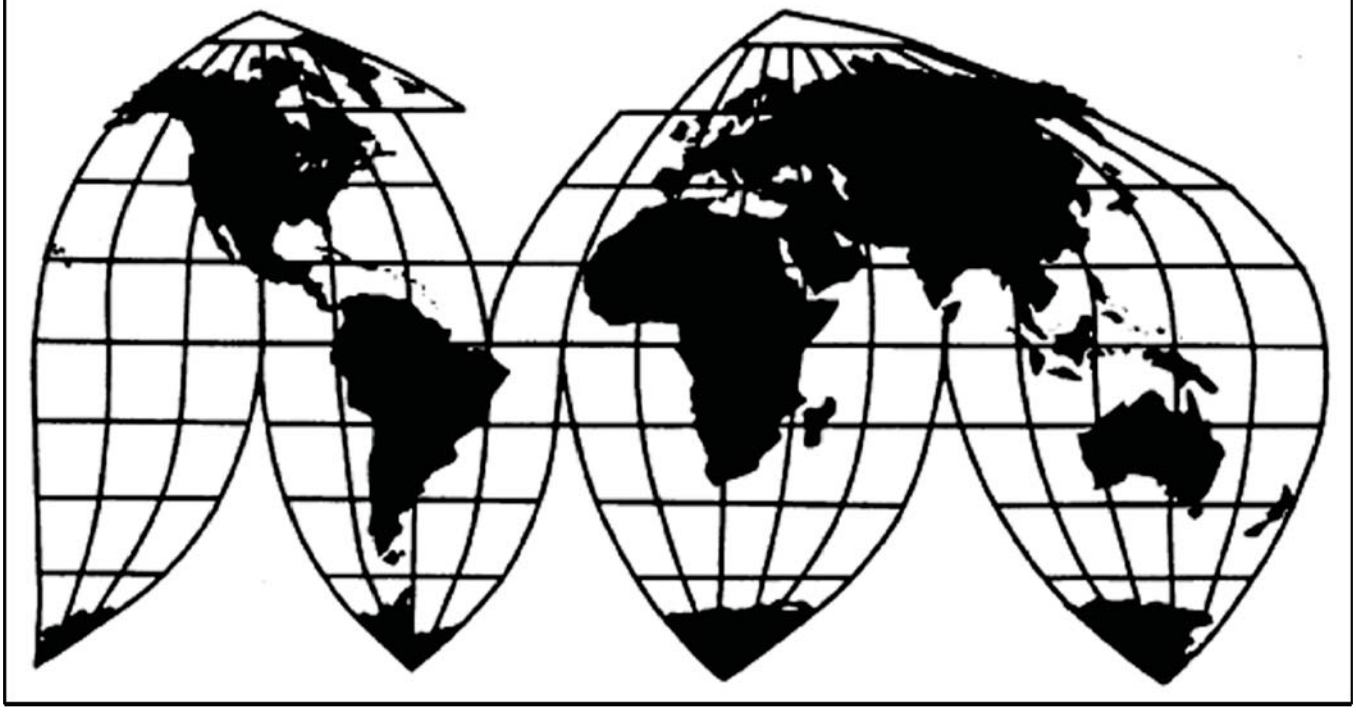
Cold-Rolled Steel Flat Products from China and Japan

Investigation Nos. 701-TA-541 and 731-TA-1284 and 1286 (Final)

Publication 4619 **July 2016**

U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-541 and 731-TA-1284 and 1286 (Final)

Cold-Rolled Steel Flat Products from China and Japan

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that an industry in the United States is materially injured by reason of imports of cold-rolled steel flat products from China and Japan, provided for in subheadings 7209.15, 7209.16, 7209.17, 7209.18, 7209.25, 7209.26, 7209.27, 7209.28, 7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7225.50, 7225.99, and 7226.92 of the Harmonized Tariff Schedule of the United States ("HTSUS"),[2] that have been found by the Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV"), and that have been found by Commerce to be subsidized by the government of China.[3]

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective July 28, 2015, following receipt of a petition filed with the Commission and Commerce by AK Steel Corporation (West Chester, Ohio), ArcelorMittal USA LLC (Chicago, Illinois), Nucor Corporation (Charlotte, North Carolina), Steel Dynamics, Inc. (Fort Wayne, Indiana), and United States Steel Corporation (Pittsburgh, Pennsylvania). The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of cold-rolled steel flat products from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and imports of cold-rolled steel flat products from China and Japan were dumped within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be

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[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] Commerce's scope indicates that such imports may also enter under the HTS subheadings 7210.90, 7212.50, 7215.10, 7215.50, 7215.90, 7217.10, 7217.90, 7225.19, 7226.19, 7226.99, 7228.50, 7228.60, and 7229.90 (81 FR 32721, May 24, 2016; 81 FR 32725, May 24, 2016; and 81 FR 32729, May 24, 2016).

