 6000 sheet that are not observed between plate of different

(continued...)

ii. Interchangeability

Interchangeability between series 6000 sheet and plate is limited by differences in thickness, as demonstrated by the generally different uses to which they are directed. End product design engineers typically specify the appropriate gauge of the aluminum product to be used in a given application, which further limits interchangeability.⁴³ Any limited degree of interchangeability between series 6000 plate and sheet occurs only at the upper end of sheet thicknesses and lower end of plate thicknesses.⁴⁴

iii. Channels of Distribution

Series 6000 plate and sheet are sold through overlapping channels of distribution as both products are sold to distributors. Due to differences in gauge and size, series 6000 plate and sheet require different equipment to perform cutting and certain finishing processes before the plate or sheet is sold by the distributor to the end user.⁴⁵

iv. Producer and Customer Perceptions

Industry standards distinguish between series 6000 plate and sheet.⁴⁶ Customers likely perceive plate to be distinct from sheet, given that the two products generally are directed to different uses and interchangeability is limited.⁴⁷ Various producers of series 6000 sheet do not produce plate, and they use production processes other than those used to make plate.⁴⁸ Accordingly, these producers likely regard series 6000 sheet as distinct from series 6000 plate. Other producers manufacture both series 6000 plate and sheet, using mostly the same processes, and thus they likely regard the two products as similar.

v. Common Manufacturing Processes, Equipment and Production Employees

As noted, several series 6000 sheet producers do not produce series 6000 plate, and they produce those sheet products using manufacturing processes different from those used in the manufacture of series 6000 plate.⁴⁹ Other aluminum sheet is manufactured in the same facilities and using some of the same manufacturing processes as aluminum plate.⁵⁰ This sheet undergoes cold rolling, unlike plate.⁵¹

⁴² (...continued)
thicknesses.

⁴³ CR/PR at D-6. See CR/PR at D-11.

⁴⁴ Conf. Tr. at 177-178 (Kahn).

⁴⁵ Petitioner's Postconference Brief at 10, CR at I-16, PR at I-12.

⁴⁶ CR/PR at I-4 n.9.

⁴⁷ Petitioner's Postconference Brief at 10.

⁴⁸ CR at I-13, PR at I-10.

⁴⁹ CR at I-13, PR at I-10.

⁵⁰ CR at I-10 to I-11, PR at I-8.

⁵¹ CR at I-11, PR at I-8.

vi. Price

According to Petitioner, prices for series 6000 plate differ from those for sheet, as a result of the different manufacturing or finishing processes.⁵² Respondents contend that there is no material price difference between sheet and plate products within the same alloy and temper.⁵³ The record shows that prices for series 6061 aluminum plate were consistently higher than prices for series 6061 aluminum sheet.⁵⁴

vii. Conclusion

The industry has established a specific thickness-based distinction between series 6000 aluminum plate and sheet. To a large degree, these distinctions result in different end uses and limited interchangeability between the two products. Some series 6000 sheet is manufactured by different processes and in different facilities and by different production employees than is series 6000 plate. Other sheet and plate are produced by similar and sometimes common front-end manufacturing processes and equipment, although sheet made in these facilities undergoes the additional process of cold-rolling. Producers and customers likely perceive sheet and plate to be distinct based on industry definitions, the fact that the two are produced in different facilities or using some different processes, and because they are directed to different uses, with series 6000 plate commanding higher prices. Series 6000 plate and sheet are sold in overlapping channels of distribution.

In sum, series 6000 plate and sheet differ in physical characteristics and uses, some manufacturing facilities and processes, producer and customer perceptions, price, and there is limited interchangeability between them. Given these differences, the record establishes a clear dividing line between series 6000 plate and series 6000 sheet. Based on the above, we decline to expand the like product beyond the scope of the investigation to include series 6000 aluminum sheet.

2. Whether the Domestic Like Product Should Include Series 5000 Aluminum Plate

a. Parties' Arguments

Respondents argue that the scope covers dozens of alloys and tempers and that the differences between them are equal to or greater than the differences between alloys and tempers in the 6000 series and those in the 5000 series.⁵⁵ They assert that the series 6000 alloys range in yield strength from 7 to 55, compared to a range in yield strength of 6 to 59 for series 5000 alloys, and that the two products overlap in this respect.⁵⁶ Respondents assert that there is some interchangeability between plate in the two series, because plate in both the 5000 and 6000 series is used in tool and mold applications.⁵⁷ Respondents assert that there is a significant overlap in the channels of distribution through which series 5000 and 6000 plate are sold. They assert that the production process is mostly the same for plate in the two series, with the exception that only series 6000 plate is passed through additional equipment to impart additional strength

⁵² Petitioner's Postconference Brief at 19.

⁵³ Respondents' Postconference Brief at 24.

⁵⁴ Respondents' Prehearing Brief at Exh. 1, Figure 6.

⁵⁵ Respondents' Prehearing Brief at Appendix at 21.

⁵⁶ Respondents' Prehearing Brief at Appendix at 21-22.

⁵⁷ Respondents' Prehearing Brief at Appendix at 23.

through heat treatment.⁵⁸ Finally, Respondents assert that series 5000 plate is sold at a small premium over series 6000 plate.⁵⁹

Petitioner notes that the technical requirements pertaining to alloying agents are different between series 6000 plate and other aluminum plate, and that series 6000 plate is heat-treatable whereas series 5000 plate is not.⁶⁰ This distinction results in different uses and different manufacturing processes for the two plate series. Petitioner contends that most series 6000 plate is sold through distributors whereas most series 1000, 3000, and 5000 plate is sold directly to end users. It asserts that customers and producers perceive series 6000 plate differently from non-heat treatable plate, stating that producers and customers term non-heat treatable alloys “soft or common” alloys. Petitioner asserts that prices are distinct between heat-treatable and non-heat treatable plate, “as well as for specific alloys within each of these categories.”⁶¹

b. Analysis

i. Physical Characteristics and End Uses

The physical characteristics of aluminum plate are a function of the alloying elements added to the aluminum and the manufacturing techniques applied. The two major alloying elements of the 6000 series are magnesium and silicon, whereas the major alloying element for series 5000 is magnesium only.⁶² The presence of silicon in addition to magnesium makes the 6000 series heat-treatable, whereas the 5000 series is not.⁶³ Heat-treatable alloys become significantly stronger when subjected to further elevated temperature processing or thermal treatment.⁶⁴ Non-heat treatable alloys can only be strengthened by cold-working.⁶⁵

While heat-treatable alloys are generally stronger than non-heat treatable alloys, series 5000 plate overlaps in strength with series 6000.⁶⁶ Certain alloys in the 5000 series approach or meet in strength series 6061 plate, which is harder than other series 6000 plate, and which accounts for up to 90 percent of series 6000 plate production.⁶⁷ However, the series 5000 plate that overlaps in strength with 6061 plate typically cannot be produced in gauges over 1.5 inches, whereas series 6061 is commonly produced to gauges of up to 6 inches.⁶⁸ This subset of series 5000 plate is also limited to applications in which service temperatures do not exceed 150 degrees Fahrenheit, due to risk of cracking.⁶⁹ Moreover, while some series 5000 plate is as strong as series 6000 plate, most is not.⁷⁰

⁵⁸ Respondents’ Prehearing Brief at Appendix at 25-26.

⁵⁹ Respondents’ Prehearing Brief at Appendix at 26.

⁶⁰ Petitioner’s Prehearing Brief at 4-5.

⁶¹ Petitioner’s Prehearing Brief at 8-9.

⁶² CR/PR at Table I-1.

⁶³ CR/PR at D-3 to D-4.

⁶⁴ CR at I-7, PR at I-6.

⁶⁵ CR at I-7, PR at I-5 to I-6.

⁶⁶ Respondents’ Prehearing Brief at Appendix at 21-22; CR/PR at D-4, D-6.

⁶⁷ CR at I-8 & n.26, D-4, D-6; PR at I-6 & n.26, D-4, D-6.

⁶⁸ CR/PR at D-4 to D-6.

⁶⁹ CR/PR at D-4.

⁷⁰ See CR/PR at D-4 to D-6.

The two series both offer good welding characteristics and good corrosion resistance.⁷¹ They also differ, however, in that only series 5000 plate offers good salt water corrosion resistance and high toughness at low temperatures, while series 6000 plate offers superior formability.⁷²

Although the two series share certain broadly defined physical characteristics, the differences between them result in different uses. Series 6000 plate is most commonly used in mold applications, semiconductor manufacturing equipment, automotive goods, and tools and fixtures (generally characterized by Respondent Empire as “value-added applications”), whereas leading uses for series 5000 plate are “general,” transport, and marine applications, as well as uses in appliances and welded pressure vessels.⁷³

ii. Interchangeability

Interchangeability is limited by the fact that, generally, product engineers specify the alloy and temper required in the aluminum plate product.⁷⁴ Some interchangeability is possible where the chemistry and physical properties of the plate are not critical, but such instances are apparently infrequent.⁷⁵

iii. Channels of Distribution

The portion of series 6000 plate sold by U.S. producers through distributors was high, ranging from *** percent to *** percent over the three calendar years of the period of investigation.⁷⁶ For series 5000 plate, only *** percent to *** percent of U.S.-producer sales were to distributors.⁷⁷ Generally, distributors cut series 6000 plate into smaller pieces as required by end users, whereas series 5000 plate is sold in larger finished sizes that do not require cutting.⁷⁸

iv. Producer and Customer Perceptions

Petitioner indicates that producers and customers perceive series 6000 plate and series 5000 plate to be distinct due to differences in end uses and low interchangeability.⁷⁹ Importers provided comments that generally were consistent with those of Petitioner.⁸⁰ In addition, two domestic producers of series 6000 plate do not produce series 5000 plate, providing a further indication that at least two producers regard the two products as distinct.⁸¹

⁷¹ CR/PR at Table I-1.

⁷² CR/PR at Table I-1.

⁷³ CR at II-5, D-6, D-11; PR at II-3, D-6, D-11.

⁷⁴ CR/PR at D-6, D-11, D-16; Hearing Tr. at 15 (Wetherbee).

⁷⁵ CR/PR at D-6 to D-8, D-11, D-16. See Hearing Tr. at 15 (Wetherbee) (distinct markets for series 5000 and 6000 plate).

⁷⁶ CR/PR at Table I-4.

⁷⁷ CR/PR at Table I-4.

⁷⁸ CR/PR at D-15.

⁷⁹ CR/PR at D-11, D-12, D-16; Hearing Tr. at 15 (Wetherbee).

⁸⁰ CR/PR at D-11, D-14, D-15.

⁸¹ CR/PR at Table I-1.

v. Common Manufacturing Processes, Facilities, and Employees

Domestic producers Kaiser and Pechiney do not produce series 5000 plate.⁸² Accordingly, nearly *** of series 6000 plate produced in the United States is not produced in the same facilities or using the same production employees used to make series 5000 plate.⁸³

Alcoa, which produces both series 5000 and 6000 plate, reports that many of the production processes for series 5000 and 6000 plate are generally the same, with the exception that only the latter product undergoes heat treatment.⁸⁴ Heat treatment involves solution heat treatment, quenching, and age hardening.⁸⁵ Producers and an importer indicated that heat treatment adds considerably to production costs.⁸⁶

vi. Price

Series 5000 plate generally is sold based on “conversion pricing,” described as “[m]etal values plus a fabrication premium.”⁸⁷ Series 6000 plate, and some series 5000 plate, is sold at market prices instead.⁸⁸ As a result, prices for series 5000 plate more closely track metal prices than do prices for series 6000 plate.⁸⁹ Market participants reported that prices were generally higher for series 6000 plate than series 5000 plate.⁹⁰ Average unit values of U.S.-produced material, however, are approximately the same for plate in the two series.⁹¹

vii. Conclusion

Series 5000 and 6000 plate differ in their major alloying elements, with the results that only the latter is heat-treatable and that the two series are directed to different uses. Interchangeability between them generally is limited to unusual situations in which the physical characteristics of the plate are not critical. The vast majority (about 90 percent) of series 6000 plate is sold through distributors, whereas the bulk of series 5000 plate (two-thirds or more) is sold directly to end users. Producers and customers generally perceive the two products as distinct. Most series 6000 plate is produced in facilities that do not produce series 5000 plate. For that series 6000 plate which is made in the same facility as series 5000 plate, production processes for the two series largely overlap, although only series 6000 plate undergoes heat treatment. Prices are reportedly higher for series 6000 plate than series 5000 plate, although average unit values are similar. In sum, on most of the six like product factors there are significant distinctions between series 6000 and series 5000 plate. Accordingly, we decline to expand the domestic like product to include series 5000 plate.

⁸² CR/PR at Table I-1.

⁸³ CR/PR at Tables I-1 & III-2.

⁸⁴ CR at I-10 to I-12, D-8 to D-10; PR at I-8 to I-9, D-8 to D-10.

⁸⁵ CR at I-11 to I-12, PR at I-9.

⁸⁶ CR/PR at D-12, D-13, D-16.

⁸⁷ CR/PR at D-12, D-13.

⁸⁸ CR/PR at D-13.

⁸⁹ CR/PR at D-13.

⁹⁰ CR/PR at D-12, D-13, D-16.

⁹¹ CR/PR at Table I-5.

3. Whether the Domestic Like Product Definition Should Include All Aluminum Plate

a. Parties' Arguments

In the preliminary phase of this investigation, Respondents urged the Commission to expand the domestic like product to include all aluminum plate (series 1000 through 7000). The Commission declined to broaden the like product for purposes of the preliminary determination, but indicated an intent to re-examine the issue in any final determination.⁹² In the final phase of the investigation, Respondents argued that the real issue before the Commission was whether to include series 2000, 5000, and 7000 plate in the domestic like product because there is little domestic production of series 1000, 3000, and 4000 plate.⁹³ Although the volume of domestic production of plate in series 1000, 3000, and 4000 is small in relation to the production volume of non-heat treatable aluminum plate, each series is relevant to our analysis of whether there exists a relatively unbroken continuum of aluminum plate products that would warrant expansion of the domestic like product.⁹⁴ In any event, as discussed below, consideration of plate in these small-volume series does not ultimately alter our like product determination.

Respondents stated that they “do not dispute” Commission findings in the preliminary determination that series 2000 and 7000 plate are distinct from series 6000 plate in terms of uses, production, and price.⁹⁵ Respondents contend, however, that there is “substantial supply substitutability” among series 2000, 6000, and 7000 plate. Respondents assert that a maker of series 6000 plate must make substantial additional investments in order to produce series 2000 and 7000 plate because greater controls are required. They mention, however, that a producer of 2000 and 7000 plate can produce series 6000 plate without expensive modifications. They assert that ***.⁹⁶ They also assert that lower demand for series 2000 and 7000 plate in 2001 and 2002 had a direct impact on the profitability of Alcoa’s production of series 6000 plate, because assertedly high fixed costs previously allocated to plate from all three series were now allocated in greater degree to series 6000 plate. According to Respondents, the integrated nature of production and profits among series 2000, 6000, and 7000 plate shows that they should be treated as a single domestic like product.⁹⁷

Petitioners assert that there is no need to address whether to include series 2000 and 7000 plate in the domestic like product given that Respondents did not dispute the Commission’s preliminary determination findings that plate in those series were used “almost exclusively in aerospace applications, produced under very controlled conditions and testing requirements, and commanded . . . price[s] . . . roughly two to three times that of 6000 series plate”⁹⁸ As to the remaining aluminum plate, Petitioner notes that series 6000 plate is heat-treatable whereas other plate (series 1000, 3000, 4000, and 5000) is not.⁹⁹

⁹² Preliminary Det. at 14.

⁹³ Respondents’ Supplemental Brief at 1.

⁹⁴ Series 1000, 3000, and 4000 plate accounted for 9.0 percent of domestic production of non-heat treatable aluminum plate in 2003. Figure derived from CR/PR at Table I-5.

⁹⁵ Respondents’ Prehearing Brief at Appendix at 18-19. In their supplemental brief, Respondents state that in the prehearing brief they merely conceded differences in “demand” characteristics, but not “supply” characteristics. Respondents’ Supplemental Brief at 2. We read Respondents’ prior remarks to concede important differences in production and price, not just uses.

⁹⁶ Respondents’ Supplemental Brief at 2-3.

⁹⁷ Respondents’ Supplemental Brief at 4-5.

⁹⁸ Petitioner’s Supplemental Brief at 5.

⁹⁹ Petitioner’s Prehearing Brief at 4.

According to Petitioners, uses for non-heat treatable plate differ from uses for series 6000 plate.¹⁰⁰ Petitioner states that end product design engineers typically determine the product performance requirements and specify the appropriate alloy/temper/product form and size of the aluminum plate to be used to achieve those characteristics. Petitioner contends that there is no evidence that series 5000 plate and series 6000 plate are used in the same tool and mold applications.¹⁰¹ Petitioner distinguishes the manufacturing processes involved in the production of series 6000 plate from those used to make the non-heat treatable alloys. It also contends that most series 6000 plate (95 percent) is sold through distributors whereas most series 1000, 3000, and 5000 plate (78 percent) is sold directly to end users. Petitioner asserts that prices are distinct between heat-treatable and non-heat treatable plate, “as well as for specific alloys within each of these categories.”¹⁰²

c. Analysis

i. Physical Characteristics and Uses

The Aluminum Association has grouped aluminum plate into seven series based on the primary alloying elements (if any). The physical characteristics of aluminum plate are primarily a function of the alloying elements it contains, and the manufacturing processes it undergoes. The alloying elements in series 6000 plate distinguish it from plate in the other series.

Series 6000 plate is one of only three series that is heat-treatable. Series 2000, 6000, and 7000 plate is heat-treatable, whereas series 1000, 3000, 4000, and 5000 plate is not. This important transformation allows heat-treatable plate to be strengthened by further processing at elevated temperatures or thermal treatment. In contrast, non-heat treatable plate can only be strengthened by cold-working and generally does not reach the strengths that are achievable with heat-treatable alloys.¹⁰³ Heat-treatable plate is stronger than non-heat treatable plate, with the exception of certain series 5000 plate.¹⁰⁴ Non-heat treatable plate is seldom directed to the same uses as series 6000 plate.¹⁰⁵ Accordingly, series 6000 plate is distinct in physical characteristics and uses from not only series 5000 plate (for the reasons described above), but also from non-heat treatable plate in general.

Series 6000 plate also differs in physical characteristics and uses from other heat-treatable plate. Series 6000 plate is characterized by moderate strength, good formability, good corrosion resistance, and good welding characteristics.¹⁰⁶ Series 2000 plate is not corrosion resistant, has high strength, and has good welding characteristics.¹⁰⁷ Series 7000 plate is the highest-strength alloy, has high toughness, is not weldable, and has moderate corrosion resistance.¹⁰⁸

These differences in physical characteristics result in generally different uses for plate in the three heat-treatable series. Leading uses of series 6000 plate are mold applications, semiconductor

¹⁰⁰ Petitioner’s Prehearing Brief at 4-5.

¹⁰¹ Petitioner’s Supplemental Brief at 6-7. Petitioner also states that evidence submitted by Respondents relating to interchangeability in products offered by European producers is irrelevant to the Commission’s domestic like product determination. Id. at 7-8.

¹⁰² Petitioner’s Prehearing Brief at 8-9.

¹⁰³ CR at I-7, D-3, D-4, D-8; PR at I-5 to I-6, D-3, D-4, D-8.

¹⁰⁴ CR/PR at D-4, D-6, D-7.

¹⁰⁵ CR at Table I-1, II-5, D-3 to D-8, D-11; PR at Table I-1, II-3, D-3 to D-8, D-11.

¹⁰⁶ CR/PR at Table I-1.

¹⁰⁷ CR/PR at Table I-1.

¹⁰⁸ CR/PR at Table I-1.

manufacturing equipment, automotive goods, and tools and fixtures.¹⁰⁹ Series 2000 plate is directed to heavy vehicle applications and airframe structures, whereas series 7000 plate is used in highly stressed parts and airframe structures.¹¹⁰

ii. Interchangeability

End product design engineers generally specify the product performance requirements they require as well as the alloy, temper, product form, and size of the aluminum plate to be used.¹¹¹ Customers purchase aluminum alloy plate according to specifications set by the Aluminum Association, government, industry groups, and customers themselves.¹¹² The great variety of alloys and tempers available indicates that the market seeks products with highly specialized performance characteristics. That specialization strictly limits interchangeability between series 6000 plate and other plate.

Interchangeability between series 6000 plate and non-heat treatable plate is limited by their physical characteristics, in particular, strength.¹¹³ Non-heat treatable alloys are called “soft” and “common” alloys and, with the exception of the 5000 series, they are seldom used for series 6000 plate applications because of their low strengths.¹¹⁴ There is also at most only limited interchangeability between series 6000 plate on the one hand, and series 2000 and 7000 on the other.¹¹⁵

iii. Channels of Distribution

Series 6000 plate and other aluminum plate are sold through overlapping channels of distribution, but only series 6000 plate was sold principally to distributors during each year of the period of investigation. The share of series 6000 plate sold to distributors ranged from *** percent to *** percent per year during 2001 to 2003.¹¹⁶ For series 5000 plate, sales to distributors accounted for between *** percent to *** percent of shipments during 2001 to 2003, whereas for combined series 2000 and 7000 plate, the share accounted for by distributors ranged from *** percent to *** percent.¹¹⁷ The combined share of series 1000, 3000, and 4000 plate sold to distributors was *** percent in 2001, but *** percent and *** percent in 2002 and 2003, respectively.¹¹⁸ Distributors tend to specialize in either heat-treatable or non-heat treatable plate, given their different uses.¹¹⁹

iv. Producer and Customer Perceptions

As noted, customers frequently specify the precise alloy and temper required, indicating that customers do not regard series 6000 plate as substitutable with other plate. Petitioner and Kaiser indicate

¹⁰⁹ CR at II-5, PR at II-3.

¹¹⁰ CR/PR at Table I-1.

¹¹¹ CR at I-15, D-6, D-11; PR at I-10, D-6, D-11; Hearing Tr. at 15 (Wetherbee).

¹¹² CR/PR at D-6.

¹¹³ CR at I-7, D-3, D-6 to D-8, D-11, D-12; PR at I-6, D-3, D-6 to D-8, D-11, D-12.

¹¹⁴ CR/PR at D-5 to D-8.

¹¹⁵ Petitioner’s Supplemental Brief at 5; Respondents’ Prehearing Brief at Appendix at 18-19; CR/PR at D-7; Hearing Tr. at 15 (Wetherbee).

¹¹⁶ CR/PR at Table I-4.

¹¹⁷ CR/PR at Table I-4.

¹¹⁸ CR/PR at Table I-4.

¹¹⁹ CR/PR at D-11, D-12.

that producers and customers perceive that each plate alloy has distinct end uses.¹²⁰ With few exceptions, comments supplied by other market participants (importers) were generally consistent with those of Petitioner.¹²¹

v. Common Manufacturing Processes, Facilities, and Production Employees

There is a partial overlap in the production facilities used to make series 6000 plate on the one hand, and other aluminum plate on the other. Kaiser does not produce non-heat treatable plate. Series 5000 plate, which makes up the bulk of non-heat treatable plate production, is made by only one producer (Alcoa) of series 6000 plate, whereas two domestic producers of series 6000 plate also manufacture series 1000, 3000, and 4000 plate. All three domestic producers manufacture plate in series 2000 and 7000.¹²²

With the important exception of heat-treatment (described above), all aluminum plate alloys generally undergo the same basic processes.¹²³ Nevertheless, certain differences are associated with the production of the various plate series. The soaking pit used to prepare ingots for further shaping is lined with ceramic materials that typically become contaminated by the elements used in a specific alloy, requiring either that the furnace be dedicated to a particular alloy or that the furnace be prepared for processing a different alloy, which requires a substantial investment of time and capital.¹²⁴ In addition, series 2000 and 7000 plate are produced under more stringent controls than is series 6000 plate, and requires *** than does series 6000 plate, resulting in higher production costs.¹²⁵ In the case of series 7000 plate, these additional controls contribute to 44-percent higher production costs for plate in the .250- to 1.500-inch gauge range, relative to series 6000 plate of the same gauges.¹²⁶ The per unit cost of goods sold was substantially higher for series 2000 and 7000 plate than for series 6000 plate.¹²⁷

vi. Price

Non-heat treatable aluminum plate generally is sold based on “conversion pricing,” as described previously, whereas heat-treatable plate (and some series 5000 plate) is sold at market prices.¹²⁸ As a result, prices for non-heat treatable plate more closely track metal prices than do prices for series 6000 plate.¹²⁹ Market participants report that prices were generally higher for heat-treatable plate than for non-heat treatable plate.¹³⁰ Average unit values (“AUVs”) for series 6000 plate were higher than AUVs for series 5000 plate throughout the period of investigation, and, except in 2003, were also higher than AUVs

¹²⁰ CR/PR at D-6, D-7, D-11 to D-12.

¹²¹ CR/PR at D-14 to D-15.

¹²² CR/PR at Table I-1.

¹²³ CR at I-10 to I-12, PR at I-8 to I-9.

¹²⁴ CR at I-12, PR at I-9, Conference Tr. at 58-60 (Wetherbee). See CR at I-10 n.33, PR at I-8 n.33.

¹²⁵ The Commission found that series 2000 and 7000 plate were produced under more stringent and costly controls in the Preliminary Determination. Respondents did not dispute that finding during the final phase of the investigation. Respondents’ Prehearing Brief at Appendix at 18-19. ***. CR/PR at ***.

¹²⁶ CR/PR at D-10.

¹²⁷ CR/PR at Tables C-1 and C-6.

¹²⁸ CR/PR at D-12, D-13.

¹²⁹ CR/PR at D-12, D-13.

¹³⁰ CR/PR at D-12 to D-13, D-16, D-19.

for series 1000, 3000, and 4000 plate.¹³¹ In contrast, prices for series 2000 and 7000 plate were substantially higher than prices for series 6000 plate.¹³² AUVs for series 2000 and 7000 plate were nearly double the AUVs for series 6000 plate.¹³³

vii. Conclusion

As indicated previously, where the Commission is considering whether to expand the domestic like product, the issue before the Commission is where the continuum line ends.

The dividing line between series 6000 plate and other aluminum plate is clear, contrary to the suggestion that series 6000 plate merely forms part of a broader continuum of aluminum plate products. For the reasons given above, series 6000 plate is distinct in many respects from all non-heat treatable plate. Although series 5000 plate is more similar to series 6000 plate in physical characteristics than are other non-heat treatable plate series, the two products still differ in terms of uses, producer and customer perceptions, channels of distribution, and price, and they have only limited interchangeability. Series 6000 plate also differs from series 2000 and 7000 plate in physical characteristics, uses, producer and customer perceptions, and price. There is only limited interchangeability between series 6000 plate and series 2000 and 7000 plate. All aluminum plate is sold through overlapping channels of distribution, although only series 6000 plate was principally sold to distributors in each calendar year of the period of investigation.

Given these distinctions between series 6000 plate and all other aluminum plate, a clear dividing line exists between the two. Expanding the domestic like product to include all aluminum plate would encompass not a relatively seamless continuum, but rather one divided between heat-treatable and non-heat treatable plate. Another dividing line would appear between series 2000 and 7000 plate on the one hand, and all other plate on the other, given that the former is directed largely to airframe structures, incurs higher manufacturing costs, and is priced more than two times higher than other plate. For these reasons, we determine not to define the domestic like product to include all aluminum plate.

Accordingly, based on the reasons detailed above, we find a single domestic like product consisting of all domestically produced series 6000 aluminum plate, coextensive with the scope.

III. DOMESTIC INDUSTRY

The domestic industry is defined in the Act as “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”¹³⁴ Consistent with our domestic like product finding in the final phase, we define the domestic industry to include all domestic producers of series 6000 plate.^{135 136}

¹³¹ CR/PR at Figure I-1, Table I-5.

¹³² Petitioner’s Postconference Brief at 32 and Exh. I-4.

¹³³ CR/PR at Figure I-1, Table I-5.

¹³⁴ 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission’s general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

¹³⁵ Current known U.S. producers are Alcoa, Kaiser, and Pechiney. CR/PR at Table III-1.

¹³⁶ No related parties issues were presented in this investigation.

IV. NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS¹³⁷

In the final phase of antidumping investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.¹³⁸ In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.¹³⁹ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”¹⁴⁰ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.¹⁴¹ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁴²

A. Conditions of Competition¹⁴³

The following conditions of competition inform our analysis whether the domestic industry is materially injured or threatened with material injury by reason of the subject imports.

Demand for series 6000 aluminum plate is derived from the demand for the products that it is used to produce, including mold applications, semiconductor manufacturing equipment, automotive goods, and tools and fixtures.¹⁴⁴ Alcoa indicated that overall demand for series 6000 plate was the sum of demand in approximately 15 to 20 distinct market segments.¹⁴⁵ As much as 90 percent of the market is comprised of 6061 aluminum alloy.¹⁴⁶ The 6061 product is widely available, is sold in standard sizes through distributors, and has a variety of applications.¹⁴⁷

Domestic demand for series 6000 plate generally was weak and declining during most of the period of investigation, but then increased sharply beginning at the end of 2003 and continuing into 2004.^{148 149} The record indicates that declining demand derived from generally weak economic conditions

¹³⁷ Negligibility is not an issue in this investigation. Subject imports from South Africa accounted for more than three percent of the volume of all series 6000 plate imported into the United States in the most recent twelve-month period for which data are available preceding the filing of the petition. Preliminary Det. at 17 n.102. See CR/PR at Table IV-2.

¹³⁸ 19 U.S.C. § 1673d(b).

¹³⁹ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each [such] factor . . . [a]nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

¹⁴⁰ 19 U.S.C. § 1677(7)(A).

¹⁴¹ 19 U.S.C. § 1677(7)(C)(iii).

¹⁴² Id.

¹⁴³ The captive consumption provision (19 U.S.C. § 1677(7)(C)(iv)) is not at issue in this investigation because the domestic industry’s internal consumption and transfers to related firms amounted to less than *** tons per year. CR/PR at Table III-3.

¹⁴⁴ CR at II-5; PR at II-3.

¹⁴⁵ Hearing Tr. at 64, 128-129 (Wetherbee).

¹⁴⁶ CR at I-8, PR at I-6.

¹⁴⁷ CR at I-8 n.26, PR at I-6 n.26.

¹⁴⁸ CR at II-5 to II-7; PR at II-3 to II-4; Hearing Tr. at 20, 64-65 (Wetherbee), 180 (Bradford); Petitioner’s Prehearing Brief at 15; Petitioner’s Posthearing Brief at Exh. B-3 (electronic file supporting Exh. B-3 provided in October 19, 2004 e-mails from ***; Respondents’ Posthearing Brief at Exh. 1 at 15-16; Kaiser’s October 13, 2004

(continued...)

in the United States, which resulted in lower manufacturing activity.¹⁵⁰ Annual indices for orders reported by the National Tooling Machining Association showed declines from 2001 to 2003 in five of six major end-use sectors.¹⁵¹ An average of these indices, weighted according to Alcoa's estimates of the share of aluminum plate sold to each of these end-use sectors, fell by an average of *** percent from 2001 to 2003, and then were projected to increase by *** percent in 2004 over 2003.¹⁵² Industry reports confirm these trends.¹⁵³

We find no evidence of a unique business cycle with respect to series 6000 plate. Although Petitioner urged the Commission to make such a finding, it also indicated that demand for series 6000 plate is the aggregate of demand in numerous discrete end-use segments, which fluctuate independently of each other.¹⁵⁴ Despite requests to do so by the Commission, Petitioner was unable to identify the length of any business cycle for series 6000 plate, or indicate where the industry was currently positioned with respect to any such cycle.¹⁵⁵ Accordingly, we do not find this industry to be characterized by a regular and measurable business cycle.^{156 157}

¹⁴⁸ (...continued)

submission (Statement of Keith Harvey at 1-2). Petitioner indicated that demand increased somewhat from 2001 to 2002 and again in 2003 (Petitioner's Prehearing Brief at 29), but data provided by Petitioner indicated that demand declined over that period (Petitioner's Posthearing Brief at Exh. B-3) (data in Exh. B-3 and supporting electronic file analyzed at CR at II-7, PR at II-4).

¹⁴⁹ Petitioner asserted that the increase in demand observed in interim 2004 would be short-lived because it was driven by a series of "one-time 'bumps' in demand." Petitioner's Prehearing Brief at 24. Petitioner indicated that these events accounted for *** of the increase in its shipments in interim 2004 over interim 2003 (Petitioner's October 14, 2004 submission at Exh. 4), but only about one-third of the increase in market demand overall (Hearing Tr. at 119 and at 17-19 (Wetherbee)). Petitioner also indicated that demand is the sum of numerous discrete market segments (Hearing Tr. at 64, 128-129 (Wetherbee)), and thus it does not appear unusual that demand in certain segments would be higher than previously during a given time period. Moreover, the industry press forecast increases in demand even after the occurrence of the specific events identified by Petitioner. Respondents' Posthearing Brief at Exh. 2. Accordingly, we view the "one-time bumps" asserted by Petitioner as too small to demonstrate that the reported growth in demand is transitory.

¹⁵⁰ CR at II-5 to II-7, PR at II-3 to II-4.

¹⁵¹ From 2001 to 2003, orders were down 7 percent for tools and fixtures, 20 percent for molds, 6 percent for precision machinery, 9 percent for aerospace, 11 percent for semiconductor equipment, and up 12 percent for medical equipment. CR at II-7, PR at II-4.

¹⁵² CR at II-7, PR at II-4.

¹⁵³ Respondents' Posthearing Brief at Exh. 2.

¹⁵⁴ Hearing Tr. at 93-94, 128-129 (Wetherbee); Petitioner's Posthearing Brief at attachment entitled "Questions from Commissioners" at 11.

¹⁵⁵ CR at II-6; PR at II-4; Hearing Tr. at 91 (Malashevich), 93-94, 128-29 (Wetherbee).

¹⁵⁶ Because we find no evidence of a unique business cycle with respect to series 6000 plate, we decline Petitioner's request to depart from our normal practice and lengthen the period of investigation to include the year 2000. See Timken Co. v. United States, 321F.Supp.2d 1361, 1372 (CIT 2004) (business cycle defined as "recurrent expansion and contraction of economic activity."). The Commission generally examines the most recent three years of data, plus data from part of the most current year. Silicon Metal From Russia, Inv. No. 731-TA-991 (Final), USITC Pub. 3584 (March 2003) at 11 n.68 (citing, *inter alia*, Kenda Rubber Industrial Co. v. United States, 630 F. Supp. 354, 359 (CIT 1986)). We find no basis to depart from our past practice in this investigation. In the same vein, we reject Respondents' request to gather data from the third quarter of 2004. The Commission requested that final phase investigation questionnaires be returned by the parties by August 18, 2004, and thus did not seek third quarter data. E.g., excerpt of producers' questionnaire found at Respondents' Posthearing Brief at Exhibit 9. The Commission generally declines to gather data from a quarter that ends close to the date of the Commission's vote in order to ensure the orderly analysis of the data collected, to allow the parties adequate time to comment on the data

(continued...)

The U.S. market is supplied by domestic production, subject imports from South Africa, and nonsubject imports. There are currently three producers of series 6000 aluminum plate in the United States: Alcoa, Kaiser, and Pechiney.¹⁵⁸ McCook Metals filed for bankruptcy in 2001 and shortly thereafter closed its manufacturing facility and liquidated its assets.¹⁵⁹ Although ***,¹⁶⁰ As indicated in the following discussion of volume, subject imports were present throughout the period of investigation. Nonsubject imports, most of which were accounted for by Russia, were present but declining throughout the period of investigation. Nonsubject import market share fell from *** percent in 2001 to *** percent in 2002, and to *** percent in 2003.¹⁶¹ Nonsubject import market share was lower at *** percent in interim 2004 compared to *** percent in interim 2003.¹⁶²

Subject and domestic series 6000 plate are highly interchangeable.¹⁶³ In their questionnaire responses, two of three responding domestic producers indicated that domestic product and subject imports of series 6000 plate are “always” used interchangeably.¹⁶⁴ The remaining responding producer and all four responding importers indicated that the domestic product and subject imports are at least “frequently” used interchangeably.¹⁶⁵

Nonsubject imports are less interchangeable with domestic series 6000 plate. All responding producers and importers indicated that nonsubject and domestic product were used interchangeably “frequently” or “sometimes.”¹⁶⁶ Purchasers generally ranked Russian plate, which makes up the bulk of nonsubject plate, as inferior to domestic plate on most measures, and consistently ranked Russian plate superior only on price.¹⁶⁷ Market participants cited inconsistent quality and unreliable delivery times as problems found in Russian plate, although there was some evidence that the quality of the Russian product improved during the period of investigation.¹⁶⁸

Purchasers most frequently ranked “quality” as the most important factor in purchasing decisions, whereas price was the factor most frequently identified as next-most important.¹⁶⁹ A smaller number of purchasers ranked availability and delivery performance as the most- or second-most important factor.¹⁷⁰ All ten responding purchasers ranked “delivery time” and “reliability of supply” as very important factors

¹⁵⁶ (...continued)

gathered, as well as to mitigate the burden placed on the market participants.

¹⁵⁷ Petitioner and Respondents indicated that general economic activity is the primary factor influencing demand for series 6000 plate in the U.S. market. CR at II-5 to II-6, PR at II-3 to II-4, Petitioner’s Posthearing Brief at attachment entitled “Questions from Commissioners” at 11. To the extent that demand for series 6000 plate changes as a result of changes in general economic activity in the United States, that condition is taken into account in our discussion of changes in demand over the period of investigation.

¹⁵⁸ CR/PR at III-1.

¹⁵⁹ CR/PR at III-1 & n.2, VI-1 n.4.

¹⁶⁰ CR/PR at Table I-3.

¹⁶¹ CR/PR at Table IV-5.

¹⁶² CR/PR at Table IV-5.

¹⁶³ CR at II-12 to II-16, PR at II-7 to II-11. Accord Hearing Tr. at 23 (Wetherbee).

¹⁶⁴ CR at II-12, PR at II-7.

¹⁶⁵ CR at II-12, PR at II-7.

¹⁶⁶ CR at II-16, PR at II-11.

¹⁶⁷ CR/PR at Table II-6.

¹⁶⁸ CR at II-17; PR at II-11 to II-12; Respondents’ Posthearing Brief at Exh. 2, March 2003 CRU Monitor at 4.

¹⁶⁹ CR/PR at Table II-1.

¹⁷⁰ CR/PR at Table II-1.

in purchasing decisions.¹⁷¹ Similarly, all ten ranked “product consistency” and “quality meets industry standards” as very important.¹⁷² Nine ranked “price” as very important, and one ranked “price” as somewhat important.¹⁷³ The Commission received testimony by a representative of Petitioner concurring that quality (producing to specifications) was the most important factor in purchasing decisions, followed by delivery and availability, then followed by price.¹⁷⁴

Despite the record evidence indicating that demand fell after 2001, and the parties’ agreement as to that fact, our data show increases in apparent U.S. consumption, which is a function of supply as well as demand during the period of investigation.¹⁷⁵ Based on the reliable data available to us, apparent U.S. consumption of series 6000 plate was 41,521 short tons in 2001, 51,406 short tons in 2002, and 58,017 short tons in 2003.¹⁷⁶ Apparent U.S. consumption was 28,576 short tons during interim 2003, compared to 43,104 short tons in interim 2004.¹⁷⁷

Increases in apparent consumption from 2001 to 2002 are likely overstated, however, because we lack reliable data from a former domestic producer – McCook Metals – which may have produced not insubstantial quantities of series 6000 plate during 2001, and small quantities in 2002.^{178 179} Remaining increases in apparent U.S. consumption were driven by several factors influencing supply, as described below.

Domestic producers sharply increased production throughout the period of investigation. Domestic production was 26,371 short tons during 2001, 30,242 short tons during 2002, and 41,177 short tons during 2003.¹⁸⁰ Domestic production was 19,037 short tons during interim 2003 and increased to

¹⁷¹ CR/PR at Table II-2, Hearing Tr. at 98 (Wetherbee).

¹⁷² CR/PR at Table II-2.

¹⁷³ CR/PR at Table II-2.

¹⁷⁴ Hearing Tr. at 98 (Wetherbee).

¹⁷⁵ CR at II-5 n.11, PR at II-3 n.11.

¹⁷⁶ CR/PR at Table IV-3.

¹⁷⁷ CR/PR at Table IV-3.

¹⁷⁸ Petitioner’s Posthearing Brief at Attachment 1.

¹⁷⁹ We received no data directly from McCook in this investigation. CR/PR at III-1 n.2. According to Alcoa, it received data from McCook during the course of a due diligence review including the volume and value of McCook’s shipments of series 6000 plate during 2001 and 2002. CR/PR at III-1 n.2. We generally decline to rely on isolated data from a given producer. Where data from a producer pertain to some statutory factors but not others, the inclusion of those data undermines our ability to derive meaningful comparisons, therefore yielding a confusing picture of the state of the industry.