[3] All six Commissioners voted in the affirmative. The Commission also finds that imports from China and Japan subject to Commerce's affirmative critical circumstances determinations are not likely to undermine seriously the remedial effect of the countervailing and antidumping duty orders on cold-rolled steel flat products from China and the antidumping duty order on such products from Japan.

held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on March 23, 2016 (81 FR 15559). The hearing was held in Washington, DC, on May 24, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission made these determinations pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)). It completed and filed its determinations in these investigations on July 7, 2016.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of cold-rolled steel flat products ("cold-rolled steel") from China and Japan that are sold in the United States at less than fair value and that are subsidized by the government of China.

I. Background

The petitions in these investigations were filed on July 28, 2015 by five domestic cold-rolled steel producers: AK Steel Corporation, ArcelorMittal USA LLC, Nucor Corporation, Steel Dynamics, Inc., and United States Steel Corporation (U.S. Steel).[1] Representatives of each petitioner appeared at the Commission's hearing and each submitted prehearing and posthearing briefs.

The following respondents appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs: Companhia Siderúrgica Nacional, a producer and exporter of cold-rolled steel from Brazil, and CSN, LLC, a U.S. producer and importer of cold-rolled steel (collectively, "CSN"); Chinese producers and exporters Angang Steel Company Limited, Handan Iron and Steel Group Import and Export Co., Ltd., Baoshan Iron & Steel Co., Ltd., Benxi Steel Group International Economic & Trading Co., Ltd., China Shougang International Trade & Engineering Corporation, Wuhan Iron and Steel Company Limited, Maanshan Iron & Steel Co., Ltd., and Tangshan Iron and Steel Group Co., Ltd. (collectively, "Chinese producers"); JSW Steel Ltd. and JSW Steel Coated Products Ltd. (collectively "JSW"), producers and exporters of subject merchandise from India; the government of India; Japanese producers and exporters Nippon Steel & Sumitomo Metal Corporation; JFE Steel Corporation; Kobe Steel Ltd. and Nisshin Steel Co., Ltd. (collectively, "Japanese Mills"), producers and exporters of subject merchandise from Japan; the Korea Iron and Steel Association, whose members are producers of subject merchandise in Korea, and two subject producers in Korea, POSCO and Hyundai Steel Co., Ltd., (collectively, "Korean Respondents"); Severstal Export GmbH and PAO Severstal (collectively "Severstal"), producers and exporters of the subject merchandise from Russia; Tata Steel U.K. Ltd. ("Tata U.K."), a producer and exporter of subject merchandise from the United Kingdom; Liberty Performance Steels, Ltd. ("Liberty") a producer and exporter of subject merchandise from the United Kingdom; and Stemcor USA Inc. ("Stemcor"), a U.S. importer of the subject merchandise. A purchaser of cold-rolled steel, Ford Motor Company, also submitted prehearing and posthearing briefs.

[1] The petitions concerned cold-rolled steel from Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom. The Commission terminated the investigation concerning subject imports from the Netherlands based on a finding of negligible imports. *Cold-Rolled Steel Flat Products from Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom*, Inv. Nos. 701-TA-540-544 and 731-TA-1283-1290 (Preliminary), USITC Pub. 4564 (Sept. 2015) ("USITC Pub. 4564"). The Department of Commerce has not yet made its final determinations in its investigations of cold-rolled steel from Brazil, India, Korea, Russia, and the United Kingdom. The briefing and hearing described below addressed the Commission's final phase investigations with respect to all seven subject countries.

U.S. industry data are based on the questionnaire responses of 13 firms believed to account for virtually all U.S. production of cold-rolled steel during 2015.[2] The Commission received usable responses to its questionnaires from 52 U.S. importers of subject merchandise during the period of investigation ("POI") (January 2013-December 2015). During 2015, these importers represented 98.6 percent of official U.S. imports of cold-rolled steel from Brazil, 65.1 percent from China, 80.8 percent from India, 85.4 percent from Japan, *** percent from Korea, virtually all from Russia, *** percent from United Kingdom, and 80.3 percent from nonsubject countries.[3]

II. Domestic Like Product and Domestic Industry

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 subject merchandise, the Commission first defines the "domestic like product" and the "industry."[4] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[5] In turn, the Tariff Act defines "domestic like product" as "a product which is like,

[2] Confidential Report ("CR") at I-7, Public Report ("PR") at I-5.

[3] CR at I-7, PR at I-5. Severstal has argued that the reported import data are understated because they do not include products imported under certain Harmonized Tariff Schedule (HTS) classifications. *See* Severstal's Prehearing Brief at 1-3; Severstal's Posthearing Brief at 2. Severstal is incorrect. *See* CR at I-7-I-8 n.9, PR at I-5 n.9. The additional in-scope HTS numbers referenced by Severstal are HTS numbers under which subject merchandise "may enter." After eliminating six clad/plated/silicon-electric/other than cold-rolled HTS numbers (consistent with Commerce's scope exclusions), Commission Staff requested information on long products that "may enter" as subject merchandise if they meet the specified dimensional criteria. Although Staff sent questionnaires to the largest importers of products under these additional 23 HTS numbers, no importer reported imports of potentially subject long products under these HTS numbers. In addition, Severstal suggests that there are additional imports of cold-rolled steel "that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the cold-rolled steel." Staff requested data for other cold-rolled steel (other than alloy or flat bar/wire discussed above) not elsewhere specified or identified. The few reported entries were essentially misclassifications or products recorded under in-scope HTS numbers. These minor data were included in the Commission's data set. CR at IV-5 n.4, PR at IV-5 n.4. Similarly, the "not elsewhere specified or identified" data collection resulted in no known entries of motor vehicle parts or other stamped/forged/shaped articles. These "potential volumes" are products that are not in any HTS number referenced in the scope definition and generally result from processing that would remove the merchandise from the scope.

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(4)(A).

or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[6]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[7] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[8] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[9] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[10] the Commission determines what domestic product is like the imported articles Commerce has identified.[11]

B. Product Description

In its final determinations, Commerce defined the imported merchandise within the scope of these investigations as follows:

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[6] 19 U.S.C. § 1677(10).

[7] *See, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States,* 19 CIT 450, 455 (1995); *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 the following: (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).

[8] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

[9] *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; *see also* S. Rep. No. 96-249 at 90-91 (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.").

[10] *See*, *e.g., USEC, Inc. v. United States*, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[11] *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations in which Commerce found five classes or kinds).

{C}ertain cold-rolled (cold-reduced), flat rolled steel products, whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement (''width'') of 12.7 mm or greater, regardless of form of coil (e.g., in successively superimposed layers, spirally oscillating, etc.). The products covered also include products not in coils (e.g., in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (e.g., in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, i.e., products which have been ''worked after rolling'' (e.g., products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

(1) Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and

(2) where the width and thickness vary for a specific product (e.g., the thickness of certain products with non-rectangular crosssection, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

• 2.50 percent of manganese, or
• 3.30 percent of silicon, or
• 1.50 percent of copper, or
• 1.50 percent of aluminum, or
• 1.25 percent of chromium, or
• 0.30 percent of cobalt, or
• 0.40 percent of lead, or
• 2.00 percent of nickel, or
• 0.30 percent of tungsten (also called wolfram), or

• 0.80 percent of molybdenum, or
• 0.10 percent of niobium (also called columbium), or
• 0.30 percent of vanadium, or
• 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.[12]

[12] Commerce's scope definition further states:

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with microalloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes cold-rolled steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the cold-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

• Ball bearing steels;
• Tool steels;
• Silico-manganese steel;
• Grain-oriented electrical steels (GOES) as defined in the final determination of the U.S. Department of Commerce in Grain- Oriented Electrical Steel From Germany, Japan, and Poland.
• Non-Oriented Electrical Steels (NOES), as defined in the antidumping orders issued by the U.S. Department of Commerce in Non-Oriented Electrical Steel From the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan.

(Continued...)

The subject merchandise covers products recognized by the marketplace as cold-rolled steel flat products, including both carbon steel and the standard alloy steels commonly produced for sheet and strip.[13] The scope definition is revised from that of the preliminary phase to include cold-rolled steel that has been further processed in a third country as long as it would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the cold-rolled steel. Importers have not reported any significant imports of cold-rolled steel that fall into this category, however.[14]

C. Analysis

In our preliminary determinations, we found a single domestic like product consisting of cold-rolled steel that was coextensive with Commerce's scope. We declined to define black plate as a separate domestic like product.[15]

Petitioners argue that the Commission should again find a single domestic like product, coextensive with the scope of Commerce's investigations.[16] The Korean Respondents and Japanese Mills again argue that the Commission should define black plate as a separate domestic like product.[17] [18]

(…Continued)
Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances, 81 Fed Reg. 32725, 32727 (May 24, 2016); *Certain Cold-Rolled Steel Flat Products From Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances,* 81 Fed. Reg. 32721, 32723 (May 24, 2016); *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances Determination*, 81 Fed Reg. 32729, 32732 (May 24, 2016).

[13] CR at I-23, PR at I-19.

[14] *See* CR at IV-1 n.1, IV-5, n.4, PR at IV-1 n.1, IV-5 n.4.

[15] USITC Pub. 4564 at 9-10.

[16] California Steel and Steel Dynamics' Prehearing Brief at 3-6; California Steel and Steel Dynamics' Posthearing Brief at 1-9; U.S. Steel's Prehearing Brief, Exhibit 1 at 1-5.

[17] Korean Respondents' Prehearing Brief at 10; Japanese Mills' Prehearing Brief at 4.

[18] Liberty Steel argues that three niche strip products should be defined as separate domestic like products: (1) hardened and tempered polished construction steel strip, (2) precision cold-rolled craft knife steel strip, and (3) thermally stress-relieved metal cutting/friction bandsaw strip. Liberty exports these products to the United States and it maintains that they are not produced in the United States. *See* Liberty's Prehearing Brief at 4 ("None of the firms in the U.S. cold-rolled flat product industry produce comparable products ….").