Moreover, the reliability of the McCook figures is suspect. McCook did not prepare them according to the instructions that the Commission provided to other questionnaire respondents. Nor did McCook certify as to their accuracy, as required by statute. 19 U.S.C. § 1677m(b). In addition, none of the data appear to pertain to 2002, although Alcoa asked the Commission to adjust 2002 figures on the basis of the McCook data. Nor do the purported shipment figures distinguish between U.S. shipments and exports. Finally, the only seemingly relevant pages submitted contain a comparison of McCook and Alcoa data, casting doubt on whether the pages were prepared by a McCook representative.

We also note that we do not attribute McCook’s entry into bankruptcy to subject imports. McCook’s Chairman indicated that subject imports did not contribute to the firm’s entry into bankruptcy, and McCook produced many products other than series 6000 plate. Respondents’ Posthearing Brief at Exh. 6 (Declaration of Michael Lynch), Petitioner’s Posthearing Brief at Attachment 1, CR/PR at VI-1 n.4. McCook filed for bankruptcy on August 6, 2001, before most of the decline in prices that would occur later and seemingly too early for subject imports to have exerted any significant adverse effect (as we found they did not over the entire period of investigation).

¹⁸⁰ CR/PR at Table III-2.

more than double that amount (39,629 short tons) in interim 2004.¹⁸¹ Contributing to increases in reported production was the exit of McCook Metals in 2001, as the remaining domestic producers competed to attain market share formerly held by McCook.¹⁸² In addition, orders for series 2000 and 7000 plate declined steeply after 2001, particularly after September 11, 2001, due to much lower aircraft production.¹⁸³ Rather than idling capacity, it appears that domestic producers shifted production capacity to the production of series 6000 plate in order to cover high yearly fixed costs.¹⁸⁴ These increases in the production of series 6000 plate, as well as a significant reduction in domestic producers' U.S. inventories,¹⁸⁵ each contributed to higher apparent U.S. consumption.

Despite the steady and substantial increases in domestic production, the industry was unable to meet increased demand in 2004.¹⁸⁶ Purchasers reported that, prior to the increase in demand, the average lead time for domestic product was about 8 weeks, compared to about 14 weeks for subject merchandise, and 13 weeks for nonsubject merchandise.¹⁸⁷ In 2004, purchasers were placed on allocation, denied quantities requested, or delivered smaller quantities than requested.¹⁸⁸ By May-June of 2004, lead times for domestic suppliers had increased to approximately 18 to 24 weeks.¹⁸⁹

In 2003, approximately *** percent of domestic product was sold on the spot market, with the remainder sold under short-term contracts,¹⁹⁰ while about *** percent of subject imports were sold on the spot market, and the rest under short-term (and some long-term) contracts.¹⁹¹

B. Volume

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."¹⁹²

¹⁸¹ CR/PR at Table III-2.

¹⁸² Petitioner estimates that McCook shipped very small quantities in 2002, but the limited McCook documents available to us do not indicate any shipments in 2002. CR/PR at III-1 n.2, Petitioner's Posthearing Brief at 4 n.7 and Attachment 1. As noted, we lack reliable figures as to the market share formerly held by McCook.

¹⁸³ Hearing Tr. at 124-25 (Wetherbee), CR/PR at III-4 n.5.

¹⁸⁴ The Commission received testimony from a Petitioner witness that demand for aerospace aluminum plate declined by 40 to 45 percent after September 11, 2001. Hearing Tr. at 124-25 (Wetherbee). From 2001 to 2003, the domestic industry's production of series 2000 and 7000 plate fell by *** percent, while its production of series 6000 plate increased by *** percent. CR/PR at Tables C-1 and C-6. Various domestic producers acknowledged shifting production among series 2000, 6000, and 7000 plate as market conditions warranted. Hearing Tr. at 16 (Wetherbee), CR at II-2, Table III-2 nn.2-3, III-4 n.5, III-5 & n.6; PR at II-2, Table III-2 nn.2-3, III-4 & nn.5-6.

¹⁸⁵ CR/PR at Table III-5.

¹⁸⁶ Purchasers reported being placed on allocation, receiving smaller quantities than requested, or having orders decline in 2004. Purchaser questionnaire responses at question III-23. Industry publications report higher orders, higher prices, tightening supplies, and longer lead times beginning in 2004. Respondents' Posthearing Brief at Exh. 2.

¹⁸⁷ CR at V-4, PR at V-3. Alcoa reported that its lead time was approximately 12 weeks during 2002-2003. CR at V-4, PR at V-3, Hearing Tr. at 137-139 (Wetherbee).

¹⁸⁸ Purchaser questionnaire responses at question III-23. One purchaser reported such practices in mid-2003. *Id.*

¹⁸⁹ Hearing Tr. at 138-139 (Wetherbee).

¹⁹⁰ CR/PR at V-3.

¹⁹¹ Spot sales accounted for *** percent of ***'s sales during 2003. Final phase importer questionnaire response of ***. *** accounted for *** percent of sales of subject imports during 2003. CR/PR at Table IV-1.

¹⁹² 19 U.S.C. § 1677(7)(C)(i).

The volume of subject imports increased from *** short tons in 2001 to *** short tons in 2002 before declining *** to *** short tons in 2003. The volume of subject imports was also lower at *** short tons in interim 2004 compared to *** short tons in interim 2003.¹⁹³ Thus, while the volume of subject imports may be characterized as increasing overall from 2001 to 2003, the increase occurred from 2001 to 2002 and subject import volume decreased thereafter. Subject imports' U.S. market shares show the same trends. Subject imports' U.S. shipment volume relative to consumption in the United States increased from *** percent in 2001 to *** percent in 2002, but then returned to near 2001 levels in 2003 at *** percent.¹⁹⁴ The subject imports' market share was *** percent in interim 2004 compared to *** percent in interim 2003.¹⁹⁵

Subject imports did not take market share from U.S. producers. The domestic industry's market share steadily increased from 56.2 percent in 2001 to 60.8 percent in 2002 and to 67.4 percent in 2003. Likewise, the domestic industry held a 75.6 percent share in interim 2004 as compared to 63.0 percent in the first half of 2003.¹⁹⁶ Nonsubject import market share declined from *** percent in 2001 to *** percent in 2002, and to *** percent in 2003. Nonsubject imports held a *** percent market share in the first half of 2004 as compared to *** percent for the same period in 2003.¹⁹⁷ Thus, any gain in U.S. market share by the subject imports was not at the expense of U.S. producers. Rather, subject imports largely replaced nonsubject import volumes and gained market share from those imports.

Subject import volume relative to production in the United States increased from *** percent in 2001 to *** percent in 2002 before falling below 2001 levels to *** percent in 2003. Subject import volumes relative to production were *** percent in interim 2004 compared to *** percent in the first half of 2003.¹⁹⁸ Nonsubject import volume relative to production in the United States declined from *** percent in 2001, to *** percent in 2002, and further to *** percent in 2003. Nonsubject imports relative to production were *** percent in interim 2004 compared to *** percent for the same period in 2003.¹⁹⁹

The above data show that the volume of subject imports was significant in absolute terms over the period of investigation. However, the overall increase in subject import volume must be viewed in the context of prevailing conditions that included a domestic industry that increased production and gained market share during each successive year of the period of investigation, and in interim 2004 compared to interim 2003. Of particular note are the conditions that prevailed from 2001 to 2002, the only time frame during which the volume of subject imports increased (whether in absolute terms, market share, or as a share of domestic production). Even during this one-year period of increasing subject imports, the domestic industry increased shipments and gained 4.5 percentage points in market share.²⁰⁰ Meanwhile, nonsubject imports lost *** percentage points in market share.²⁰¹ Accordingly, subject imports did not take market share from the domestic industry between 2001 and 2002, or at any other time during the period of investigation.

Petitioner argued that the Commission should give much less weight to the import volumes in interim 2004, contending that the volume of subject imports was heavily influenced by the filing of the

¹⁹³ CR/PR at Table IV-2.

¹⁹⁴ CR/PR at Table IV-5.

¹⁹⁵ CR/PR at Table IV-5.

¹⁹⁶ CR/PR at Table IV-5.

¹⁹⁷ CR/PR at Table IV-5.

¹⁹⁸ CR/PR at Table IV-6.

¹⁹⁹ CR/PR at Table IV-6.

²⁰⁰ *** questionnaire response. See CR/PR at Tables III-2 and VI-2.

²⁰¹ CR/PR at Table C-1.

petition in this investigation.²⁰² We do not find that the volume of subject imports declined significantly as a result of the pendency of this investigation.²⁰³ The volume of subject imports was declining prior to the filing of the petition on October 16, 2003, consistent with a business plan previously considered and adopted by Hulett.²⁰⁴ On a yearly basis, the volume of U.S. shipments of subject imports declined slightly from 2002 to 2003.²⁰⁵ On a monthly basis, export volumes by Hulett began to fall prior to the filing of the petition during each month from July to October of 2003.²⁰⁶ Accordingly, we do not give less weight to data, including volume data, for the post-petition period.

In sum, while we find the volume of subject imports to be significant in an absolute sense, U.S. producers increased production, shipments, and market share throughout the period of investigation. Therefore, we do not find the volume significant relative to U.S. consumption. Furthermore, as described below, we do not find that the subject imports caused significant adverse effects on the prices for the domestic product, or adversely affected the domestic industry.

C. Price Effects of Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.²⁰⁷

As discussed above, series 6000 plate is largely produced in standard sizes and is generally produced to industry alloy and temper specifications,²⁰⁸ and there is a high degree of fungibility between domestic product and subject imports.²⁰⁹ Quality was most frequently cited as the primary factor in purchasing decisions in responses to purchasers' questionnaires, but price and delivery reliability/lead times were also ranked as very important factors.²¹⁰ Approximately *** percent of domestic production is sold on the spot market, and the remainder by short-term contracts.²¹¹ In contrast, spot sales account for

²⁰² Petitioner's Prehearing Brief at 13-14.

²⁰³ See 19 U.S.C. § 1677(7)(I).

²⁰⁴ Respondents' Posthearing Brief at 4 and at Exh. 4.

²⁰⁵ As noted above, from 2002 to 2003, the volume of U.S. shipments of subject imports declined in an absolute sense from *** short tons to *** short tons, in market share from *** percent to *** percent, and relative to production from *** percent to *** percent. CR/PR at Tables IV-3, IV-5, and IV-6.

²⁰⁶ Respondents' Posthearing Brief at Exh. 3.

²⁰⁷ 19 U.S.C. § 1677(7)(C)(ii).

²⁰⁸ CR at I-4 n.9, I-6 to I-7 (text and notes), D-3 to D-7, D-11; PR at I-4 n.9, I-5 to I-6 (text and notes), D-3 to D-7, D-11; Petitioner's Prehearing Brief at 4-5; Respondents' Prehearing Brief at 21 and Exh. 14.

²⁰⁹ CR at II-12 to II-16, PR at II-7 to II-11.

²¹⁰ CR/PR at Tables II-1 and II-2.

²¹¹ CR/PR at V-3.

only about *** percent of subject import sales, with short-term contracts accounting for most of the remaining subject import sales.²¹²

The Commission collected quarterly weighted-average price information from U.S. producers and importers from January 2001 through June 2004 on four series 6000 plate products.²¹³ Pricing data reported by U.S. producers accounted for approximately *** percent of U.S. producers' commercial shipments and *** percent of U.S. shipments of subject imports during 2003.²¹⁴ Subject imports undersold the domestic product in all quarterly price comparisons with U.S.-produced series 6000 plate, by margins ranging from 4.9 percent to 24.2 percent.²¹⁵ According to both Respondents and ***, underselling by subject imports was explained at least in part by longer lead times for the subject imports compared to the domestic product.²¹⁶ Lead times were cited by all purchasers as a very important factor in purchasing decisions.²¹⁷ The South African producer reportedly offered 3 to 5 percent discounts because of its longer lead times.²¹⁸ Nevertheless, this discount does not account for all of the price difference and, based on the record evidence, we find underselling by the subject imports to be significant.²¹⁹

Despite the existence of such underselling, and a decline in prices for the domestic product over most of the period of investigation, the record does not indicate that subject imports had a significant adverse impact on domestic prices. Rather, the evidence indicates that the price depression was due in large measure to factors other than the subject imports, most notably declining demand, coupled with increases in U.S. producers' production and shipments of series 6000 plate despite weak demand.²²⁰ Prices for the domestic product fell from January 2001 to December 2003, and then increased during the first and second quarters of 2004.²²¹ These price declines are attributable to widely reported weak and declining demand for series 6000 plate, as well as to sharply increased supply, as U.S. producers

²¹² Final phase importer questionnaire response of *** at question III-B-4. See also preliminary phase importer questionnaire response of *** at question III-B-4 and final and preliminary phase questionnaire responses of Samuel at question III-B-4.

²¹³ CR/PR at Tables V-1 to V-4.

²¹⁴ CR at V-6, PR at V-4.

²¹⁵ CR at V-6, PR at V-5.

²¹⁶ CR at II-11 to II-12, PR at II-7.

²¹⁷ CR/PR at Tables II-1 and II-2.

²¹⁸ CR at II-11 to II-12, PR at II-7.

²¹⁹ CR/PR at Tables V-1 to V-4. Respondents urged the Commission, in comparing prices, to segregate sales on the spot market from those made under contract. We are not persuaded that the comparisons urged by Respondents are a better measure of underselling and its effects than those reported in Tables V-1 to V-4 because the record does not establish that prices are different for sales on the spot market than for sales by short term contract, or that prices offered in the one setting do not influence prices in the other. In any regard, when prices are compared according to Respondents' suggestion, underselling still predominates. CR/PR at Tables E-1 to E-8. In the sole notable departure from the data reported in Tables V-1 to V-4, most comparisons on the spot market show overselling in 2004, but these comparisons involve a much smaller volume of subject imports than do the comparisons based on contract sales. CR/PR, compare Tables E-1 to E-4 with Tables E-5 to E-8.

²²⁰ Production by U.S. producers increased from 26,371 short tons in 2001, to 30,242 short tons in 2002, and to 41,177 short tons in 2003. CR/PR at Table III-2. U.S. commercial shipments by U.S. producers increased from *** short tons in 2001, to *** short tons in 2002, and to *** short tons in 2003. CR/PR at Table III-3.

²²¹ CR at V-6, Tables V-1 to V-4, Figure V-3; PR at V-5, Tables V-1 to V-4, Figure V-3. Despite the price increases late in the period of investigation, prices were lower in the second quarter of 2004 than during the first quarter of 2001. CR at V-6, PR at V-5.

increased shipments (both from production and inventories) to this declining market.²²² Domestic producers and most importers agreed that demand decreased after 2001, as a result of economic conditions, until 2004.²²³ As demand recovered at the end of 2003 and continued to strengthen in the first half of 2004, prices recovered. As noted, an estimate of changes in demand for series 6000 plate was prepared based on indices for orders published by the National Tooling Machining Association and estimates of demand for series 6000 plate by end-use sector.²²⁴ Based on those data, demand is estimated to have fallen by *** percent between 2001 and 2003, and is projected to increase by *** percent in 2004 over 2003.²²⁵ Industry reports similarly indicated that the major reason for the falling prices from 2001 through 2003 was the downturn in the economy and the declining demand for series 6000 plate.²²⁶ Indeed, evidence on the record confirms, for example, that declines in series 6000 plate prices from 2001 through the latter part of 2003 tracked lower demand in the semiconductor manufacturing market segment.²²⁷ Declining demand in the major end use segments explains observed price declines in significant part.²²⁸

The record also indicates that U.S. producers' increases in production, shipments, and sales of series 6000 plate, even as demand was declining, contributed in large measure to the falling prices. As noted above, the same manufacturing facilities used to produce series 6000 plate can be used to produce series 2000 and 7000 plate. After September 11, 2001, U.S. producers were faced with a drastic reduction in demand in the aerospace sector, the primary end-use sector for series 2000 and 7000 plate, and shifted some production formerly used for these two series to series 6000 plate in order to contain their high fixed costs, which are characteristic of this industry.²²⁹ Indeed, the record indicates that production of series 2000 and 7000 plate dropped by *** percent from 2001 to 2003, while production of series 6000 plate grew by *** percent from 2001 to 2003 and by *** percent from 2002 to 2003.²³⁰ Thus, increased U.S. supply in the market, despite clear record evidence that demand was declining, also contributed to the drop in U.S. prices.

Moreover, various trends in the data run counter to what would be expected if subject imports were contributing significantly to observed price declines. The domestic industry increased market share throughout the period of investigation, even though subject imports undersold the domestic product at absolute volume levels that can be described as significant when viewed in isolation.²³¹ Prices for

²²² CR/PR at Tables III-2, III-3, III-5, VI-2.

²²³ CR at II-5 to II-6, PR at II-3 to II-4.

²²⁴ CR at II-7, PR at II-4.

²²⁵ CR at II-7, PR at II-4, Petitioner's Posthearing Brief at Exh. B-3 (electronic file supporting Exh. B-3 provided in October 19, 2004 e-mails from ***).

²²⁶ Respondents' Posthearing Brief at Exh. 2.

²²⁷ CR/PR at Figure V-4.

²²⁸ The volume of subject imports fell from 2002 to 2003, and the volume of nonsubject imports fell during each successive year of the period of investigation. CR/PR at Table IV-3.

²²⁹ Hearing Tr. at 16, 124-25 (Wetherbee); CR at II-2, III-4 n.5, III-5 & n.6, and Table III-2 nn.2-3; PR at II-2, III-4 & nn.5-6, and Table III-2 nn.2-3.

²³⁰ CR/PR at Tables C-1 and C-6.

²³¹ Although market participants confirmed various allegations that the domestic industry lost sales due to competition with subject imports (CR at V-17 to V-23, PR at V-7 to V-11), the aggregate volume of those lost sales was relatively small in relation to the size of the domestic industry's U.S. shipments. Compare CR/PR Table V-5 (***) with CR/PR Table III-3 (domestic industry's U.S. shipments totaled 93,685 short tons during 2001 through 2003). The value of the confirmed lost sales was only about *** percent of the value of U.S. producer's domestic shipments from 2001 to 2003. Compare CR/PR at Tables III-3 and V-5 (the figure is an estimate because some purchasers adjusted the value of the alleged lost sale). Moreover, the domestic industry increased U.S. shipments (continued...)

domestically produced products examined in our price comparisons increased substantially in 2004, despite the fact that subject imports undersold those products by margins that generally were higher than in 2003, and in volumes that were generally higher or comparable to volumes in 2003.²³²

In addition, market participants identified domestic producers as price leaders much more frequently than they identified subject imports, even though subject imports were, based on our data, generally lower in price.^{233 234} Seven out of ten purchasers named Alcoa as the price leader.²³⁵ U.S. producers also described price competition among themselves. *******, in explaining why it lowered its prices to certain customers to remain competitive, only mentioned imports from South Africa in ******* out of ******* instances, and competitive conditions in the market generally in ******* out of ******* instances, but named competition with ******* U.S. producers (*******) as the reason in ******* of instances.²³⁶

We conclude that lower demand, coupled with increasing domestic supply from U.S. producers, drove prices for the domestic like product lower from 2001 to 2003, and trends in the data contradict the suggestion that subject imports contributed to price declines in significant part. Although domestic prices fell and underselling by subject imports occurred at the same time, we find that subject imports did not adversely affect prices for the domestic product to a significant degree.

Nor do we find that subject imports prevented price increases that otherwise would have occurred. U.S. producers implemented multiple price increases in interim 2004, even though the subject imports continued to undersell the domestic product (for pricing products 1 through 4, underselling was often by higher margins and in greater or comparable volumes in 2004 than in 2003).²³⁷ These price increases contributed importantly to a positive operating income for U.S. producers in interim 2004, compared to operating losses experienced in interim 2003. The domestic industry's ability to realize such price increases in the face of a significant volume of lower-priced subject imports is not consistent with a finding that subject imports were restricting the U.S. producers' ability to raise prices. The record indicates that as demand rose and supply shortages began to occur, domestic producers announced numerous price increases during interim 2004, and there is no evidence that they were forced to roll back any of those announcements.²³⁸ Unit costs of goods sold (COGS) fell during each successive year of the period of investigation, and were lower in interim 2004 than interim 2003.²³⁹ From 2001 to 2003, COGS increased as a percentage of total net sales as a result of lower prices, which, however, we do not attribute to subject imports in significant part.

Petitioners argue that the pendency of the investigation accounts for the domestic industry's ability to realize price increases, and that we should therefore discount the 2004 data in our analysis.²⁴⁰ We decline to do so as we do not find that the domestic industry's price increases are attributable to any

²³¹ (...continued)

and gained market share during each successive calendar year of the period of investigation, indicating that anecdotal evidence of lost sales was not representative of the overall experience in the market.

²³² Consistent with our other observations, subject imports' volume and market share fell in 2003 compared to 2002, and such imports generally undersold the domestic product by smaller margins in 2003 than in 2002, yet prices for the domestic like product continued to fall. CR/PR at Tables IV-3, IV-5, V-1 to V-4, Figure V-3.

²³³ ******* questionnaire response; CR at V-4, VI-9; PR at V-3 to V-4, VI-4.

²³⁴ We do not view reports of price leadership, however, to be themselves decisive or determinative (compare Nucor Corp. v. United States, 318 F.Supp.2d 1207, 1257 (CIT 2004) (Commission "not required to evaluate if price leadership was the reason why underselling may have decreased or increased in its consideration of underselling?")).

²³⁵ CR at V-4, PR at V-3.

²³⁶ CR at VI-9, PR at VI-4, ******* questionnaire response.

²³⁷ CR/PR at Tables V-1 to V-4, Figure V-3; Respondents' Posthearing Brief at Exh. 2.

²³⁸ CR/PR at Tables V-1 to V-4, Figure V-3; Respondents' Posthearing Brief at Exh. 2.

²³⁹ CR/PR at Table C-1.

²⁴⁰ E.g., Posthearing Brief of Petitioners at 4-6, citing SAA comments on 19 U.S.C. § 1677(7)(I).

significant degree to the filing of the petition or the pendency of the investigation. The domestic industry's series 6000 plate price increases in interim 2004 were part of a general increase in prices for flat-rolled aluminum products as demand rose sharply.²⁴¹ As noted above, we find no evidence that exporters were reducing shipments in response to the petition.

In sum, although the record indicates significant underselling by subject imports during the period of investigation, subject imports have not depressed or suppressed domestic prices to a significant degree. Accordingly, we find that subject imports have not had significant adverse effects on domestic prices during the period of investigation.

D. Impact

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.²⁴² These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."^{243 244}

By most measures the domestic industry's performance was strong and improving during the period of investigation, including output, sales, capacity utilization, market share, productivity, and various employment indicators despite falling demand during most of the period of investigation. Unit sales values and profits posed important exceptions to these trends through 2003, but these measures improved substantially during interim 2004 compared to interim 2003.²⁴⁵ We attribute the industry's performance on these two measures to falling prices for the domestic like product, a circumstance we do not attribute in significant part to subject imports.

Domestic production increased 56.1 percent between 2001 and 2003 (from 26,372 short tons to 41,177 short tons), and was 108.2 percent higher during interim 2004 than during interim 2003 (39,629 short tons as compared to 19,038 short tons).²⁴⁶ Despite increases in production capacity between 2001 and 2003, and higher production capacity in interim 2004 compared to interim 2003, capacity utilization rates increased from 50.6 percent in 2001 to 72.8 percent in 2003, and were 105.6 percent in interim 2004 compared to 62.3 percent in interim 2003.²⁴⁷

The domestic industry's U.S. shipment volumes increased 67.4 percent between 2001 and 2003 (from 23,356 short tons to 39,092 short tons) and the domestic industry shipped 32,567 short tons in the first half of 2004 as compared to 18,011 short tons in the same period in 2003, an increase of 80.8

²⁴¹ Respondents' Posthearing Brief at Exhibit 2 (CRU excerpts).

²⁴² 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885.).

²⁴³ 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885; Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

²⁴⁴ The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its final affirmative determination, Commerce determined dumping margins as 3.51 percent for Hulett and 3.51 percent for "All Others." 69 Fed. Reg. at 60611.

²⁴⁵ CR/PR at Table C-1. For the reasons explained above, we do not place less weight on post-petition data.

²⁴⁶ CR/PR at Table C-1.

²⁴⁷ CR/PR at Table C-1.

percent.²⁴⁸ The value of the domestic industry's net U.S. shipments increased 35.1 percent from 2001 to 2003, and was 96.8 percent higher in interim 2004 than in interim 2003.²⁴⁹ On a unit-value basis, however, values decreased 19.3 percent between 2001 and 2003, but increased 8.8 percent in interim 2004 as compared to interim 2003.²⁵⁰ Domestic inventories as a share of total sales fell from 29.9 percent in 2001 to 4.7 percent in 2003, but were 10.0 percent in interim 2004 as compared to 6.1 percent in interim 2003.²⁵¹

Employment indicators showed gains throughout the period of investigation, with the number of production workers, hours, hourly wages, and wages paid all increasing. The number of production workers increased from 148 in 2001 to 212 in 2003, and was 163 in interim 2003 as compared to 242 in interim 2004. Hours worked, hourly wages, and wages paid were each higher in 2003 than in 2001, and higher in interim 2004 than in interim 2003.²⁵² Productivity increased by 24.8 percent from 2001 to 2003, and was 39.2 percent higher in interim 2004 than in interim 2003.²⁵³

The industry's financial performance generally fell from a positive position in 2001 to a negative posture in 2002 and 2003. During interim 2004, however, the domestic industry's financial performance returned to positive results. Operating income was \$7.5 million in 2001 but turned to operating losses of \$3.5 million in 2002 and \$8.3 million in 2003. In interim 2004, however, the domestic industry generated operating income of \$4.4 million compared to operating losses of \$3.8 million in interim 2003.²⁵⁴ Operating income on a per-unit basis followed the same trend, falling from a positive \$302 per short ton in 2001 to operating losses of \$102 per short ton in 2002 and losses of \$194 per short ton in 2003.²⁵⁵ In interim 2004, operating income was \$126 per short ton compared to operating losses of \$192 per short ton in interim 2003.²⁵⁶ Similarly, operating margins decreased from positive 7.9 percent in 2001 to negative 3.1 percent in 2002, and negative 6.3 percent in 2003.²⁵⁷ The domestic industry's operating income in interim 2004 was a positive 3.7 percent of net sales compared to negative 6.2 percent in interim 2003.²⁵⁸ The domestic industry's return on investment followed a similar pattern.²⁵⁹

Of three domestic producers of series 6000 plate, operating losses during the period of investigation were reported by *** companies in 2001, *** in 2002, *** in 2003, and *** in interim 2004.²⁶⁰ Both capital expenditures and research and development expenses increased between 2001 and

²⁴⁸ CR/PR at Table C-1.

²⁴⁹ CR/PR at Table C-1.

²⁵⁰ CR/PR at Table C-1.

²⁵¹ CR/PR at Table C-1.

²⁵² From 2001 to 2003, hours worked, hourly wages, and wages paid increased by 25.2 percent, 29.2 percent, and 61.7 percent, respectively. Similarly, comparing interim 2004 to interim 2003, hours worked, hourly wages, and wages paid increased by 49.5 percent, 15.6 percent, and 72.8 percent, respectively. CR/PR at Table C-1.

²⁵³ CR/PR at Table C-1.

²⁵⁴ CR/PR at Table C-1.

²⁵⁵ CR/PR at Table C-1.

²⁵⁶ CR/PR at Table C-1.

²⁵⁷ CR/PR at Table VI-1.

²⁵⁸ CR/PR at Table C-1.

²⁵⁹ The domestic industry's return on investment was 6.0 percent in 2001, negative 2.0 percent in 2002, negative 4.3 percent in 2003, negative 2.1 percent in interim 2003, and positive 3.4 percent in interim 2004. CR/PR at Table VI-5.

²⁶⁰ CR/PR at Table VI-1.

2003, but were highest in 2002.²⁶¹ Capital expenditures were lower in interim 2004 than in interim 2003, but the reverse was true of research and development expenditures.²⁶²

Taken as a whole,²⁶³ the domestic industry performed well by measures of output, net sales, capacity, capacity utilization, market share, productivity, and employment indicators throughout the period of investigation. The domestic industry's unit sales values and profits declined from a positive performance in 2001 to lower values and losses in 2002 and 2003, before experiencing higher values and positive operating income in interim 2004 compared to interim 2003. The domestic industry's profitability trend line generally followed that of prices, which declined over the period of investigation until recovering sharply in 2004. Lower demand and increasing domestic supply drove prices down from 2001 through 2003, as described above. As demand strengthened at the end of 2003 and into 2004,²⁶⁴ prices and profits rose markedly.

Subject imports have not had a demonstrable adverse impact on the domestic industry. As we noted earlier, the one-year (2001 to 2002) increase in subject imports was at the expense of nonsubject imports, not the domestic industry, and it did not contribute in a significant manner to the domestic industry's sharply poorer financial performance over the same years (falling from a positive operating margin of 7.9 percent to an operating loss of 3.1 percent from 2001 to 2002).²⁶⁵ Similarly, in 2003, the subject imports decreased both in absolute volume and market share, and generally undersold the domestic like product by smaller margins than during the previous years, yet the domestic industry's financial performance only worsened (to an operating loss of 6.3 percent).^{266 267} Subject imports continued to undersell the domestic product in interim 2004, yet the domestic industry increased prices and recovered to a substantial degree.^{268 269}

²⁶¹ CR/PR at Table VI-4.

²⁶² CR/PR at Table VI-4.

²⁶³ The Act directs the Commission to focus on the domestic industry "as a whole," not on individual firms in the industry. See, e.g., Timken Co. v. United States, — F. Supp. 2d—, Slip Op. 04-17 (February 25, 2004) at 13 n. 2 ("The purpose of the antidumping statute . . . is to protect United States industries not specific corporations from unfair behavior by foreign competitors."); Calabrian Corp. v. United States, 794 F. Supp. 377, 385-86 (Ct. Int'l Trade 1992) ("This Court has repeatedly affirmed . . . that 'Congress intended the ITC determine whether or not the domestic industry (as a whole) has experienced material injury due to the imports. This language defies the suggestion that the ITC must make a disaggregated analysis of material injury.'" quoting Copperweld Corp. v. United States, 682 F. Supp. 552, 569 (Ct. Int'l Trade 1988) (other citations omitted)). Cf. Altix Inc. v. United States, Slip Op. 02-65 at 17 (Ct. Int'l Trade July 12, 2002) ("[T]he statutory directive to analyze the industry 'as a whole' compels an evaluation of all material factors raised by the parties that would render a more accurate reading of the health of the industry.").

²⁶⁴ As noted earlier, we do not find persuasive Alcoa's argument that the increase in demand toward the end of the period was transitory and due to certain one-time events.

²⁶⁵ CR/PR at Tables IV-5 and VI-2.

²⁶⁶ CR/PR at Tables IV-5, V-1 to V-4, and VI-2.

²⁶⁷ While we consider the industry as a whole, we note that the industry's losses are due primarily to ***, which had sharply higher "Other factory costs," attributable to accrued pension and other post-employment benefit costs, than did the other producers. CR at Table VI-2, VI-5 n.10; PR at Table VI-2, VI-2 n.10.

²⁶⁸ We reject the domestic industry's request to place less weight on post-petition data. We do not find that the pendency of the investigation has affected the domestic industry's performance given our other findings that the filing of the petition did not have significant effects on the volume of subject imports or prices for the domestic product.

²⁶⁹ We do not attribute Kaiser's entry into bankruptcy to subject imports in significant part. As noted, we do not find that subject imports depressed prices for series 6000 plate to a significant degree, and any lost sales volumes experienced by Kaiser as a result of competition with subject imports appear minimal at most. Public statements by (continued...)

In light of our finding that subject imports have not suppressed or depressed prices to a significant degree, the lack of correlation between subject imports and any financial performance declines experienced by the domestic industry, and the overall positive condition of the domestic industry at the end of the period of investigation, we do not find that subject imports have had a significant adverse impact on the domestic industry.

V. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

Section 771(7)(F) of the Act directs the Commission to determine whether an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”²⁷⁰ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole.”²⁷¹ In making our threat determination, we have considered all factors that are relevant to this investigation.

We find that the increase in volume and market share of subject imports does not indicate a likelihood of substantially increased subject imports. Subject import volume increased in absolute terms and in market share from 2001 to 2002, but fell from 2002 to 2003, and were lower still in interim 2004 compared to interim 2003. Importers’ order-book sales declined slightly from the end of the last quarter of 2003 to the end of the second quarter of 2004, whereas order-book sales for the domestic industry increased by a factor of 3 or more over the same period.²⁷² Hulett’s business plan, prepared and adopted prior to the filing of the petition, called for reduced reliance on the North American market and increased shipments to third-country markets.²⁷³ The share of Hulett’s total shipments directed to the U.S. market fell slightly from 2002 to 2003, and was lower in interim 2004 than in interim 2003.²⁷⁴

Nor does the record support a conclusion that unused production capacity or any imminent increases in production capacity in South Africa will lead to substantially increased imports in the imminent future. Hulett operated at a high capacity utilization rate in 2003 (**% percent) and in interim 2004 (**% percent), and thus lacks significant unused capacity.²⁷⁵ Hulett’s ability to increase capacity is constrained by its heat-solution furnace capacity, which it has no plans to increase, and which would require 30 months or longer to implement.²⁷⁶ Nothing in the record indicates the potential for product shifting, given that Hulett’s capacity to produce series 6000 plate is limited by its heat treatment solution

²⁶⁹ (...continued)

Kaiser attribute its entry into bankruptcy to causes other than subject imports. CR/PR at Table III-1 n.2. Products other than series 6000 plate made up the majority of Kaiser’s sales. CR/PR at VI-1 n.6, Kaiser Form 10-K for 2003 at 7-12 (Trentwood facility one of various operated by Kaiser)).

²⁷⁰ 19 U.S.C. § 1677d(b) and 1677(7)(F)(ii).

²⁷¹ 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon “positive evidence tending to show an intention to increase the levels of importation.” Metallwerken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int’l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int’l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int’l Trade 1992), citing H.R. Rep. No. 98-1156 at 174 (1984).

²⁷² CR/PR at Figure IV-1.

²⁷³ Respondents’ Posthearing Brief at 4 and at Exh. 4.

²⁷⁴ CR/PR at Table VII-1.

²⁷⁵ CR/PR at Table VII-1. Hulett projects capacity utilization rates of **% percent and **% percent in 2004 and 2005, respectively. Id.

²⁷⁶ CR at II-4, VII-4 to VII-5; PR at II-3, VII-3.

furnace. We are not aware of any antidumping duty findings or remedies against the subject South African plate in other markets.

Nor do we find that inventory levels indicate a likelihood of substantially increased imports in the imminent future. Hulett's ratios of inventories to production and to total shipments declined by more than *** between 2001 and 2003, and remained very low in the interim periods.²⁷⁷ The ratios of U.S. importers' inventories to imports and to U.S. shipments declined sharply between 2001 and 2003, and were lower still in interim 2004 compared to interim 2003.²⁷⁸ The total inventory of subject merchandise held by U.S. importers at the end of the second quarter of 2004 amounted to less than *** percent of apparent U.S. consumption during interim 2004.²⁷⁹

Given that subject imports did not cause significant negative price effects during the period of investigation, we do not find it likely that subject imports will have significant adverse price effects in the imminent future. As discussed above, although subject imports were consistently lower priced than the domestic like product, there was no evidence that subject imports were depressing or suppressing U.S. prices to any significant degree. Price declines from 2001 through 2003 are attributable to other causes, and sharp price increases in 2004 were not suppressed by subject imports. While it was not practicable to obtain questionnaire data for the third quarter of 2004, industry publications project strong prices for the imminent future and U.S. producers have implemented price increases in third-quarter 2004.²⁸⁰ In short, there is nothing in the record to indicate that price declines are imminent, or that the lack of a correlation between the price of subject imports and domestic prices will change. Our finding that there is no likelihood of substantially increased subject import volumes further supports our conclusion that subject imports will continue not to have significant price effects in the imminent future.

In addition, the domestic industry is not vulnerable to material injury by reason of subject imports from South Africa. As discussed above, the domestic industry performed well by most measures, increasing capacity and production despite falling demand and prices from 2001 to 2003. The domestic industry's investment in additional capacity and its increased market share place it in a favorable position to benefit from higher demand and prices which materialized late in the period of investigation and appear likely to continue for the imminent future. In 2004, as demand rose sharply, prices increased dramatically, supply shortages were reported, and the tight market conditions were forecast to continue into 2005.²⁸¹ Although the domestic industry experienced negative financial returns through 2003, it has returned to profitability in interim 2004 based on conditions that appear likely to continue in the imminent future.

We do not find that subject imports are likely to have an actual or potential negative effect on the domestic industry's existing development and production efforts. Finally, we find no evidence of any other demonstrable adverse trends that indicate a probability that the subject imports will materially injure the domestic industry.²⁸² On the contrary, the health of the industry before us supports our finding that it is not threatened with material injury by reason of the subject imports.

Given the lack of likely volume or price effects and the domestic industry's generally positive condition, and based upon our consideration of all of the relevant statutory factors, we do not find that material injury by reason of subject imports from South Africa is imminent in the absence of an

²⁷⁷ CR/PR at Table VII-1.

²⁷⁸ CR/PR at Table VII-2.

²⁷⁹ Figure derived from CR/PR at Tables VII-2, C-1.

²⁸⁰ Respondents' Posthearing Brief at Exh. 2 (e.g., Oct. 2004 issue at 4).

²⁸¹ Industry publications report higher orders, higher prices, tightening supplies, and longer lead times beginning in 2004. Respondents' Posthearing Brief at Exh. 2. Purchasers reported being placed on allocation, receiving smaller quantities than requested, or having orders decline in 2004. Purchaser questionnaire responses at question III-23. Prices rose in 2004. CR/PR at Tables V-1 to V-4, Figure V-3.

²⁸² 19 U.S.C. § 1677(7)(F)(i)(IX).

antidumping duty order. Accordingly, we find that the domestic industry producing series 6000 plate is not threatened with material injury by reason of subject imports from South Africa.

CONCLUSION

For the above-stated reasons, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of series 6000 plate from South Africa that are sold in the United States at less than fair value.

DISSENTING VIEWS OF CHAIRMAN STEPHEN KOPLAN AND COMMISSIONER CHARLOTTE R. LANE

Based on the record developed in this investigation, Chairman Koplan and Commissioner Lane determine, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b))(the Act), that an industry in the United States is materially injured by reason of imports of certain aluminum plate from South Africa that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV). We concur with the majority's findings with respect to domestic like product, domestic industry and conditions of competition, except as noted herein; however, we write separately to provide our analysis of the statutory factors regarding material injury.

I. MATERIAL INJURY ANALYSIS

A. General Legal Standards

In the final phase of antidumping investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.²⁸³ In making its determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.²⁸⁴ The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."²⁸⁵ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.²⁸⁶ No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."²⁸⁷

For the reasons discussed below, we determine that the domestic certain aluminum plate industry is materially injured by reason of less than fair value imports from South Africa.

B. Conditions of Competition

One significant condition of competition over the period of review is that a domestic producer, McCook Metals, ceased production of the subject product during the period of investigation. The Commission was unable to obtain data directly from McCook. The Petitioner, Alcoa, has provided data concerning sales of the subject product by McCook over the period of investigation. While these data are not directly comparable to questionnaire data provided to the Commission by importers and surviving domestic producers, the impact of McCook's exit from the industry should not be overlooked. To some extent, particularly with regard to apparent domestic consumption, employment, domestic industry market share and subject import market share, the survivor bias attributable to McCook's departure from this industry has distorted the observed trends in the industry.

Domestic producers and importers generally reported that demand for the subject product had declined since 2001, although two importers and two domestic producers reported that demand has

²⁸³ 19 U.S.C. § 1673d(b).

²⁸⁴ 19 U.S.C. § 1677(7)(B)(i). The Commission may also "consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B)(ii); see also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

²⁸⁵ 19 U.S.C. § 1677(7)(A).

²⁸⁶ 19 U.S.C. § 1677(7)(C)(iii).