Liberty's argument is untimely. Section 207.20(b) of the Commission's regulations states that "{a}ll requests for collecting new information shall be presented (in comments on draft questionnaires for the final phase of an investigation}" and that "{t}he Commission will disregard subsequent requests for collection of new information absent a showing that there is a compelling need for the information and that the information could not have been requested in the comments on the draft questionnaires." (Continued...)

The record in the final phase of these investigations contains some additional information concerning the domestic like product factors. As discussed below, while we considered this new information, we find that black plate should not be defined to be a separate domestic like product.

Physical Characteristics and Uses. The record indicates that there is overlap between black plate and other cold-rolled steel with respect to physical characteristics and uses. Black plate is a flat-rolled carbon steel product that has undergone a cold-rolling process.[19] Black plate falls at the thinner end of the spectrum of cold-rolled steel. The standard thickness for black plate ranges from 0.0050 to 0.0149 inch, and double-reduced black plate is 0.0050 to 0.0118 inch in thickness. Standard thickness of cold-rolled sheet goes up to 0.142 inch.[20]

Black plate is typically used to make tin mill products, but it is also used to produce construction products, oil filters and other automotive applications, as well as toys, serving trays, and household goods.[21] There are also specific overlaps in uses. Black plate may be employed to produce ***, which can also be produced with other forms of cold-rolled steel products.[22] Moreover, ***.[23]

Manufacturing Facilities, Production Processes and Employees. The record indicates that black plate is made in the same facilities as other cold-rolled steel on similar equipment with the same workers.[24] Single-reduced black plate undergoes essentially the same production process as other cold-rolled steel while double-reduced black plate requires an additional cold-rolling step.[25]

(…Continued)
The Commission has previously indicated that, in light of this provision, it will not entertain domestic like product issues raised initially in the prehearing brief by a party that did not request collection of data on a separate like product in its questionnaire comments and had not provided a credible explanation why it did not make a data collection request at that time. *53-Foot Domestic Dry Containers from China*, Inv. Nos. 701-TA-514 and 731-TA-1250 (Final), USITC Pub. 4537 at 7-8 (June 2015). Liberty did not request that the Commission collect information for the analysis of these purportedly separate like products when the Commission circulated draft questionnaires. Indeed, it raised its like product argument for the first time in its prehearing brief. In doing so, Liberty did not provide a reason why it could not have requested that the Commission collect additional data pertaining to its like product arguments at the time questionnaire comments were due. Moreover, even in its prehearing brief, Liberty did not indicate how the Commission could collect data pertaining to its like product arguments. It asserted that the products it produces in the United Kingdom are not commercially available in the United States, but did not purport to identify the most similar domestically produced product(s) that would be the appropriate domestic like product(s). *See* Liberty Prehearing Brief at 4. Parties should raise arguments at the appropriate time and with sufficient specificity that the Commission can investigate the factual bases for the arguments.

[19] CR at I-30, PR at I-23.

[20] CR at I-26 n.25, PR at I-21 n.35

[21] CR at I-27 n.36, PR at I-21 n.36.

[22] CR at I-31, PR at I-24; Tr. at 77 (Mull); Tr. at 122 (Mathews).

[23] CR at I-30, PR at I-23.

[24] Tr. at 77 (Mull).

[25] CR at I-27, PR at I-21.

Channels of Distribution. The record indicates that Ohio Coatings is the only significant purchaser of black plate in the U.S. merchant market and the majority of domestic production is internally consumed to produce tin mill products.[26] A significant share of other cold-rolled steel was sold in the U.S. merchant market to distributors and end users.[27]

Interchangeability. As previously discussed, the record shows overlap in uses for black plate and other types of cold-rolled steel. This indicates that there is some degree of interchangeability between black plate and other types of cold-rolled steel.

Producer and Customer Perceptions. The market participants disagree with respect to whether producers and customers perceive black plate to be a distinct product from other cold-rolled steel.[28]

Price. Petitioners and respondents also disagree whether black plate commands higher prices than other types of cold-rolled steel, but it is generally more expensive than many types of cold-rolled steel because it is thinner, and thus more expensive to produce. However, the pricing data indicate that black plate and certain other forms of cold-rolled steel, particularly in lighter gauges, are priced comparably.[29]

Conclusion. Based on the record in these investigations, we find that there is one domestic like product. While there are distinctions between black plate and other types of cold-rolled steel, the record indicates that black plate is a type of cold-rolled steel that is rolled more thinly than most other types of cold-rolled steel. While the channels of distribution differ to some extent between black plate and other cold-rolled steel, we find that similarities in physical characteristics, uses, and price, as well as some interchangeability, outweigh that difference. Black plate also shares a similar manufacturing process with other cold-rolled steel and is made in the same facilities by the same employees.[30] We therefore define a single domestic like product corresponding to the scope of investigations.

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[26] CR/PR at Table I-6; CR at I-32, PR at I-24.

[27] *See* CR at III-16, PR at III-10.