²⁸⁷ 19 U.S.C. § 1677(7)(C)(iii).

increased during 2004.^{288 289} Data presented by Petitioners indicate that orders (in constant dollars) in a majority of end use industries declined from 2001 to 2003.²⁹⁰ Yet reported U.S. shipments by responding importers and surviving domestic producers increased dramatically over the same period. Some of the increased shipments may be due to declining prices for 6000 series aluminum plate. However, demand for the subject aluminum plate is likely relatively unresponsive to changes in price.²⁹¹ It would be unreasonable to conclude that U.S. consumption of certain aluminum plate increased by 39.7 percent from 2001 to 2003, in response to a decline in average unit value of 14.7 percent, over a period in which domestic producers and importers reported declining demand.²⁹² Rather, apparent U.S. consumption presented in the Staff Report Table C-1 (calculated by summing up U.S. shipments reported by responding importers and surviving domestic producers) is understated in 2001 because of the closure of McCook Metals. Furthermore, the observed increases in shipment volume and market share reported by the surviving domestic producers, and presented in Staff Report Table C-1, are overstated due to the omission of McCook's data from Table C-1.

Subject imports are highly substitutable for the domestic product. As discussed in the majority opinion, almost all 6000 series aluminum plate is of a single alloy, 6061. Sales of subject product from South Africa, like sales of the domestic product, are predominately to distributors rather than to end users. There is no indication in the record that sales of subject product from South Africa are to different types of end use customers than product from domestic producers. Subject imports from South Africa are predominantly available only up to two inches in thickness. This size range accounts for approximately *** of sales by domestic producers.²⁹³

Petitioner alleged that certain aluminum plate from Russia, the major nonsubject source, is not comparable to the domestic product in quality. Respondents asserted that nonsubject imports from Russia are of adequate quality, but are inferior in reliability of delivery.²⁹⁴ The fact that subject product from South Africa is more substitutable for the domestic like product than are nonsubject imports is supported by the observed correlations between the prices for subject imports and domestic products (0.91 to 0.95 for the four pricing products for which data were collected),²⁹⁵ and between prices for domestic products and the average unit value of certain aluminum plate imported from Russia (0.66 to 0.79).²⁹⁶

Four factors were reported by all responding purchasers to be very important in making purchasing decisions. These are delivery time, product consistency, quality meeting industry standards, and reliability of supply. A majority of responding purchasers ranked subject product from South Africa comparable to the domestic product in product consistency and quality meeting industry standards. While a majority rated domestic product superior in delivery time and reliability of supply, some purchasers ranked the subject product from South Africa as comparable (in one case superior) to domestic product. In contrast, all responding purchasers ranked nonsubject product inferior in all four of these factors.

²⁸⁸ Confidential Staff Report ("CR") at II-5, Public Staff Report ("PR") at II-3.

²⁸⁹ Even if the *demand* at a given price for certain aluminum plate in the U.S. market remains the same or decreases, the apparent consumption (*quantity demanded*) of certain aluminum plate may increase due to an increase in the supply of certain aluminum plate from domestic or foreign sources to the U.S. market. CR at II-5, n. 11, PR at II-3, n. 11.

²⁹⁰ Staff calculation from ***, CR at II-7, PR at II-4.

²⁹¹ CR at II-4, PR at II-3.

²⁹² Calculated from data in CR/PR at Table IV-5.

²⁹³ In 2003, plate up to 2 inches in thickness accounted for approximately *** percent of U.S. shipments of subject imports from South Africa and *** percent of U.S. shipments by domestic producers. CR/PR at Table I-3.

²⁹⁴ CR at II-17, PR at II-13.

²⁹⁵ CR at V-6, n. 17, PR at V-5, n. 17.

²⁹⁶ CR at V-15, PR at V-7.

We therefore conclude that subject imports from South Africa are more highly substitutable for the domestic like product than are imports from nonsubject sources. One additional indication that subject imports from South Africa are more substitutable for the domestic product than nonsubject imports is the fact that from 2001 to 2003, subject imports successfully displaced nonsubject imports in the U.S. market.

C. Volume of Subject Imports

With respect to the volume of the subject imports, section 771(7)(C)(I) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”²⁹⁷

Subject imports from South Africa increased *** percent by quantity from 2001 to 2003, during a period in which a majority of responding producers and importers reported declining demand.²⁹⁸ Over the same period of time, nonsubject imports declined *** percent by quantity.²⁹⁹ As domestic producer McCook ceased production and nonsubject imports declined, subject imports from South Africa captured an increasing share of the U.S. market.³⁰⁰ The surviving domestic producers reported increases in U.S. shipments from 2001 to 2003 of 67.4 percent, but as previously discussed, much of this increase replaced idled domestic production at McCook Metals.³⁰¹ If shipments by McCook are taken into account, increases in the volume of shipments and market share held by domestic producers is much smaller and the rate of increase of subject import market share is much larger.³⁰² In contrast, over a period in which overall demand was generally perceived to be declining, subject imports increased shipment quantity and market share.

The above data are evidence that the volume of subject imports, both in absolute and relative terms, was significant over the period of review.

D. Price Effects of Subject Imports

With respect to the price effects of the subject imports, section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether -

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.³⁰³

²⁹⁷ 19 U.S.C. § 1677(7)(C)(i).

²⁹⁸ CR/PR at Table IV-3.

²⁹⁹ Id.

³⁰⁰ CR/PR at Table IV-5.

³⁰¹ CR/PR at Table III-3.

³⁰² Petitioner supplied data on sales of certain aluminum plate by McCook Metals. As McCook’s sales data were not separated into domestic and export sales, U.S. shipments may be overstated. However, export shipments accounted for a small share of sales by other responding domestic producers. If these sales data are used as a proxy for U.S. sales in the same year, then calculated shipments by domestic producers increased *** percent between 2001 and 2003, and market share held by domestic producers increased from *** percent to *** percent. Over the same period of time, market share held by subject imports from South Africa increased from *** percent to *** percent. See CR/PR at Table C-9.

³⁰³ 19 U.S.C. § 1677(7)(C)(ii).

Shipments of subject imports and market share increased because of their lower price for a competitive product. Aggregated sales (sales under contract plus spot sales) of the subject product from South Africa undersold the comparable domestic product in every period for which comparisons were possible.³⁰⁴ Respondents asserted that subject product from South Africa was priced 3 percent to 5 percent below the price of a comparable domestic product, because of the longer lead time from South Africa. However, all but two of the observed margins were greater than 5 percent, and most were more than 10 percent.³⁰⁵

Respondents urged the Commission not to compare sales under contract to sales in the spot market. However, the overwhelming majority of sales by both domestic producers and importers of the subject product from South Africa are sold to distributors. Most sales by domestic producers are sales in the spot market, and most sales by importers of the subject product from South Africa are under short-term contract. Further, *** unable to separate sales under contract from sales in the spot market. Therefore, for this comparison, sales by *** in each quarter were allocated between spot sales and contract sales according to the overall annual sales volume in each type of transaction. The result in many cases is that price comparisons are calculated on a relatively small volume of sales. Domestic sales quantity under contract is estimated to be as low as *** tons in one comparison, and the quantity of subject imports from South Africa under spot sales is as low as *** tons in another comparison. Volumes this low may not be representative of the overall market for a product.³⁰⁶ Even if the analysis is performed separately for sales under contract and sales in the spot market, subject imports from South Africa undersold the comparable domestic product in the vast majority of comparisons, and the instances in which subject imports were priced higher than domestic products in one channel of distribution are predominantly after the filing of this case.³⁰⁷

Certain aluminum plate is largely a standardized product. The vast majority is of a single alloy, 6061. For this reason the subject product is predominantly sold to distributors rather than to end users, unlike other heat-treatable aluminum alloy plate.³⁰⁸ Because the subject product from South Africa is perceived as more substitutable for the domestic product than is nonsubject product, sales of subject product from South Africa have a larger impact on prices for the domestic product than would sales of less-substitutable nonsubject product.

Respondents have argued that the similarity between price trends for subject aluminum plate and nonsubject aluminum sheet are evidence that factors other than subject imports are responsible for changes in these prices. Respondents presented a chart depicting the average unit value of 6061 aluminum plate and 6061 aluminum coil (nonsubject sheet).³⁰⁹ Although there is some similarity in the trends, the average unit value of plate declines relative to the average unit value of sheet from the first quarter of 2001 through the third quarter of 2003, indicating that some other factor not common to the 6000 series aluminum sheet market depressed U.S. market prices for 6000 series aluminum plate over this time period. Similarly, Commission staff presented indices of weighted-average prices of domestic prices for specific subject plate products and for the average unit value of 6061 aluminum coil.³¹⁰ Relative prices for these specific products also declined relative to the average unit value for 6061 aluminum coil. Prices for these products in interim 2004 were still below the price levels observed in the first quarter of

³⁰⁴ Subject imports from South Africa undersold the comparable domestic product in 56 out of 56 periods for which comparisons were possible. CR/PR at Tables V-1-V-4.

³⁰⁵ CR/PR at Tables V-1-V-4.

³⁰⁶ CR/PR appendix E.

³⁰⁷ CR/PR at Tables E-1-E-8.

³⁰⁸ CR at II-2, n. 3, PR at II-1, n. 3.

³⁰⁹ Hulett Aluminum Ltd. Prehearing Brief, Exhibit 1, Figure 6.

³¹⁰ CR/PR at Figure V-7.

2001, even though the average unit value of 6061 aluminum coil was above the level observed in the first quarter of 2001, and plate and sheet are produced from the same raw materials.

Because of the nature of purchases in the industry, and the lack of written records, Commission staff were unable to confirm many of the lost sales and lost revenues allegations. However, a number of the allegations were confirmed, and in other instances, purchasers agreed with the general circumstances alleged, but were unable to confirm the exact price and quantity.

In sum, the record indicates that prior to the filing of this case, subject imports from South Africa undersold the comparable domestic product in every period for which comparisons could be made, at margins that cannot be explained away by longer lead time. Because the subject product is highly substitutable for the domestic product, this had the effect of depressing prices for the domestic like product. Accordingly, we find that subject imports have had significant adverse effects on domestic prices during the period of review.

E. Impact of Subject Imports on the Domestic Industry³¹¹

In examining the impact of the subject imports on the domestic industry, we considered all relevant economic factors that bore on the state of the industry in the United States.³¹² These factors included output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor was dispositive and all relevant factors were considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”³¹³

We find that subject imports have had a significant adverse impact on the domestic industry’s performance. As noted, during a period of relatively flat overall demand, subject imports depressed prices in the U.S. market. During the period of review, one of four domestic producers ceased production and another entered bankruptcy. Of the three surviving domestic producers, none reported operating losses in 2001, *** reported operating losses in 2002, and *** reported operating losses in 2003. As a whole, the three surviving domestic producers went from operating profits of 7.9 percent in 2001 to operating losses of 6.3 percent in 2003.³¹⁴

Demand for certain aluminum plate has increased in 2004. As a result of this increase in demand, as well as a decline in the volume and increase in the price of subject imports from South Africa, the financial performance of the domestic producers has improved. In interim 2004, *** domestic producer reported operating losses, and the industry as a whole earned operating income of 3.7 percent.³¹⁵ Although this is an improvement over interim 2003 as well as an improvement over operating income ratios for 2002 and 2003, it is still less than half of the 2001 level. Also, while some of this improvement can be attributed to increased demand, the improvement is at least partly due to the decline in the volume of subject imports. We attribute the decline in volume and increase in sales prices of subject imports from South Africa since the

³¹¹ The statute instructs the Commission to consider the “magnitude of the margin of dumping” in an antidumping proceeding as part of its consideration of the impact of subject imports. See 19 U.S.C. § 1677(7)(C)(iii)(V). In its final affirmative determination, Commerce determined dumping margins as 3.51 percent for Hulett and 3.51 percent for “All others.” 69 Fed. Reg. At 60611.

³¹² 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885 (“In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” Id. at 885).

³¹³ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 25 n. 148 (Feb. 1999).

³¹⁴ CR/PR at Table VI-1.

³¹⁵ Id.

fourth quarter of 2003, as being largely due to the pendency of this case.

Financial indicators of the domestic industry's performance declined over the period of review. Operating income for the domestic industry fell from \$7.5 million in 2001 to a loss of \$8.3 million in 2003.³¹⁶ Unit operating income per short ton also declined, going from \$302 in 2001 to negative \$194 in 2003.³¹⁷ Return on investment declined from 6 percent in 2001 to negative 4.3 percent in 2003.³¹⁸

Similar to the improvement in interim 2004 as measured by operating income ratio to sales, unit operating income in interim 2004 improved slightly to \$126 per short ton, representing only 42 percent of the 2001 level of \$302 per short ton.³¹⁹ Furthermore, the 2004 improvement in return on investment to 3.4 percent is far below the 2001 level of 6.0 percent.³²⁰ Average unit values per short ton of U.S. sales in interim 2004 are barely above the 2002 price levels and are still \$440 per ton below the 2001 price levels.³²¹ These 2004 improvements, which occurred in an improving economy, are still low, and are attributable to pricing pressure from subject imports. We also attribute the improvement of these financial indicators since the fourth quarter of 2003, as being at least partly due to the pendency of this case and the decrease in subject import shipments.

Prices for certain aluminum plate have been depressed by imports of the subject product from South Africa that were sold in the U.S. market at LTFV. Prices for specific plate products for which the Commission collected pricing information remain below levels observed in the beginning of the period, even though average unit values for nonsubject coil have rebounded to levels above that observed in the first quarter of 2001.

In sum, the industry's financial performance has deteriorated significantly as prices have been depressed by subject imports. Therefore, we find that the domestic industry producing certain aluminum plate is materially injured by reason of subject imports from South Africa.

³¹⁶ CR/PR at Table VI-5.

³¹⁷ CR/PR at Table VI-2.

³¹⁸ CR/PR at Table VI-5.

³¹⁹ CR/PR at Table VI-2.

³²⁰ CR/PR at Table VI-5.

³²¹ CR/PR at Table VI-1.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed on October 16, 2003, by Alcoa, Inc. (“Alcoa”), Pittsburgh, PA, alleging that an industry in the United States is materially injured and threatened with further material injury by reason of less-than-fair-value (“LTFV”) imports of certain aluminum plate¹ from South Africa. Information relating to the background of this investigation is provided below.²

Effective date	Action	Federal Register citation
October 16, 2003	Petition filed with Commerce and the Commission; Commission institutes investigation	68 FR 61012; October 24, 2003
November 12, 2003	Initiation of investigation by Commerce	68 FR 64081; November 12, 2003
December 1, 2003	Commission’s preliminary determination	69 FR 53734; September 2, 2004
May 21, 2004	Commerce’s preliminary determination	69 FR 29262; May 21, 2004
May 21, 2004	Scheduling of final phase of Commission’s investigation	69 FR 33401; June 15, 2004
October 5, 2004	Commission’s hearing ¹	NA
October 12, 2004	Commerce’s final determination	69 FR 60610
November 5, 2004	Commission’s vote	NA
November 18, 2004	Commission’s determination transmitted to Commerce	NA

¹ App. B contains a list of witnesses who appeared at the hearing.

ORGANIZATION OF REPORT

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic

¹ A complete description of the imported product subject to this investigation is presented in *The Subject Product* section located in Part I of this report.

² *Federal Register* notices cited in the tabulation since the Commission’s preliminary determination are presented in app. A.

producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to . . . (I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in [an antidumping investigation], the magnitude of the margin of dumping.

Information on the subject merchandise, alleged margins of dumping, and domestic like product is presented in *Part I*. Information on conditions of competition and other relevant economic factors is presented in *Part II*. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. The volume and pricing of imports of the subject merchandise are presented in *Parts IV and V*, respectively. *Part VI* presents information on the financial experience of U.S. producers. Information obtained for use in the Commission's consideration of the question of threat of material injury is presented in *Part VII*.

U.S. MARKET SUMMARY

Trade in the U.S. market for certain aluminum plate totaled more than \$177 million during 2003. The domestic industry producing certain aluminum plate accounted for more than two thirds of U.S. apparent consumption during the period of investigation (January 2001-June 2004), and consisted of three U.S. producers: Alcoa, Inc. (“Alcoa”); Kaiser Aluminum and Chemical Corp. (“Kaiser”); and Pechiney Rolled Products, LLC (“Pechiney”).³ Hulett Aluminum (Pty) Ltd. is the sole South African producer of certain aluminum plate.⁴ Empire Resources, Inc. (“Empire”) is *** U.S. importer of certain aluminum plate from South Africa.⁵

SUMMARY DATA

A summary of data collected in this investigation for the U.S. market of certain aluminum plate (6000 series) is presented in appendix C, table C-1. Tables C-2 and C-3 present data regarding the U.S. market for non-heat treatable aluminum plate (series 1000, 3000, 4000, and 5000). Tables C-4 and C-5 present data regarding the U.S. market for combinations of certain aluminum plate and non-heat treatable aluminum plate. Tables C-6 and C-7 present data regarding the U.S. market for heat treatable aluminum plate (series 2000, 6000, and 7000), and table C-8 presents U.S. market data for all aluminum plate.⁶ Producer data are based on questionnaire responses of the three U.S. producers. U.S. import data were compiled using data submitted in response to the Commission’s questionnaires by U.S. importers.

PREVIOUS AND RELATED INVESTIGATIONS

Certain aluminum plate has not been the subject of any prior antidumping or countervailing duty investigations in the United States.

NATURE AND EXTENT OF SALES AT LTFV

On October 12, 2004, the Commission received notification of Commerce’s final determination that certain aluminum plate from South Africa is being, or is likely to be, sold in the United States at LTFV. Commerce’s weighted-average dumping margin for Hulett and all other manufacturers/exporters is 3.51 percent *ad valorem*.⁷

³ See *Part III* for information regarding the U.S. producers.

⁴ See *Part VII* for information regarding Hulett’s South African operations.

⁵ See *Part IV* for information regarding the U.S. importers.

⁶ Also presented in appendix C (table C-9) are data concerning the U.S. market for certain aluminum plate to include the year 2000 and incorporate available information regarding an extinct U.S. producer (*see Part III* for a discussion of McCook Metals).

⁷ *Notice of Final Determination of Sales at Less Than Fair Value: Certain Aluminum Plate from South Africa*, 69 FR 60610, October 12, 2004. Commerce’s period of investigation was October 1, 2002, through September 30, 2003. *Id.*, 60611. Because Hulett did not have sufficient home market sales, Commerce determined that the third country market of Taiwan was viable and used third country sales as a basis for normal value for Hulett. *Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Aluminum Plate from South Africa*, 69 FR 29264, May 21, 2004.

THE SUBJECT PRODUCT

Commerce has defined the scope of this investigation as follows:⁸

6000 series aluminum alloy, flat surface, rolled plate, whether in coils or cut-to-length plate forms, that is rectangular in cross section with or without rounded corners and with thickness of not less than .250 inch (6.3 millimeters). 6000 series aluminum rolled plate is defined by the Aluminum Association, Inc.⁹ Excluded from the scope of this investigation are extruded aluminum products and tread plate.

The merchandise subject to this investigation is classified in the Harmonized Tariff Schedule of the United States (“HTS”) under subheading 7606.12.30 (statistical reporting number 7606.12.3030).¹⁰

THE DOMESTIC LIKE PRODUCT

The Commission’s decision regarding the appropriate domestic products that are “like” the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. For purposes of its preliminary determination, the Commission found a single domestic like product consisting of all domestically produced 6000 series aluminum plate.¹¹

The Commission stated that it intended to collect additional information and to revisit the issue as to whether heat-treatable and non-heat treatable plate should be characterized as a continuum of products without clear dividing lines.^{12 13} During the final phase of this investigation, respondents argued that the

⁸ 69 FR 60610-60611.

⁹ The Aluminum Association, Inc. defines sheet and plate as follows: Where the rolling process is stopped determines whether the final product will be plate (a quarter-inch thick or more), sheet (0.249 to 0.006 inch), or foil (less than 0.006 inch). http://www.aluminum.org/Content/NavigationMenu/The_Industry/-Sheet,_Plate/-Sheet,_Plate.htm

¹⁰ The normal trade relations tariff rate imposed on this product is 3.0 percent *ad valorem*. Imports under this subheading that are products of South Africa are eligible to receive duty-free entry under the Generalized System of Preferences (“GSP”).

¹¹ *Certain Aluminum Plate From South Africa*, Inv. No. 731-TA-1056 (Preliminary), USITC Pub. 3654, December 2003, p. 17.

¹² *Id.*, p. 14.

¹³ During the preliminary phase investigation, respondents also argued that (a) there is no clear dividing line between sheet and plate as evidenced by the fact that there is a 0.001 inch difference between the two products (i.e., 0.249 inch sheet and 0.250 inch plate) and that the manufacturing process, the manufacturing equipment, and the channels of distribution are identical except for the thickness of the product, and (b) all the heat-treatable alloys (i.e., series 2000, 6000, and 7000 aluminum plate) are appropriately included in the domestic like product as there is no “clear dividing line” between series 2000, series 6000, and series 7000 aluminum plate, the mere presence of a different alloying element does not create such a clear line, the petition lists “machined parts” and “tool and mold applications” as end uses for all three series of aluminum plate, and at least 50 percent of aluminum plate is sold through distributors and that many of those distributors sell 2000, 6000, and 7000 series aluminum plate. *Certain Aluminum Plate From South Africa*, Inv. No. 731-TA-1056 (Preliminary), USITC Pub. 3654, December 2003, pp. I-8 and I-10. The Commission declined to expand the domestic like product to include aluminum sheet or 2000 and 7000 series plate. *Id.*, pp. 10 and 17.

domestic like product should include series 6000 aluminum sheet and series 5000 aluminum plate.¹⁴ Information regarding the Commission's domestic like-product factors is set forth below.¹⁵

Physical Characteristics and Uses

The Aluminum Association has developed industry standards that define aluminum plate as flat-surfaced, rolled product, whether in coils or cut-to-length forms, that is rectangular in cross section, with or without rounded corners, and with a thickness (gauge) not less than 0.250 inch (6.35 millimeters).¹⁶ Aluminum plate has numerous end uses, particularly heavy-duty ones in the aerospace, machinery, and transportation markets. Aluminum plate forms the skins of jets and spacecraft fuel tanks. It is used for storage tanks and containers in many industries, and because aluminum is actually stronger at cold temperatures, it is especially useful in holding cryogenic materials. In addition, aluminum plate provides structural sections for rail cars and large ships, and armor protection for military vehicles.¹⁷

Aluminum can be combined with other elements such as copper, manganese, silicon, magnesium, and zinc to form alloys, and these additional elements impart varying mechanical, electrical, and thermal properties. Aluminum alloys are categorized by a numbering system that broadly describes their chemical composition.¹⁸ Each alloy is assigned a four-digit number. The first digit denotes the alloy series or principal alloying metal. The second digit indicates modification of the original alloy or impurity limits. The third and fourth digits identify the exact alloy composition in the series.¹⁹

Aluminum alloys are either heat-treatable or non-heat treatable, depending on their chemical composition.²⁰ Non-heat treatable plate can only be strengthened by strain (through cold-working)

¹⁴ Respondents' prehearing brief, like product appendix, pp. 8-26.

¹⁵ Comments from questionnaire responses regarding the differences and similarities between non-heat treatable aluminum plate (series 1000, 2000, 3000, 4000, 5000 and 7000), and certain aluminum plate (series 6000) in terms of the Commission's like product factors are presented in app. D. In commenting on the draft questionnaires, respondents withdrew their request that the Commission collect data on heat-treatable aluminum plate of the 2000 and 7000 series. June 2, 2004, comments on draft questionnaires, p. 16. Respondents also indicated that they did not dispute the Commission's preliminary like product determination regarding heat-treatable alloys and "thus no longer press the argument that 2000 series and 7000 series plate should be included in the domestic like product." Respondents' prehearing brief, like product appendix, pp. 18-19.

¹⁶ For historical reasons, the domestic industry's gauge line for distinguishing sheet from plate has been 0.250 inch. Although Alcoa's sheet products of thickness ranging up to 0.249 inch, some may be available even up to 0.250 inch for certain alloys—e.g., its Bulk Transport Sheet of alloy 5454. Alcoa, Inc., "Bulk Transport Sheet—BTS, Technical Data" found at http://www.alcoa.com/mill_products/catalog/pdf/bulktransportBTS.pdf. Alcoa officials testified that "(t)heoretically you can buy sheet at .249 gauge. Realistically the market and what the consumers buy breaks at about .190 gauge." Hearing transcript, pp. 155-156 (Wetherbee).

¹⁷ "Sheet and Plate: Products and Applications," The Aluminum Association, 2003, found at http://www.aluminum.org/Content/NavigationMenu/The_Industry/-Sheet,_Plate/-Sheet,_Plate.htm, retrieved November 7, 2003.

¹⁸ This numbering system, adopted by the Aluminum Association in 1954, is the standard method for alloy identifications.

¹⁹ Rhea Berk, Howard Lax, William Prast, and Jack Scott, *Aluminum: Profile of the Industry* (New York: Metals Week, McGraw-Hill, Inc., 1982), pp. 64-65.

²⁰ The terms "heat-treatable" and "heat-treated" in common industry usage would be referring to the same group of aluminum alloys - primarily the 2xxx, 6xxx and 7xxx series of wrought alloys and a comparable series of cast alloys - and are similar but not synonymous. The terms are typically a short hand version of the terms "solution heat-treatable" and "solution heat-treated". (These terms refer to an operation where the aluminum alloy product is heated to ~900-1000 F so that the alloying elements (typically Cu, Zn or Mg2Si) go into solid solution in the aluminum matrix and then are available for precipitation into the desired particle size and distribution to increase strength, toughness, etc.) "Heat-treatable" would be the more generic term referring to the capability of the alloy to

(continued...)

applied to the plate, either by rolling or pulling. Heat-treatable alloys become significantly stronger when subjected to further processing at elevated temperatures (annealing). For example, commercially pure aluminum has a tensile strength of about 13,000 psi which can be doubled by rolling or other cold-working processes. However, some alloys become up to four times stronger than pure aluminum (within the strength range of structural steel)²¹ through heat treatment. Heat-treatable aluminum alloys are stronger than those that are non-heat treatable. Heat-treated alloys are further denoted by their metallurgical condition or the sequence of basic treatments used to produce various tempers.²²

The three heat-treatable series, 2000 series aluminum plate, 6000 series aluminum plate (the subject product), and 7000 series aluminum plate, are the strongest of the aluminum alloys.²³ These alloys vary as to their major alloying elements and, in addition, the amount of other minor alloying elements have substantial effects on the alloy's properties, especially strength, corrosion resistance, machinability, and response to heat treatment. The addition of minor alloying elements typically involves a trade-off— one property may be improved at the expense of another. For example, the main alloying elements of 6000 series aluminum plate are magnesium and silicon; the addition of other metals such as copper or zinc improves the strength without substantial loss of corrosion resistance, and lead and bismuth are sometimes added to improve machinability.²⁴ The key characteristics and uses of the various aluminum alloy series are shown in table I-1.

Plate of 6000 series alloys is regarded by the petitioner as a commodity-type product that all suppliers provide in standard dimensions and specifications, largely through distributors.²⁵ The principal alloy in this series, accounting for the vast majority (or even 90 percent), of the 6000 series market, is the 6061 aluminum alloy.²⁶ According to petitioner, there are approximately 20 different end-use segments for aluminum plate of 6000 series alloys, including tooling plate, injection-mold plate, jigs and fixtures, vacuum chambers for manufacturing semiconductors, and various tooling parts.²⁷ Among the end uses mentioned by respondents are pressure vessels and semiconductor manufacturing equipment.²⁸ Petitioner provided estimates of the principal end uses for certain aluminum plate, which are presented below:²⁹

²⁰ (...continued)

respond to the solutionizing treatment to improve the material's properties. The term "heat-treated" would refer to the situation where the "solutionizing" treatment had already been performed. October 19, 2004, e-mail from ***.

²¹ "Aluminum and Aluminum Alloys," found at <http://www.tpub.com/air/1-24.htm>, retrieved November 7, 2003.

²² A temper designation system, unique for aluminum alloys, was developed by the Aluminum Association. The basic temper designations are single letters which follow the alloy designations and include: as fabricated "F", annealed "O", strain-hardened "H" solution heat treated "W" and thermally treated to produce stable tempers other than F, O, or H "T". Rhea Berk, Howard Lax, William Prast, and Jack Scott, *Aluminum: Profile of the Industry* (New York: Metals Week, McGraw-Hill, Inc., 1982), p. 65.

²³ Due to required capital investment and higher production costs, the heat-treatment process adds to the final price of heat-treated products.

²⁴ "Aluminum-Magnesium-Silicon (6000) Alloys," Key to Metals, <http://www.key-to-metals.com/Article74.htm>, retrieved November 14, 2003.

²⁵ Conference transcript, pp. 20, 21 (Wetherbee), and 30 (Venema); and hearing transcript, p. 23 (Wetherbee).

²⁶ Conference transcript, pp. 21, 27, and 105-106 (Wetherbee and Venema); and hearing transcript, p. 22 (Wetherbee). Alloy 6061 is known for its brazeability (i.e., ready acceptance of an applied coating). Additionally, alloy 6061 is stronger than other 6000 series aluminum alloys, is workable, and has a high resistance to corrosion. Alloy 6061 is widely available, as it is sold in standard sizes through distributors.

²⁷ Hearing transcript, pp. 64, and 93-94 (Wetherbee).

²⁸ Hearing transcript, p. 193 (Kaplan).

²⁹ Petitioner's posthearing brief, exhibit B-3.

**Table I-1
Aluminum alloys: Characteristics and uses**

Alloying designation	Major alloying elements	U.S. producer	Key characteristics	Key uses
Non-heat treatable:				
1000	Pure (> 99 percent) aluminum	Alcoa Pechiney	<ul style="list-style-type: none"> • high corrosion-resistance • high thermal and electrical conductivity • excellent workability and formability¹ 	<ul style="list-style-type: none"> • chemical applications • electrical applications
3000	Manganese	Alcoa Pechiney	<ul style="list-style-type: none"> • high corrosion-resistance • high formability • readily welded, brazed, and soldered • medium strength 	<ul style="list-style-type: none"> • heat-transfer applications • cooking utensils • builder's hardware • chemical equipment
4000	Silicon	Alcoa Pechiney	<ul style="list-style-type: none"> • good flow characteristics, suitable for forgings • medium-high strength • low thermal expansion • high wear resistance 	<ul style="list-style-type: none"> • aircraft pistons • brake cylinders
5000	Magnesium	Alcoa Alcan	<ul style="list-style-type: none"> • high corrosion-resistance, even in salt water • good welding characteristics • very high toughness, even at very low temperatures • moderate strength 	<ul style="list-style-type: none"> • marine applications • buildings, bridges, and other structures • storage tanks, cryogenic tanks, and pressure vessels • railroad rolling stock
Heat treatable:				
2000	Copper	Alcoa Kaiser Pechiney	<ul style="list-style-type: none"> • high strength, especially at elevated temperatures • good welding characteristics • not corrosion-resistant 	<ul style="list-style-type: none"> • heavy-vehicle applications • airframe structures
6000	Magnesium and silicon	Alcoa Kaiser Pechiney	<ul style="list-style-type: none"> • high corrosion-resistance • moderate strength • good welding characteristics • good formability 	<ul style="list-style-type: none"> • tooling and molds • machined parts • vehicle and marine frames • railroad rolling stock • semiconductor-manufacturing equipment components
7000	Zinc	Alcoa Kaiser Pechiney	<ul style="list-style-type: none"> • highest-strength alloy • high toughness • not weldable • moderate corrosion-resistance 	<ul style="list-style-type: none"> • airframe structures • highly stressed parts

¹ Workability is the relative ease to which an aluminum alloy can be shaped through mechanical operations (e.g., rolling, extruding, forging, etc.). Formability is the relative ease to which an aluminum alloy can be shaped through plastic deformation (e.g., bending).

Source: The Aluminum Association Inc., *Aluminum Alloy*, December 1998; United Aluminum Corp., "Glossary," found at <http://www.unitedaluminum.com/ua/english/glossary.asp>; *Aluminum Welding Procedures*, found at <http://www.weldingengineer.com>; and *Aluminum Standards and Data*, 2003 edition (September 21, 2004), e-mail from ***.

* * * * *

Aluminum sheet form is typically handled and transported in coils, while aluminum plate is typically handled and transported in flat (cut-to-length) form.³⁰ Reported end uses for aluminum sheet are automotive body panels, bumpers, brazing, stampings, boat sheet, cable wrap, beverage can stock, lamp base stock, residential siding sheet, rigid container stock, truck and trailer sheet, Venetian blindsheet, aerospace fuselage skins, stringers, and ribs.³¹

The Production Process

The production process begins with the melting of pure aluminum and/or aluminum scrap in furnaces (which can be powered by natural gas or electricity).³² Alloying metals are added and the molten aluminum is treated to remove impurities. The molten aluminum is then transferred to molds where it solidifies into a rolling ingot (typically about 6 feet wide, 20 feet long, and more than 2 feet thick). Oxide impurities that form on the surface of the rolling ingot, from its exposure to the atmosphere during solidification, are mechanically removed by shaving off this outside skin in a process called scalping, which results in a smooth, blemish-free surface. After scalping, the ingots are prepared for further shaping by heating to temperatures as high as 1,100 degrees Fahrenheit in large furnaces called soaking pits.

The hot ingot is then fed into a breakdown mill where it is rolled back and forth, reversing between the rolls until the thickness has been reduced down to a few inches. When aluminum is passed between rolls under pressure, it becomes thinner, and longer in the direction in which it is moving. This simple process is the basis for producing aluminum's most widely used forms: plate, sheet, and foil. Aluminum can be flat-rolled and re-rolled until it reaches the desired thickness or gauge. Where the rolling process is stopped determines whether the final product will be plate (a quarter-inch thick or more), sheet (0.006 to 0.249 inch), or foil (less than 0.006 inch).³⁴

After hot rolling, certain aluminum alloys may be reheated (annealed) to soften the metal and permit further reduction in thickness. The metal is heated at varying temperatures and cycle times depending on the alloy and end use. Partial annealing is often used in the fabrication process to relieve internal stresses that build up during rolling and also to achieve desired metallurgical properties. Coils are brought to the cold mill after annealing (or in some cases directly from the hot line) for further rolling

³⁰ Petitioner's prehearing brief, p. 11.

³¹ Petitioner's postconference brief, p. 8.

³² Ninety-nine percent of metallic aluminum is derived from bauxite. Bauxite is first refined (processed) into alumina (aluminum oxide) which is then shipped to smelters where the alumina is smelted into metallic aluminum through an electrolytic process. Major bauxite-producing countries include Australia, Guinea, Brazil, and Jamaica. Alcoa and Kaiser are fully integrated with multinational operations from ore mining through plate production. "Aluminum and Bauxite," Mineral Information Institute, found at <http://www.mii.org/Minerals/photoal.html>, retrieved November 17, 2003, and "Mining and Primary Processing: Process Description," Energy Solution Center, found at http://www.energysolutionscenter.org/HeatTreat/MetalsAdvisor/aluminum/mining_and_primary_processing/mining_and_primary_process_description.htm, retrieved November 17, 2003. Pechiney ***. October 25, 2004, e-mail from ***.

³³ According to petitioner, it is not uncommon to designate a furnace for a particular alloy type "because of the additional costs associated with the flushing or because the filtration equipment and or degassing requirements are different between the heat treatable and non-heat treatable alloys. The furnace brick reline is typically only made when a failure occurs or, when the extent of the brick life has run out, which can be years." September 17, 2004, e-mail from Lynn Kamarck, Hogan & Hartson.

³⁴ "Sheet and Plate: Products and Applications," The Aluminum Association, 2003, found at http://www.aluminum.org/Content/NavigationMenu/The_Industry/-Sheet,_Plate/-Sheet,_Plate.htm, retrieved November 7, 2003.

to even thinner gauges. The cold mill is primarily designed to produce light-gauge heat-treatable products (sheet).³⁵ After cold rolling, the aluminum sheet may be heat-treated, stretched to maximize flatness and to relieve tension, stenciled, slit, or sheared to various widths, lengths, or shapes depending on customer requirements.

The heat-treatment process used to increase the strength of heat-treatable (2000, 6000, and 7000 series) aluminum alloys occurs in three-steps: solution heat treatment, quenching, and age hardening.³⁶

The first step, solution heat treatment at an elevated temperature, is designed to strengthen the alloy by evenly dispersing the alloying elements throughout the plate. This is followed by a rapid quenching, usually in water, which momentarily “freezes” the structure and for a short time, renders the alloy very workable. Finally, by heating the alloy for a controlled time period at slightly elevated temperatures, even further strengthening is possible and properties of the alloy are stabilized—this is age hardening. With a proper combination of solution heat treatment, quenching, and age hardening, the highest-strength aluminum alloys can be obtained.³⁷

Except for heat treatment, the production process for aluminum plate is basically the same for all alloy series. Different alloy series technically can be produced on the same equipment, but processing and temperature-control requirements differ among the various alloy series.³⁸ Further, the soaking-pit furnace is lined with ceramic materials that typically becomes contaminated by the alloying metals in the aluminum-alloy rolling ingot.³⁹ Respondents reported that there are set procedures undertaken to minimize process time to switch between casting several different alloys.⁴⁰ For heat-treatable alloys, different alloy series technically can also be annealed in the same heat-treatment furnace, but metallurgical-treatment requirements differ among alloy series.⁴¹ Due to these differences in processing-control requirements, along with economic considerations, producers may dedicate certain production equipment for a specific alloy series.⁴² More specifically, for 6000 series (heat-treatable) alloys versus 5000 series (non-heat treatable) alloys, roughly one-half of the production process is different, according to the petitioner—i.e., the alloy additions, heat treating, and aging steps.⁴³

Respondents argued that all alloy series are produced using essentially the same manufacturing equipment and workers and that all that is necessary to produce a heat-treatable series is to pass the product through one additional furnace.⁴⁴ Petitioner argued that non-heat-treatable aluminum plate products are very different from heat-treatable products starting with the chemical composition of the

³⁵ During the cold-rolling process, the gauge of aluminum products can be reduced significantly. For example, cold-rolling can reduce lower-gauged plate (0.25 inch) to aluminum rolled products of 0.006 inch gauge or lower.

³⁶ According to the petitioners, there is a difference between the 6000 series in terms of the heat treatment that plate and sheet receive before being sold to the customer. Ninety-nine percent of 6061 series plate is sold as heat-treated finished product while “a lot more” of 6061 sheet is sold as “heat-treatable,” meaning the customer would purchase the sheet (most likely in coils), bend it into shape, and then heat treat it. Conference transcript, p. 114 (Wetherbee).

³⁷ “Heat Treatable Aluminum Alloys,” Key to Metals, found at <http://www.key-to-metals.com/PrintArticle.asp?ID=39>, retrieved November 13, 2003.

³⁸ Conference transcript, pp. 53-57 (Wetherbee).

³⁹ *Id.*, pp. 58-59 (Wetherbee).

⁴⁰ *Id.*, pp. 135-136 (Bradford).

⁴¹ *Id.*, pp. 29-30 and pp. 56-57 (Wetherbee).

⁴² *Id.*, pp. 29-30 and pp. 57-58 (Wetherbee).

⁴³ Hearing transcript, p. 48 (Wetherbee).

⁴⁴ Respondents’ postconference brief, p. 12. Respondents also noted that the scope does not even require the product to pass through the solution heat treatment furnace because the scope covers “heat-treatable” aluminum plate as opposed to “heat-treated.” *Id.*, p. 11.

alloy.⁴⁵ Petitioner maintained that plate of non-heat-treatable aluminum alloys (i.e., 1000, 3000, and 5000 series aluminum plate) gains its strength through cold working and loses its strength through heat treatment, whereas heat-treatable aluminum alloy products gain their strength through solution heat-treatment or a combination of heat-treatment and cold-working.⁴⁶

In addition to the domestic producers of subject aluminum plate that also produce aluminum sheet, there are several smaller aluminum sheet producers in the United States who do not otherwise produce aluminum plate. The smaller sheet producers with melting operations are generally non-integrated firms that lack the capabilities to smelt primary aluminum from the alumina.⁴⁷ Rather, they are remelters that purchase aluminum scrap and primary aluminum ingots as the raw-material inputs to the melting furnaces. The casting processes for the smelters and remelters are similar. Sheet producers lacking melting operations are either re-rollers of purchased primary aluminum ingots or cold rollers of hot-rolled sheet, and perform additional operations such as coating and slitting.⁴⁸ A variety of U.S. producers offer aluminum plate and sheet in a wide range of alloy compositions and gauges, as shown in table I-2.

Interchangeability

U.S. producers and the principal importer of South African certain aluminum plate reported that their products are “always” or “frequently” used interchangeably. During the preliminary phase of this investigation, respondents cited examples of series 5000 plate interchangeability with series 6000 aluminum plate.⁴⁹ Because the strength of heat-treatable aluminum plate is greater, petitioner argued that the products have different end uses and interchangeability of the two products is uncommon.⁵⁰ Reportedly, end-product design engineers determine the product performance requirements they desire and specify the appropriate alloy/temper/product form and size of the aluminum plate to be used to meet the desired performance criteria.⁵¹ Data relating to U.S. shipments of U.S.-produced and South African certain aluminum plate during 2003 by thickness are presented in table I-3.

Table I-3
Certain aluminum plate: U.S. shipments by thickness, 2003

* * * * *

⁴⁵ Petitioner’s postconference brief, pp. 16-21. Petitioner also stated that the manufacturing controls on the production of heat-treatable aluminum plate are much greater than those for non-heat-treatable aluminum plate. *Id.*, p. 24.

⁴⁶ Petitioner’s prehearing brief, p. 7.

⁴⁷ Norandal USA Inc. and Ormet Aluminum Mill Products Corp. are exceptions, having the smelting capacity to produce primary aluminum.

⁴⁸ Examples include Coastal Aluminum Rolling Mills, EKCO Products, Precision Coil Inc., and United Aluminum.

⁴⁹ Respondents’ postconference brief, pp. 19-20.

⁵⁰ Petitioner’s postconference brief, p. 20.

⁵¹ Petitioner’s prehearing brief, p. 6.

Table I-2

Aluminum sheet: U.S. producers of aluminum sheet, by alloy series and gauge range

Producer and forms	6000 series	5000 series	2000 series	7000 series
	Gauge range (<i>inch</i>)			
Producers of both sheet and plate:				
Alcan Aluminum Corp.		(¹)		
Alcoa Inc. Coils: Flat-sheets:	0.020 - 0.249	0.007 - 0.040 0.125 - 0.250	0.010 - 0.126 0.006 - 0.249	0.006 - 0.249
Kaiser Aluminum & Chemical Corp. Coils: Flat-sheets:	0.008 - 0.130 0.008 - 0.249		0.008 - 0.130 0.008 - 0.249	0.008 - 0.130 0.008 - 0.249
Pechiney Rolled Products	(¹)		(¹)	(¹)
Producers of sheet, but not plate:				
Coastal Aluminum Rolling Mills		0.006 - 0.008	0.006 - 0.010	
Commonwealth Aluminum	0.008 - 0.250	0.008 - 0.250		
Ekco Products				0.006 - 0.030
Erickson Metals Corp.-- Coils and flat-sheets:	0.006 - 0.125	0.006 - 0.125		
Nichols Aluminum		0.008 - 0.100		
Ormet Aluminum Mill Products-- Coils and flat-sheets:		0.006 - 0.125		
Precision Coil Inc.-- Coils and flat-sheets:	0.006 - 0.165	0.006 - 0.165		
United Aluminum Corp.	0.006 - 0.160	0.006 - 0.160		0.006 - 0.160
Vulcan Inc.-- Coils and flat-sheets:		0.025 - 0.125		
Wise Alloys LLC		0.007 - 0.013		
¹ Not available. Note— Other domestic firms producing aluminum sheet, but of alloy series other than those above, include ALSCO Metals Co., Jupiter Aluminum Corp., J.W. Aluminum Co., Norandal USA Inc., and Republic Foil (Gulf Aluminum rolling Mill Co.). Further information was not readily available about ARCO Aluminum Inc., Logan Aluminum (joint-venture between Alcan and ARCO), and RJR Packaging (RJ Reynolds Tobacco Co.). Source: Compiled from individual company Internet websites, and from staff telephone interviews with company representatives.				

Customer and Producer Perceptions

In the final phase of this investigation, petitioner testified that imports of 6000 series aluminum alloy plate from South Africa are of good quality and competitive with the domestic product and it has reliable delivery.⁵² Respondents noted, however, that their lead time is longer than those of the petitioner.⁵³ 5000 series plate is reportedly perceived as being a lower-strength, less-machinable grade,

⁵² Hearing transcript, pp. 24 and 105 (Wetherbee).

⁵³ Respondent's prehearing brief, p. 29.

and primarily used for general fabrication or marine-grade type requirements.⁵⁴ Non-heat treatable alloys are called “soft or common” alloys and with the exception of series 5000, are seldom used for plate applications because of their low strengths.⁵⁵ Appendix D presents additional producer and purchaser comments regarding perceptions of concerning various like product comparisons.

Channels of Distribution

Channels of distribution for U.S-produced and imported aluminum plate are shown in table I-4. Both U.S. producers and importers sold the vast majority of series 6000 aluminum plate to distributors during the period of investigation. Petitioner maintained that because distributors tend to specialize on distinct products and end-use markets, the distributors that purchase and sell non-heat treatable aluminum plate are different from those that deal in heat-treatable aluminum plate.⁵⁶ Petitioner argued that for sheet products, distributors have equipment that slits or shears coils into sizes and shapes.⁵⁷ The respondents argued that sheet and plate did not require distributors to employ different processing equipment.⁵⁸ For non-heat-treatable aluminum plate, U.S.-produced product was sold principally to end users.

Table I-4
Aluminum plate: Shares of shipments by channels of distribution, 2001-03, January-June 2003, and January-June 2004

* * * * *

Price

Average unit values for heat-treatable and non-heat treatable aluminum plate and sheet are presented in table I-5 and figure I-1. Generally, certain aluminum plate (series 6000) commanded a premium price when compared to the non-heat-treatable products, ranging from 2 to 33 percent more in average unit value during 2003, and was priced less than series 2000 and 7000 aluminum plate by a range of 52 to 119 percent. Pricing practices and prices reported for certain aluminum plate in response to Commission questionnaires are presented in *Part V* of this report.

Table I-5
Aluminum plate: U.S. shipments, 2003

* * * * *

⁵⁴ Appendix D, pp. 6 and 13.

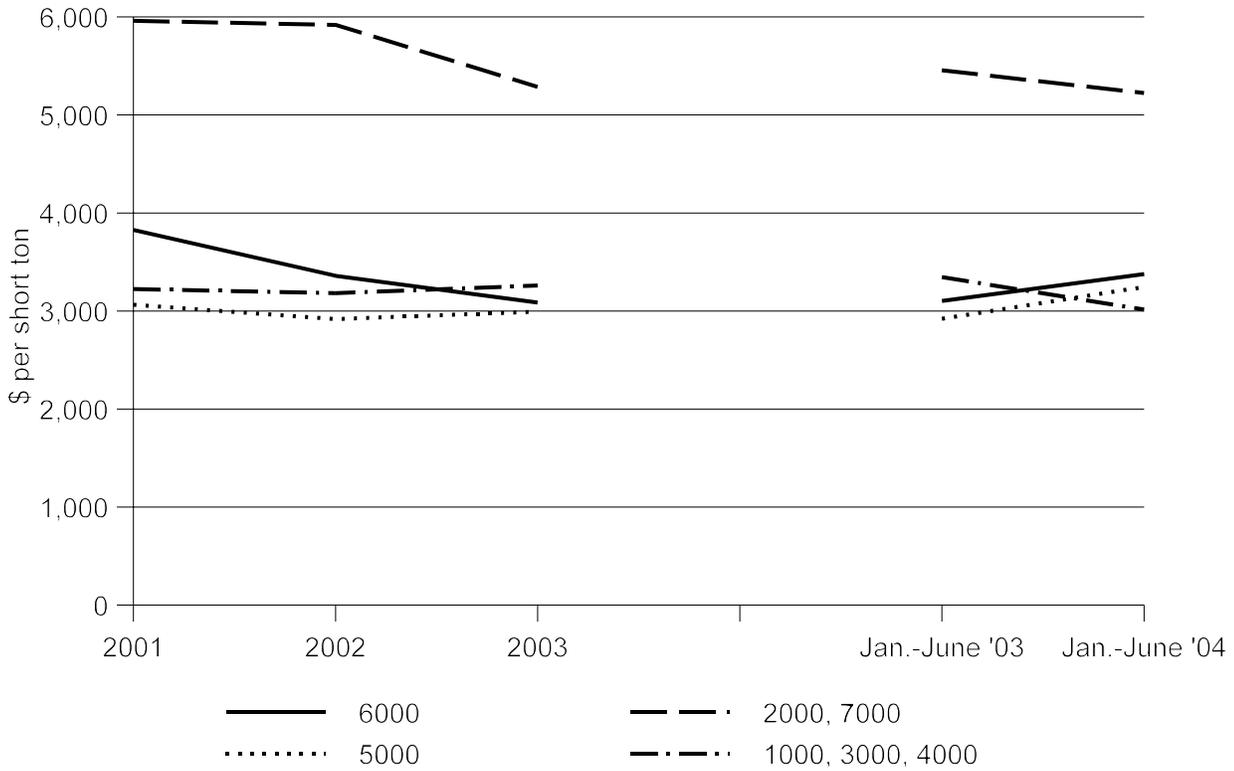
⁵⁵ Petitioner’s prehearing brief, p. 9.

⁵⁶ Petitioner’s postconference brief, p. 23. For these reasons, petitioner stated that the two product types are priced separately in the market. Heat-treated product, with its tighter manufacturing controls and additional heat-treated processing step, is generally priced higher than non-heat-treated product. *Id.*, p. 25.

⁵⁷ Petitioner’s prehearing brief, p. 12.

⁵⁸ According to the respondents, the dividing line between what must be cut with a plate saw and what can be cut using shears or a cut-to-length line is not at 0.25 inch (the cutoff between sheet and plate), but at lower gauge; a sheet of gauge 0.19 inch, for example, must be cut with a plate saw. Respondents’ posthearing brief, p. 2.

Figure I-1
Aluminum plate: U.S. producers' average unit values, by alloy series, 2001-03, January-June 2003,
and January-June 2004



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

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

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Both U.S. producers and importers sell certain aluminum plate mostly to distributors.¹ One U.S. producer, Alcoa, reported selling over 95 percent of its certain aluminum plate (6000 series) to distributors.² Alcoa also limits its sales to distributors who it feels are committed to the market and have the equipment capable of servicing downstream customers to the level it feels is necessary to support the market for certain aluminum plate.³ While *** reporting U.S. producers reported selling certain aluminum plate nationally, Empire, the principle importer of product from South Africa sells certain aluminum plate to specific regions of the U.S. market: ***. All but one of the reporting importers *** sell certain aluminum plate nationally.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. certain aluminum plate producers are likely to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced certain aluminum plate to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the existence of alternate markets, the existence of some inventories, and some ability to switch production between certain aluminum plate and other products moderated by a lack of availability of unused capacity.

Industry capacity

U.S. producers' reported capacity utilization for certain aluminum plate increased from 50.6 percent to 72.9 percent between 2001 and 2003, and increased from 62.3 percent during January-June 2003 to 105.6 percent during January-June 2004. This level of capacity utilization would indicate that U.S. producers do not have unused capacity with which they could increase production of certain aluminum plate in the event of a price change.⁴

Alternative markets

U.S. producers' exports of certain aluminum plate increased from *** percent of shipments in 2001 to *** percent of shipments in 2003 and fell from *** percent during January-June 2003 to *** percent during January-June 2004. These data indicate that U.S. producers have some ability to divert shipments to or from alternative markets in response to changes in the price of certain aluminum plate.

¹ See table I-1.

² Conference transcript, p. 32 (Cooper).

³ Conference transcript, pp. 87-89 (Cooper). However, counsel for petitioner has also indicated that both domestic producers and subject imports *** customer segments. Petitioner's prehearing brief, p. 15, fn. 32. In particular, they indicate that *** and that the remaining ***. Petitioner's prehearing brief, pp. 19-20.

⁴ Petitioner indicated that U.S. producers have unused capacity with which to increase production in the event of a price change in the near future, and that the high capacity utilization rate in interim 2004 reflects a unique bump in demand coupled with supply restrictions which are unlikely to recur. Petitioner's prehearing brief, p. 17. However, respondents indicated that these bumps have no significance. Respondents' posthearing brief, exh. 1, p. 17.

Inventory levels

U.S. producers' inventories as a percentage of total shipments declined from *** percent in 2001 to *** percent in 2003 and then increased from *** percent during January-June 2003 to *** percent during January-June 2004. These data indicate that U.S. producers have some ability to use inventories as a means of increasing shipments of certain aluminum plate to the U.S. market.

Production alternatives

U.S. producers have some ability to switch production between certain aluminum plate and other products. *** reported producing products other than certain aluminum plate on the same production machinery and by the same production workers. Equipment used to produce series 2000 and 7000 plate may be used to produce certain aluminum plate (series 6000). However, while the machinery used to roll certain aluminum plate can be used to roll other aluminum plate products, equipment used for heat treating certain aluminum plate would have to be upgraded and go through the product qualification process before it could be used to heat treat other products, such as series 2000 and series 7000 aluminum plate.⁵ Also, the melting furnace used for certain aluminum plate cannot be used to melt aluminum plate made from other aluminum alloys.

Subject Imports

Based on available information, the South African producer is likely to respond to changes in demand with moderate changes in the quantity of shipments of certain aluminum plate to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are existence of alternate markets and inventories moderated by the unavailability of unused capacity⁶ and limited ability to produce alternate products.

Industry capacity

The South African producer's reported capacity utilization for certain aluminum plate increased from *** percent to *** percent between 2001 and 2003 and from *** percent to *** percent between interim 2003 and interim 2004. This level of capacity utilization would indicate that the South African producer has little unused capacity with which it could increase production of certain aluminum plate in the event of a price change.

Alternative markets

The South African producer's shipments of certain aluminum plate to markets other than the United States decreased from *** percent of shipments in 2001 to *** percent of shipments in 2003 and increased from *** percent of shipments to *** percent of shipments between interim 2003 and interim 2004. These data indicate that the South African producer has the ability to divert shipments to or from alternative markets in response to changes in the price of certain aluminum plate.

⁵ Conference transcript, pp. 78-79 (Venema), and 58 (Wetherbee).

⁶ See, e.g., conference transcript, pp. 164, 166 (Shor), and 171 (Bradford).

Inventory levels

The South African producer's inventories as a percentage of shipments decreased from *** percent of its shipments in 2001 to *** percent in 2003 and decreased from *** percent to *** percent between interim 2003 and interim 2004. These data indicate that the South African producer has some ability to use inventories as a means of increasing shipments of certain aluminum plate to the U.S. market.

Production alternatives

The South African producer has a limited ability to switch production between certain aluminum plate and other products. Hulett cannot easily switch production from other products to certain aluminum plate (series 6000) as its production of certain aluminum plate is limited by its heat solution furnace capacity and it does not produce other heat-treated products.⁷ While Hulett could switch production from certain aluminum plate (series 6000) to series 2000 and 7000 aluminum plate in about a year, the series 2000 and 7000 aluminum plate would not be commercially viable until after a long qualifying process.⁸

U.S. Demand

Based on available information, certain aluminum plate consumers are likely to respond to changes in the price of certain aluminum plate with small changes in their purchases of certain aluminum plate. The main contributing factors to the low degree of responsiveness of demand are that Alcoa and Empire do not take prices of substitute goods into account when determining the price they charge for certain aluminum plate and the low cost share reported for molds and semiconductor equipment (***).

Demand Characteristics

Demand for certain aluminum plate depends on the demand for the products it is used to produce. Producers and importers reported in their questionnaire responses that end uses of certain aluminum plate include tooling plate, mold plate, jigs and fixtures, semiconductor equipment, and miscellaneous machine parts. ***⁹ ***.¹⁰

All responding producers and two of three responding importers indicated that demand for certain aluminum plate has decreased since 2001.¹¹ However, two producers and two importers indicated that demand has been increasing in 2004. Most responding producers and importers indicated that the principal factor affecting demand was the economy. One producer and two importers also indicated that demand in the aircraft or aerospace market has influenced demand.

Respondents indicated that while demand follows the business cycle, it has been particularly sensitive to changes in demand for semiconductor equipment.¹² Although they are unable to estimate what share of sales of certain aluminum plate are purchased by the semiconductor industry, Empire

⁷ Acquisition of a new heat-treat furnace could take two and a half years. Conference transcript, pp. 170-171 (Bradford).

⁸ Conference transcript, pp. 188-189 (Bradford).

⁹ Petitioner's posthearing brief, exhibit B-2.

¹⁰ ***.

¹¹ Even if the demand at a given price for certain aluminum plate in the U.S. market remains the same or decreases, the apparent consumption (quantity demanded) of certain aluminum plate may increase due to an increase in the supply of certain aluminum plate from domestic or foreign sources to the U.S. market.

¹² Conference transcript, p. 152 (Kaplan).

indicated that its customers identified the semiconductor industry as one of the most important end uses of the certain aluminum plate they sell.¹³ Respondents also cited industry sources which indicate that changes in demand for general engineering plate have been impacted by changes in the vacuum chamber business for the semiconductor market.¹⁴ Respondents also cited industry sources as evidence that demand declined during 2001 to 2003 following a period of strong demand 2000 and then there was a significant and sustained increase in demand beginning in the end of 2003 and continuing to the present.¹⁵

However, petitioner indicated that the principal factor affecting demand was the economy,¹⁶ and that while some certain aluminum plate is purchased by the semiconductor industry, there is little, if any, link between declining activity in the semiconductor industry and aluminum plate pricing.¹⁷ Petitioner indicated that evidence of there being little or no link is that the price trend of cast plate, which is used by the semiconductor industry, remained flat between 2000 and 2003.¹⁸

Petitioner also indicated that certain aluminum plate has a business cycle determined by a weighted average of the performance in market of the end use products for certain aluminum plate, each with a different business cycle.¹⁹ Petitioner indicated that this business cycle can vary from three to ten years and was last at its peak in 2000.²⁰ Respondents indicated it would be difficult to draw any conclusion about a repeatable business cycle without peak to peak or trough to trough data and without information specific demand and supply drivers over a long period of time.²¹

Annual index data for orders (in constant dollars) of six end use industries published by the National Tooling Machining Association and provided by petitioner show that orders fell between 2001 and 2003 in five of the six end use industries (tools and fixtures (7 percent), molds (20 percent), precision machinery (6 percent), aerospace machining and fabrication (9 percent), and semiconductor manufacturing equipment (11 percent), while sales increased in the medical equipment industry (12 percent).²² According to the data, sales in all of these industries increased between 2003 and 2004, by amounts ranging from 5 percent to 74 percent.²³ An average of this index weighted by the share of aluminum plate sold to each of these industries estimated by *** fell by *** percent between 2001 and 2003 and increased by *** percent between 2003 and 2004.²⁴

Substitute Products

Three of four responding importers, two of three responding producers, and eight purchasers indicated that there are substitutes for certain aluminum plate. Examples of substitutes cited by producers and importers included 2000, 5000, and 7000 series aluminum plate, 2024 and 7075 rolled plate, tool steel, carbon steel, stainless steel, extruded aluminum plate, extruded bar, flat bar, mold plate, cast plate, cast tool, composites, plastics, and jig. Substitutes listed by purchasers included cast bar and plate; mold plate; extruded plate and bar; series 2000, 5000, and 7000 aluminum plate; composites and plastics; carbon steel; and stainless steel.²⁵ Three of four responding importers, but no responding producer and

¹³ Respondents' postconference brief, exhs. 1 and 3.

¹⁴ See excerpts from the CRU Monitor in respondents' postconference brief, exh. 17.

¹⁵ See excerpts from the CRU Monitor in respondents' posthearing brief, exh. 1, pp. 15-16.

¹⁶ Conference transcript, p. 45 (Wetherbee).

¹⁷ Petitioner's postconference brief, pp. 41-42.

¹⁸ *Id.*

¹⁹ Hearing transcript, p. 128-129 (Wetherbee).

²⁰ Hearing transcript, p. 20, 129 (Wetherbee).

²¹ Hearing transcript, p. 232 (Kaplan).

²² Petitioner's posthearing brief, exhibit B-3.

²³ *Id.*

²⁴ Staff calculation using ***.

²⁵ Specifically, one purchaser stated that cast plate could be substituted in machining applications and mold plate could be substituted by the mold manufacturing industry. Another purchaser stated that extrusions could be

(continued...)

only one of six responding purchasers indicated that changes in the prices of these substitute products have affected the price of certain aluminum plate. Both the petitioner and respondents indicated that there are substitute products for certain aluminum plate, but that they do not take prices of substitute goods into account when determining the price they charge for certain aluminum plate.²⁶

Cost Share

*** reported that the cost share was 10 percent for molds and for semiconductor equipment; it did not know the cost shares for jig/fixtures and miscellaneous machined parts, the other end uses for the certain aluminum plate it manufactures. No importers or purchasers provided data concerning cost share.²⁷

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported certain aluminum plate depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is high level of substitutability between domestically produced certain aluminum plate and certain aluminum plate imported from South Africa.

Factors Affecting Purchasing Decisions

Purchasers were asked a variety of questions to determine what factors influence their decisions when buying certain aluminum plate. Information obtained from their responses indicates that both quality and price are important factors.

As indicated in table II-1, while price was named by only one of ten responding purchasers as the number one factor generally considered in deciding from whom to purchase certain aluminum plate, it was named by five purchasers as the number two factor and the number three factor by the three other responding purchasers. Also, as indicated in table II-2, all but one of the responding purchasers indicated that price was a “very important” factor in their purchase decisions. However, only one of the ten responding purchasers indicated that their firm would “always” purchase the certain aluminum plate that is offered at the lowest price. Five responding purchasers indicated that the lowest-priced certain aluminum plate “sometimes” will win a sale and the remaining four reported “usually.”

²⁵ (...continued)

substituted when dimensional stability and flatness were not critical and the customer does not order by ASTM specification; and that cast tool and jig could be substituted when strength is not an issue (such as foundry core boxes). A third purchaser stated that 6061 extruded plate and rectangular bar and cast plate could be substituted for tooling, jigs, fixtures, structural and machine parts; and 2024 and 7075 rolled plate could be substituted in molds, high strength structural and machine parts. A fourth purchaser stated that some machine shops are substituting extruded flat bar priced at \$1.45 per pound for certain aluminum plate priced at \$2.30. A fifth purchaser stated that other materials such as carbon and stainless steel and composites and plastics could be substituted in tanks and fabricated/machined parts.

²⁶ Conference transcript, p. 81 (Cooper) and p. 185 (Kaplan and Kahn).

²⁷ All of the responding purchasers were distributors; firms were asked to report cost share data only if they were end users.

Table II-1
Certain aluminum plate: Ranking of factors used in purchasing decisions as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Quality ¹	6	1	0
Price ²	1	5	3
Availability ³	2	2	2
Delivery performance ⁴	1	2	3
Traditional supplier ⁵	0	0	2

¹ Includes one instance of "product quality" and one instance of "quality, meeting industry specs" for the number one factor.
² Includes one instance of "cost" and one instance of "pricing competitiveness" for the number two factor.
³ Includes one instance of "product availability" for the number two factor.
⁴ Includes one instance of "delivery" and one instance of "leadtime" for the number two factor; one instance of "delivery and delivery performance" and one instance of "delivery leadtime" for the number three factor.
⁵ Includes one instance of "traditional supplier-support long term relationship" and one instance of "relationship" for the number three factor.

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

Table II-2
Certain aluminum plate: Importance of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Delivery time	10	0	0
Product consistency	10	0	0
Quality meets industry standards	10	0	0
Reliability of supply	10	0	0
Availability	9	1	0
Price	9	1	0
Discounts offered	7	3	0
Extension of credit	4	6	0
Packaging	3	7	0
Quality exceeds industry standards	3	5	2
Delivery terms	2	7	1
U.S. transportation costs	2	6	2
Minimum quantity requirements	1	7	2
Product range	1	8	1
Technical support/service	1	9	0

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

Quality was named by six of the ten responding purchasers as the number one factor generally considered in deciding from whom to purchase certain aluminum plate, while one other responding purchaser indicated that it was the number two factor. All responding purchasers indicated that quality meeting industry standards and product consistency were “very important” factors in their purchasing decisions although only three responding purchasers indicated that quality exceeding industry standards was a “very important” factor in their purchasing decision. Purchasers named a number of factors they consider in evaluating quality including: meeting Aluminum Association standards, dimensional and surface adherence to specifications, product consistency, surface condition and quality, machinability, meeting or exceeding commercial dimensional tolerances (thickness, width, length, flatness), dimensional stability, packaging, line marking (stenciling), and composition.

Nine of ten purchasers reported that they required suppliers of at least 80 percent their 2003 purchases to become certified or prequalified. Only one of ten purchasers reported that since 2001 one or more suppliers have failed in their attempts to qualify certain aluminum plate. This purchaser indicated that unnamed mills have passed their standards but failed to meet their customer’s standards.

In addition, all ten responding purchasers indicated that reliability of supply and delivery time were “very important” factors used in their purchasing decisions and nine of ten responding purchasers indicated that availability was a “very important” factor. Six of ten responding purchasers indicated that availability and delivery performance were one of the three highest factors used in their purchasing decisions.

All responding purchasers indicated that since 2001 some of their suppliers of certain aluminum plate have placed them on allocation, declined to accept quantities requested in orders, delivered less than the quantity promised, or otherwise departed from the normal course of supply they have come to expect. One purchaser indicated that all suppliers are currently allocating production. Of the other nine responding purchasers, *** were named by all nine purchasers; *** was named by five purchasers; and *** were named by one purchaser. Most purchasers indicated that these practices have occurred since the middle of 2003. Five of ten responding purchasers indicated that since 2001 some of their suppliers of certain aluminum plate have been unable to meet timely shipping commitments.

The petitioner indicated that if certain aluminum plate is of high enough quality to pass specification, it competes almost exclusively on the basis of price.²⁸ However, respondents indicated that sales also depend on factors such as customer service and lead times.²⁹ Hulett indicated that it typically discounts the certain aluminum plate it sells by 3 to 5 percent off the price sold by domestic producers because its lead times are usually longer.³⁰ ***³¹ ***³²

Comparisons of Domestic Products and Subject Imports

As shown in table II-3, two of three responding domestic producers indicated that U.S.-produced and South African imports of certain aluminum plate are “always” used interchangeably.³³ The one remaining responding U.S. producer and four responding importers indicated that U.S.-produced and South African imports of certain aluminum plate are “frequently” used interchangeably.³⁴

²⁸ Conference transcript, p. 22 (Wetherbee).

²⁹ Conference transcript, pp. 186-188 (Kahn).

³⁰ Conference transcript, p. 187 (Kahn).

³¹ November 19, 2003, staff telephone interview with ***.

³² *Id.*

³³ One of the two producers that responded that U.S.-produced and South African imports of certain aluminum plate are “always” used interchangeably indicated that their response was for sizes of certain aluminum plate that can be produced in South Africa.

³⁴ This does not include the response of one importer who responded “always-frequently.”

Table II-3
Certain aluminum plate: Perceived degree of interchangeability of product produced in the United States and in other countries

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. South Africa	2	1	0	0	0	3	0	0
U.S. vs. Russia	0	1	2	0	0	2	2	0
U.S. vs. other	0	1	2	0	0	0	1	0
South Africa vs. Russia	1	0	1	0	0	2	2	0
South Africa vs. Other	1	1	0	0	0	1	1	0
Russia vs. other	0	1	1	0	0	1	1	0

Note.—A=always; F=frequently; S=sometimes; N=never.

This tabulation does not include ambiguous answers submitted by importer ***. These ambiguous responses included “A-F” for U.S. vs. South Africa, “N-S” for U.S. vs. Russia, “A, (N)” for U.S. vs. other and South Africa vs. other.

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

As shown in table II-4, all three responding domestic producers and one of three responding importers indicated that differences in product characteristics or sales conditions between U.S.-produced and South African imports of certain aluminum plate are “sometimes” a significant factor in their firm’s sales of certain aluminum plate. One remaining responding importer indicated that differences in product characteristics or sales conditions between U.S.-produced and South African imports of certain aluminum plate are “frequently” a significant factor in their firm’s sales, while the other remaining responding importer indicated that differences in product characteristics were “never” a factor.³⁵

One producer *** indicated that factors that limit or preclude interchangeable use for certain aluminum plate from all sources included surface appearance, availability, thickness tolerances, flatness tolerances, and certification and that differences in quality, product range, availability, and customer relationships were “sometimes” significant factors in their firm’s sales.³⁶ Another producer indicated that interchangeability could be limited by differences in quality in terms of flatness, surface condition, and stability when cut.

One importer indicated that technical support, reliability of delivery, and general availability were superior for imports from South Africa. It also indicated that although lead times on product from South Africa may be longer, its lead times have often been more reliable, particularly in the last year (2003). It also noted that there are some products that it currently cannot provide to the market from South Africa such as plate wider than 2 inches.

As shown in table II-5, eight of nine responding purchasers indicated that certain aluminum plate produced in the United States is at least “frequently” used in the same applications as certain aluminum

³⁵ This includes the response of one importer who responded “sometimes-never.”

³⁶ In its questionnaire response in the preliminary phase of this investigation, this producer indicated that U.S. companies have greater product size capabilities than South Africa or others, sometimes have better availability for standard and non-standard sizes, and sometimes have better quality than other companies.

Table II-4

Certain aluminum plate: Perceived significance of differences other than price between product produced in the United States and in other countries

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. South Africa	0	0	3	0	0	1	1	1
U.S. vs. Russia	0	0	1	1	2	1	1	0
U.S. vs. other	0	0	1	1	0	1	1	0
South Africa vs. Russia	0	0	2	0	0	1	1	0
South Africa vs. Other	0	0	2	0	0	0	2	0
Russia vs. other	0	0	2	0	0	0	2	0

Note.—A=always; F=frequently; S=sometimes; N=never.

This tabulation does not include ambiguous answers submitted by importer ***. These ambiguous responses included “S,N” for U.S. vs. South Africa, “A,F” for South Africa vs. Russia, “A,S” for Russia vs. other, and “A, (S,N)” for U.S. vs. other and Russia vs. other.

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

Table II-5

Certain aluminum plate: Usage in same applications of product produced in the United States and in other countries

Country pair	Number of U.S. purchasers reporting			
	A	F	S	N
U.S. vs. South Africa	5	3	1	0
U.S. vs. Russia	3	2	1	0
U.S. vs. other	1	3	3	0
South Africa vs. Russia	1	3	2	0
South Africa vs. other	2	3	2	0
Russia vs. other	3	2	1	0

Note.—A=always; F=frequently; S=sometimes; N=never.

This tabulation does not include an ambiguous answer submitted by ***. This ambiguous response was “A/B” for U.S. vs. other.

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

plate produced in South Africa, with five purchasers indicating “always” and three purchasers indicating “frequently.”

Eight of ten responding purchasers indicated that either they or their customers sometimes specifically order certain aluminum plate from one country over other sources of supply. Many of the these purchasers indicated that their customers prefer domestically produced certain aluminum plate. Four of ten responding purchasers indicated that there are certain grades/types/sizes of certain aluminum plate available from only a single source. Two of these purchasers indicated that wide aluminum plate is only available from Alcoa and Pechiney.

In their questionnaire responses, all ten responding purchasers indicated that U.S.-produced certain aluminum plate at least “usually” meets minimum quality specifications, with five purchasers indicating that this was “always” the case. Eight of ten responding purchasers indicated that imported subject certain aluminum plate “usually” meets minimum quality specifications.³⁷ One of the two remaining purchasers indicated that this was “always” true and the other indicated that it is “sometimes” true. Three of four responding purchasers indicated that imported nonsubject certain aluminum plate from Russia “sometimes” meets minimum quality specifications, with the remaining responding purchaser indicating that this was “usually” the case.

As indicated in table II-6, for the factors (except for lower price) that almost all responding purchasers indicated were “very important” in their purchasing decisions (see table II-2), at least one half of purchasers indicated that U.S.-produced certain aluminum plate was at least “comparable” to certain aluminum plate produced in South Africa. In addition, at least one-half of responding purchasers indicated that with regard to delivery time and reliability of supply, U.S.-produced certain aluminum plate was “superior” to certain aluminum plate produced in South Africa. However, seven of nine responding purchasers indicated that with regard to lowest price, U.S.-produced certain aluminum plate was “inferior” to certain aluminum plate produced in South Africa.

Comparisons of Domestic Products and Nonsubject Imports

In their questionnaire responses, all responding producers and importers indicated that U.S.-produced and nonsubject imports of certain aluminum plate are either “frequently” or “sometimes” used interchangeably. All responding producers indicated that differences in product characteristics or sales conditions between U.S.-produced and imports from nonsubject countries of certain aluminum plate were at most “sometimes” a significant factor in their firm’s sales of certain aluminum plate, while all responding importers indicated that these differences were at least “sometimes” a significant factor. Five of six responding purchasers indicated that imports of certain aluminum plate from Russia were at least “frequently” used in the same applications as certain aluminum plate produced in the United States, while six of seven responding purchasers indicated this was either “frequently” or “sometimes” true for imports from other non-subject countries.

As indicated in table II-6, for the factors (except for lower price and discounts offered) that all responding purchasers indicated were “very important” in their purchasing decisions (see table II-2), all purchasers indicated that U.S.-produced certain aluminum plate was “superior” to certain aluminum plate produced in Russia. In addition, two out of four responding purchasers responded that with regard to discounts offered, U.S.-produced certain aluminum plate was “superior” to certain aluminum plate produced in Russia. Also, with regard to lowest price, all four responding purchasers indicated that U.S.-produced certain aluminum plate was “inferior” to certain aluminum plate produced in Russia.

³⁷ However in response to another question, one of these seven purchasers indicated that nonsubject aluminum plate from South Africa “always” meets minimum quality specifications and another indicated that it “sometimes” meets minimum quality specifications.

Table II-6
Certain aluminum plate: Comparisons by country of origin

Factor	U.S. vs South Africa			U.S. vs Russia			South Africa vs. Russia		
	S	C	I	S	C	I	S	C	I
Availability	4	4	1	4	0	0	3	1	0
Delivery terms	5	3	1	3	1	0	2	2	0
Delivery time	6	2	1	4	0	0	2	1	1
Discounts offered	2	4	3	2	1	1	2	1	1
Extension of credit	0	8	0	0	4	0	0	4	0
Lower price	0	2	7	0	0	4	2	1	1
Minimum quantity requirements	1	7	1	2	1	1	0	4	0
Packaging	0	9	0	3	1	0	0	3	1
Product consistency	2	7	0	4	0	0	3	0	1
Quality meets industry standards	2	7	0	4	0	0	3	0	1
Quality exceeds industry standards	2	7	0	4	0	0	3	1	0
Product range	7	1	0	3	1	0	0	2	2
Reliability of supply	6	3	0	4	0	0	1	2	1
Technical support/service	7	1	0	4	0	0	0	4	0
Lower U.S. transportation costs	1	8	0	2	2	0	0	4	0
Note-- S=Product for first country is superior, C= Product for first country is comparable, I= Product for first country is inferior.									
Source: Compiled from data submitted in response to Commission questionnaires.									

The petitioner indicated that certain aluminum plate from Russia has not achieved a high enough quality level to compete with U.S.-produced or South African produced certain aluminum plate.³⁸ It claimed that this is demonstrated by the fact that while all of its customers have purchased South African product, none have purchased Russian material.³⁹ It also indicated that Russian imports have inconsistent quality.⁴⁰ Respondents indicated that based on market feedback that they received from their customers, Russian imports of certain aluminum plate are adequate in quality, but are often sold at a discount because of the unreliability of delivery.⁴¹

³⁸ Conference transcript, p. 35 (Cooper).

³⁹ Conference transcript, p. 35 (Cooper).

⁴⁰ Conference transcript, p. 64 (Wetherbee).

⁴¹ Conference transcript, p. 175 (Kahn).

Comparisons of Subject Imports and Nonsubject Imports

In their questionnaire responses, all responding producers indicated that subject South African imports and imports of certain aluminum plate from nonsubject sources are at least “sometimes” used interchangeably, while all responding importers indicated that these differences were either “frequently” or “sometimes” used interchangeably. All responding producers indicated that differences in product characteristics or sales conditions between South African imports and imports of certain aluminum plate from nonsubject sources were “sometimes” a significant factor in their firm’s sales of certain aluminum plate, while all responding importers indicated that these differences were either “frequently” or “sometimes” a significant factor. All responding purchasers indicated that Russian imports of certain aluminum plate were either at least “sometimes” used in the same applications as certain aluminum plate imported from South Africa.

ELASTICITY ESTIMATES

This section discusses elasticity estimates for certain aluminum plate.

U.S. Supply Elasticity⁴²

The domestic supply elasticity for certain aluminum plate measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of certain aluminum plate. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers’ ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced certain aluminum plate. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to somewhat increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 10 is suggested.⁴³

U.S. Demand Elasticity

The U.S. demand elasticity for certain aluminum plate measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of certain aluminum plate. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the certain aluminum plate in the production of any downstream products. Based on the available information, the aggregate demand for certain aluminum plate is likely to be inelastic; a range of -0.5 to -0.75 is suggested.⁴⁴

⁴² A supply function is not defined in the case of a non-competitive market.

⁴³ Petitioner agreed with staff’s estimate of the domestic supply elasticity. Petitioners’ prehearing brief, p. 18, fn. 41. Respondents used the staff’s estimate of the domestic supply elasticity in their COMPAS analysis. Respondents’ prehearing brief, exh. 1, p. 12.

⁴⁴ Petitioner agreed with staff’s estimate of the U.S. demand elasticity. Petitioners’ prehearing brief, p. 18, fn. 41. Respondents used the staff’s estimate of the U.S. demand elasticity in their COMPAS analysis. Respondents’ prehearing brief, exh. 1, p. 12. However, in their posthearing brief, respondents indicated that “demand is somewhat more elastic than staff estimated, as indicated by the ability of the U.S. market to absorb the surging volume of product produced and sold by the U.S. industry through 2003,” although they did not quantify how much more elastic they felt demand was. Respondents’ posthearing brief, exhibit 1, p. 4

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.⁴⁵ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Respondents indicated that a substitution elasticity in the range of 2 to 4 was more appropriate due to unavailability of subject imports in thicknesses greater than 2 inches.⁴⁶ Petitioners suggested that a substitution elasticity in the range of 5 to 10 was more appropriate in light of evidence supporting the high degree of interchangeability between U.S. and the commodity nature of the product.⁴⁷ Although most evidence indicates high substitutability between domestic and South African certain aluminum plate, some evidence suggests limits to substitutability, such as unavailability of subject imports in thickness greater than 2 inches mentioned by respondents. Considering this and other information, the elasticity of substitution between U.S.-produced certain aluminum plate and imported certain aluminum plate is likely to be in the range of 3 to 5.

⁴⁵ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

⁴⁶ Respondents' prehearing brief, exh. 1, pp. 10, 12.

⁴⁷ Petitioners' prehearing brief, p. 18, fn. 41.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

Information presented in this section of the report is based on (except as noted) the questionnaire responses of three firms, Alcoa, Kaiser, and Pechiney.¹ These firms are believed to account for all known U.S. production of certain aluminum plate during the period January 2001-June 2004.²

U.S. PRODUCERS

The Commission sent producers' questionnaires to all three firms identified in the petition as U.S. producers of certain aluminum plate. Table III-1 presents the list of U.S. producers with each company's U.S. production location, share of U.S. production in 2003, and position on the petition.

¹ Since the Commission's preliminary determination, Alcan, Inc. acquired Pechiney's then-ultimate corporate parent (Pechiney S.A) in a tender offer that was completed in December 2003. Pechiney producer questionnaire response, section I-4.

² An additional U.S. producer of certain aluminum plate, McCook Metals, LLC ("McCook") of Chicago, IL, filed for bankruptcy on August 6, 2001. Subsequently, the McCook aluminum plate manufacturing facility was closed and its assets liquidated. The majority of McCook's assets were purchased, but not yet utilized, by Pechiney. Hearing transcript, p. 21 (Wetherbee). During the preliminary phase of this investigation, petitioner estimated McCook's U.S. commercial shipments of certain aluminum plate to be ***. Petitioner's postconference brief, exh. II-3. During this final phase investigation, petitioner has submitted internal McCook data provided to Alcoa during the course of a due diligence review indicating that McCook's shipments of certain aluminum plate were ***. Petitioner's posthearing brief, p. 4, fn. 7, and attachment 1. The Commission did not receive data directly from McCook.

Petitioner argued that McCook's exit from the certain aluminum plate market in the United States demonstrates further the material injury that the industry has experienced during the period examined. Hearing transcript, p. 23 (Wetherbee). Respondents argued that McCook's exit from the certain aluminum plate industry was not caused by U.S. imports from South Africa. In fact, respondents point to McCook's filing of an antitrust action against Alcoa in which it alleged that after Alcoa's acquisition of Reynolds Metals Co., it exerted too much market power in the high-purity aluminum market and would thereby raise the cost of aluminum. Respondents' postconference brief, exh. 19. Respondents also argued that McCook manufactured 2000 and 7000 series aluminum plate for the aerospace industry and not certain aluminum plate. Finally, respondents point to accounting and management concerns at McCook as other reasons for the company's financial trouble. *Id.*, p. 36.