[28] The domestic industry suggests that black plate is simply light-gauged cold-rolled steel. A representative of a purchaser of black plate, Ohio Coatings, asserts that black plate is a specialty steel that was developed for production of tin plate and has no significant other uses. Tr. at 121-23, 213 (Mull, Mathews, Kopf, Clark).

[29] CR at I-32, PR at I-24-25. *See* CR/PR at Table V-11.

[30] While prior like product determinations are not precedential, we note that in previous cold-rolled steel investigations, the Commission has rejected the argument that black plate should be defined as a separate domestic like product from other types of cold-rolled steel. *See Certain Cold-Rolled Steel Products from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela,* Inv. Nos. 701-TA-393-396 and 731-TA-829-840 (Preliminary), USITC Pub. 3214 (July 1999) at 7-8; *Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, and the United Kingdom*, Inv. Nos. 701-TA-319-332, 334, 336-342, 344, and 347-353 and 731-TA-573-579, 581-592, 594-597, 599-609, and 612-619 (Final), USITC Pub. 2664 (August 1993) at 87-89.

III. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[31] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must also determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[32] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[33]

The record in the final phase indicates that four domestic producers are related parties that are subject to exclusion from the definition of the domestic industry under appropriate circumstances. These are ***.[34]

For two of the related party producers (***), the ratio of subject imports to domestic production was low during the POI. The ratios never exceeded 4 percent for either of these producers during any portion of the POI.[35] This suggests that each of these related parties'

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[31] 19 U.S.C. § 1677(4)(A).

[32] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.,* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[33] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the importing producer; and

(5) whether the primary interest of the importing producer lies in domestic production or importation.

Changzhou Trina Solar Energy v. USITC, 100 F. Supp. 3d 1314, 1329 (Ct. Int'l Trade 2015); *see also Torrington*, 790 F. Supp. at 1168.

[34] *** is a related party because it is controlled by a subject producer and exporter, ***. *** is a related party because it imported subject merchandise during the POI. *** is a related party because it and an importer of subject merchandise are under common control. We assume arguendo that for purposes of this discussion that *** controls ***. CR/PR at Tables III-2 & III-10.

[35] *See* CR/PR at Table III-10. In 2015, *** respectively accounted for *** percent of domestic production. Each firm ***. CR/PR at Table III-1.

principal interest is in domestic production. There is no indication that the relatively small size of their imports relative to their domestic production shielded either domestic producer from subject imports. Also, the only parties to brief the issue maintain that they should not be excluded.[36] Accordingly, we do not find it appropriate to exclude ***.

The other two related parties, ***, had higher ratios of subject imports to domestic production, and *** affiliate's subject imports were larger than its production during one year of the POI.[37] *** imports of subject merchandise increased over the POI, but were still significantly less than its U.S. production in 2015. *** took no position or opposed the petitions.[38] *** domestic production exceeded its imports of subject merchandise during 2015, and its imports of subject merchandise declined in 2015 relative to 2014.[39] Moreover, the only parties who commented on this issue asked that the related parties not be excluded.[40] In light of these considerations, we find that appropriate circumstances do not exist to exclude *** from the domestic industry. We note, however, that each of these firms represents only a very small share of total domestic production such that their inclusion or exclusion would not have a significant effect on the overall industry data either way.

Accordingly, we define the domestic industry as all U.S. producers of cold-rolled steel.

IV. Cumulation[41]

For purposes of evaluating the volume and effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to

[36] *See* California Steel's and Steel Dynamics' Prehearing Brief at 9-10.

[37] *See* CR/PR at Table III-10.

[38] *See* CR/PR at Table III-1.

[39] CR/PR at Table III-10. In 2015, *** respectively accounted for *** percent of domestic production. CR/PR at Table III-1.

[40] *See* California Steel's and Steel Dynamics' Prehearing Brief at 9-10.

[41] Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)). The statute further provides that subject imports from a single country that comprise less than 3 percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all of those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States. 19 U.S.C. § 1677(24)(A)(ii). In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent. 19 U.S.C.6 § 1677(24)(B). During July 2014-June 2015, the 12-month period prior to the filing of the petition, subject imports from China and Japan were, respectively, *** percent and *** percent of total imports. *See* CR/PR at Table IV-3. We consequently find that subject imports from China and Japan are not negligible. We will make negligibility determinations in the investigations concerning the other subject countries following Commerce's final determinations.

cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[42]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[43] Only a "reasonable overlap" of competition is required.[44]

For purposes of these determinations, subject imports from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom are eligible for cumulation. This is because the petitioners filed the antidumping and countervailing duty petitions with respect to imports from these subject countries on the same day, July 28, 2015.[45] As discussed below, we find a

[42] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd, Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[43] *See*, *e.g.*, *Wieland Werke, AG v. United State*s, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[44] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA) expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; *see Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); *Wieland Werke, AG*, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[45] We observe that these investigations involve preliminary or final dumping findings regarding cold-rolled steel from all seven subject countries and preliminary or final subsidy findings regarding cold-rolled steel from five countries (there were no subsidy allegations concerning subject imports from Japan or the United Kingdom). We have previously explained why we are continuing our longstanding practice of cross-cumulating dumped and subsidized imports. *See Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman,* Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Final), USITC Pub. 4604 at 9-11 (April 2016).
(Continued...)

reasonable overlap of competition between subject imports from Brazil, China, India, Japan Korea, Russia, and the United Kingdom and between subject imports from each subject country and the domestic like product.