Table III-1

Certain aluminum plate: U.S. producers, U.S. production locations, shares of U.S. production in 2003, and positions on the petition

Firm	Production location	Share of production (percent)	Position on the petition
Alcoa ¹	Bettendorf, IA	***	Petitioner
Kaiser ²	Spokane, WA	***	Support
Pechiney ³	Ravenswood, WV	***	***

¹ Alcoa, headquartered in Pittsburgh, PA, is the global leader in the production of primary aluminum, fabricated aluminum, and alumina and is active in all major aspects of the industry including mining, refining, smelting, fabricating, and recycling of aluminum. Alcoa Manufacturing (GB) Ltd., Inc., located in West Midlands, England, and Alcoa Trasformazioni, S.r.l., located in Venice, Italy, are Alcoa facilities that manufacture certain aluminum plate in Europe.

² Kaiser, headquartered in Houston, TX, voluntarily filed for chapter 11 bankruptcy protection on February 12, 2002, citing "significant near-term debt maturities at a time of unusually weak aluminum industry business conditions, depressed prices, and a broad economic slowdown that was further exacerbated by the events of September 11 . . . burdened by asbestos litigation and growing legacy obligations for retiree medical and pension costs." Kaiser press release, February 12, 2002. ***.

³ During January 2001-August 2003, Pechiney was a wholly owned subsidiary of Pechiney Metals Corp. of Stamford, CT, which was the wholly owned U.S. subsidiary of Pechiney, S.A. of Paris, France. On September 12, 2003, Alcan, Inc., a Canadian producer of aluminum products, and Pechiney agreed to merge, which based on total revenue, would make it the largest aluminum producer in the world. On September 29, 2003, the U.S. Department of Justice, Antitrust Division, approved the Alcan-Pechiney merger, but required the newly merged corporation to divest its aluminum rolling mill located in Ravenswood, WV. Alcan press release, September 29, 2003. On March 4, 2004, the State of West Virginia moved to intervene in the proceedings. On March 15, the Department of Justice filed a brief opposing West Virginia's motion, and on May 26, 2004, the Justice Department and Alcan signed a revised agreement which provided for either the sale of the Ravenswood, WV facility, or the execution of a proposed aluminum rolled-products spin-off that would satisfy the judgment. On September 28, 2004, Alcan announced the registration of a new spin-off company, Novelis, domiciled in Canada, which would include Alcan's aluminum plate (series 5000) production facility in Oswego, NY. Pechiney's Ravenswood, WV rolling mill is not included in the new company. ***.

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

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' capacity, production, and capacity utilization are presented in table III-2. Total U.S. capacity increased from 2001 to 2003 by 8.6 percent. The capacity volume of the U.S. industry was slightly lower than apparent U.S. consumption of certain aluminum plate in 2003. Total U.S. production of certain aluminum plate increased by 56.1 percent from 2001 to 2003, and more than doubled during January-June 2004 when compared to the same period in 2003.³ Capacity utilization increased by 22.1 percentage points from 2001 to 2003; production exceeded capacity during January-June 2004.⁴

³ U.S. producers reported that the increased production activity is attributable to increased demand for aerospace alloys. E-mail from Lynn Kamarck, Hogan & Hartson L.L.P., September 2, 2004.

⁴ Petitioner argued that the domestic industry's high capacity utilization rate during January-June 2004 reflected a unique "bump" in domestic demand coupled with supply constrictions that occurred in the first half of the year, and that those events are unlikely to recur. Petitioner's prehearing brief, p. 17, and hearing transcript, pp. 18-19 (Wetherbee). Petitioner provided quantities associated with the bumps in demand (increases in volume of shipments (continued...))

Table III-2

Certain aluminum plate: U.S. producers' capacity, production, and capacity utilization, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
<i>Capacity (short tons):</i>					
Alcoa	***	***	***	***	***
Kaiser	***	***	***	***	***
Pechiney	***	***	***	***	***
Total	52,069	56,569	56,569	30,535	37,535
<i>Production (short tons):</i>					
Alcoa	***	***	***	***	***
Kaiser ¹	***	***	***	***	***
Pechiney	***	***	***	***	***
Total	26,371	30,242	41,177	19,037	39,629
<i>Capacity utilization (percent):</i>					
Alcoa ²	***	***	***	***	***
Kaiser ³	***	***	***	***	***
Pechiney	***	***	***	***	***
Average	50.6	53.5	72.8	62.3	105.6
¹ ***. E-mail from ***, Kaiser Aluminum, September 14, 2004. ² ***. E-mail from Lynn Kamarck, Hogan & Hartson L.L.P., September 2, 2004. ³ ***. Email from ***, Kaiser Aluminum, August 30, 2004.					
Source: Compiled from data submitted in response to Commission questionnaires.					

⁴ (...continued)

related to: (1) big screen televisions, (2) U.K. customers during Alcoa's sister-company equipment failure, and (3) the war in Iraq and Afghanistan) which amounted to *** short tons and accounted for approximately *** percent of the change in apparent consumption during January-June 2004 when compared to the same period in 2003. Petitioner's October 14, 2004 submission, exhibit 4.

*** capacity to produce certain aluminum plate during the period examined.⁵ *** reported a *** short ton or *** percent increase in capacity from 2001 to 2003 as a result of ***. *** reported that capacity to produce certain aluminum plate is constrained by production equipment, specifically the furnaces used to heat-treat the aluminum plate. ***.

*** reported not experiencing any plant closings, relocations, or prolonged shutdowns during the period examined. ***.

*** reported producing products other than certain aluminum plate (series 6000) on the same production machinery and by the same production workers. ^{6***} ⁷ ***.⁸

The domestic producers reported *** toll agreements *** U.S. production of certain aluminum plate in U.S. foreign trade zones.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS

As detailed in table III-3, the volume of U.S. producers' U.S. shipments of certain aluminum plate increased by 67 percent from 2001 to 2003, and increased by more than 80 percent during January-June 2004 when compared to the same period in 2003. The value of their U.S. shipments also increased by 35 percent during 2001-03, and by about 97 percent from January-June 2003 to January-June 2004. *** reported internal consumption or transfers to related firms of certain aluminum plate. Such shipments were small, less than *** tons. *** reported export shipments, which were made to ***.

⁵ On March 23, 2001, Alcoa issued a press release, entitled "Alcoa Expanding Aerospace Plate Capacity," which stated that Alcoa planned to increase its capacity for aerospace and tooling plate by 30 percent in order to meet growing global demand (including potentially supplying Airbus in the production of its new double decker 550-passenger jetliner, the A380). Specifically, the plan called for nearly \$90 million to expand aerospace plate capacity at the Davenport, IA aluminum rolling facility. It was reported that after the downturn in the airline industry after the events of September 11, 2001, Alcoa has continued with the capacity expansion, albeit at a slower pace. It was originally planned to be completed in the fourth quarter of 2002. William Ryberg, "Alcoa Taking Off," The Des Moines Register, July 13, 2003. *See also* Respondents' postconference brief, p. 35. Petitioner reported that ***. E-mail from Lynn Kamarck, Hogan & Hartson, L.L.P., September 10, 2004.

⁶ *** , response to producers' questionnaire, section II, II-9.

⁷ ***.

⁸ ***. See petitioner's postconference brief, p. 38 and exh. II-18.

Table III-3

Certain aluminum plate: U.S. producers' shipments, by type, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
Quantity (short tons)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	23,356	31,237	39,092	18,011	32,567
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Value (\$1,000)					
Commercial shipments	***			***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	89,352	104,958	120,724	55,893	109,970
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Unit value (per short ton)					
Commercial shipments	\$***	\$***	\$***	\$***	\$***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	3,826	3,360	3,088	3,103	3,377
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
¹ Not applicable.					
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS

*** reported that they did not import certain aluminum plate during the period of investigation.⁹ *** reported that it directly imported certain aluminum plate during the period examined. Table III-4 presents *** direct imports of certain aluminum plate ***,¹⁰ along with its U.S. production. ***.

Table III-4
Certain aluminum plate: * production and imports, 2001-03, January-June 2003, and January-June 2004**

* * * * *

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of certain aluminum plate for the period examined are presented in table III-5. From 2001 to 2003, U.S. producers' end-of-period inventories decreased by 72.9 percent.

Table III-5
Certain aluminum plate: U.S. producers' end-of-period inventories, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
Inventories (<i>short tons</i>)	7,420	3,366	2,012	2,424	6,928
Ratio to production (<i>percent</i>)	28.1	11.1	4.9	6.4	8.7
Ratio to U.S. shipments (<i>percent</i>)	31.8	10.8	5.1	6.7	10.6
Ratio to total shipments (<i>percent</i>)	***	***	***	***	***
Note.--January-June ratios are calculated using annualized production and shipment data.					
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of certain aluminum plate, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in this investigation are presented in table III-6. From 2001 to 2003, the number of PRWs decreased by 8.3 percent, hours worked decreased by 16.4 percent, wages paid increased by 15.5 percent, hourly wages increased by 38.1 percent, productivity increased by 86.7 percent, and unit labor costs decreased by 26.0 percent.

⁹ ***'s producers' questionnaire responses, section II-4.

¹⁰ ***.

Table III-6

Certain aluminum plate: Average number of production and related workers producing certain aluminum plate, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
PRWs (<i>number</i>)	148	210	212	163	242
Hours worked (<i>1,000</i>)	326	440	408	212	317
Wages paid (<i>\$1,000</i>)	10,537	15,175	17,039	7,892	13,638
Hourly wages	\$32.32	\$34.49	\$41.76	\$37.23	\$43.02
Productivity (<i>short tons per 1,000 hours</i>)	80.9	68.7	100.9	89.8	125.0
Unit labor costs (<i>per short ton</i>)	\$399.56	\$501.79	\$413.80	\$414.55	\$344.14

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

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent importer questionnaires to 16 firms believed to be importers of certain aluminum plate, as well as to all three U.S. producers.¹ Usable questionnaire responses were received from nine companies, *** are believed to account for all U.S. imports of certain aluminum plate from South Africa.² Questionnaire respondents are located in Connecticut, Illinois (2), New Jersey (2), New York, Ohio, Texas, and Canada. Data for U.S. imports from South Africa are compiled using the questionnaire responses of Empire and ***.³

*** U.S. importer entered the subject product into or withdrew it from foreign trade zones or bonded warehouses. Table IV-1 lists all responding U.S. importers of certain aluminum plate and their quantity of imports, by source, in 2003.

Table IV-1

Certain aluminum plate: Reported U.S. imports, by importer and by source of imports, 2003

* * * * *

U.S. IMPORTS

Table IV-2 shows that the volume of U.S. imports of certain aluminum plate from South Africa increased by *** percent from 2001 to 2003. The value of U.S. imports from South Africa increased by *** percent from 2001 to 2003. The volume of U.S. imports from nonsubject countries decreased by *** percent from 2001 to 2003.⁴ The largest annual increase in U.S. imports of certain aluminum plate from South Africa occurred from 2001 to 2002 with the volume increasing by *** percent. During the same period, imports from nonsubject countries increased by *** percent.

¹ The Commission sent questionnaires to those firms identified in the petition, along with firms that, based on a review of proprietary data provided by the Bureau of Customs and Border Protection (“Customs”) (formerly the U.S. Customs Service), may have imported certain aluminum plate since 2001.

² ***.

³ Empire reported that ***. Official Commerce data regarding imports from South Africa under statistical reporting number 7606.12.3030 are as follows: 1,483 short tons in 2001; 3,126 short tons in 2002; 12,827 short tons in 2003; 5,869 short tons in January-June 2003; and 5,631 short tons in January-June 2004. Both the Commerce data and Empire questionnaire data depict an increasing trend of imports from 2001 to 2003.

⁴ Respondents argued that the volume of U.S. imports from nonsubject countries has exceeded that of imports from South Africa during the period examined and that specifically, U.S. import volumes from Russia are significant. Respondents’ postconference brief, pp. 43-44. U.S. imports of certain aluminum plate from Russia as compiled from responses to the Commission’s questionnaires are presented in table IV-2.

Alcoa maintained that it does not know where the U.S. imports from Russia have gone in the U.S. market and who the end users are. It stated that there is a perception in the marketplace that Russian plate is of inferior quality. Conference transcript, pp. 61-62 (Malashevich). Empire stated that a majority of the customers it contacted reported that certain aluminum plate from Russia was ***. However, ***, a U.S. importer of certain aluminum plate from Russia and a ***, stated that “Russian aluminum plate is not as high a quality level as that of South African and/or U.S. production,” RUSAL importer questionnaire response (preliminary), section III-B-15.

Table IV-2
Certain aluminum plate: U.S. imports, by source, 2001-03, January-June 2003, and January-June 2004

Source	Calendar year			January-June	
	2001	2002	2003	2003	2004
Quantity (short tons)					
South Africa	***	***	***	***	***
Russia	***	***	***	***	***
All others	***	***	***	***	***
Total	19,598	23,344	19,114	9,581	10,017
Value (\$1,000)¹					
South Africa	***	***	***	***	***
Russia	***	***	***	***	***
All others	***	***	***	***	***
Total	57,567	62,807	48,167	23,679	26,144
Unit value (per short ton)					
South Africa	\$***	\$***	\$***	\$***	\$***
Russia	***	***	***	***	***
All others	***	***	***	***	***
Average	2,937	2,691	2,520	2,472	2,610
Share of quantity (percent)					
South Africa	***	***	***	***	***
Russia	***	***	***	***	***
All others	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
South Africa	***	***	***	***	***
Russia	***	***	***	***	***
All others	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, duty-paid. Source: Compiled from data submitted in response to Commission questionnaires.					

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of certain aluminum plate are presented in table IV-3. From 2001 to 2003, the quantity of apparent U.S. consumption of certain aluminum plate increased by 39.7 percent and increased by 50.8 percent between the interim periods. From 2001 to 2003, the value of apparent U.S. consumption increased by 19.2 percent, and increased by 63.0 percent between the interim periods.

Table IV-3

Certain aluminum plate: U.S. shipments of domestic product and imports by source, and apparent U.S. consumption, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
Quantity (short tons)					
U.S. producers' U.S. shipments	23,356	31,237	39,092	18,011	32,567
U.S. shipments of imports from--					
South Africa	***	***	***	***	***
Russia	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	18,166	20,169	18,925	10,565	10,538
Apparent U.S. consumption	41,521	51,406	58,017	28,576	43,104
Value (\$1,000)					
U.S. producers' U.S. shipments	89,352	104,958	120,724	55,893	109,970
U.S. shipments of imports from--					
South Africa	***	***	***	***	***
Russia	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	59,252	59,463	56,382	29,907	29,914
Apparent U.S. consumption	148,604	164,421	177,106	85,800	139,884
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. Producers' and Importers' Order Book Sales

During the final phase of this investigation, respondents argued that domestic demand exceeds domestic capacity to supply certain aluminum plate, and that U.S. producers have placed customers on allocation.⁵ As shown in table IV-4 and figure IV-1, total order book sales of U.S. producers, as of the

⁵ Respondents' prehearing brief, pp. 7 and 16.

end of the quarter in April-June 2004, were *** short tons; order book sales of importers totaled *** short tons. ***.

Table IV-4
Certain aluminum plate: U.S. producers' and importers' order book sales, as of the end of the quarter, January 2001-June 2004

* * * * *

Figure IV-1
Certain aluminum plate: U.S. producers' and importers' order book sales, as of the end of the quarter, January 2001-June 2004

* * * * *

U.S. MARKET SHARES

Data on U.S. market shares for certain aluminum plate are presented in table IV-5. From 2001 to 2003, the U.S. producers gained 11.1 percentage points of market share based on quantity and 8.0 percentage points based on value. U.S. imports from South Africa captured *** percent of U.S. market share in terms of volume in 2003, a *** gain over 2001. U.S. imports from nonsubject sources were *** percent in 2003, a decline of *** percentage points from 2001.

Table IV-5
Certain aluminum plate: Apparent U.S. consumption and market shares, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
Quantity (short tons)					
Apparent U.S. consumption	41,521	51,406	58,017	28,576	43,104
Value (\$1,000)					
Apparent U.S. consumption	148,604	164,421	177,106	85,800	139,884
Share of quantity (percent)					
U.S. producers' U.S. shipments	56.2	60.8	67.4	63.0	75.6
U.S. imports from--					
South Africa	***	***	***	***	***
Russia	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	43.8	39.2	32.6	37.0	24.4
Share of value (percent)					
U.S. producers' U.S. shipments	60.1	63.8	68.2	65.1	78.6
U.S. imports from--					
South Africa	***	***	***	***	***
Russia	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	39.9	36.2	31.8	34.9	21.4
Source: Compiled from data submitted in response to Commission questionnaires.					

RATIO OF IMPORTS TO U.S. PRODUCTION

Data on the ratio of imports to U.S. production of certain aluminum plate are presented in table IV-6.

Table IV-6
Certain aluminum plate: U.S. production, U.S. imports, and ratios of imports to production, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
Quantity (<i>short tons</i>)					
U.S. production	26,372	30,242	41,177	19,038	39,629
U.S. imports from--					
South Africa	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	19,598	23,344	19,114	9,581	10,017
Ratio of imports to U.S. production (<i>percent</i>)					
U.S. imports from--					
South Africa	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	74.3	77.2	46.4	50.3	25.3
Source: Compiled from data submitted in response to Commission questionnaires.					

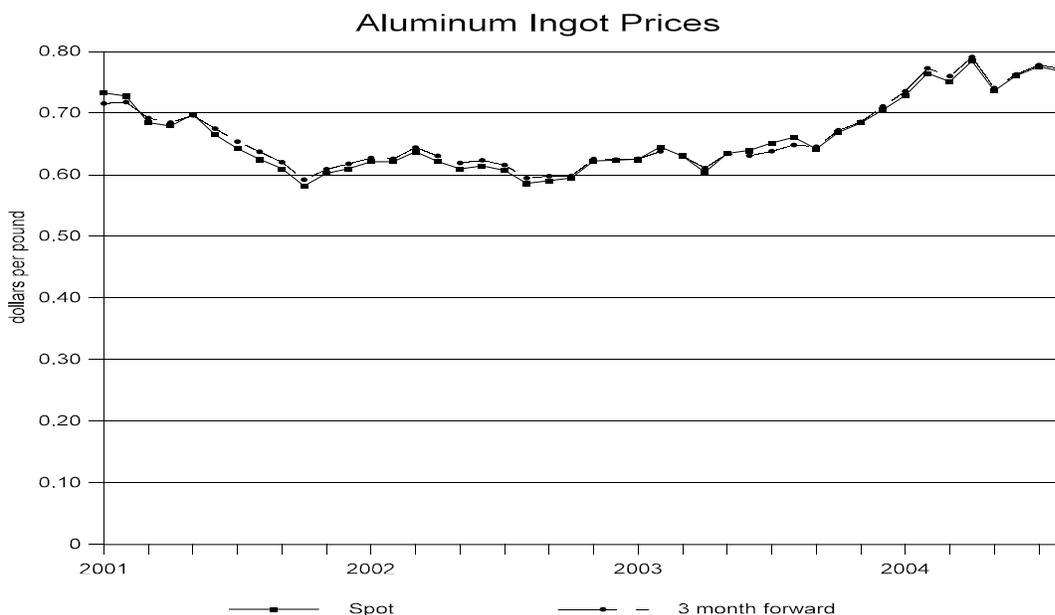
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw materials made up about *** percent of the cost of goods sold for domestic producers of certain aluminum plate in 2003. Pure aluminum is the main raw material for producing certain aluminum plate. The average monthly spot price of aluminum ingot as measured by the London Metal Exchange (LME) fell from \$0.73 per pound in January 2001 to \$0.58 per pound on average August 2001, fluctuated between \$0.58 per pound and \$0.65 per pound until July 2004, and then rose to \$0.78 per pound in April 2004 (see figure V-1). The 3-month forward price for pure aluminum followed a similar trend.

Figure V-1
Aluminum Ingot: LME spot and 3 month forward prices, by month, January 2001-August 2004



Source: London Metal Exchange

Transportation Costs to the U.S. Market

Transportation costs for certain aluminum plate from South Africa to the United States in 2003 (excluding U.S. inland costs) are estimated to be approximately 5.7 percent of the total cost for certain aluminum plate. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

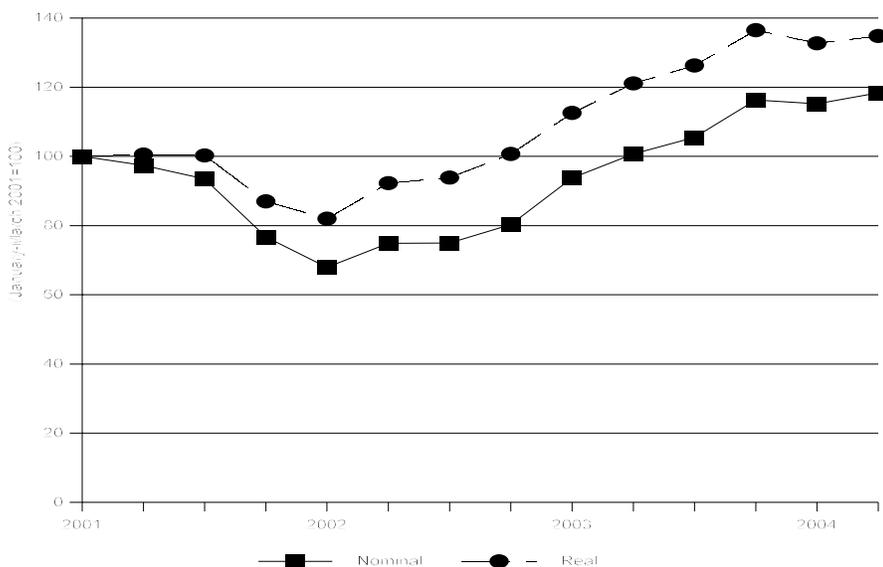
U.S. Inland Transportation Costs

U.S. inland transportation costs for certain aluminum plate comprise a small portion of the cost of both the U.S. and imported product. Producers and importers report that transportation costs make up from 1 to 4 percent of the total cost of certain aluminum plate.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal and real values of the South African rand generally depreciated relative to the U.S. dollar from the first quarter of 2001 to the first quarter of 2002 and then appreciated through the second quarter of 2004 (figure V-2). Overall, the nominal value of the South Africa rand appreciated 18.4 percent relative to the U.S. dollar from first quarter of 2001 to second quarter of 2004. The real value of the South Africa rand appreciated 34.8 percent vis-a-vis the U.S. dollar in that time period.

Figure V-2
Exchange rates: Indices of the nominal and read exchange rates between the South African rand and the U.S. dollar, by quarters, January 2001-2004



Source: International Monetary Fund, *International Financial Statistics*, September 2004.

Petitioner indicated that *** despite a "massive" appreciation of the Rand against the U.S. dollar, ***.¹ Petitioner argued that this willingness to sell *** indicates a determination on the part of Hulett to "buy" market share at the expense of the U.S. industry and that there is no reason to believe that they would not resume this behavior in the absence of antidumping duties.² Respondents argued that the strengthening of the Rand against the U.S. dollar reduces both the effectiveness of U.S. market for them and their price flexibility.³ They also argued that U.S. dollar prices that resulted in high profitability two years ago would obviously not be as profitable today.⁴

¹ Petitioner's prehearing brief, pp. 34-35.

² *Id.*, p. 35.

³ Hearing transcript, p. 188 (Bradford) and e-mail from with Susan Lee, Arnold & Porter, October 21, 2004.

⁴ *Id.*

PRICING PRACTICES

Producers and importers reported using transaction-by-transaction negotiation, contracts for multiple shipments, or a combination of these methods for their sales of certain aluminum plate. All three reporting producers indicated they mostly sell certain aluminum plate through spot sales although about *** percent of sales are through short-term contracts of one year or less. Of the three responding importers, two firms reported that *** percent of their sales were on a short-term contract basis with the remainder on a spot basis, and one reported that it sells only on a spot basis.

All reporting producers and importers sell certain aluminum plate on a delivered basis and indicated that the seller usually arranges for transportation. One of three reporting producers indicated that most of its sales were produced to order, while the other two producers' sales were divided between produced to order and from inventory. Two of four reporting importers indicated that most of their sales were produced to order while two indicated that most of their sales were from inventory. Producers reported lead times ranging from 1 to 30 days from inventory and ranging from about 2 to 4 months produced to order, while importers reported lead times ranging from 7 to 19 days from inventory and ranging from 4 to 6 months produced to order. Average lead times reported by purchasers were 8 weeks for domestic product, 14 weeks for South African product, and 13 weeks for product from nonsubject countries. Eight of nine purchasers noted that lead times have been extended in 2004 with several noting product shortages and allocations.

Alcoa indicated that while it can immediately ship many types of certain aluminum plate from inventory to existing customers, new customers may have to wait 8 to 12 weeks for their order to be shipped.⁵ It also indicated that its lead times increased in mid-2002 and early 2003 due to lower productivity and morale issues at their Davenport facility.⁶ Empire indicated that importers of certain aluminum plate typically have longer lead times than domestic producers.⁷ It indicated that its lead times are usually 10 to 12 weeks.⁸

Eight of ten responding purchasers indicated that they considered some firms to be price leaders in the certain aluminum plate market between January 2001 and June 2004. Alcoa was named by seven of the purchasers, Kaiser and either Empire or Hulett were named by five of the purchasers,⁹ Pechiney was named by two purchasers, and Alcan, British Aluminum, and Charleston Aluminum were all named by one purchaser. Two purchasers indicated that Empire lead prices down in 2002, but also named Alcoa and Kaiser as price leaders.

Alcoa indicated that Hulett is recognized in the industry by their customers, as well as competitors, as the downward price leader.¹⁰ However, Alcoa also indicated that today Hulett has moved from being a low-priced discount supplier to a comparably priced supplier and then to being the price leader in the marketplace with some of the highest prices in the marketplace.¹¹ Alcoa also indicated that Kaiser has never really been seen as a low price leader.¹² Hulett indicated that, "you've heard about the price increases. We've always followed Alcoa's lead."¹³ Empire indicated that Kaiser mounted a sales

⁵ Conference transcript, pp. 84-85 (Wetherbee).

⁶ Conference transcript, pp. 83-87 (Wetherbee).

⁷ Conference transcript, pp. 149-150 (Kahn).

⁸ Conference transcript, p. 150 (Kahn).

⁹ Two purchasers named both Hulett and Empire as price leaders.

¹⁰ Hearing transcript, p. 24 (Wetherbee).

¹¹ Hearing transcript, pp. 90-91 (Wetherbee), p. 116-117 (Leibowitz).

¹² Hearing transcript, p. 52 (Wetherbee).

¹³ Hearing transcript, p. 180 (Bradford).

effort to recapture market share and was surprisingly a price leader at some point during the period of investigation (but not consistently) leading prices lower.¹⁴

Sales Terms and Discounts

One producer and all importers reported selling on a net 30 basis. The other two producers reported discounts of 1 percent for early payment of accounts. Two of three reporting producers and one of five reporting importers indicated that they offered quantity discounts. Empire indicated that it typically discounts the certain aluminum plate it sells by 3 percent to 5 percent off the price sold by domestic producers because of its longer lead times.¹⁵

PRICE DATA

The Commission requested U.S. producers and importers of certain aluminum plate to provide quarterly data for the total quantity and value of certain aluminum plate that was shipped to unrelated customers in the U.S. market. Data were requested for the period January 2001 to June 2004. The products for which pricing data were requested are as follows:

Product 1.--0.25" x 48.5" x 144.5" 6061-T651 finished tooling plate

Product 2.--0.375" x 48.5" x 144.5" 6061-T651 finished tooling plate

Product 3.--0.5" x 48.5" x 144.5" 6061-T651 finished tooling plate

Product 4.--0.75" x 48.5" x 144.5" 6061-T651 finished tooling plate

Three U.S. producers and two importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. These prices are presented below (tables V-1 through V-4 and figure V-3). Pricing data reported by these firms accounted for *** percent of U.S. producers' reported shipments of certain aluminum plate and *** percent of U.S. shipments of subject imports from South Africa in 2003.

Table V-1

Certain aluminum plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling, by quarters, January 2001-June 2004

* * * * *

Table V-2

Certain aluminum plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 21 and margins of underselling, by quarters, January 2001-June 2004

* * * * *

Table V-3

Certain aluminum plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling, by quarters, January 2001-June 2004

* * * * *

¹⁴ Hearing transcript, p. 205 (Kahn).

¹⁵ Conference transcript, p. 187 (Kahn).

Table V-4

Certain aluminum plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling, by quarters, January 2001-June 2004

* * * * *

Figure V-2

Certain aluminum plate: Weighted-average f.o.b. prices of domestic and imported products 1-4, by quarters, January 2001-June 2004

* * * * *

Prices of both U.S.-produced certain aluminum plate and subject imported certain aluminum plate from South Africa fell from January 2001 to December 2003 and then increased in the first quarter of 2004. Prices of domestic product continued to increase through the second quarter of 2004 while the price trends for subject imports from South Africa were mixed. The weighted-average sales prices of the four U.S.-produced products were *** to *** percent lower in the second quarter of 2004 than in the first quarter of 2001. Weighted-average prices of the four products imported from South Africa were *** to *** percent lower in the second quarter of 2004 than in the first quarter of 2001.¹⁶

Price Comparisons

The subject imported product was priced below the domestic product in all instances where prices for domestic certain aluminum plate and imported South African certain aluminum plate could be compared. Margins of underselling averaged 11.3 percent, ranging from 4.9 percent to 24.2 percent.¹⁷

Respondents argued that certain plate prices are highly correlated with exogenous supply and demand drivers.¹⁸ In terms of demand, respondents indicated that the price of certain aluminum plate is responsive to changes in end uses such as general manufacturing as tool plate, other industry and manufacturing applications, and the semiconductor industry,¹⁹ and changes in the prices of nonsubject imports from Russia.²⁰ In terms of supply, respondents indicated that the price of certain aluminum plate is responsive to changes in the price of its main raw material (aluminum ingot) and supply-side substitution with end uses for series 2000 and 7000 aluminum plate (aircraft and parts).²¹

Respondents argued that demand for certain aluminum plate has been particularly sensitive to changes in demand for semiconductor equipment. They suggested that demand for semiconductor equipment can be represented by semiconductor equipment billings and an eight month lag of a semiconductor stock price index (SOXX index). Figure V-4 compares the prices of U.S.-produced

¹⁶ Respondents argued that meaningful price comparisons can only be made from comparing pricing from spot market transactions. Hearing transcript, pp. 229-231 (Shor). See Appendix E for spot and contract sales price data. The subject imported product was priced below the domestic product in 46 of 55 instances where spot prices for domestic certain aluminum plate and imported South African certain aluminum plate could be compared, and in 54 of 56 instances where contract prices for domestic certain aluminum plate and imported South African certain aluminum plate could be compared.

¹⁷ Correlations between prices for domestic products 1, 2, 3, and 4 and their corresponding subject South African pricing products were 0.94, 0.95, 0.94, and 0.91, respectively. These correlations do not necessarily imply causation and these price trends may track one another for reasons having nothing to do with each other's prices, such as macroeconomic trends, or prices of other substitute or downstream goods.

¹⁸ Respondents' prehearing brief, exh. 1, p. 13.

¹⁹ *Id.*, p. 13.

²⁰ Conference transcript, p. 160 (Kaplan).

²¹ Respondents' prehearing brief, exh. 1, p. 15.

products 1-4, semiconductor billings, and an eight month lag of the SOXX index. Correlations between the price of U.S.-produced product 1-4 and semiconductor billings ranged from 0.68 to 0.82,²² while correlations between the four pricing products and an eight month lag of the SOXX index ranged from 0.88 to 0.92.^{23 24}

Figure V-4
Certain aluminum plate: Price indices of weighted-average f.o.b. prices of domestic product 1-4, semiconductor equipment billings, and SOXX index lagged 8 months, by quarters, January 2001-June 2004

* * * * *

Respondents also suggested that demand for machinery products and nonsubject imports of certain aluminum plate from Russia may have impacted the U.S. market for certain aluminum plate. Figure V-5 compares the prices of U.S.-produced products 1-4 with the industrial production index of machinery and the average unit value (AUV) of Russian imports of certain aluminum plate. Correlations between the price of U.S.-produced products 1-4 and the industrial production index of machinery range from 0.67 to 0.77 while correlations with the AUV of certain aluminum plate imported from Russia range from 0.66 to 0.79.²⁵

Figure V-5
Certain aluminum plate: Price indices of weighted-average f.o.b. prices of domestic product 1-4, unit values of Russian imports of subject plate, and industrial production index for machinery, by quarters, January 2001-June 2004

* * * * *

Respondents also indicated that supply factors such as prices for aluminum ingot and production of aircrafts and parts. They suggested that prices for aluminum ingot can be represented by spot and forward prices of aluminum ingot and supply of aircraft and parts can be represented by an industrial production index of aircraft and parts. Figure V-6 compares the prices of U.S.-produced products 1-4 and

²² Respondents estimated a 0.8 correlation between a monthly publicly available pricing series of 6061 aluminum plate and monthly values of semiconductor equipment billings. Respondents' postconference brief, p. 37, fn. 39. In their prehearing brief, respondents estimated a 0.74 correlation using data from January 2000 to August 2004. Respondents' prehearing brief, exh. 1, p. 14, fn. 13.

²³ In their prehearing brief, respondents estimated a 0.8 correlation between a monthly publicly available pricing series of 6061 aluminum plate and monthly values of SOXX index lagged 8 months using data from January 2000 to August 2004. Respondents' prehearing brief, exh. 1, p. 14, fn. 13.

²⁴ The estimated correlation between the prices for U.S. produced products 1-4 and the current value (with no lag) of the SOXX index ranged from 0.70 to 0.74.

²⁵ In their prehearing brief, respondents estimated a 0.68 correlation between a monthly publicly available pricing series of 6061 aluminum plate and monthly values of the industrial production index for machinery from January 2000 to August 2004. Respondents' prehearing brief, exh. 1, p. 14, fn. 13. In their posthearing brief, respondents indicated that the correlation between the price of 6061 aluminum plate and the industrial production index as a whole is "quite high," estimating the correlation to be 0.64 (or 0.88 using a six month lag). Respondents' posthearing brief, exh. 1, pp. 12, 14. Also in their posthearing brief, respondents argue that since demand for certain aluminum predates its actual use in a fabricated or final product, a 6-month lag may be most appropriate correlation to consider for production indices to capture changes in demand for certain aluminum plate. Respondents' posthearing brief, exh. 1, p. 14.

spot price for aluminum ingot and industrial production index for aircraft and parts. Correlations between the price of U.S.-produced product 1-4 and spot and 3-month forward prices of aluminum ingot ranged from 0.12 to 0.22,²⁶ while correlations between the four pricing products and the industrial production index for aircraft and parts ranged from 0.84 to 0.94.²⁷

Figure V-6
Certain aluminum plate: Price indices of weighted-average f.o.b. prices of domestic product 1-4, spot price of aluminum ingot, and industrial production index for aircraft and parts, by quarters, January 2001-June 2004

* * * * *

Respondents indicated that subject plate pricing has evolved similarly to aluminum products that are not under investigation, in particular aluminum coil.²⁸ Figure V-7 compares the prices of U.S.-produced products 1-4 and the price of 6061T aluminum coil. Correlations between the price of U.S.-produced product 1-4 and spot and 3-month forward prices of aluminum ingot ranged from 0.57 to 0.62.²⁹ However, comparing quarterly price differences between aluminum plate and aluminum coil and annual data for subject import market share (with a one quarter lead), petitioner suggested that these price differences were greatest when subject imports were not a significant factor in the U.S. market.³⁰

Figure V-7
Certain aluminum plate: Price indices of weighted-average f.o.b. prices of domestic product 1-4 and price of 6061 T aluminum coil, by quarters, January 2001-June 2004

* * * * *

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of certain aluminum plate to report any instances of lost sales or revenues they experienced due to competition from imports of certain aluminum plate from South Africa since January 2000. Of the two responding non-petitioning U.S. producers, one reported that prices had either been reduced or price increases had been rolled back. The 22 usable lost sales allegations totaled \$*** and involved *** pounds of certain aluminum plate and 10 lost revenues allegations of unknown total value and total quantity.³¹ Staff attempted to contact all purchasers named in

²⁶ In their prehearing brief, respondents estimated a 0.59 correlation between a monthly publicly available pricing series of 6061 aluminum plate and the LME spot price of aluminum ingot and a 0.54 correlation with the LME 3-month forward price using data from January 2000 to August 2004. Respondents' prehearing brief, exh. 1, p. 15, fn. 17.

²⁷ In their prehearing brief, respondents estimated a 0.68 correlation between a monthly publicly available pricing series of 6061 aluminum plate and the industrial production index. Respondents' prehearing brief, exh. 1, p. 15, fn. 16.

²⁸ Respondent's prehearing brief, exh. 1, p. 16.

²⁹ In their prehearing brief, respondents estimated a 0.87 correlation between a publicly available pricing series of 6061 aluminum plate and the using data from the first quarter of 2000 to the second quarter of 2004. Respondents' prehearing brief, exh. 1, p. 17.

³⁰ Petitioner's posthearing brief, response to Commissioners questions 1-6 and exh. A-7.

³¹ Petitioner did not provide quantities for any of its lost revenue allegations. It indicated that, "petitioner was unable to provide all of the details of a number of transactions listed due to the informal manner in which the industry operates and the fact that many price negotiations are concluded over the phone rather than in writing."

(continued...)

allegations and received responses from 10 purchasers; a summary of the information obtained follows (tables V-5 and V-6).

Table V-5
Certain aluminum plate: U.S. producers' lost sales allegations

* * * * *

Table V-6
Certain aluminum plate: U.S. producers' lost revenue allegations

* * * * *

*** disagreed with the lost revenue allegation involving his company, stating that his company's purchase history with their domestic suppliers was reviewed for the time period from October 1, 2002 to June 30, 2003 and they found no occurrences of orders entered with any of these suppliers at the \$*** per pound price level.

*** disagreed with both lost sales allegations stating "I quote several pieces of business like this every month. I do not have the means to determine which specific pieces of business the U.S. producer is referencing or even if we received orders on these examples."

*** agreed with the lost sales allegation involving *** pounds.

*** stated regarding the lost revenues allegations "we have many conversations with our domestic suppliers regarding competitive situations in the marketplace. We have no recollection or supporting paperwork to confirm or not to confirm your referenced pricing scenario."

Although in *** response on *** indicated that *** "disagreed" with the allegation involving lost sales of *** pounds of aluminum plate on *** further indicated that, "I have no recollection of this. I purge my files monthly and have no record of anything like this."

*** disagreed with two lost sales allegations, but agreed with another lost sales allegation and a lost revenue allegation. He disagreed with the two lost sales allegations on *** since his company's records do not indicate any sales were lost on that date. However, he agreed that the import price was in the \$*** per pound range at that time. He also agreed that *** placed an order with *** for aluminum plate at \$*** per pound on ***. However, he indicated that the order was *** pounds instead of the *** pounds indicated in the allegation.

*** indicated that he did not recognize the individual alleged lost sales and lost revenues, but that the quantities mentioned are similar to the amounts he would typically purchase from the named source over a year.³² Also, he indicated that the alleged lost sales prices for representative transactions were similar to accepted import prices close to the dates of the alleged lost sales allegations. However, he indicated that no representative transactions were close to the date of the lost revenue allegation.

*** stated the following, "Our ***. Our ability to compete in this market segment is very much dependent upon the quality of the materials we purchase. For many years we considered *** to be the industry's premier quality plate."

Hulett produces a plate product whose quality meets and often exceeds ***'s product. "The Hulett quality has increased our productivity. Furthermore, Hulett has become the plate preferred by many of our customers."

³¹ (...continued)

Petition, pp. 30-31. ***.

³² Staff telephone interview with ***, November 4, 2003.

*** added, “The costing of Hulett materials has allowed us and our customers to capture and maintain business that otherwise would have moved offshore. One of our customers produces the ***. The quality and pricing of Hulett product allowed him for a period of time to successfully compete with ***. However, the customer has now lost the business. Hulett quality, costing, our *** and our customer’s technology could not compete with the *** product. This customer for the year *** was our largest account. I would like to add that *** also benefitted by this particular piece of business. To meet the demanding delivery schedules of this business we *** and Hulett products. Our level of business with *** was greatly enhanced by this particular piece of business. Hulett’s plate made this possible.”

*** agreed with the lost sales allegation. He added, “it should be mentioned that prior to orders being placed offshore, domestic producers were given the option to quote back a number that could be considered competitive.”