A. Arguments of the Parties

Petitioners argue that the Commission should cumulatively assess imports from all subject countries, as it did in the preliminary determinations.[46] They argue that each of the cumulation criteria is satisfied and therefore cumulation for all subject countries is mandatory for purposes of present material injury analysis. In particular, they contend that cold-rolled steel from each subject country is interchangeable with the domestic like product and imports from the other subject countries and that there are no significant non-price differences between them.[47] They argue that U.S. producers produce the high-end grades of cold-rolled steel for automotive applications that Japanese Mills claim are supplied only by subject imports from Japan.[48]

The Japanese Mills contend that their exports of cold-rolled steel are focused on high-quality niche products that satisfy specific customer requirements—particularly high-end grades of high-tensile steel for automotive applications and tin mill black plate—that are not available readily or at all from U.S. producers or other subject countries. While they concede

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(…Continued)

We note that all cold-rolled steel imports in the countervailing duty investigation of cold-rolled steel from Korea and exports of cold-rolled steel from the Severstal companies in the countervailing duty investigation of cold-rolled steel from Russia received preliminary *de minimis* subsidy margins from Commerce. *Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Preliminary Negative Determination and Alignment of Final Determination With Final Antidumping Duty Determination,* 80 Fed. Reg. 79567 (Dec. 22, 2015); *Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products from the Russian Federation: Preliminary Affirmative Countervailing Duty Determination, Preliminary Negative Critical Circumstances Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*; 80 Fed. Reg. 79564 (Dec. 22, 2015). Nevertheless, Commerce made affirmative preliminary antidumping determinations concerning all exporters from Korea and Russia. *Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 Fed. Reg. 11757 (March 7, 2016); *Certain Cold-Rolled Steel Flat Products from the Russian Federation: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 81 Fed. Reg. 12072 (March 8, 2016). In light of the Commission's cross-cumulation practice, all subject imports from Korea and Russia are eligible for cumulation in these determinations, notwithstanding 19 U.S.C. § 1677(7)(G)(ii)(I). By the same token, because the Commission found in its preliminary determinations that its imports in the antidumping investigation of cold-rolled steel from India were not negligible, *see* USITC Pub. 4564 at 14-15, subject imports from India remain eligible for cumulation here.

[46] Nucor's Prehearing Brief at 6-7.

[47] Nucor's Posthearing Brief at 3-4.

[48] Nucor's Posthearing Brief at 5.

that both they and domestic producers sell to the automotive market, the Japanese Mills assert that Japanese producers and U.S. producers sell at different ends of the automotive market, with U.S. automakers turning to imports for high-end grades of automotive steel that they are unable to obtain from U.S. suppliers.[49]

Tata U.K. contends that there is no reasonable overlap of competition between subject imports from the United Kingdom, on the one hand, and imports from the other subject countries and domestically produced cold-rolled steel, on the other. It argues that it sells to a limited niche market of continuously annealed cold-rolled steel rather than batch annealed. It also contends that subject imports from the United Kingdom have a distinct geographical focus on the Great Lakes region and generally enter at Cleveland and Detroit.[50]

Severstal contends that the subject imports from Russia should not be cumulated as they were not present in the United States during much of the POI and purchasers were unfamiliar with subject imports from Russia.[51]

B. Reasonable Overlap of Competition

We next analyze the four factors pertinent to a reasonable overlap of competition.

Fungibility. The record in the final phase of these investigations indicates that cold-rolled steel from all sources is at least moderately fungible. In nearly all comparisons between domestic and subject products and between products from different subject sources, majorities of responding U.S. producers, importers, and purchasers stated that products were "always" or "frequently" interchangeable.[52] One of the few exceptions was purchasers' comparison of domestically produced cold-rolled steel with subject imports from Japan, for which 10 of 23 purchasers found the two sources to be "always" or "frequently" interchangeable.[53] Only 4 of 23 purchasers characterized the two sources to be "never" interchangeable and most purchasers, importers and domestic producers characterized subject imports from Japan as "always" or "frequently" interchangeable with imports from other sources.[54] When asked to compare subject imports from the United Kingdom and domestic product, a strong majority of producers and importers and 6 of 11 purchasers characterized them as "always" or "frequently" interchangeable, and only one purchaser indicated that they were never interchangeable.[55]

When asked whether differences other than price are ever significant in their sales in choosing between cold-rolled steel from different sources, the majority of domestic producers

[49] Japanese Mills' Prehearing Brief at 10-11.

[50] Tata U.K.'s Prehearing Brief at 3, 31-34.

[51] Severstal's Posthearing Brief at 9-10.

[52] CR/PR at Table II-13.

[53] CR/PR at Table II-13. Other exceptions to the majority of firms reporting of at least frequent interchangeability were importer comparisons of Russia v. United Kingdom (7 of 16 reported at least "frequently" interchangeable) and India v. United Kingdom (8 of 16). *Id.*

[54] CR/PR at Table II-13.

[55] CR/PR at Table II-13.

responded that they were never important.[56] Importers and purchasers were more divided on this question, but the majority of importers and purchasers reported that differences other than price were "sometimes" or "never" important for most country comparisons. The exceptions were the United States compared to China (15 of 29 importers reported "always" or "frequently") and Korea (12 of 22 purchasers reported "always" or "frequently").[57] When purchasers compared the United States and Japan, a majority (11 of 21) indicated that non-price differences were "sometimes" or "never" important, and for the United States compared to the United Kingdom, 7 of 11 indicated non-price differences were "sometimes" or "never" important.[58]

Purchasers were also asked to compare the domestic like product and imports from each subject country with respect to 18 factors such as price, availability, and quality. Subject imports from each county were rated as comparable to the domestic like product by a majority of purchasers for most of the 18 factors.[59]

In particular, majorities of purchasers reported that the domestic like product and subject imports from Japan were comparable for 16 of the 18 factors.[60] The exceptions were delivery time and price; the domestic product was rated superior with respect to delivery time while subject imports were rated as superior with respect to price, indicating that subject imports were priced lower than the domestic product. Sixteen of 20 purchasers rated the two sources to be comparable on product range.[61] Purchasers largely reported that subject imports from the United Kingdom were comparable to domestic product for all 18 factors, including "product range" and "continuously annealed product."[62] We find that the market participants' general perceptions of interchangeability and generally limited importance noted for nonprice factors, as well as the purchasers' characterization of the subject imports from each country as comparable, support a finding of fungibility.

The record further indicates, contrary to Japanese Mills' contention, that the domestic industry produced and shipped substantial quantities of cold-rolled steel, including advanced and ultra high strength cold-rolled steel, to the automotive sector.[63] The pricing data indicate competition in cold-rolled steel sold to the automotive sector. During 2015, of a total *** short tons of U.S. commercial shipments of the subject imports from Japan, *** short tons were reported for pricing product 6, a product used for automotive parts for which there were

[56] CR/PR at Table II-15.
[57] CR/PR at Table II-15.
[58] CR/PR at Table II-15.
[59] *See* CR/PR at Table II-12.
[60] *See* CR/PR at Table II-12.
[61] *See* CR/PR at Table II-12.
[62] *See* CR/PR at Table II-12.
[63] *See, e.g.,* CR/PR at Table IV-9; ArcelorMittal's Prehearing Brief, Exhibit 2 at 6; Nucor's Posthearing Brief at Exhibit 2B.

substantial shipments of the domestic like product.[64] This suggests that subject imports from Japan do compete for sales with the domestic like product for sales to the automotive sector.[65]

Further, the record indicates that subject imports from Japan and Korea compete for sales with domestically produced black plate.[66] Ohio Coatings reported purchases in 2015 of ***.[67]

We also do not find that Tata U.K.'s argument that its continuously annealed products do not compete with domestically produced cold-rolled steel or other subject imports is supported by the record. The record indicates that purchasers view subject imports from the United Kingdom as comparable to domestic product with respect to continuous annealing, and a majority of producers, importers, and purchasers reported that subject imports from the United Kingdom and the domestic like product were "always" or "frequently" interchangeable.[68] Finally, continuously annealed product was available from all subject sources and the domestic producers during the POI.[69]

We therefore find that the record in the final phase of these investigations indicates sufficient fungibility between and among subject imports from each subject country and the domestic like product to satisfy the "reasonable overlap" standard.

Channels of Distribution. U.S. shipments of cold-rolled steel by producers and importers are sold to both distributors and end users. In 2015, the majority of domestic producers' U.S. commercial shipments of cold-rolled steel ***, as well as substantial portions of imports of

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[64] We observe that pricing product 6 was proposed by the Japanese Mills. Japanese Mills' Comments on Draft Questionnaires (Feb. 26. 2016) at 4.

[65] The petitioners have indicated that the definition of pricing product 6 is overly broad because it contains cold-rolled steel products of a range of strength levels (585 Mega Pascal or more). CR at V-13 n.15, PR at V-9 n.15. While pricing product 6 may encompass a range of products that are not defined optimally for price comparison purposes, the data for this product show competition over a range of similar products for automotive applications. *See, e.g.,* ArcelorMittal's Posthearing Brief, Exhibit 1, at 32-33. ArcelorMittal also indicates that it sells porcelain enameling cold-rolled steel despite the Japanese Mills' claim that it is unavailable from the domestic producers. *See* ArcelorMittal's Posthearing Brief, Exhibit 2, at 7.