*** agreed with one lost sales allegation, disagreed with another, and indicated that he could not “make a determination” with regard to a lost revenue allegation. He disagreed with an allegation involving ***, indicating that *** only purchased *** pounds through *** and estimated that they will purchase less than *** pounds for the entire year. He also indicated that the initial price offered by the import sources was \$*** per pound and that, as the market for 6061 plate softened, the number was lowered and was closer in line with the \$*** per pound that was alleged. He indicated that the initial domestic quote was \$*** with a \$***. *** also agreed with a lost sales allegation involving *** pounds. In regard to the lost revenue allegation, he indicated that *** could not make a determination with the given information. However, he indicated that the price differential between imports and domestically produced 6x aluminum plate was about \$*** at the time of the allegation.

*** disagreed with the lost sales allegation involving ***, indicating that his company has no record of the allegation nor was there a sale or contract to match the quantity in the allegation. A follow up phone call with staff confirmed that *** disagreed with the lost sales allegation on that date, even if the actual quantity was different.³³

*** agreed with the lost revenue allegation involving ***. He indicated that approximately ***, Hulett started to sell *** at 60 to 70 cents per pound cheaper than the domestic mills (such as Alcoa and Kaiser) and that Hulett’s plate was far superior to other imports which have little overall impact even when they were priced lower. He indicated that domestic mills lowered their prices in response and these lower prices, devalued his inventory, and hurt his profitability.

*** agreed with the lost sales allegation and one of the lost revenue allegations involving ***. In regard to one of the lost revenue allegations, he indicated that in the *** (the lost allegation was in the ***, a \$*** per pound bid would have allowed *** to “participate in the buy.” According to ***, Empire was below the \$*** per pound level and ***’s average pricing of \$*** per pound resulted in a zero participation in *** purchase. In regard to the lost sales allegation, *** indicated that the pricing was correct and corresponded to contract pricing for *** customers.

*** disagreed with the lost sale allegations and the lost revenue allegation involving ***. However, in regard to the lost revenue allegation, he stated that, “there is insufficient information to comment.” In regard to one of the lost sales allegations, he stated that “This inquiry cannot be traced specifically to an order. Were an order placed, it would have shipped to ***.” ***, the domestic producer who made the allegation, indicated that in *** with respect to series 6000 aluminum plate products ***. In this program, *** indicated that *** per pound. *** indicated that during the time period of the lost revenue allegations involving ***, Hulett product was priced about \$*** per pound to \$*** per pound. In regard to the other lost sales allegation, *** stated that it was difficult to recall specific transactions and that his office neither received or requested pricing from the source offering 6xxx South African aluminum plate in the volume or import price cited.

³³ October 24, 2003, staff telephone interview with ***. ***.

*** disagreed with the lost revenue allegation involving his company. He indicated that he checked his invoices for the general period of time regarding subject material and determined that his company's cost to be substantially higher than the referenced import price in the allegation.

*** agreed with the three lost sales allegations. However, he stated that the correct quantities for two of the allegations were *** pounds each, much higher than the *** pounds alleged. In addition, the actual rejected U.S. prices were higher than those reported in the allegations as were the accepted import prices.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Three firms, Alcoa, Kaiser,¹ and Pechiney,² provided usable financial data on their U.S. operations producing certain aluminum plate.³ These reported data are believed to represent all or nearly all of U.S. certain aluminum plate production in the periods examined.⁴

The three responding U.S. firms reported that they made aluminum plate in other series⁵ and they produce other types of aluminum rolled products, such as sheet, in the same facilities in which they produce certain aluminum plate.⁶ These other products accounted for the majority of the firms' production and sales.

OPERATIONS ON CERTAIN ALUMINUM PLATE

In the preliminary phase of this investigation, each of the three reporting U.S. producers stated it does not maintain a product-line income statement solely for 6000 series aluminum plate and, therefore, allocated most of the costs of producing certain aluminum plate from its total operations that include other products. As certain aluminum plate varies relative to total volume and/or revenue or to other products that share the firm's cost pool, it may result in a change in costs allocated to it. This is the case also with

¹ Kaiser filed for bankruptcy protection during the first quarter of 2002, attributing it to the firm's liquidity and cash flow problems arising in late 2001 and early 2002 as well as to increases in liabilities relating to asbestos litigation, pension, medical, and other post employment benefits. Kaiser is operating as debtor-in-possession. See Kaiser, 2003 Form 10-K, note 1, "Reorganization Proceedings," and note 5, "Property, Plant, and Equipment," to Kaiser's Consolidated Financial Statements, found at Internet site http://www.sec.gov/Archives/edgar/data/54291/00005429104000006/kacc_10k-4qtr2003.pdf, retrieved on September 14, 2004.

² Alcan acquired Pechiney, including the plant at Ravenswood, WV, in December 2003. As a merger condition, the U.S. Department of Justice mandated the spin-off of the Ravenswood plant by the combined Alcan-Pechiney entity. Alcan press release, September 29, 2003. That divestiture has not been completed at this time. Staff telephone interview with ***. Reportedly, Alcan has not found a willing and qualified buyer of the Ravenswood plant, described as historically unprofitable. See correspondence between the U.S. Department of Justice and interested parties, found at Internet site <http://www.usdoj.gov/atr/cases/f202800/allcomments.htm>, retrieved on May 18, 2004.

³ Each has a ***. ***.

⁴ McCook Metals produced 6000 series aluminum plate and sheet (and other aluminum series plate and sheet) at McCook, IL. It filed for bankruptcy protection in August 2001 and the assets were ultimately liquidated. Respondents' posthearing brief, exh. 6. Pechiney ***. Staff telephone interview with *** of Alcan, October 18, 2004.

⁵ Alcoa produced plate in *** aluminum series; Kaiser produced *** series; and Pechiney produced *** heat-treatable series and ***.

⁶ U.S. producers were asked to list other products that they produced in the same facilities as certain aluminum plate, and provide the share of net sales in 2003. Alcoa reported that certain aluminum plate accounted for *** percent of sales while aluminum plate produced in series other than 6000 accounted for *** percent, aluminum 6000 series sheet accounted for *** percent while aluminum sheet accounted for *** percent. Kaiser reported that 6000 series plate accounted for *** percent of sales; 7000 series plate and 2000 series plate accounted for *** percent and *** percent, respectively; 7000 and 2000 series sheet together accounted for *** percent; 6000 series sheet accounted for *** percent; and tread plate accounted for *** percent. Pechiney reported that aerospace plate accounted for *** percent of sales; "high mag products" accounted for *** percent; brazing sheet accounted for *** percent; and "common alloy group" accounted for *** percent of sales.

respect to the original cost and book value of property, plant, and equipment. *** reconciled its questionnaire response to its internal statements for aluminum flat products.⁷

There are minor differences between the data reported in this final phase of the investigation and data reported in the preliminary phase of the investigation in 2001 and 2002 in that ***.

Results of U.S. firms' operations on certain aluminum plate are presented in table VI-1.

The quantity and value of sales rose between 2001 and 2002, between 2002 and 2003, as well as between January-June 2003 and the same period in 2004. Between 2001 and 2003, the value of sales did not rise at a rate that was commensurate with sales quantity because unit sales values fell by about 19 percent. Cost of goods sold (COGS) increased in value and as a ratio of sales value between 2001 and 2003, but declined on a per-unit basis between the two years, reflecting the decline in per-unit other factory costs, accounted for by ***. The average unit value of COGS declined slightly between January-June 2003 and the same period in 2004 as the decrease in per-unit other factory costs, led by ***, offset the increases in per-unit raw materials and direct labor, accounted for by ***. The industry recorded an operating loss in 2002 and 2003 but recorded an operating profit in January-June 2004 because of the increase in sales volume, average unit sales value, and lower average unit other factory costs. Those positive factors were greater than the increased average unit value of raw materials and direct labor (accounted for by a large increase in *** unit labor costs).

With respect to direct labor costs, *** explained that differences between periods reflect changes made to restructure manning levels and hours of production shifts within its plant. *** lower cost workforce was replaced by its *** higher cost workforce.⁸ Affecting both direct labor and other factory costs, ***; *** in 2003.⁹ The unit value of *** direct labor costs (table VI-2) increased between January-June 2003 and the same period in 2004, leading to the increase in the industry's average unit value for this cost category; these costs were much lower during January-June 2003 compared with full year 2003. The unit value of *** other factory costs decreased between the two interim periods, leading to a lower average unit value for the industry in this cost category. The unit value of *** other factory costs were much higher during January-June 2003 compared with full year 2003.¹⁰

⁷ Producers' questionnaire response of ***, att. 2. Also, in the preliminary phase of this investigation, *** raw materials were restated to cost, as requested in the Commission's questionnaire. Note 1 to table VI-1, November 24, 2003 staff report (INV-AA-182).

⁸ September 7, 2004 staff telephone interview with ***.

⁹ E-mail to staff from ***, October 4, 2004. The growing legacy obligations for retiree medical and pension costs was one of several reasons stated by Kaiser in its bankruptcy filing in 2002. Kaiser's 2003 form 10-K, p. 1 (see note 1, earlier).

¹⁰ *** has not provided Commission staff with an explanation of changes in these cost categories.

Table VI-1
Certain aluminum plate: Results of operations of U.S. producers, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (short tons)				
Total net sales ¹	24,833	34,295	42,532	19,796	34,714
	Value (\$1,000)				
Total net sales ¹	94,750	114,856	131,372	61,239	117,198
COGS:					
Raw materials ²	34,037	48,580	57,228	26,039	52,060
Direct labor ³	8,656	11,663	14,665	6,650	12,577
Other factory costs ³	41,427	55,341	63,933	30,573	45,447
Total COGS	84,120	115,584	135,826	63,262	110,084
Gross profit or (loss)	10,630	(728)	(4,454)	(2,023)	7,114
SG&A expenses	3,135	2,777	3,800	1,768	2,757
Operating income or (loss)	7,495	(3,505)	(8,254)	(3,791)	4,357
Interest expense	673	1,000	868	455	577
Other expense	4,529	3,825	501	275	(83)
Other income	545	466	656	236	579
Net income or (loss)	2,838	(7,864)	(8,967)	(4,285)	4,442
Depreciation	9,030	11,472	9,627	4,814	6,496
Cash flow	11,868	3,608	660	529	10,938
	Ratio to total net sales (percent)				
COGS:					
Raw materials	35.9	42.3	43.6	42.5	44.4
Direct labor	9.1	10.2	11.2	10.9	10.7
Other factory costs	43.7	48.2	48.7	49.9	38.8
Total COGS	88.8	100.6	103.4	103.3	93.9
Gross profit or (loss)	11.2	(0.6)	(3.4)	(3.3)	6.1
SG&A expenses	3.3	2.4	2.9	2.9	2.4
Operating income or (loss)	7.9	(3.1)	(6.3)	(6.2)	3.7
Table continued on following page.					

Table VI-1--Continued

Certain aluminum plate: Results of operations of U.S. producers, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
Unit value (per short ton)					
Total net sales ¹	\$3,815.56	\$3,349.06	\$3,088.78	\$3,093.50	\$3,376.15
COGS:					
Raw materials	1,370.66	1,416.53	1,345.53	1,315.37	1,499.70
Direct labor	348.58	340.08	344.80	335.93	362.31
Other factory costs	1,668.26	1,613.68	1,503.17	1,544.40	1,309.20
Total COGS	3,387.50	3,370.29	3,193.50	3,195.70	3,171.22
Gross profit or (loss)	428.07	(21.23)	(104.72)	(102.19)	204.93
SG&A expenses	126.25	80.97	89.34	89.31	79.42
Operating income or (loss)	301.82	(102.20)	(194.07)	(191.50)	125.51
Number of firms reporting					
Operating losses	0	***	***	***	***
Data	3	3	3	3	3
¹ *** ² *** produce the aluminum input that is rolled to produce certain aluminum plate, although *** reported some purchases of ingot to supplement its production. *** purchases ingot to roll into plate. ***. ³ Differences in the value reported when compared to the prehearing staff report are attributable to ***. Revised *** producer questionnaire response, October 12, 2004.					
Source: Compiled from data submitted in response to Commission questionnaires, unless otherwise noted.					

Table VI-2 presents data on total net sales, COGS, SG&A, and operating income on a firm-by-firm basis.

Table VI-2

Certain aluminum plate: Results of operations of U.S. producers, by firms, 2001-03, January-June 2003, and January-June 2004

* * * * *

Kaiser's sales volume increased between 2001 and 2002 by *** percent as well as between 2002 and 2003 when it increased by *** percent.¹¹ Although Kaiser stated that the North American demand for series 6000 plate was roughly flat in 2002 as compared to the prior year,¹² it stated that its shipments increased because it ***. Kaiser's questionnaire data indicate that its average unit sales values fell between 2001 and 2003 by *** percent (*** percent between 2001 and 2002 and by *** percent between 2002 and 2003), but increased between interim 2003 and interim 2004 by *** percent, and that its total sales value increased between each of the periods examined because of the increase in volume. Kaiser

¹¹ Kaiser stated that its sales ***. See November 4, 2003, e-mail from ***.

¹² Kaiser's 2003 Form 10-K attributes the decline in the profitability of its segment producing sheet and plate to the fall in U.S. demand, particularly after September 11, 2001, and increased operating costs due to a lag in the ability to scale back costs to reflect a revised product mix.

claimed that it ***. It should be noted that Alcoa's sales volume increased by *** but the unit value of its sales fell by *** percent between 2001 and 2002, and its sales volume increased by by *** percent while the unit value of its sales declined by *** percent between 2002 and 2003. Alcoa stated that its sales increased in 2002 compared to 2001, as it ***.¹³ Pechiney's sales volume increased by *** percent between 2001 and 2002, and by another *** percent between 2002 and 2003 even as the unit value of its sales fell by *** percent between 2001 and 2002, and by *** percent between 2002 and 2003.

In their prehearing brief, respondents prepared revised industry profit and loss statements by adjusting *** labor and overhead costs to the combined average unit value of such costs of ***. Because ***, respondents' proformas show increased industry profitability.¹⁴ As noted earlier, *** amended its PRW-related data, direct labor, and other factory costs to restate wages paid and labor costs: accrued expenses for non-active workers were extracted from the PRW data and were reclassified from direct labor to other factory costs in the product line income statement;¹⁵ neither change resulted in a change to total COGS. Based on the revised data, *** unit labor costs are *** than those of ***, and while the average unit value of its other factory costs was *** in 2001 and 2002, it was *** in 2003 and January-June 2004. The average unit value of *** in 2003. With regard to pensions, the Pension Benefit Guaranty Corp. (PBGC) recently assumed responsibility for the Kaiser Aluminum Pension Plan, which covered approximately 9,600 hourly workers represented by the United Steelworkers of America as of September 30, 2004. The PBGC previously had assumed responsibility for Kaiser's salaried and inactive workers; Kaiser sponsors five other defined benefit plans that remain ongoing.¹⁶

Changes in the operating income of these firms are further evidenced by a variance analysis that shows the effects of prices and volume on total net sales and of costs and volume on their total costs. The variance analysis is shown in table VI-3

¹³ November 5, 2003, e-mail from Lynn Kamarck, counsel to Alcoa.

¹⁴ Respondents' prehearing brief, pp. 30-31 and exh. 1, pp. 17-18, tables 8-11. The substituted numbers, although mathematically correct, are no replacement for the actual costs of ***. Respondents also prepared proforma sales and cost statements for the industry and by firm for the third quarter and fourth quarter of 2004. Respondents' posthearing brief, exh. 1, p. 18 and tables 1-5. These estimates and the proforma statements are not reliable for several reasons, including: (1) the announced price increases, used to calculate sales values, may not be realized and may not reflect actual transaction values; (2) price increases and estimated sales volumes do not reflect sales discounts, returns, and allowances; (3) use of a broad producer price index (PPI) may not reflect actual cost experience of a small subset of U.S. producers; (4) there is no matching of revenues and costs associated with those revenues (a basic principle of GAAP) other than cobbling together two sets of estimates from disparate sources.

¹⁵ E-mail to staff from ***, October 12, 2004.

¹⁶ PBGC news release, "PBGC protects pensions of hourly workers at Kaiser Aluminum," October 5, 2004, found at Internet site http://www.pbgc.gov/news/press_areleases/2004/pr05_03.htm, retrieved on October 8, 2004.

Table VI-3
Certain aluminum plate: Variance analysis on results of operations, 2001-03, and January-June 2003-04

Item	Calendar year			January-June
	2001-03	2001-02	2002-03	2003-04
Value (\$1,000)				
Total net sales:				
Price variance	(30,912)	(15,999)	(11,070)	9,812
Volume variance	67,534	36,105	27,586	46,147
Total net sales variance	36,622	20,106	16,516	55,959
Cost of goods sold:				
Cost variance	8,251	590	7,519	850
Volume variance	(59,957)	(32,054)	(27,761)	(47,672)
Total cost of goods variance	(51,706)	(31,464)	(20,242)	(46,822)
Gross profit variance	(15,084)	(11,358)	(3,726)	9,137
SG&A expenses:				
Expense variance	1,569	1,553	(356)	343
Volume variance	(2,234)	(1,195)	(667)	(1,332)
Total SG&A variance	(665)	358	(1,023)	(989)
Operating income variance	(15,749)	(11,000)	(4,749)	8,148
Summarized as:				
Price variance	(30,912)	(15,999)	(11,070)	9,812
Net cost/expense variance	9,820	2,143	7,163	1,193
Net volume variance	5,342	2,856	(842)	(2,857)
<p>Note.—Unfavorable variances are shown in parenthesis; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1; variances for internal consumption and transfers are not material and are not presented.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>				

This analysis shows that the decrease in operating income between each of the full year periods was primarily because prices declined (an unfavorable price variance) faster than costs declined (a favorable net cost/expense variance). Between January-June 2003 and the same period in 2004, increasing prices and decreased costs were the primary causes of the increased operating income.

**CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES,
AND INVESTMENT IN PRODUCTIVE FACILITIES**

The responding firms' data on capital expenditures and their research and development ("R&D") expenses used in the production of certain aluminum plate are shown in table VI-4.

Table VI-4
Certain aluminum plate: Value of capital expenditures and R&D expenses of U.S. producers, by firms, 2001-03, January-June 2003, and January-June 2004

* * * * *

ASSETS AND RETURN ON INVESTMENT

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of certain aluminum plate to compute return on investment (ROI) for 2001-03 and for the two half-year periods in 2003 and 2004. The data for total net sales and operating income are from table VI-1. Operating income was divided by total net sales, resulting in the operating income ratio. Total net sales was divided by total assets, resulting in the asset turnover ratio. The operating income ratio was then multiplied by the asset turnover ratio, resulting in ROI;¹⁷ the expanded form of this equation shows how the profit margin and total assets turnover ratio interact to determine the return on investment.

The industry's total assets and its ROI are presented in table VI-5. The total assets utilized in the production, warehousing, and sales of certain aluminum plate increased on average from 2001 to 2003, largely attributable to larger values in cash and book value of property, plant, and equipment of ***. The combined operating income¹⁸ decreased between 2001 and 2002, and fell again between 2002 and 2003 (table VI-1), and ROI followed the trends in the operating income ratio. Total assets decreased *** while operating income increased between January-June 2003 and the same period in 2004, resulting in an increase in ROI.

Table VI-5
Certain aluminum plate: Value of assets used in the production, warehousing, and sale, and return on investment, calendar years 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Value (\$1,000)				
Accounts receivable, net	11,046	10,757	12,534	10,090	15,222
Inventories (finished goods)	8,760	8,271	6,314	5,232	5,088
Inventories (raw materials, work-in-process)	25,809	22,526	19,755	18,374	20,711
Original cost of property, plant, and equipment	128,104	150,994	147,997	123,339	137,604
Book value of property, plant, and equipment	52,524	65,317	63,086	50,894	59,345
Other assets ¹	27,215	67,107	90,850	97,895	28,785
Total assets	125,354	173,978	192,539	182,485	129,151
Total net sales	94,750	114,856	131,372	61,239	117,198
Operating income or (loss)	7,495	(3,505)	(8,254)	(3,791)	4,357
Return on investment (<i>percent</i>) ²	6.0	(2.0)	(4.3)	(2.1)	3.4
¹ Includes such items as cash, prepaid expenses, deferred taxes, and goodwill. *** ² Calculated by multiplying the operating income ratio times the asset turnover ratio (discussed earlier), or dividing operating income by total assets. Note: ROI for a full year is not comparable with an interim period ROI. Source: Compiled from data submitted in response to Commission questionnaires.					

¹⁷ In this formula, sales divided by total assets is a general measure of a firm's ability to generate sales in relation to total assets, considering that the firm has investment in its cash, inventories, accounts receivable, as well as in its productive assets. ROI may be considered as a measure of the firm's ability to generate profits from existing current and fixed assets, and ROI may be used as one factor in management decisions for allocating resources to a particular product line within the overall business.

¹⁸ For petitioners' comments on the ROI analysis, see hearing transcript, pp. 45-46 (Malashevich).

An industry producing aluminum plate by various manufacturing techniques is classified in NAICS code 331315. Data for this category are not contained in the Risk Management Association's (RMA) *Annual Statement Studies*, and comparisons between the questionnaire data and RMA data are not possible.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of certain aluminum plate from South Africa on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses regarding actual and anticipated effects are as follows:

“Yes. ***. First, we have had a detrimental impact on our sales and profit, ***, as a result of (a) sales we believe we have lost to South African series 6000 plate and (b) the lower overall market price for series 6000 plate due to pricing practices of such South African series 6000 plate. Second, we have *** to produce series 6000, series 2000, and series 7000 aluminum plate. The ***. In particular, the market share that we have lost to plate produced in South Africa, as well as the reduction in market price for series 6000 aluminum plate, detrimentally impacted our return estimates and caused us to ***. Were it not for the impact of South African imports, we may have *** already.”

“Yes. Lower revenue to maintain market share. Until the filing of this case, *** had been experiencing negative effects from South Africa, which depressed our selling prices and profitability. Our firm was forced to lower selling prices to maintain market share, in turn lowering the profitability of this product. The Commerce Department's preliminary finding of dumping by Hulett served to assist in reversing these trends and in restoring more reasonable pricing and a resumption of ***.”

PART VII: THREAT CONSIDERATIONS

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

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

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider [these factors] . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

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

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²

Subsidies are not relevant to this investigation; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN SOUTH AFRICA

The Commission requested data from one firm, Hulett Aluminum (Pty), Ltd. ("Hulett"), which was listed in the petition and accounted for all certain aluminum plate production in South Africa during the period examined. Table VII-1 presents data for reported production and shipments of certain aluminum plate for South Africa as reported by Hulett.

Table VII-1
Certain aluminum plate: South Africa's reported production capacity, production, shipments, and inventories, 2001-03, January-June 2003, January-June 2004, and projections for 2004 and 2005

* * * * *

Hulett reported that *** percent of its total sales in the most recent fiscal year were sales of certain aluminum plate.³ In 2003, *** percent of Hulett's total shipments of certain aluminum plate were exported to the United States, while *** percent of its shipments of certain aluminum plate were to other export markets such as ***.⁴ From 2001 to 2003, Hulett's volume of shipments exported to the

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, "... the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

³ Hulett reported that it produces certain aluminum plate (6061 and 6082 series aluminum plate) ***. Hulett's foreign producers' exporter questionnaire response (att. A).

⁴ Hulett adopted a business plan in the third quarter of 2003 that called for increased exports to the *** markets in order to diversify its export markets. Reportedly, the company, already operating at near capacity, reduced exports to the U.S. market in 2003 and January-June 2004 (and projected decreases in 2004 and 2005), reflecting the implementation of its business plan. Hulett's foreign producers' exporter questionnaire response (att. A), and

(continued...)

United States increased by *** percent, and its volume of shipments exported to other world markets rose by *** percent. When comparing the interim (January through June) periods of 2003 and 2004, Hulett's exports to the United States fell by *** short tons, or by *** percent, while exports to other world markets increased *** percent. From 2001 to 2003, Hulett's volume of home market shipments of certain aluminum plate increased ***, and continued to increase in the first six months of 2004.

Hulett's reported capacity remained unchanged from 2001 to 2003 and is projected to remain steady in 2004 and 2005.⁵ Hulett reported that its capacity is constrained by its solution heat treatment furnace ("SHTF") and it has no plans to install additional SHTFs or otherwise expand its capacity.⁶ Hulett reported that it is currently producing certain aluminum plate at capacity and has been for some time. It maintains that there is no intention to shift exports from the third-country markets it has development ***. Reportedly, such a shift would be inconsistent with Hulett's business strategy to diversify market and currency risk. Moreover, Hulett reported that there are no planned plant expansions, and any expansion project would have a lead time of at least 30 months.⁷

Hulett's production increased from 2001 to 2003 by *** percent, and is projected to further increase in 2004 by an additional *** percent; ***-percent rise is projected in 2005 over 2003.⁸ Empire is Hulett's *** U.S. importer of certain aluminum plate.⁹

Hulett reported that ***.¹⁰

U.S. IMPORTERS' INVENTORIES

Reported inventories held by U.S. importers of subject merchandise from South Africa and nonsubject countries are shown in table VII-2.

Table VII-2

Certain aluminum plate: U.S. importers' end-of-period inventories of imports, by source, 2001-03, January-June 2003, and January-June 2004

* * * * *

⁴ (...continued)

respondents' prehearing brief, p. 17, fn. 10; and respondents' posthearing brief, exhibit 4.

⁵ Hulett reported that its capacity data are based upon ***. Hulett's foreign producers' exporter questionnaire response in the preliminary phase, section II-7. Hulett reported that ***. Hulett's foreign producers'/exporters' questionnaire response (att. A).

⁶ Respondents' postconference brief, p. 46. Hulett explained that to install new SHTFs, and thereby increase its capacity, would require approximately 30 months from planning to implementation. *Id.* at exh. 2.

⁷ Respondents' postconference brief, p. 10.

⁸ Hulett reported that ***. Hulett's foreign producers'/exporters' questionnaire response (att. A).

An article in the South African financial press reported that Hulett was considering construction of a new aluminum rolling mill. *See* "Hulett Looks Over Sites for its New Rolling Mill," March 14, 2003, *Business Day*, provided in exh. II-17 of petitioner's postconference brief. ***. Respondents' postconference brief, exh. 2 (Declaration of Frank Bradford). *See also*, conference transcript, p. 173. (Bradford).

⁹ ***. Staff telephone interview with ***, September 1, 2004.

¹⁰ Respondents' postconference brief, exh. 2 (***).

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2004

The Commission requested importers to indicate whether they imported or arranged for the importation of certain aluminum plate from South Africa after June 30, 2004. *** reported that it had arranged for the importation of *** short tons of certain aluminum plate from South Africa subsequent to June 30, 2004.

DUMPING IN THIRD-COUNTRY MARKETS

There is no indication that certain aluminum plate from South Africa has been the subject of any import relief investigations in any other countries.

APPENDIX A

FEDERAL REGISTER NOTICES

Service Type/Location: Commissary Shelf Stocking, Custodial & Warehousing, McConnell Air Force Base, Kansas.

NPA: None Currently Authorized.

Contract Activity: Defense Commissary Agency, Fort Lee, Virginia.

Service Type/Location: Janitorial/Grounds Maintenance, U.S. Army Reserve Center, Hot Springs, Arkansas.

NPA: None Currently Authorized.

Contract Activity: Department of the Army.

Patrick Rowe,

Deputy Executive Director.

[FR Doc. 04-11526 Filed 5-20-04; 8:45 am]

BILLING CODE 6353-01-P

COMMISSION ON CIVIL RIGHTS

Agenda and Notice of Public Meeting of the Massachusetts Advisory Committee

Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights, that a conference call of the Massachusetts Advisory Committee will convene at 1 p.m. and adjourn at 2 p.m., Wednesday, May 26, 2004. The purpose of the conference call is to update Advisory Committee members on planning status and finalize logistical issues for forum on educational issues in Lynn, Massachusetts.

This conference call is available to the public through the following call-in number: 1-800-955-9331, access code: 23836822. Any interested member of the public may call this number and listen to the meeting. Callers can expect to incur charges for calls not initiated using the supplied call-in number or over wireless lines, and the Commission will not refund any incurred charges. Callers will incur no charge for calls using the call-in number over land-line connections. Persons with hearing impairments may also follow the proceedings by first calling the Federal Relay Service at 1-800-977-8339 and providing the Service with the conference call number and access code number.

To ensure that the Commission secures an appropriate number of lines for the public, persons are asked to register by contacting Aonghas St-Hilaire of the Eastern Regional Office, 202-376-7533 (TTY 202-376-8116), by 4 p.m. on Tuesday, May 25, 2004.

The meeting will be conducted pursuant to the provisions of the rules and regulations of the Commission.

Dated at Washington, DC, May 14, 2004.

Ivy L. Davis,

Chief, Regional Programs Coordination Unit.

[FR Doc. 04-11468 Filed 5-20-04; 8:45 am]

BILLING CODE 6335-01-P

DEPARTMENT OF COMMERCE

International Trade Administration

Request for Duty-Free Entry of Scientific Instrument or Apparatus

ACTION: Proposed collection; comment request.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burdens, invites the general public and other Federal agencies to take this opportunity to comment on the continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)).

DATES: Written comments must be submitted on or before July 20, 2004.

ADDRESSES: Direct all written comments to Diana Hynek, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6625, 14th & Constitution Avenue, NW., Washington, DC 20230; phone(202) 482-0266 or via the Internet at dHynek@doc.gov.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of the information collection instrument and instructions should be directed to: Gerald Zerdy, U.S. Department of Commerce, FCB Suite 4100W, 14th Street & Constitution Avenue, NW., Washington, DC 20230; phone (202) 482-1660, fax (202) 482-0949.

SUPPLEMENTARY INFORMATION:

I. *Abstract:* The Departments of Commerce and Homeland Security ("DHS") are required to determine whether nonprofit institutions established for scientific or educational purposes are entitled to duty-free entry under the Florence Agreement of certain scientific instruments they import. Form ITA-338P enables: (1) DHS to determine whether the statutory eligibility requirements for the institution and the instrument are fulfilled, and (2) Commerce to make a comparison and finding as to the scientific equivalency of comparable instruments being manufactured in the United States. Without the collection of the information, DHS and Commerce would not have the necessary information to carry out the responsibilities of determining eligibility for duty-free entry assigned by law.

II. *Method of Collection:* The Department of Commerce distributes Form ITA-338P to potential applicants upon request. The applicant completes the form and then forwards it to the

DHS. Upon acceptance by DHS as a valid application, the application is transmitted to Commerce for processing.

III. Data:

OMB Number: 0625-0037.

Form Number: ITA-338P.

Type of Review: Extension-Regular Submission.

Affected Public: State or local governments; Federal agencies; nonprofit institutions.

Estimated Number of Respondents: 60.

Estimated Time per Response: 2 hours.

Estimated Total Annual Burden Hours: 120.

Estimated Total Annual Cost: \$152,640 (\$2,640 for respondents and \$150,000 for Federal government).

IV. *Request for Comments:* Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: May 18, 2004.

Madeleine Clayton,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 04-11595 Filed 5-20-04; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-791-819]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Aluminum Plate From South Africa

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of preliminary determination of sales at less than fair value.

SUMMARY: The Department of Commerce (“the Department”) preliminarily determines that certain aluminum plate from South Africa is being, or is likely to be, sold in the United States at less than fair value, as provided in section 733(b) of the Tariff Act of 1930, as amended (“the Act”).

Interested parties are invited to comment on this preliminary determination. We will make our final determination not later than 75 days after the preliminary determination.

DATES: *Effective Date:* May 21, 2004.

FOR FURTHER INFORMATION CONTACT:

Rebecca Trainor or Kate Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-4007 or (202) 482-4929, respectively.

SUPPLEMENTARY INFORMATION:

Background

Since the initiation of this investigation (*Initiation of Antidumping Duty Investigation: Certain Aluminum Plate from South Africa*, 68 FR 64081 (November 12, 2003)) (“*Initiation Notice*”), the following events have occurred.

On December 1, 2003, the United States International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that imports of certain aluminum plate from South Africa are materially injuring the United States industry (*see* ITC Investigation No. 731-TA-1056 (Publication No. 3654)).

On December 5, 2003, we selected the largest producer/exporter of certain aluminum plate from South Africa as the mandatory respondent in this proceeding. For further discussion, see the December 5, 2003, Memorandum to Louis Apple, Director Office 2, from The Team Re: Selection of Respondent. Also on December 5, 2003, we issued the antidumping questionnaire to Hulett Aluminium (Pty) Limited (“Hulett”).

During the period January through May 2004, the Department received responses to sections A through D of the Department’s original and supplemental questionnaires from Hulett.¹

On February 13, 2004, the petitioner made an allegation that Hulett sold certain aluminum plate in a third country market at prices below the cost of production (COP). On March 4, 2004,

the Department initiated a cost investigation of Hulett’s third country sales (see the March 4, 2004, Memorandum to the File Re: Petitioner’s Allegation of Sales Below the Cost of Production for Hulett Aluminium (Pty) Limited).

On March 9, 2004, the Department extended the time limit for the preliminary results in this review until May 13, 2004. *See Notice of Postponement of Preliminary Determination of Sales at Less Than Fair Value: Certain Aluminum Plate from South Africa*, 69 FR 10980.

Scope of Investigation

The merchandise covered by this investigation is 6000 series aluminum alloy, flat surface, rolled plate, whether in coils or cut-to-length forms, that is rectangular in cross section with or without rounded corners and with a thickness of not less than .250 inches (6.3 millimeters). 6000 Series Aluminum Rolled Plate is defined by the Aluminum Association, Inc.

Excluded from the scope of this investigation are extruded aluminum products and tread plate.

The merchandise subject to this investigation is currently classifiable under subheading 7606.12.3030 of the *Harmonized Tariff Schedule of the United States* (HTS). Although the HTS subheading is provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Period of Investigation

The period of investigation (“POI”) is October 1, 2002, through September 30, 2003.

Fair Value Comparisons

To determine whether sales of certain aluminum plate from South Africa to the United States were made at less than fair value (“LTFV”), we compared the export price (“EP”) to the normal value (“NV”), as described in the “Export Price” and “Normal Value” sections of this notice, below. In accordance with section 777A(d)(1)(A)(I) of the Act, we compared POI weighted-average EPs to weighted-average NVs.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced and sold by the respondent in the third country market during the POI that fit the description in the “Scope of Investigation” section of this notice to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We compared U.S. sales to sales made in the third

country market, where appropriate.² Where there were no sales of identical merchandise in the third country market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to sales of the most similar foreign like product made in the ordinary course of trade. In making the product comparisons, we matched foreign like products based on the physical characteristics reported by the respondents in the following order of importance: alloy, temper, gauge, width, and length.

Date of Sale

Section 351.401(i) of the Department’s regulations states that the Department will normally use the date of invoice, as recorded in the exporter’s or producer’s records kept in the ordinary course of business, as the date of sale. However, the Department may use a date other than the date of invoice if the alternative better reflects the date on which the material terms of sale (*e.g.*, price and quantity) are established. On February 6, March 5, and March 22, 2004, the petitioner submitted letters to the Department arguing that the dates of either the framework agreement or the release order more accurately reflect the date on which the material terms of sale were established for the majority of the reported U.S. and third country sales transactions than does the invoice date. At the Department’s request, Hulett submitted additional information on April 2, 2004. We found that this documentation, subject to verification, demonstrated that the quantity of aluminum plate ultimately sold changes significantly between the time the framework agreements and release orders are established and the time the commercial invoices are issued. Therefore, we have used the reported U.S. and third country invoice dates as the dates of sale for purposes of the preliminary determination.

Export Price

We used EP methodology, in accordance with section 772(a) of the Act, because the subject merchandise was sold directly by the producer/exporter in South Africa to the first unaffiliated purchaser in the United States prior to importation and constructed export price (“CEP”) methodology was not otherwise indicated.

We based EP on the packed price to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, we made

² See the discussion of home market viability in the “Normal Value” section of this notice.

¹ The Section D supplemental response was filed on May 11, 2004, but not received in time to be used for purposes of the preliminary determination. Accordingly, for purposes of the preliminary determination, we used the original Section D questionnaire response dated April 30, 2004.

deductions for movement expenses, including, where appropriate, foreign inland freight, warehousing, foreign brokerage and handling, international freight, and marine insurance. We added billing adjustments to EP, where appropriate.

Normal Value

A. Home Market Viability

In order to determine whether there is a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we compared Hulett's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Because Hulett's aggregate volume of home market sales of the foreign like product was less than five percent of its aggregate volume of U.S. sales for the subject merchandise, we determined that the home market was not viable for Hulett. However, we determined that the third country market of Taiwan was viable, in accordance with section 773(a)(1)(B)(ii) of the Act. Therefore, pursuant to section 773(a)(1)(C) of the Act, we have used third country sales as a basis for NV for Hulett.

B. Level of Trade

Section 773(a)(1)(B)(i) of the Act states that, to the extent practicable, the Department will calculate NV based on sales at the same level of trade ("LOT") as the EP or CEP. Sales are made at different LOTs if they are made at different marketing stages (or their equivalent). See 19 CFR 351.412(c)(2). Substantial differences in selling activities are a necessary, but not sufficient, condition for determining that there is a difference in the stages of marketing. *Id.*, see also *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From South Africa*, 62 FR 61731, 61732 (November 19, 1997) ("*Plate from South Africa*"). In order to determine whether the comparison sales were at different stages in the marketing process than the U.S. sales, we reviewed the distribution system in each market (*i.e.*, the "chain of distribution"), including selling functions, class of customer ("customer category"), and the level of selling expenses for each type of sale.

Pursuant to section 773(a)(1)(B)(i) of the Act, in identifying levels of trade for EP and comparison market sales (*i.e.*,

NV based on either home market or third country prices³), we consider the starting prices before any adjustments. For CEP sales, we consider only the selling activities reflected in the price after the deduction of expenses and profit under section 772(d) of the Act. See *Micron Technology, Inc. v. United States*, 243 F. 3d 1301, 1314–1315 (Fed. Cir. 2001).

When the Department is unable to match U.S. sales to sales of the foreign like product in the comparison market at the same LOT as the EP or CEP, the Department may compare the U.S. sale to sales at a different LOT in the comparison market. In comparing EP or CEP sales to sales at a different LOT in the comparison market, where available data make it practicable, we examine whether a LOT adjustment is warranted under section 773(a)(7)(A) of the Act. Finally, for CEP sales only, if a NV LOT is more remote from the factory than the CEP LOT and there is no basis for determining whether the difference in LOTs between NV and CEP affects price comparability (*i.e.*, no LOT adjustment was practicable), the Department shall grant a CEP offset, as provided in section 773(a)(7)(B) of the Act. See *Plate from South Africa*, 62 FR at 61731.

We obtained information from the respondents regarding the marketing stages involved in making the reported foreign market and U.S. sales, including a description of the selling activities performed for each channel of distribution.

In both the U.S. and Taiwan markets, Hulett sold the subject merchandise through one channel of distribution. In the U.S. market, Hulett sold to a long-standing customer which distributes Hulett's products in the United States. In Taiwan, Hulett similarly sold to a distributor, but employed a selling agent to assist with negotiation, translation and formalization of contracts, for which Hulett paid it a commission. Hulett also incurred certain marketing and technical support expenses associated with being a new entrant into the Taiwan market during the POI. Because of these differences in selling activities and associated selling expenses, we determined that U.S. and third country sales were made at two different LOTs. However, as there is only one LOT in the third country market, we have no basis on which to determine that a LOT adjustment is warranted pursuant to section 773(a)(7)(A) of the Act.

³ Where NV is based on constructed value ("CV"), we determine the NV LOT based on the LOT of the sales from which we derive selling expenses and profit for CV, where possible.

C. Calculation of Normal Value

We calculated NV based on CIF or C&F prices to unaffiliated customers. We made deductions, where appropriate, from the starting price for movement expenses, including inland freight, warehousing, brokerage and handling, international freight, and marine insurance, under section 773(a)(6)(B)(ii) of the Act. In addition, we made adjustments under section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410 for differences in circumstances of sale for imputed credit, warranty, and advertising expenses. We also made an adjustment to NV to account for commissions paid in the third country but not in the U.S. market, in accordance with 19 CFR 351.410(e). As the offset for third country commissions, we applied the lesser of third country commissions or U.S. indirect selling expenses. We disallowed an adjustment claimed for certain technical services expenses because they appear to be indirect rather than direct selling expenses based on Hulett's description in its response. See the May 13, 2004, Memorandum to the File: Calculations for the Preliminary Determination of Certain Aluminum Plate from South Africa.

Furthermore, we made an adjustment for differences in costs attributable to differences in the physical characteristics of the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We also deducted third country packing costs and added U.S. packing costs in accordance with section 773(a)(6)(A) and (B) of the Act.

D. Cost of Production

1. Calculation of COP

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of Hulett's cost of materials and fabrication for the foreign like product, plus amounts for general and administrative expenses ("G&A"), and interest expenses, where appropriate. We relied on the COP information provided by Hulett in its questionnaire responses.

2. Test of Third Country Prices

On a product-specific basis, we compared the weighted-average COPs to third country sales of the foreign like product during the POI, as required under section 773(b) of the Act, in order to determine whether sales had been made at prices below the COP. The prices were exclusive of any applicable movement charges, commissions, direct and indirect selling expenses. In determining whether to disregard third

country sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether such sales were made (1) within an extended period of time in substantial quantities, and (2) at prices which did not permit the recovery of costs within a reasonable period of time.

3. Results of the COP Test

Pursuant to section 773(b)(1) of the Act, where less than 20 percent of a respondent's sales of a given product are made at prices below the COP, we do not disregard any below-cost sales of that product because we determine that in such instances the below-cost sales were not made in "substantial quantities." Where 20 percent or more of a respondent's sales of a given product are at prices less than the COP, we disregard those sales of that product, because we determine that in such instances the below-cost sales represent "substantial quantities" within an extended period of time in accordance with section 773(b)(1)(A) of the Act. In such cases, we also determine whether such sales are made at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(1)(B) of the Act.

The results of our cost test for Hulett indicated that less than 20 percent of third country sales of any given product were at prices below COP. We therefore retained all sales in our analysis and used them as the basis for determining NV.

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Decline of the U.S. Dollar Against the South African Rand

On April 9, 2004, the petitioner filed a letter with the Department requesting that we alter our normal calculation methodology to account for the significant decline of the U.S. dollar against the South African rand (SAR) over the course of the POI. The petitioner claimed that the combination of the following facts in this case may result in a distorted margin calculation when the Department's standard methodology is used: (1) Hulett's U.S. and third country prices were both denominated in dollars; (2) Hulett's costs were recorded in SAR; and (3) Hulett's third country prices remained relatively stable over the POI, rather than having been adjusted to take into

account the decline in the value of the dollar. As a result of Hulett's failure to adjust its third country sales prices to take this decline into account, the petitioner contended that a disproportionate amount of Hulett's sales would be below cost toward the end of the POI. Consequently, the petitioner proposed three alternate methods for addressing this problem: (1) Disregard Taiwan as a comparison market based on a finding that sales to it are unrepresentative or based on "a particular market situation," and use CV as the basis for NV, (2) divide the POI into monthly segments for purposes of price and cost comparisons, or (3) adjust the prices using an index of the exchange rates applicable over the POI.

On April 22, 2004, Hulett submitted comments arguing that the petitioner's claims are without merit. Specifically, Hulett maintained that: (1) There is no basis for the Department to ignore its statutory mandate to use sales to a viable third country market as NV in this case; (2) the petitioner provides no evidence that prices to Taiwan or the United States differ significantly over the POI to justify employing a monthly comparison methodology; and (3) the proposed indexing methodology is inconsistent with the statute. Citing *Torrington Co. v. United States*, 832 F. Supp. 379, 392 (CIT 1993), Hulett concluded that the key issue in an antidumping proceeding is ascertaining differences between home market or third country prices and U.S. prices, rather than differences between the returns realized by the exporter on sales made in the two markets.

Our preliminary calculations show that no Taiwan sales need to be disregarded as a result of the cost test, and that no currency conversions for Taiwan sales prices for comparison to U.S. sales prices are necessary because they are already denominated in U.S. dollars. Therefore, we preliminarily find no basis for departing from our standard calculation methodology, as claimed by the petitioner.

Verification

As provided in section 782(i) of the Act, we will verify all information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing U.S. Customs and Border Protection (CBP) to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct CBP to

require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP, as indicated in the chart below. These suspension of liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average margin percentage
Hulett Aluminium (Pty.) Limited	4.33
All Others	4.33

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Disclosure

We will disclose the calculations used in our analysis to parties in this proceeding in accordance with 19 CFR 351.224(b).

Public Comment

Case briefs for this investigation must be submitted to the Department no later than seven days after the date of issuance of the sales and cost verification reports in this proceeding. Rebuttal briefs must be filed five days from the deadline date for case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Section 774 of the Act provides that the Department will hold a public hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by an interested party. If a request for a hearing is made in this investigation, the hearing will tentatively be held two days after the rebuttal brief deadline date at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written

request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

We will make our final determination no later than 75 days after the preliminary determination.

This determination is published pursuant to sections 733(f) and 777(i) of the Act.

Dated: May 13, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 04-11576 Filed 5-20-04; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-827]

Certain Cased Pencils From the People's Republic of China; Final Results and Partial Rescission of Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of final results and partial rescission of antidumping duty administrative review.

SUMMARY: On January 13, 2004, the Department of Commerce (the Department) published in the **Federal Register** the preliminary results and rescission in part of the 2001-2002 administrative review of the antidumping duty order on certain cased pencils (pencils) from the People's Republic of China (PRC). The period of review (POR) is December 1, 2001, through November 30, 2002. We have now completed the 2001-2002 administrative review of the order. In our final results, based on our analysis of comments received, we amended the preliminary results of review. For details regarding these changes, see the section of this notice entitled "Changes Since the Preliminary Results." The final results are listed below in the "Final Results of Review" section.

DATES: *Effective Date:* May 21, 2004.

FOR FURTHER INFORMATION CONTACT: Paul Stolz, Christopher Zimpo, or Magd Zalok, AD/CVD Enforcement, Office 4, Group II, Import Administration,

International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC, 20230; telephone (202) 482-4474, (202) 482-2747 and (202) 482-4162, respectively.

SUPPLEMENTARY INFORMATION:

Background

On January 13, 2004, the Department published in the **Federal Register** the preliminary results and rescission in part of the administrative review of the antidumping duty order on pencils from the PRC. *See Certain Cased Pencils from the People's Republic of China; Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review*, 69 FR 1965 (January 13, 2004) (*Preliminary Results*). We invited parties to comment on our Preliminary Results. On February 17, 2004, and February 23, 2004, we received case briefs and rebuttal briefs, respectively, from the petitioners,¹ China First Pencil Company, Ltd./Three Star Stationery Industry Corp. (CFP/Three Star), Orient International Holding Shanghai Foreign Trade Co., Ltd. (SFTC), and Shandong Rongxin Import & Export Company Ltd. (Rongxin) (formerly called Kaiyuan Group Corporation).

The Department has conducted this administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Scope of the Order

Imports covered by this order are shipments of certain cased pencils of any shape or dimension (except as noted below) which are writing and/or drawing instruments that feature cores of graphite or other materials, encased in wood and/or man-made materials, whether or not decorated and whether or not tipped (*e.g.*, with erasers, etc.) in any fashion, and either sharpened or unsharpened. The pencils subject to the order are classified under subheading 9609.10.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Specifically excluded from the scope of the order are mechanical pencils, cosmetic pencils, pens, non-cased crayons (wax), pastels, charcoals, chalks, and pencils produced under U.S. patent number 6,217,242, from paper infused with scents by the means covered in the above-referenced patent, thereby having odors distinct from those that may emanate from pencils lacking the scent infusion. Also excluded from the scope of the order are pencils with

all of the following physical characteristics: (1) Length: 13.5 or more inches; (2) sheath diameter: not less than one-and-one quarter inches at any point (before sharpening); and (3) core length: not more than 15 percent of the length of the pencil.

Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of the order is dispositive.

Partial Rescission

The Department preliminarily rescinded this review with respect to Tianjin Custom Wood Processing Co., Ltd. (TCW) because TCW reported that it did not export subject merchandise to the United States during the POR. *See the Preliminary Results*; see also; TCW's February 21, 2003, response to the Department's questionnaire. TCW's claim that it did not export subject merchandise during the POR is supported by U.S. Customs and Border Protection (CBP) data. Moreover, there is no evidence on the record of this segment of the proceeding indicating that TCW exported subject merchandise during the POR. Therefore, we are rescinding this review with respect to TCW.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this administrative review are addressed in the "Issues and Decision Memorandum" (*Decision Memorandum*) from Holly A. Kuga, Acting Deputy Assistant Secretary for Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated May 12, 2004, which is hereby adopted by this notice. A list of the issues which parties have raised and to which we have responded, all of which are in the *Decision Memorandum*, is attached to this notice as an Appendix. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in the Central Record Unit, room B-099 of the main Department of Commerce building. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the International Trade Administration's Web site at www.ita.doc.gov. The paper copy and the electronic version of the *Decision Memorandum* are identical in content.

Changes Since the Preliminary Results

Based on our analysis of the comments received and the results of verification, we adjusted certain factors of production information that we used

¹ The petitioners are Sanford LLP, Musgrave Pencil Company, Rose-Moon Inc., and General Pencil Company.

(including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: May 27, 2004.

Madeleine Clayton,

Office of the Chief Information Officer.

[FR Doc. 04-12508 Filed 6-2-04; 8:45 am]

BILLING CODE 3510-07-P

DEPARTMENT OF COMMERCE

Census Bureau

Current Population Survey (CPS)— Unemployment Insurance Supplement

ACTION: Proposed collection; comment request.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other federal agencies to take this opportunity to comment on proposed or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)).

DATES: Written comments must be submitted on or before August 2, 2004.

ADDRESSES: Direct all written comments to Diana Hynek, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6625, 14th and Constitution Avenue, NW., Washington, DC 20230 (or via the Internet at DHynek@doc.gov).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to Dennis Clark, Census Bureau, FOB 3, Room 3340, Washington, DC 20233-8400, (301) 763-3806.

SUPPLEMENTARY INFORMATION:

I. Abstract

The Census Bureau plans to request clearance for the collection of data via a Supplemental Survey of Unemployment Insurance Non-Filers to

be conducted in conjunction with the January, May, July, and November 2005 CPS. Title 13, United States Code, Section 182, and Title 29, United States Code, Sections 1-9, authorize the collection of the CPS information. The Supplemental Survey of Unemployment Insurance Non-Filers is sponsored by the Department of Labor.

This supplement, which was last conducted in August 1993, will provide the Department of Labor with better information on how often unemployed individuals chose not to apply for unemployment benefits and their reasons for not doing so. Analysis from the survey data will be used by the Department of Labor to help improve the U. S. unemployment insurance system.

II. Method of Collection

The unemployment insurance information will be collected by both personal visit and telephone interviews in conjunction with the regular CPS interviewing during January, May, July, and November of 2005. All interviews are conducted using computer-assisted interviewing.

III. Data

OMB Number: Not available.

Form Number: There are no forms.

We conduct all interviews on computers.

Type of Review: Regular.

Affected Public: Households.

Estimated Number of Respondents: 6,000 (total for all 4 months).

Estimated Time Per Response: 1 minute.

Estimated Total Annual Burden Hours: 100.

Estimated Total Annual Cost: The only cost to respondents is that of their time.

Respondent's Obligation: Voluntary.

Legal Authority: Title 13, U.S.C., Section 182, and Title 29, U.S.C., Sections 1-9.

IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized or included in the request for the Office of Management and Budget approval of this information collection; they also will become a matter of public record.

Dated: May 27, 2004.

Madeleine Clayton,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 04-12510 Filed 6-2-04; 8:45 am]

BILLING CODE 3510-07-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-791-819]

Notice of Postponement of Final Antidumping Duty Determination: Certain Aluminum Plate From South Africa

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

Effective Date: **EFFECTIVE DATE:** June 3, 2004.

FOR FURTHER INFORMATION CONTACT:

Rebecca Trainor or Kate Johnson, Office 2, AD/CVD Enforcement Group I, Import Administration-Room B099, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-4007 or (202) 482-4929, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 21, 2004, the Department of Commerce ("the Department") published the *Notice of Preliminary Determination of Sales at Less-Than-Fair-Value: Certain Aluminum Plate from South Africa*, 69 FR 29262. The final determination of this investigation is currently due no later than July 27, 2004. Pursuant to section 735(a)(2) of the Tariff Act of 1930, as amended ("the Act"), on May 27, 2004, Hulett Aluminium (Pty) Limited ("Hulett"), the sole South African respondent, requested that the Department postpone its final determination in the investigation until 135 days after the date of the publication of the preliminary determination in the **Federal Register**.¹ In addition, in accordance with section 19 CFR 351.210(e)(2), Hulett requested that the Department extend the application of

¹ Hulett initially filed its deadline extension request on May 20, 2004, but subsequently revised it on May 27, 2004.

the provisional measures prescribed under section 733(d) of the Act to not more than six months.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2)(A) of the Act provides that a final determination may be postponed until not later than 135 days after the publication of the preliminary determination, if, in the event of an affirmative determination, a request for such postponement is made by exporters which account for a significant proportion of exports of the subject merchandise. The Department's regulations, at 19 CFR 351.210(e)(2), require that request by respondents for postponement of a final determination be accompanied by a request for extension of provisional measures from a four-month period to not more than six months. In accordance with 19 CFR 351.210(b), because (1) our preliminary determination is affirmative, (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise, and (3) no compelling reasons for denial exist, we are granting Hulett's request and are fully extending the due date for the final determination by 60 days, until no later than October 4, 2004.² Suspension of liquidation will be extended accordingly.

Dated: May 27, 2004.

Jeffrey May,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 04-12605 Filed 6-2-04; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-884]

Antidumping Duty Order: Certain Color Television Receivers From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: Pursuant to section 736(a) of the Tariff Act of 1930, as amended, the Department of Commerce is issuing an antidumping duty order on certain color television receivers from the People's Republic of China.

DATES: *Effective Date:* June 3, 2004.

FOR FURTHER INFORMATION CONTACT: Irina Itkin or Elizabeth Eastwood, Office of AD/CVD Enforcement, Office 2, Import

Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-0656 or (202) 482-3874, respectively.

SUPPLEMENTARY INFORMATION:

Scope of Order

For purposes of this order, the term "certain color television receivers" (CTVs) includes complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. "Incomplete" CTVs are defined as unassembled CTVs with a color picture tube (*i.e.*, cathode ray tube), printed circuit board or ceramic substrate, together with the requisite parts to comprise a complete CTV, when assembled. Specifically excluded from this order are computer monitors or other video display devices that are not capable of receiving a broadcast television signal.

The color television receivers subject to this order are currently classifiable under subheadings 8528.12.2800, 8528.12.3250, 8528.12.3290, 8528.12.4000, 8528.12.5600, 8528.12.3600, 8528.12.4400, 8528.12.4800, and 8528.12.5200 of the *Harmonized Tariff Schedule of the United States* (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of the order is dispositive, and parts or imports of assemblages of parts that comprise less than a complete CTV.

Antidumping Duty Order

On May 27, 2004, the International Trade Commission (the ITC) notified the Department of Commerce (the Department) of its final determination pursuant to section 735(b)(1)(A)(i) of the Tariff Act of 1930, as amended (the Act), that the industry in the United States producing CTVs is materially injured by reason of less-than-fair-value imports of subject merchandise from the People's Republic of China (PRC). Therefore, in accordance with section 736(a)(1) of the Act, the Department will direct U.S. Customs and Border Protection (CBP) to assess, upon further advice by the Department, antidumping duties equal to the amount by which the normal

value of the merchandise exceeds the export price of the merchandise for all relevant entries of CTVs from the PRC. These antidumping duties will be assessed on all unliquidated entries of CTVs from the PRC entered, or withdrawn from the warehouse, for consumption on or after November 28, 2003, the date on which the Department published its *Notice of Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Affirmative Preliminary Determination of Critical Circumstances: Certain Color Television Receivers From the People's Republic of China*, 68 FR 66800 (Nov. 28, 2003).

Section 733(d) of the Act states that instructions issued pursuant to an affirmative preliminary determination may not remain in effect for more than 4 months except where exporters representing a significant proportion of exports of the subject merchandise extend that 4-month period to not more than 6 months. In this investigation, the 6-month period beginning on the date of the publication of the preliminary determination ends on May 25, 2004. Furthermore, section 737 of the Act states that definitive duties are to begin on the date of publication of the ITC's final injury determination. Therefore, in accordance with section 733(d) of the Act and our practice, we will instruct CBP to terminate the suspension of liquidation and to liquidate, without regard to antidumping duties, unliquidated entries of CTVs from the PRC entered, or withdrawn from warehouse, for consumption on or after May 26, 2004, and before the date of publication of the ITC's final injury determination in the **Federal Register**. See *Notice of Amended Antidumping Duty Orders: Stainless Steel Bar From France, Germany, Italy, Korea, and the United Kingdom*, 68 FR 58660, 58661 (Oct. 10, 2003). Suspension of liquidation will continue on or after this date.

On or after the date of publication of the ITC's notice of final determination in the **Federal Register**, CBP will require, at the same time as importers would normally deposit estimated duties on this merchandise, cash deposits for the subject merchandise equal to the estimated weighted-average antidumping duty margins listed below. The PRC-wide rate applies to all entries of the subject merchandise except for entries from the exporters that are identified individually below.

² Because 135 days from the date of publication of the preliminary determination (October 3, 2004)

falls on a weekend, the Departments's final

determination will be postponed until October 4, 2004, the first business day thereafter.

Total Estimated Burden Hours: 2,400.
Status: New.

Authority: The Paperwork Reduction Act of 1995, 44 U.S.C. Chapter 35, as amended.

Dated: June 10, 2004.

Camille E. Acevedo,

Associate General Counsel for Legislation and Regulations.

[FR Doc. 04-13434 Filed 6-14-04; 8:45 am]

BILLING CODE 4210-67-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-1056 (Final)]

Certain Aluminum Plate From South Africa

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731-TA-1056 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from South Africa of certain aluminum plate, provided for in subheading 7606.12.30 of the Harmonized Tariff Schedule of the United States.¹

For further information concerning the conduct of this phase of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: May 21, 2004.

FOR FURTHER INFORMATION CONTACT: D.J. Na (202-708-4727), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-

¹ For purposes of this investigation, the Department of Commerce has defined the subject merchandise as "6000 series aluminum alloy, flat surface, rolled plate, whether in coils or cut-to-length forms, that is rectangular in cross section with or without rounded corners and with a thickness of not less than .250 inches (6.3 millimeters). 6000 Series Aluminum Rolled Plate is defined by the Aluminum Association, Inc. Excluded from the scope of this investigation are extruded aluminum products and tread plate."

205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain aluminum plate from South Africa are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed on October 16, 2003, by Alcoa, Inc. Pittsburgh, PA.

Participation in the investigation and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. § 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation need not reapply for such access. A separate service list will be maintained by the

Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of this investigation will be placed in the nonpublic record on September 21, 2004, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on October 5, 2004, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before September 27, 2004. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on September 29, 2004, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is September 28, 2004. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is October 12, 2004; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before October 12, 2004. On October 29, 2004, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before November 2, 2004, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's

rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: June 8, 2004.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04-13359 Filed 6-14-04; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-460]

Foundry Products: Competitive Conditions in the U.S. Market

AGENCY: International Trade Commission.

ACTION: Institution of investigation and scheduling of hearing.

EFFECTIVE DATE: June 8, 2004.

SUMMARY: Following receipt on May 4, 2004 of a request from the U.S. House Committee on Ways and Means under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the Commission instituted investigation No. 332-460, Foundry Products: Competitive Conditions in the U.S. Market.

FOR FURTHER INFORMATION CONTACT:

(1) Project Leader, Judith-Anne Webster (202-205-3489 or judith-anne.webster@usitc.gov)

(2) Deputy Project Leader, Deborah McNay (202-205-3425 or deborah.mcnay@usitc.gov)

The above persons are in the Commission's Office of Industries. For information on legal aspects of the investigation, contact William Gearhart

of the Commission's Office of the General Counsel at 202-205-3091 or william.gearhart@usitc.gov. Media should contact Peg O'Laughlin at 202-205-1819 or margaret.olaughlin@usitc.gov. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>).

Background: As requested by the Committee, the Commission will investigate the current competitive conditions facing producers in the U.S. foundry industry in the U.S. market. The investigation will include an overview of the industry together with a detailed analysis of selected key iron-, steel-, aluminum-, and copper-based cast products which are representative of the major segments of the foundry industry. The Commission's report will provide information for the most recent five-year period, to the extent possible, regarding the following:

1. A profile of the U.S. foundry industry.
2. Trends in U.S. production, shipments, capacity, consumption, and trade in foundry products, as well as financial conditions of domestic producers.

3. A profile of major foreign industries including, but not necessarily limited to, Brazil and China.

4. A description of relevant U.S. and foreign government policies and regulations affecting U.S. and foreign producers as identified during the investigation by the producers and consumers of foundry products, including appropriate investment, tax, and export policies; environmental regulations; and worker health and safety regulations.

5. A comparison of various factors affecting competition between U.S. and foreign producers—such as the availability and cost of raw materials, energy, and labor; level of technology and changes in the manufacturing process; pricing practices; transportation costs; technical advice and service; and an analysis of how these factors affect the industry.

6. An analysis of the purchasing patterns and practices of downstream industries. As requested by the Committee, the Commission will provide its report not later than May 4, 2005.

Public Hearing: A public hearing in connection with this investigation is scheduled to begin at 9:30 a.m. on October 14, 2004, at the U.S. International Trade Commission Building, 500 E Street, SW, Washington, DC. Requests to appear at the public hearing should be filed with the Secretary, no later than 5:15 p.m.,

September 24, 2004, in accordance with the requirements in the "Submissions" section below. In the event that, as of the close of business on September 24, 2004, no witnesses are scheduled to appear, the hearing will be canceled. Any person interested in attending the hearing as an observer or non-participant may call the Secretary (202-205-2000) after September 24, 2004, to determine whether the hearing will be held.

Statements and Briefs: In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements or briefs concerning this investigation in accordance with the requirements in the "Submissions" section below. Any prehearing briefs or statements should be filed not later than 5:15 p.m., September 30, 2004; the deadline for filing post-hearing briefs or statements is 5:15 p.m., October 22, 2004.

Submissions: All written submissions including requests to appear at the hearing, statements, and briefs should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW, Washington, DC 20436. All written submissions must conform with the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8); any submission that contains confidential business information must also conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). Section 201.8 of the rules require that a signed original (or a copy designated as an original) and fourteen (14) copies of each document be filed. In the event that confidential treatment of the document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted. Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "nonconfidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

In their hearing testimony and written submissions, interested parties should provide information regarding the six topics in the "Background" section of this notice and any other relevant information relating to competitive conditions in the U.S. foundry market.

The Commission's rules do not authorize filing submissions with the Secretary by facsimile or electronic

SUMMARY: The Bureau of the Census (Census Bureau) proposes to expand its Current Industrial Reports survey, MQ315A, Apparel, to include the production of socks. The survey currently provides estimates for a number of types of garments but does not include socks. Because of interest among some policymakers to measure the economic impact of imported socks on domestic producers, the Census Bureau anticipates appropriated funds being made available in its Fiscal Year 2005 budget for the collection of data on socks. If funds are made available, we will add socks to the survey for the 2004 reference year and manufacturers of socks will be asked to provide data on the quantity and value of socks they shipped, by fiber type and size category. If funds are not made available, we will not expand the survey to include producers of socks but will conduct the survey with its current definitions and coverage. We expect the survey mailing to occur at the end of December 2004.

DATES: Written comments on this notice must be submitted on or before November 12, 2004.

ADDRESSES: Direct all written comments to the Director, U.S. Census Bureau, Room 2049, Federal Building 3, Washington, DC 20233.

FOR FURTHER INFORMATION CONTACT: Judy M. Dodds, Assistant Division Chief, Census and Related Programs, Manufacturing and Construction Division, on (301) 763-4587 or by e-mail at judy.m.dodds@census.gov.

SUPPLEMENTARY INFORMATION: The Census Bureau is authorized to conduct surveys necessary to furnish current data on subjects covered by the major censuses authorized by Title 13, United States Code (U.S.C.), Section 182. Data collected in the MQ315A survey is within the general scope, type, and character of inquiries covered in the Economic Census authorized by Title 13, U.S.C., Section 131. The Census Bureau is also authorized to collect and publish quarterly statistics relating to domestic apparel and textile industries (Title 13, U.S.C., Section 81). The MQ315A is conducted quarterly but has an annual mailing which normally collects information from small producers. For survey 2004 we would include all producers of socks in this annual supplement to the quarterly survey.

Published estimates from the MQ315A, Apparel, are used by a variety of private business and trade associations. They are a major source of information about industries that may be impacted by foreign trade. At the present time, manufacturers of socks are

not included in the MQ315A survey. This one-time expansion of MQ315A to include socks will result in quantity and value data for policymakers studying the industry.

Taking into consideration any comments we receive, we will make the decision whether or not to expand the survey for 2004 based on our budget status at the time of the survey mailing in December. As stated previously, if funds are not available and we decide not to expand the survey, we will conduct the annual supplemental mailing of the MQ315A, Apparel, with its existing OMB approval using the current definitions and industry coverage.

Paperwork Reduction Act

Notwithstanding any other provision of law, no person is required to respond to, nor shall a person be subject to a penalty for failure to comply with, a collection of information subject to requirements of the Paperwork Reduction Act (PRA), unless that collection of information displays a current valid Office of Management and Budget (OMB) control number. In accordance with the PRA, 44 U.S.C., Chapter 35, the OMB approved the Current industrial Reports—"MQ315A, Apparel", under OMB Control Number 0607-0395. The total burden hours associated with OMB Control Number 0607-0395 are 14,956 hours. We will provide copies of each form upon written request to the Director, U.S. Census Bureau, Washington, DC 20233-0001.

Dated: October 5, 2004.

Charles Louis Kincannon,

Director, Bureau of the Census.

[FR Doc. 04-22854 Filed 10-8-04; 8:45 am]

BILLING CODE 3510-07-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-791-819]

Notice of Final Determination of Sales at Less Than Fair Value: Certain Aluminum Plate From South Africa

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of final determination of sales at less than fair value.

SUMMARY: On May 21, 2004, the Department of Commerce published its preliminary determination of sales at less than fair value of certain aluminum plate from South Africa. The period of

investigation is October 1, 2002, through September 30, 2003.

Based on our analysis of the comments received, we have made changes in the margin calculations. Therefore, the final determination differs from the preliminary determination. The final weighted-average dumping margin for the investigated company is listed below in the section entitled "Final Determination Margins."

EFFECTIVE DATE: October 12, 2004.

FOR FURTHER INFORMATION CONTACT: Rebecca Trainor or Kate Johnson, AD/CVD Enforcement Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-4007 or (202) 482-4929, respectively.

SUPPLEMENTARY INFORMATION:

Final Determination

We determine that certain aluminum plate from South Africa is being, or is likely to be, sold in the United States at less-than-fair-value (LTFV), as provided in section 735 of the Act.

Case History

The preliminary determination in this investigation was published on May 21, 2004. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Aluminum Plate from South Africa*, 69 FR 29262 (*Preliminary Determination*).

During the period May 24-27 and June 7-11, 2004, we conducted the sales and cost verifications, respectively, of the questionnaire responses of Hulett Aluminium (Pty) Ltd. (Hulett), the sole respondent in this case.

On June 3, 2004, we postponed the final determination until October 4, 2004. *See Notice of Postponement of Final Antidumping Duty Determination: Certain Aluminum Plate from South Africa*, 69 FR 31346. On June 21, 2004, the petitioner, Alcoa Inc., requested a hearing. We received case and rebuttal briefs on July 28, 2004, and August 10, 2004, respectively, from the petitioner and Hulett. On August 23, 2004, the petitioner withdrew its request for a hearing.

Scope of Investigation

The merchandise covered by this investigation is 6000 series aluminum alloy, flat surface, rolled plate, whether in coils or cut-to-length forms, that is rectangular in cross section with or without rounded corners and with a thickness of not less than .250 inches

(6.3 millimeters). 6000 Series Aluminum Rolled Plate is defined by the Aluminum Association, Inc.

Excluded from the scope of this investigation are extruded aluminum products and tread plate.

The merchandise subject to this investigation is currently classifiable under subheading 7606.12.3030 of the *Harmonized Tariff Schedule of the United States* (HTS). Although the HTS subheading is provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Period of Investigation

The period of investigation is October 1, 2002, through September 30, 2003.

Analysis of Comments Received

All issues raised in the case briefs by parties to this proceeding and to which we have responded are listed in the Appendix to this notice and addressed in the "Issues and Decision Memorandum" (Decision Memorandum) from Gary Taverman, Acting Deputy Assistant Secretary for Import Administration, to Jeffrey May, Acting Assistant Secretary for Import Administration, dated October 4, 2004, which is adopted by this notice. Parties can find a complete discussion of the issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room B-099 of the main Commerce Building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn/index.html>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we have made certain changes to the margin calculations. For a discussion of these changes, see the "Margin Calculations" section of the Decision Memorandum.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondent for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by the respondent.

Final Determination Margins

The weighted-average dumping margins are as follows:

Manufacturer/exporter	Margin (percent)
Hulett Aluminium (Pty) Ltd.	3.51
All Others	3.51

In accordance with section 735(c)(5)(A), we have based the "all others" rate on the dumping margin found for the producer/exporter investigated in this proceeding, Hulett.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of certain aluminum plate from South Africa that are entered, or withdrawn from warehouse, for consumption on or after May 21, 2004, the publication date of the preliminary determination in the **Federal Register**. CBP shall continue to require a cash deposit or the posting of a bond based on the estimated weighted-average dumping margin shown above. The suspension of liquidation instructions will remain in effect until further notice.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will determine within 45 days whether these imports are causing material injury, or threat of material injury, to an industry in the United States. If the ITC determines that material injury or threat of injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply

with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing this determination and notice in accordance with sections 735(d) and 777(i) of the Act.

Dated: October 4, 2004.

Jeffrey May,

Acting Assistant Secretary for Import Administration.

Appendix—Issues in the Decision Memorandum

Comments

Comment 1: Decline of the U.S. Dollar Against the South African Rand.

Comment 2: Offsets for Non-Dumped Comparisons.

Comment 3: SACD Storage Fee.

[FR Doc. E4-2573 Filed 10-8-04; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-337-806]

Individually Quick Frozen Red Raspberries From Chile; Extension of Time Limit for the Final Results of the Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of extension of time limit.

SUMMARY: The Department of Commerce is extending the time limit for the final results of the administrative review of the antidumping duty order on individually quick frozen red raspberries from Chile. The period of review is December 31, 2001, through June 30, 2003. This extension is made pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act.

EFFECTIVE DATE: October 12, 2004.

FOR FURTHER INFORMATION CONTACT: Cole Kyle or Yasmin Bordas, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington DC 20230; at telephone (202) 482-1503 and (202) 482-3813, respectively.

Background

On August 6, 2004, the Department of Commerce ("the Department") published the preliminary results of the administrative review of the antidumping duty order on individually quick frozen red raspberries from Chile

APPENDIX B

**LIST OF WITNESSES APPEARING AT
THE COMMISSION'S HEARING**

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Certain Aluminum Plate from South Africa
Inv. No.: 731-TA-1056 (Final)
Date and Time: October 5, 2004 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS:

Petitioner (**Lewis E. Leibowitz**, Hogan & Hartson L.L.P.)
Respondents (**Michael T. Shor**, Arnold & Porter LLP)

In Support of the Imposition of Antidumping Duties:

Hogan & Hartson L.L.P.
Washington, D.C.
on behalf of

Alcoa Mill Products
Alcoa Inc.
Local 105, United Steelworkers Union
Kaiser Aluminum

Robert Wetherbee, President, Alcoa Mill Products

Leighton Cooper, Marketing Manager, Consumer and
Industrial Products, Alcoa Inc.

**In Support of the Imposition of
Antidumping Duties (continued):**

Greg Venema, Metallurgical Engineering Aerospace
Technical Specialist, Alcoa Inc.

Skip McGill, President, Local 105, United Steelworkers
Union

Bruce Malashevich, President, Economic Consulting
Services

Sabina Neuman, Senior Economist, Economic
Consulting Services

Lewis E. Leibowitz)
) – OF COUNSEL
Lynn G. Kamarck)

**In Opposition to the Imposition of
Antidumping Duties:**

Arnold & Porter LLP
Washington, D.C.
on behalf of

Hulett Aluminum (Pty) Limited (“Hulett”)
Empire Resources, Inc. (“Empire”)

Frank Bradford, Director, Sheet and Plate Products,
Hulett

Nathan Kahn, President and CEO, Empire

Richard Boltuck, Vice President, Charles River Associates

**In Opposition to the Imposition of
Antidumping Duties (continued):**

Seth Kaplan, Vice President, Charles River Associates

Michael T. Shor)
Susan G. Lee) – OF COUNSEL
Lawrence A. Schneider)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Lewis E. Leibowitz**, Hogan & Hartson L.L.P.)
Respondents (**Michael T. Shor**, Arnold & Porter LLP)

APPENDIX C
SUMMARY DATA

Table C-1
Certain aluminum plate (series 6000): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit expenses are per short ton; and period changes=percent, except where noted)

Item	Calendar year			January-June		Period changes			
	2001	2002	2003	2003	2004	2001-2003	2001-2002	2002-2003	J-J 2003-J-J 2004
U.S. consumption quantity:	41,521	51,406	58,017	28,576	43,104	39.7	23.8	12.9	50.8
Producers' share ¹	56.2	60.8	67.4	63.0	75.6	11.1	4.5	6.6	12.5
Importers' share: ¹									
South Africa	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total	43.8	39.2	32.6	37.0	24.4	-11.1	-4.5	-6.6	-12.5
U.S. consumption value:	148,604	164,421	177,106	85,800	139,884	19.2	10.6	7.7	63.0
Producers' share ¹	60.1	63.8	68.2	65.1	78.6	8.0	3.7	4.3	13.5
Importers' share: ¹									
South Africa	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total	39.9	36.2	31.8	34.9	21.4	-8.0	-3.7	-4.3	-13.5
U.S. imports from--									
South Africa	***	***	***	***	***	***	***	***	***
Other sources:	***	***	***	***	***	***	***	***	***
All sources									
Quantity	18,166	20,168	18,925	10,565	10,538	4.2	11.0	-6.2	-0.3
Value	59,252	59,463	56,382	29,907	29,914	-4.8	0.4	-5.2	0.0
Unit value	3262	2948	\$2,979	\$2,831	\$2,839	-8.7	-9.6	1.0	0.3
Ending inventory	2,954	5,177	3,351	3,706	2,153	13.4	75.3	-35.3	-41.9
U.S. producers'--									
Capacity quantity	52,069	56,569	56,569	30,535	37,535	8.6	8.6	0.0	22.9
Production quantity	26,372	30,242	41,176	19,038	39,629	56.1	14.7	36.2	108.2
Capacity utilization ¹	50.6	53.5	72.8	62.3	105.6	22.1	2.8	19.3	43.2
U.S. shipments:									
Quantity	23,356	31,237	39,092	18,011	32,566	67.4	33.7	25.1	80.8
Value	89,352	104,958	120,724	55,893	109,970	35.1	17.5	15.0	96.8
Unit value	3826	3360	\$3,088	\$3,103	\$3,377	-19.3	-12.2	-8.1	8.8
Export shipments:	***	***	***	***	***	***	***	***	***
Ending inventory quantity	7,420	3,366	2,012	2,424	6,928	-72.9	-54.6	-40.2	185.8
Inventories/total shipments ¹	***	***	***	***	***	***	***	***	***
Production workers	148	210	212	163	242	43.2	41.9	1.0	48.5
Hours worked (1,000 hours)	326	440	408	212	317	25.2	35.0	-7.3	49.5
Wages paid (1,000 dollars)	10,537	15,175	17,039	7,892	13,638	61.7	44.0	12.3	72.8
Hourly wages	\$32.32	\$34.49	\$41.76	\$37.23	\$43.02	29.2	6.7	21.1	15.6
Productivity (lbs. per hour)	80.9	68.7	100.9	89.8	125.0	24.8	-15.0	46.8	39.2
Unit labor costs	\$400	\$502	\$414	\$415	\$344	3.6	25.6	-17.5	-17.0
Net sales:									
Quantity	24,832	34,295	42,532	19,796	34,714	71.3	38.1	24.0	75.4
Value	94,750	114,856	131,372	61,239	117,198	38.7	21.2	14.4	91.4
Unit value	3816	3349	\$3,089	\$3,094	\$3,376	-19.0	-12.2	-7.8	9.1
COGS	84,120	115,584	135,826	63,262	110,083	61.5	37.4	17.5	74.0
Gross profit or (loss)	10,630	(728)	(4,454)	(2,023)	7,115	(²)	(²)	-511.8	(²)
SG&A expenses	3,135	2,777	3,800	1,768	2,757	21.2	-11.4	36.8	55.9
Operating income	7,495	(3,505)	(8,254)	(3,791)	4,358	(²)	(²)	-135.5	(2)
Capital expenditures	695	1,777	1,133	800	418	63.0	155.7	-36.2	-47.8
Unit COGS	3387	3370	\$3,194	\$3,196	\$3,171	-5.7	-0.5	-5.2	-0.8
Unit SG&A expenses	126	81	\$89	\$89	\$79	-29.2	-35.9	10.3	-11.1
Unit operating income	302	-102	\$(194)	\$(192)	\$126	(²)	(²)	-89.9	(²)
COGS/sales ¹	88.8	100.6	103.4	103.3	93.9	14.6	11.9	2.8	-9.4
Operating income or (loss)/sales ¹	7.9	(3.1)	(6.3)	(6.2)	3.7	-14.2	-11.0	-3.2	9.9

¹ Period changes are in percentage points.

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

Table C-2

Non-heat-treatable aluminum plate (series 1000, 3000, 4000, and 5000): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

* * * * *

Table C-3

Non-heat-treatable aluminum plate (series 5000): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

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Table C-4

Aluminum plate (series 1000, 3000, 4000, 5000, and 6000): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

* * * * *

Table C-5

Aluminum plate (series 5000 and 6000): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

* * * * *

Table C-6

Heat-treatable aluminum plate (series 2000 and 7000): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

* * * * *

Table C-7

Heat-treatable aluminum plate (series 2000, 6000, and 7000): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

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Table C-8

All aluminum plate (series 1000, 2000, 3000, 4000, 5000, 6000, and 7000): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

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Table C-9

Certain aluminum plate (series 6000): Summary data concerning the U.S. market, 2000-03, January-June 2003, and January-June 2004

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APPENDIX D

**QUESTIONNAIRE RESPONSES REGARDING THE DOMESTIC LIKE
PRODUCT**

The Commission's questionnaires in this final phase investigation requested comments regarding the differences and similarities between non-heat-treatable aluminum plate (series 1000, 3000, 4000, and 5000) and certain aluminum plate (series 6000) in terms of the Commission's like product factors, including (1) characteristics and uses; (2) interchangeability; (3) manufacturing processes; (4) channels of distribution; (5) customer and producer perceptions; and (6) price. The following comments were received:¹

NON-HEAT-TREATABLE ALUMINUM PLATE (SERIES 1000, 3000, 4000, AND 5000)

Characteristics and Uses

*** “Alloys in the 6XXX series are heat treatable and the other referenced alloys are not, will distinguish the characteristics of 6XXX alloys. Alloys in the 6XXX series contain Silicon and Magnesium in approximate proportions to form Magnesium silicide (Mg_2Si), thus making them heat treatable. The other series mentioned in the question do not. The most common alloy in the 6XXX series is 6061. The Magnesium-Silicon alloys are widely used as medium strength alloys that have good weldability, formability, corrosion resistance and immunity to stress corrosion cracking. Common end use applications include general engineering machined tooling plate, jigs/fixtures, molds, automotive parts, electronic base assemblies, and medical devices.

The other referenced series, because they are not heat-treatable, have sharply differing uses. The technical characteristics are also considerably different.

The 1XXX series are aluminum of 99% or higher purity. Unlike the 6XXX series, Fe and Si are major impurities. These impurities can cause degradations in the formability or electrical and thermal conductivity efficiencies. These alloys are especially good in electrical, chemical storage, heat transfer and architectural applications. Excellent corrosion resistance, high thermal and electrical conductivity, low mechanical properties and excellent workability characterize these alloys. Moderate increases in strength may be obtained by work hardening or cold working up to 80% (H18 Temper). Cold working is a process where the gauge is reduced by either rolling or stretching at room temperature. This work hardening process causes an increase in the strength of the material.

The 3XXX series alloys contain Manganese as the major alloying element and are considered non-heat treatable. Manganese can only be added to about 1.5% maximum to be effective. These alloys are used to produce cooking utensils, chemical storage equipment, heat exchangers, storage tanks, tread plate and architectural panels. The 3XXX series is also capable of being cold worked to around 80% to increase the strength.

Alloys in the 4XXX series like 6XXX alloys, contain Silicon as the major alloying element; however, the Silicon content in the 4XXX alloys is approximately 10 or 20 times higher than the 6XXX alloys. The 4XXX alloys do not have any appreciable Magnesium content, which is another difference with the 6XXX alloys. The presence of Magnesium produces oxides that reduce the weldability of the 4XXX alloys. The relatively high Silicon content causes a substantial lowering of the melting point without causing brittleness. For these reasons, the 4XXX series alloys are used principally as welding rod filler wire or in brazing filler applications where a lower melting temperature than the parent aluminum alloy is required. The 4XXX alloys are also considered non-heat treatable and generally not produced in plate form.

The 5XXX series alloys are predominately alloyed with Magnesium in contrast to 6XXX alloys, which are alloyed with Magnesium and Silicon in approximate proportions. Magnesium is one of the most widely used elements for alloying aluminum. Adding Magnesium will result in a moderate to high

¹ *** comments consisted of copies of pages from 2003 Aluminum Standards and Data, March 2003, pp. 1-6-11, and 7-3-11, and 7-16-17.

strength non-heat treatable alloy. Alloys in this family will experience significant increases in strength when cold worked. Limitations on the amount of cold work and safe operating temperatures (less than 150 degrees F) are necessary for the higher Magnesium containing alloys to avoid stress corrosion cracking. Alloys in this group have good weldability and excellent resistance to corrosion in marine applications. Typical applications include welded pressure vessels, cryogenic tanks, ballistic applications and marine vessels.

Table 1. below is shown to highlight the chemical composition differences between the heat treatable 6XXX alloys and the non-heat treatable 1XXX, 3XXX, 4XXX and the 5XXX alloys. To simplify the analysis, the popular alloys within each series have been chosen for comparison to alloy 6061, which is the most common 6XXX alloy in the United States. The table clearly shows there is no overlap in composition between the 6XXX alloys and the others. The elements shown in bold highlight the major differences between the alloy series.

**Table 1. Aluminum Association Registered Composition Limits
(Shown as percent Max unless specified by a range)**

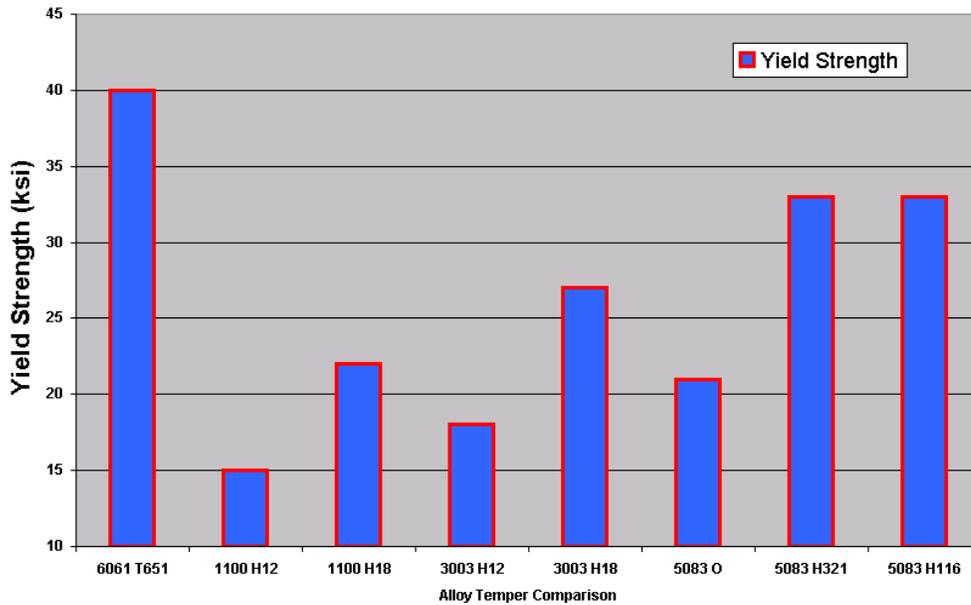
Alloy	SI	FE	CU	MN	MG	CR	ZN	TI
6061	0.4 - 0.8	0.7	0.15 - 0.40	0.15	0.8 - 1.2	0.04 - 0.35	0.25	0.15
1100	0.95 Si + Fe		0.05 - 0.20	0.05	--	--	0.10	--
1145	0.55 Si + Fe		0.05	0.05	0.05-	--	0.05	0.03
3003	0.60	0.7	0.05 - 0.20	1.0 - 1.5	--	--	0.10	--
3004	0.30	0.7	0.25	1.0 - 1.5	0.8- 1.3	--	0.25	--
4043	4.5 - 6.0	0.8	0.30	0.05	0.05	--	0.10	0.20
4047	11.0 - 13.0	0.8	0.30	0.15	0.10	--	0.20	--
5083	0.40	0.40	0.10	0.40 - 1.0	4.0 - 4.9	0.05 - 0.25	0.25	0.15
5456	0.25	0.40	0.10	0.50 - 1.0	4.7 - 5.5	0.05 - 0.20	0.20	0.15

Figure 1 shows that alloy 6061 has the highest yield strength of the alloy temper combinations in the comparison. The 1XXX and 3XXX series alloys, even when cold worked by 80% to a H18 temper, are not capable of achieving equivalent strengths. The 5XXX alloys do have the capability of achieving nearly equivalent yield strengths; however, they are limited to service temperatures of 150 degrees F or less to prevent stress corrosion cracking problems. In addition, the 5XXX HXXX temper products are typically not produced in gauges over 1.50” unlike 6061, which is commonly made up to 6.00” because it doesn’t require cold rolling.

For the non-heat treatable alloys at intermediate or softer tempers, the workability of the alloys is better but at the expense of machinability. Comparing the higher strength alloys such as 6061 to 5083, alloy 6061 has better machinability and gas weldability with higher strengths. To completely characterize the difference, the yield strengths shown below in Figure 1 must be considered. End users have to balance the physical characteristics and desired mechanical properties when selecting an alloy temper combination.”

Figure 1.

6061 vs (1100, 3003 & 5083) Alloys
Typical Yield Strength As Defined in
Aluminum Standards and Data



*** “Alloys of 5000 series aluminum plate contain magnesium as the principal alloying element. As a group, these alloys are noteworthy for their excellent resistance to general corrosion, but their resistance to stress corrosion is rated as good. These alloys have lower strength than all the heat treatable alloys. The machinability of these alloys is considered poor. Arc welding performance is considered excellent, while gas welding requires special techniques for proper welding. Typical end uses for 5000 series aluminum alloy plate include welded pressure vessels and marine applications.

Alloys of 6000 series plate contain magnesium and silicon as their principal alloying elements. As a group, these alloys have higher strength than 5000 series aluminum plate alloys. The 6000 series alloys have a good resistance to general corrosion and have superior resistance to stress corrosion than the 5000 series plate alloys. The 6000 series aluminum alloys have excellent weld capability for both Gas and Arc type welding. Typical end uses for 6000 series aluminum alloy plate are in general engineering applications.

Alloys of 2000 series aluminum plate contain copper as the principal alloying element. As a group, these alloys are noteworthy for their excellent strengths at elevated and cryogenic temperatures and creep resistance at elevated temperature. These alloys have only fair corrosion resistance but good machinability and are generally only weldable by the resistance methods. Typical end uses for 2000 series aluminum plate include aircraft and truck structurals.

Alloys of 7000 series aluminum plate contain zinc as the principal alloying element and magnesium and copper as minor elements. They are among the highest strength aluminum alloys. The corrosion resistance of these alloys varies depending on temper condition. The 7000 series aluminum plate alloys have good machinability and are weldable only by the resistance methods. Typical end uses for 7000 series aluminum plate alloys are aircraft structurals.”

*** **“DIFFERENCES.--Chemistry** – Alloying elements (which generally are less than 5% of chemical composition) differ i.e.: Alloys in 3000 Series contain Manganese and Alloys in the 5000 Series contain Magnesium; AA 6000 Series are alloyed with Silicon and Magnesium; and Alloys in the 1000 Series are substantially unalloyed (minimum 99% aluminum). **Physical Properties**--Alloys AA 1XXX, AA 3XXX, and most AA 5XXX tend to have lower ultimate tensile strength and yield than heat-treated Alloys AA 6XXX. **End Uses**--Alloys AA 1XXX and 3XXX are mostly used in applications for which strength is not the main requirement; strength is a typical requirement of applications involving heat-treated AA 6XXX Alloys. Alloy AA 5XXX materials, we understand, are used in general purpose applications including electronic cabinetry as well as in transport, including over-the-road and marine applications (particularly those alloys with higher magnesium content). AA 6XXX could be used for many of these same applications.

SIMILARITIES.--Chemistry--Most formulations consist of minimum 95% aluminum.

Physical Properties–(a) Several grades of 5XXX plate may be produced (i.e. Alloy AA 5083 and Alloy AA 5456) with physical properties overlapping those of Alloy AA 6061, T-651 Plate and (b) Various grades of plate are similar in appearance. **End Uses**--We are aware that in some applications, e.g. lift truck equipment or in applications where the chemistry or physical properties may not be critical, various grades are interchangeable, particularly the 5XXX and 6XXX series. Further, in overseas markets, i.e. in Europe and the Far East, we understand that plate in Alloys AA 5XXX is frequently substituted for Alloy AA 6XXX plate due to cost considerations. We are not familiar with 4XXX series plate and our responses therefore do not cover same.”

*** “Series 6000 has much higher strength than common alloy plate.”

*** “1,3, 5000 series plates are generally softer than 6000 series. Exception: certain high mg plates (5086, 5083, 5456) 6000 series which can be in the same ”strength” park, if delivered in H tempers.”

*** “Too wide to describe as you have put together too many different alloys.”

*** “High magnesium content; good resistance to corrosion; used for marine and industrial vehicles (boats, tanker trucks, dump trucks).”

Interchangeability

*** “There is considerable interchangeability within the 6XXX series alloy of aluminum rolled plate, but almost none between the heat treatable 6XXX (T temper) series alloys and the non-heat treatable (H1, H2 or H3 temper) 1XXX, 3XXX, 4XXX or 5XXX alloys discussed above.

For the most part, end product design engineers determine the product performance requirements they desire and specify the appropriate alloy/temper/product form and size of the aluminum plate to be used to meet the desired performance criteria. Aluminum alloy, product physical properties, chemical compositions, manufacturing guidelines and test procedures are specified by either Aluminum Association publications such as the Aluminum Standards and Data, Government heat treat specifications such as AMS 2772, Government industry specifications such as AMS QQ-A-250 or customer material specifications. Customers will usually purchase a product by specifying on their purchase order the required specifications. In most cases, there will be a combination of industry standards, government and/or customer specifications referenced.

T temper applies to products that are thermally treated, with or without supplementary strain hardening, to produce stable tempers.

O applies to wrought products that are annealed to obtain the lowest strength temper.

H1 applies to products that are strained hardened to obtain the desired strength without supplementary thermal treatment. The numbers following the H in the temper designate the degree of strain hardening.

H2 applies to products that are strain hardened more than the desired final amount and then reduced in strength to the desired level by partial annealing. The number following in the temper designates the degree of strain hardening remaining after the product has been annealed. For those alloys (5XXX) that can age soften at room temperature, the H2 tempers have the same minimum tensile strength as the corresponding H3 tempers. For other alloys, the H2 tempers have the same minimum tensile strength as the corresponding H1 temper with slightly higher elongation.

H3 applies to products that are strain hardened and whose mechanical properties are stabilized either by a low temperature thermal treatment or as the result of the heat introduced during fabrication. This temper designation is only used for alloys that age soften if they are not thermally stabilized. The digits after the 3 indicate the degree of strain hardening remaining after the stabilization treatment.

The distinctions in material specifications and tempers serve very much as a bright line distinguishing the heat treatable 6XXX series from the non-heat treatable 1XXX, 3XXX, 4XXX and 5XXX alloy series discussed.”

*** “Generally the differences in strength and machinability between the 5000 series and any of the heat treatable alloys limits interchangeability for general engineering plate applications. Generally, the differences in strength, corrosion resistance and weldability between 7000 and 6000 series aluminum alloy plate limits interchangeability.”

*** “Strength – Several formulations of high magnesium Alloys (i.e.: Alloys AA 5083 and AA 5456) may be produced with physical properties overlapping those of Alloy AA 6061 Plate, and as a result of these overlapping properties could be substituted for alloy AA 6xxx series.

Dimensional Precision and Flatness – We understand that both the dimensional tolerances and flatness typically required by users of Alloy AA 6061 Plate can be replicated in other Alloys.

Corrosion Resistance – We understand that Aluminum Substrates in general are selected in part due to superior corrosion resistance. Alloys in the 5XXX series are usually best suited for marine applications in which corrosion resistance is a major consideration.

Machinability – Our customers advise us that many Alloys are equally machineable, with the selection of Alloy usually dependant upon the final application; i.e. in applications in which strength is required Alloys in the 6000 series may be selected whereas for more general use Alloys in the AA 1XXX or AA 3XXX series may suffice, and may be selected due to cost considerations. 5xxx series as well as other alloys including 6xxx series may be used for general purpose applications, and are likely interchangeable were it not for pricing considerations.”

*** “No interchangeability with common alloy plate.”

*** “In the U.S. market it is not interchangeable, except some limited areas; thinner (.250-.313) gaugers. High MG alloys.”

*** “Depends upon application.”

*** “None.”

*** “Non-heat treatable and heat-treatable are different products. Non-heat treatable plates have lower strength than heat-treatable. They differ in their strengths, wetnesses, formability and durability as pertains to their end use. Heat-treat plate is more costly to produce and commands higher price than non-heat-treat.”

Manufacturing Processes

*** “The fabrication sequences used for producing 6XXX heat treatable alloys are very different than those required to produce the 1XXX, 3XXX, 4XXX & 5XXX non-heat treatable alloys. The fabrication of heat treatable 6XXX alloys is comprised of numerous process steps requiring a combination of thermal and mechanical operations. The thermal process and deformation processes used to produce both heat treatable and non-heat treatable alloys are dictated by the individual composition of the alloy being processed.

Below in Table 2 is a summary of the primary fabrication steps and relative differences between seven non-heat treatable products and 6061 T651. Fabrication steps for 4XXX series are omitted because this product is not produced in plate form. To keep from disclosing proprietary information, some of the details have been normalized by using the times or temperatures for 6061 as a baseline.

Table 2.		All Data is Normalized to 6061 for Comparison								
Specific Process Step		6061 T651	1100 H18	1100 H24	3003 H18	3003 H24	5083 O	5083 H321	5456 H116	
A	Casting Crack Rate	100%	0%	0%	0%	0%	506%	506%	906%	
B	Preheating/Homogenization	100%	100%	100%	100%	100%	117%	117%	133%	
C	Hot Rolling Temp Range	100%	125%	125%	125%	125%	75%	75%	75%	
D	Rough Side Sawing	n/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
E	Cold Roll	n/a	Yes	Yes	Yes	Yes	Yes/No (1)	Yes	Yes	
F	Solution Heat Treat	Yes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
G	Quench	Yes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
H	Edge Trim	n/a							Yes	
I	Stretching	1.5-3%	1%	1%	1%	1%	1%	4%	6%	
J	Annealing	n/a	n/a	Yes	n/a	Yes	Yes	n/a	n/a	
K	Artificial Aging	Yes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
L	Surface Finish	Yes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
M	Minimum Physical Property Requirements	Typical Test LT T,Y,E	L T,Y,E	L T,Y,E	L T,Y,E	L T,Y,E	L T,Y,E	L T,Y,E	L T,Y,E Mastmassis Corrosion	
Note (1) Final product thickness determines if product is hot rolled or cold rolled to final gauge.										
			n/a	Indicates fabrication step is not applicable						

Upon close examination of the data in Table 2, it is clear that the most significant difference between 6061 and the 1XXX, 3XXX and 5XXX alloy temper combinations, is the requirement for 6061 to receive a solution heat treatment and quench followed by artificial aging. By contrast, the non-heat treatable alloys receive their strengths through a combination of hot rolling, cold rolling and partial annealing. Partial annealing decreases the strength of the non-heat treatable alloys.

While heat-treatable and non-heat treatable alloys receive several similar process steps, they show significant differences in how those processes affect the different products. The first fabrication step showing a significant difference is the casting process. Non-heat treatable alloys show a marked tendency

for the ingot to crack during the DC casting process (line A). For this particular comparison, the 5XXX alloys are 5 to 9 times more likely to crack than alloy 6061 because of the high Mg content in the 5XXX series. If an ingot cracks during the casting process, it is not usable for rolling; therefore it must be scrapped, remelted and recast, resulting in lost dollars, capacity and resources.

From line B it can be seen that time required to preheat a 5XXX alloy can be from 17% to 33% higher than for alloy 6061. Longer times are required to dissolve the high concentrations of Mg, which result from the DC casting process. After the ingots have been homogenized or preheated, they are ready for hot rolling to an intermediate or final gauge.

Line C, from Table 2, shows the allowable hot rolling temperature range for each of the discussion alloys. The table shows that the allowable range for the 5XXX alloys is 25% tighter than for alloy 6061 and 50% tighter than the 1XXX and 3XXX alloys. The tighter temperature control for the 5XXX series alloys is necessary because depending on the hot mill exit gauge vs. finish gauge, rolling temperature controls may be required to achieve the final properties. This temperature control isn't as critical for the 1XXX, 3XXX or 6XXX alloys because these non-heat treatable alloys receive additional temper rolling and the heat-treatable alloys are solution heat treated to achieve their final properties.

From line D, it can be seen that alloy 6061 is the only alloy in the comparison table that does not receive a rough saw operation prior to the subsequent solution heat-treat operation. Rough side sawing to remove edge cracks from the hot rolling operation is necessary for the non-heat treatable alloys because these products are subjected to various degrees of cold deformation through cold rolling in the next operation. If these cracks are not removed prior to rolling, the plates may be scrapped for excessive edge cracks that propagate during the subsequent cold rolling.

Unlike the heat treatable alloys, the non-heat treatable alloys must also be cold worked to achieve an increase in strength as shown in line E. Caution must be noted that for plate products, it is not common to produce thick non-heat treatable products because of the difficulty associated with cold rolling large cross sections and non-uniformities in through thickness mechanical properties.

Lines F and G show that alloy 6061 is the only alloy solution heat treated and quenched in the comparison group. During the solution heat treat process, the plate is heated to a temperature within a few degrees of melting. At these high temperatures the solute or soluble alloy elements (Mg & Si) are dissolved into the aluminum matrix at super saturated concentration levels. At the completion of the thermal cycle, the plate is spray water quench to lock the solute in solution. In subsequent aging operations, the solute precipitation will be controlled to optimize the properties. By looking at the solution heat-treat properties of 6061 from Figure 1, it can be seen that 6061 when heat-treated can achieve yield strength properties 17%-62% higher than through cold rolling, without the significant loss in elongation or formability associated with the non-heat treatable cold worked products.

The next significant difference between the heat treatable 6061 and the non-heat treatable alloys is the need for an edge trim or side shear (line H) prior to stretching. Again, during the cold rolling process, the plate is getting harder and harder as the amount of cold deformation increases. During cold rolling, cracks will typically arise on the edge of the plate. These edge cracks act as stress risers and must be removed prior to final stretch to prevent plate breakage. Plate breakage during stretching may also cause equipment damage.

Line I shows the relative amounts of final stretch the various comparison products receive to either achieve their final properties (5083 HXXX), degree of flatness (1XXX, & 3XXX) or elimination of residual stresses and flatness (6061). Depending on the alloy temper or product form, the purpose of the final stretch may be different.

After stretching, some of the non-heat treatable alloys may be partially annealed (line J) to achieve a softer H2X type temper. Partial annealing may be performed to reduce the strength because the amount of cold work or deformation required to get to the final gauge caused an excessive increase in strength or may be done to increase the formability of the final product. During this annealing process, strain energy trapped in the micro structure is relieved.

By contrast, for 6061 and other heat treatable alloys, the final thermal operation is artificial aging (line K). By carefully controlling the time and temperature of the aging practice, the size, shape and distribution of precipitated particles can be controlled to achieve a balance in strength, corrosion resistance or other desirable product characteristic.

The last fabrication step prior to final sampling and testing is the surface finish operation (line L). Alloy 6061 is currently the only plate product that receives a surface polish finish. The surface finish is applied as a cosmetic uniformity treatment only and became a commercial trend in the late 1980's across the aluminum industry.

To complete the product comparison, line M is included to show the minimum typical test requirements for the various products. The largest difference is in the test direction of the tensile specimens. The heat treatable 6061 products are tested in the LT or Long Transverse direction. The LT direction is parallel to the width direction of the rolled plate. The non-heat treatable products are tested in the L or Longitudinal direction. The L direction is parallel to the length direction of the rolled plate. In addition, the non-heat treatable H116 tempers typically require a mastmassis corrosion test to simulate salt-water marine exposure.

In conclusion, the product comparison provided throughout this analysis clearly shows that the heat treatable alloy 6061 has very different processing and testing requirements than the non-heat treatable 1XXX, 3XXX, 4XXX or 5XXX alloys. Fundamentally, the physical metallurgy required to achieve the maximum strength in a heat treatable alloy is very different than what is required for a non-heat treatable alloy. The chemical composition differences, thermal or mechanical processing, and the final or end product use requirements dictate, which alloy temper combination, will meet the requirements.”

*** “The 2000, 6000, and 7000 series aluminum alloy plates generally follow the same manufacturing process sequence on the same equipment and with the same labor applied. The process is as follows: cast rectangular ingot, scalp ingot surfaces, hot roll to near finish gauge, solution heat treat, stretch straighten to finis gauge, precipitation harden (some 2000 series alloy tempers omit this process), saw, inspect and pack. The 5000 series aluminum alloy plate follow a different manufacturing process sequence not utilizing the solution heat treat equipment. The process is as follows: cast rectangular ingot, scalp ingot surfaces, hot roll to temper thickness ~20% above finish gauge for some tempers, cold roll to finish thickness, stretch straighten, partial anneal/stabilize, saw, inspect and pack. For products between the gauge range of 0.25 to 1.5 inches thick the standard manufacturing cost for 7000 series is approximately 44% greater than 6061 product.”

*** “Series 6000 is a heat-treated product whereas common alloys are a cold wrought product.”

*** The heat-treatable process requires sophisticated heat-treating (quenching) facilities and technological discipline. Non heat-treatable products require much lower level facilities and knowledge.”

*** “Different due to heat treat and non heat treat.”

*** “Hot-rolled and cut to length.”

*** “Different inputs, chemical composition, different equipment, technology and manufacturing expertise.”

Channels of Distribution

*** “While both non-heat-treatable plate are sold through distributors, distributors tend to specialize based on products and markets served. While 95 percent of all 6000 series plate is sold through distribution, only 22 percent of 1000, 3000, and 5000 series plate is sold through distributors. 78 percent of 1-3-5000 series plate is sold directly to end-users.”

*** “Heat treatable plate product is sold primarily through a distribution network.”

ALLOYS	END USE/ CUSTOMER REQUIREMENTS	CHANNELS OF DISTRIBUTION
AA 1000 & 3000 Series	General purposes, conformance to specifications for chemistry and physical properties.	Through both distributors and direct sales to users and fabricators by producers.
AA 5000 Series	General, Marine and Transport-related applications. Customers expect conformance to specifications including chemistry, physical properties, flatness and dimensional integrity.	Through both distributors and direct sales to users and fabricators by producers.
AA 6000 Series	Machining applications including vacuum chamber assemblies and other value-added applications. Customers expect performance to specifications including chemistry, physical properties, and particularly insofar as flatness, stability and dimensional integrity are concerned.	Principally through Distributors.
AA 4000 Series	No data known.	No data known.

*** “End use of 6000 is tooling plate sold through distribution, i.e., metal stock lists.”

*** “Non-heatable products can be sold more easily to producers as this areas bigger users are normal (trailer, rail road car); the majority of products is sold to distributors.”

*** “Are the same (generally).”

*** “Distributors.”

*** “Distributors and end users/manufacturers.”

Customer and Producer Perceptions

*** “Each plate alloy has very distinct end uses. And, as noted by the Commission in its preliminary determination, the aluminum industry classifies aluminum alloys according to their chemical composition through a numbering system, incorporating far narrower dividing lines than simply heat-treatable and non-heat-treatable plate. Because of this, customer and producer perceptions are very different between the different series of aluminum plate. Non-heat-treatable alloys are called “soft or common” alloys and, with the exception of series 5000, seldom used for plate applications because of their low strengths. For example, a customer that requires 6000 series plate for automotive parts or electronic base assemblies would have a very distinct perception of series 3000 plate, and would not

perceive the two products as substitutable. As for the 4000 series alloys, they are not even produced in plate form.”

*** “Heat treatable plate products and non-heat treatable plate products have very little commonality in how they are produced, priced or sold. Generally heat treatable plate products are used in applications requiring higher strengths, enhanced corrosion resistance and/or better machinability.”

*** “With respect to marketing, from our discussions with customers we understand that market perception is that channels of distribution are more controlled for heat-treated products than for common alloy plate. This may be due to fewer competitors in the heat-treated sector affording manufacturers the ability to exert greater control over the market and to limit channels of distribution. This is particularly manifest in times of buoyant demand during which many distributors find available quantities of heat-treated plate to be limited.”

*** “Series 6000 is a highly technical product used in close tolerance specifications.”

*** “6000 series plate generally sold to distributors while this is true for non-heat-treatable products too, some can be sold to producers, directly from rolling mills.”

*** “Marketing channels for distributors vary based on the markets they serve. End users will have applications for either non-heat treatable or heat-treatable and are likely to use one or the other in the end product.”

*** “Application specific.”

Price

*** “Historically, there has always been a distinction in price for heat-treatable and non-heat treatable plate, as well as for specific alloys within each of these categories. Because of the higher level of technology, different equipment, and different technical expertise required for heat-treatable plate, making it more costly to manufacture, the pricing has always been higher than lower-technology non-heat treatable plate.”

*** “Due to the extra manufacturing costs and the above attributes heat treatable plate products generally demand a higher price.”

*** “Many common alloys i.e. Alloys AA 1xxx and AA 3xxx and many AA 5xxx Series products are sold on the basis of conversion pricing; i.e.: Metal values plus a fabrication premium. For Alloys AA 6000 and some higher magnesium AA 5000 Series Plate a fixed price is frequently the norm. For example, recent prices for Alloy AA 6061 Plate were in the vicinity of USD 2.25/Lb. whereas Alloy AA 5052 Material in thickness .250” was available at Mid-West metal price plus a premium of USC 48/Lb. At the same time, Marine-Grade Alloys such as AA 5083 and AA 5456 are likely to be sold on a fixed price basis, similar to products in the AA 6000 Series. During 2004, as prices for AA 6061 Plate escalated more rapidly than other products, one of our customers chose to finalize a long-term contract for Alloy AA 5083 instead of Alloy AA 6061, which had previously been supplied. Pricing for the Alloy AA 5083 Plate was about USD 1.53/Lb. whereas the pricing for Alloy AA 6061 at the time was about 20% higher, with the prospect of delays in delivery for the heat-treated products. In general, therefore, the more common AA 5xxx series alloys tend to respond immediately to changes in the underlying metal values whereas alloy AA 6xxx heat treated products and some high magnesium alloy AA 5xxx products respond more slowly, or lag the metal price changes.”

*** “Price of 6000 does not follow ingot plus conversion formula like common alloys. Price is based on market demand.”

*** “Due to the characteristics and uses the two product groups sells at different prices. The difference can be 20/70 percent per pound.”

*** “Each alloy and application has a different price.”

*** “5000 series is normally less expensive because it is not heat treated; wide widths are sold for higher prices.”

*** “Due to the different inputs and manufacturing processes and the higher strength achieved in the heat-treatable products, pricing for heat-treatable products is higher than non-heat-treatable products.”

NON-HEAT-TREATABLE SERIES 5000 ALUMINUM PLATE AND CERTAIN ALUMINUM PLATE (SERIES 6000)

Characteristics and Uses

***.-Same responses as for non-heat-treatable aluminum plate (series 1000, 3000, 4000, and 5000).

*** “5000 series plate is used in applications such as machine industry, whereas 6000 series is not. 6000 series is used as basic engineering material in U.S. market.”

*** “5000 plates in cold formed tempers (H 32-38) are comparable in mechanical properties. The structure good plate however preferred in the areas of main use (aircraft, tool).”

PURCHASERS

*** “Both products can be used for general tooling plate requirements; however 6061 plate provides a better combination of strength, hardness, machinability, and corrosion resistance for general tooling requirements than a 5000 series plate product can provide. If the primary requirements are exceptional resistance to corrosion and/or good weldability, a 5000 series plate can be a better option in applications where higher strength is not a requirement (i.e. marine grade applications).”

*** “6061 high strength & machinability. 5000 low strength- formability-cosmetic end use.”

*** “6061 is harder and used for machined parts. 5052 is used in sign and architectural applications.”

*** “Our primary end use for 5000 series plate is marine. 6000 series plate end uses include various general engineering applications, electronic, semiconductor, etc.”

*** “5000 aluminum series cannot be heat treated while 6000 series can. Heat treat allows end use requiring strength characteristics.”

*** “5000 plate- marine applications; armored vehicles/armor plate; weldable structure. 6000 plate- non-structural aircraft parts; auto parts; military vehicles; tooling.”

Interchangeability

*** “Not common across applications, rare cases may exist.”

*** “None in relation to use of material. The chemistry and mechanical properties are different and end products are typically used for different applications. There may be some exception depending on application.”

PURCHASERS

*** “6061 plate is generally perceived as the most widely used and economical grade of tooling plate available, providing a good combination of strength, hardness, machinability, and resistance to corrosion. There is perception in the industry related to the surface finish/condition of most 6061 plate products. Alcoa's Type 200 6061 tooling plate has a polished surface to eliminate surface imperfections from the rolling and handling process. Kaiser and Empire (South Africa-Hullett) provide their plate with a “brushed” surface finish for the same reason. There are a number of customers that prefer either of these two surface finishes as opposed to a traditional hot rolled surface condition supplied by other mills. 5000 series plate is perceived as being a lower strength, less machinable grade, primarily used for general fabrication or marine grade type requirements.”

*** “If specs or alloys are not a prerequisite, customers will go with the less expensive plate.”

*** “We target different business when selling this product (i.e. 6061- machine shops/5052- sign and s/m shops).”

*** “5000 series plate has lower strength characteristics and would not be considered for most general engineering applications.”

*** “5000 aluminum series cannot be heat treated while 6000 series can. Heat treat allows end use requiring strength characteristics.”

Manufacturing Processes

*** “6000 is heat treated; 5000 is not heat treated.”

*** “Different inputs; different manufacturing processes and different equipment/production lines.”

Channels of Distribution

*** “Both alloys are primarily distribution for U.S.”

*** “Distributors tend to specialize based on product and markets served. Approximately 95 percent of *** sales of 6000 series plate are made through distributors. In contrast, on 22 percent of *** sales of 5000 series plate are through distributors. Generally, this is because most 6000 series plate is cut into smaller pieces by distributors for end-users, while most 5000 series plate is purchased and used in larger, finished sizes that do not require cutting by distributors. There are some distributors that are more highly specialized in some forms of 5000 series plate due to their unique end-customer base.”

*** “Both alloys are primarily distribution for United States.”

*** “To distributors, end users, manufacturers. However, service in different markets and applications.”

Customer and Producer Perceptions

*** “Because of the differing physical and performance characteristics and different intended end-uses of 5000 series and 6000 series plate, these products are suitable for different applications and hence have different customer perceptions. Some customers may perceive 5000 series to be easier to manufacture, less technical in nature, less critical in its intended applications. For 6000 series, in most cases customer drawings or specifications identify what alloy is required. There are very few instances where end users can be convince to buy something different than what they have specified for the end-use application.”

*** “Marketing channels for distributors are different depending on the product mix. End users/manufacturers will have requirement for specific alloys and strength.”

Price

*** “Historically, there has always been a distinction in price for heat-treatable and non-heat treatable plate, as well as for specific alloys within each of these categories. Because of the higher level of technology, different equipment, and different technical expertise required for heat-treatable plate, making it more costly to manufacture, the pricing has always been higher than lower-technology non-heat-treatable plate. To illustrate, we estimate that for a producer of 5000 series to become capable of producing 6000 series plate, it would require an investment of \$100 million and a 24- to 30-month lead time. This investment (and the higher production costs) would accordingly be reflected in the higher price for the 6000 series plate.”

*** “5000 series is usually lower in price.”

*** “6000 alloy is typically priced higher than 1000, 3000, 4000, and 5000 alloys. Pricing is related to quality and end application for finished product. Which product qualifies to be used based on specifications. Additionally, on the production side, the time, effort and cost to produce 6000 alloy is more expensive than for 1000, 3000, 5000 series. We do not supply 4000 series products.”

*** “Both products can be considered “commodity” type products and are available from a number of global sources. Specific price points for 1/2" thick plate in each grade for the mid 2003 time frame would be- 5052-H32 plate \$1.21-1.25/#, and 6061 plate \$1.32-1.51/#.”

*** “Current cost: 1/4" thick- 5052 \$1.88 per lb. 6061-T651 \$2.06 per lb.”

*** “5052 .248-.249 gauge \$1.04-\$1.20 vs. 6061 250" \$2.20-\$2.30.”

*** Typically 5000 series plate will cost less than 6000 series plate.”

*** “6000 series normally carries a premium to 5000 series due to the manufacturing process.”

*** “5xxx plate- generally priced from 2001-03 @\$1.45-1.55/lb. 6061 plate commands a generally higher price.”

NON-HEAT-TREATABLE ALUMINUM SHEET (SERIES 5000, .248-.249 IN. THICKNESS)

Characteristics and Uses

*** “The numerous factors that draw a bright line between 6000 series plate and 5000 are detailed in prior responses and are incorporated in this response by reference. These distinctions apply equally to 5000 series material that is slightly less than .250" in thickness.”

“The difference between heat treatable and non-heat treatable plate are very significant and mandate separate treatment. To lump 5000 series sheet products with 6000 series plate would be even more unsupportable. The distinction as to product form is well established by definitions promulgated by Aluminum Association. According to that definition, plate is “a rolled product that is rectangular in cross section with a thickness NOT less than 0.25 inch with sheared or sawed edges.” Any product that otherwise might meet this definition, but having thickness less than 0.25 inch must, by definition, be part of another product form not relevant to this investigation. There is clearly a “bright line” between plate and sheet products.”

***.-Same response as for non-heat-treatable aluminum plate (series 1000, 3000, 4000, and 5000).

PURCHASERS

*** “Same general response as in II-5 (a), however, the 5000 series sheet in the .249 thickness is generally leveled and cut to length from coil stock and used more for general sheet fabrication applications such as appliances, RV/Truck Trailer/Transportation type end uses as opposed to tooling and structural components.”

*** “6061 high strength & machinability. 5000 low strength- formability-cosmetic end use.”

*** “Both are general line. 5000 series is used for corrosion resistance. 6000 is used for commercial applications where strength or machining are needed.”

*** “6061 is harder and used for machined parts. 5052 is used in sign and architectural applications.”

*** “Our primary end use for 5000 series plate is marine. 6000 series plate end uses include various general engineering applications, electronic, semiconductor, etc.”

*** “5000 aluminum series cannot be heat treated while 6000 series can. Heat treat allows end use requiring strength characteristics.”

Interchangeability

*** “None in relation to use of material. The chemistry mechanical properties are different and end products are used for different application. Unlikely there would be any exception.”

Manufacturing Processes

*** “Different inputs, different manufacturing processes, and different equipment/production lines.”

Channels of Distribution

*** “To distributors, end users, manufacturers. However, serving very different markets and applications.”

Customer Perceptions

*** “Marketing channels for distributors are different depending on end application and markets being serviced. End users/manufacturers will have requirements for specific alloys, strengths and dimensions.”

*** “The Aluminum Association’s specifications define the break in the lines between sheet and plate as 0.250 inches thickness and above for plate and below 0.250 inches for sheet. Thus, customers consider aluminum of 0.250 inches or greater to be a different product than aluminum having a lower thickness. This distinction is mirrored in the tariff schedules, where there is a break between products having thickness less than and greater than 0.250 inches.

The industry has established a specific thickness-based distinction between sheet and plate...we do not find that plate and sheet are a continuum of products and we decline to expand the like product beyond the scope of the investigation to include all aluminum sheet.”

Price

*** “6000 series aluminum plate is typically priced above 5000 series sheet. Price is related to quality and also thickness. In this case with plates normally having a premium over sheet. Additionally, on the production side, the time, effort and cost to produce 6000 series plates is more expensive than for 5000 series sheets.”

PURCHASERS

*** “6061 plate is generally perceived as the most widely used and economical grade of tooling plate available, providing a good combination of strength, hardness, machinability, and resistance to corrosion. There is perception in the industry related to the surface finish/condition of most 6061 plate products. Alcoa's Type 200 6061 tooling plate has a polished surface to eliminate surface imperfections from the rolling and handling process. Kaiser and Empire (South Africa-Hullett) provide their plate with a “brushed” surface finish for the same reason. There are a number of customers that prefer either of these two surface finishes as opposed to a traditional hot rolled surface condition supplied by other mills. 5000 series plate is perceived as being a lower strength, less machinable grade, primarily used for general fabrication or marine grade type requirements.”

*** “We target different business when selling this product (i.e. 6061- machine shops/5052- sign and s/m shops.)”

*** “5000 series plate has lower strength characteristics and would not be considered for most general engineering applications.”

*** “5000 aluminum series cannot be heat treated while 6000 series can. Heat treat allows end use requiring strength characteristics.”

*** “Perception is 6xxx series is for more general applications. 5xxx is more specialized.”

Channels of Distribution

*** “Aluminum in sheet form (below 0.25 inches), is typically handled and transported in coils, while aluminum plate is typically handled and transported in flat form. This difference in form leads to differences in services provided by distributors for each type of product, and the equipment required to perform those services.

Since plate is typically sold in standard stocked sizes, distributors saw these larger plates into a variety of smaller square and rectangular sizes for their end customers. This cut-to-size processing requires investment by each distributor in plate saws, capable of precision cutting tolerances. By contrast, for sheet products, distributors have equipment that slits or shears the coils into sizes and shapes for specific and widely-varying end-user requirements. This equipment includes cut-to-length lines or shears for shearing to size individual sheets.

Thus, the channels of distribution for plate and sheet require different equipment to be employed by distributors, and require different relationships with end-users. Some distributors may be involved in both product lines, but if they are they must have different equipment and selling strategies for plate and sheet.”

Price

*** “This product is most typically purchased in coiled form and then leveled and cut to length into sheet product. It is also purchased on an import basis both in sheet and coiled forms. Price for this product in the mid 2003 time frame was \$1.06-1.08/#. 6061 plate in a 1/4" thickness would have been in the 1.35-1.51/# range for the same time period.”

*** “Current cost: .249 thick- 5052-H32 \$1.322 per lb. 1/4 thick 6061-T651 \$2.06 per lb.”

*** “Series 5000 is typically 33 percent less than 6000.”

*** “5052 .248-.249 gauge \$1.04-\$1.20 vs. 6061 250" \$2.20-\$2.30.”

*** “Typically 5000 series plate will cost less than 6000 series plate.”

*** “6000 series normally carries a premium to 5000 series due to the manufacturing process.”

APPENDIX E
PRICE DATA-SPOT AND CONTRACT SALES

Table E-1

Certain aluminum plate: Weighted-average f.o.b. spot prices and quantities of domestic and imported product 1 and margins of underselling, by quarters, January 2001-June 2004

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Table E-2

Certain aluminum plate: Weighted-average f.o.b. spot prices and quantities of domestic and imported product 2 and margins of underselling, by quarters, January 2001-June 2004

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Table E-3

Certain aluminum plate: Weighted-average f.o.b. spot prices and quantities of domestic and imported product 3 and margins of underselling, by quarters, January 2001-June 2004

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Table E-4

Certain aluminum plate: Weighted-average f.o.b. spot prices and quantities of domestic and imported product 4 and margins of underselling, by quarters, January 2001-June 2004

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Figure E-1

Certain aluminum plate: Weighted-average spot f.o.b. prices of domestic and imported products 1-4, by quarters, January 2001-June 2004

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Table E-5

Certain aluminum plate: Weighted-average f.o.b. contract prices and quantities of domestic and imported product 1 and margins of underselling, by quarters, January 2001-June 2004

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Table E-6

Certain aluminum plate: Weighted-average f.o.b. contract prices and quantities of domestic and imported product 2 and margins of underselling, by quarters, January 2001-June 2004

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Table E-7

Certain aluminum plate: Weighted-average f.o.b. contract prices and quantities of domestic and imported product 3 and margins of underselling, by quarters, January 2001-June 2004

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Table E-8

Certain aluminum plate: Weighted-average f.o.b. contract prices and quantities of domestic and imported product 4 and margins of underselling, by quarters, January 2001-June 2004

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Figure E-2
Certain aluminum plate: Weighted-average contract f.o.b. prices of domestic and imported products 1-4, by quarters, January 2001-June 2004

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