[66] CR at IV-26, PR at IV-22; CR/PR at Tables I-6, IV-9 & IV-10. The Japanese Mills' argument that their black plate products do not compete with domestic producers for sales to Ohio Coatings is contravened by information in the record indicating that Ohio Coatings reduced its purchases from ArcelorMittal and increased its purchases of black plate from Japan and Korea over the POI. *See* Japanese Mills' Posthearing Brief, Exhibit 7; ArcelorMittal's Posthearing Brief, Exhibit 2, at 4-5. *See also* CR/PR at Tables V-13 & V-14.

[67] CR at V-13 n.14, PR at V-9 n.14. The Commission sought further information concerning black plate by collecting pricing information for two black plate products proposed by respondents, but the products suggested were not those that comprise the bulk of domestic sales or the subject imports from Japan and Korea. *See* CR at V-13 n.14, PR at V-9 n.14. We also observe that 12 purchasers reported shifting to Japan as their supply source during the POI. CR/PR at Table V-15. This indicates that domestic cold-rolled steel and subject imports from Japan were competing for sales in the U.S. market during the POI.

[68] CR/PR at Tables II-12 & 13.

[69] CR/PR at Table IV-10.

cold-rolled steel from Brazil ***, China ***, India ***, Japan ***, Korea ***, and Russia ***, were sold to end users.[70] Consequently, substantial proportions of the domestic like product ***, and appreciable proportions of shipments from Brazil, China, India, Japan, Korea, and Russia (ranging from *** percent) were sold to distributors, as were the great majority of imports of cold-rolled steel from the United Kingdom ***.[71]

Geographic Overlap. Domestically produced and cold-rolled steel from all subject sources is sold in most regions of the continental United States.[72] During the POI, domestically produced cold-rolled steel and cold-rolled steel from the seven subject countries was sold in the Northeast, Midwest, Southeast, and Central Southwest.[73] While subject imports from the United Kingdom primarily entered at ports in Detroit and Cleveland, the record indicates that subject imports from the United Kingdom compete for sales with the domestic like product and other subject imports in the Northeast as well as the Midwest.[74]

Simultaneous Presence in Market. Subject imports from China, India, Japan, Korea, and the United Kingdom were present in all 36 months of the POI.[75] Subject imports from Brazil were present in 33 of 36 months and subject imports from Russia were present during 20 of 36 months.[76] This is sufficient to indicate simultaneous presence in the market, despite Severstal's argument to the contrary.[77]

Conclusion. The record indicates that there is a reasonable overlap of competition between and among imports from all seven subject countries and the domestic like product, notwithstanding respondents' contrary arguments.[78] We accordingly cumulate subject imports

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[70] CR/PR at Table II-2.

[71] CR/PR at Table II-2.

[72] *See* CR/PR at Table II-3.

[73] *See* CR/PR at Table II-3.

[74] CR/PR at Tables II-3 & IV-12.

[75] *See* CR/PR at Table IV-11.

[76] *See* CR/PR at Table IV-11.

[77] We further note that 10 of 43 purchasers compared subject imports from Russia with domestic product. CR/PR at Table II-13. This suggests that purchasers had some familiarity with subject imports from Russia. Purchasers also viewed subject imports from Russia as comparable to domestic product with respect to "availability." *See* CR/PR at Table II-12.

[78] There is no basis for the Japanese Mills' contention that the WTO Agreements pose cumulation requirements that U.S. law, as currently construed by the Commission, does not. Both require a showing of "competition." U.S. law requires cumulation for current injury analysis when subject "imports compete with each other and with domestic like products in the U.S. market." 19 U.S.C. § 1677(7)(G)(i). Article 3.3 of the WTO Antidumping Agreement and Article 15.3 of the WTO Agreement on Subsidies and Countervailing Measures each state that authorities may engage in cumulative assessment, *inter alia*, when it "is appropriate in light of the conditions of competition between the imported products and the domestic like product." The WTO Agreements do not further specify what conditions of competition an authority must analyze. As discussed above, an analysis of the four factors normally considered by the Commission indicates that there is a reasonable overlap of competition between and among imports from all seven subject countries and the domestic like product. We decline to include as a factor in our present injury cumulation analysis in these investigations a consideration of volume and price trends.

from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom in conducting our analysis of material injury by reason of subject imports.

V. Material Injury by Reason of Subject Imports

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[79] In making this determination, the Commission must consider the volume of subject 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.[80] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[81] 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.[82] 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."[83]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[84] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[85] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports

[79] 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provision of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments in these investigations.

[80] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[81] 19 U.S.C. § 1677(7)(A).

[82] 19 U.S.C. § 1677(7)(C)(iii).

[83] 19 U.S.C. § 1677(7)(C)(iii).

[84] 19 U.S.C. §§ 1671d(a), 1673d(a).

[85] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[86]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[87] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[88] Nor does

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[86] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[87] SAA at 851-52 ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[88] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some (Continued...)

the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[89] It is clear that the existence of injury caused by other factors does not compel a negative determination.[90]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[91] [92] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[93]

(…Continued)
tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[89] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[90] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[91] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[92] Commissioners Pinkert and Kieff do not join this paragraph or the following three paragraphs. They point out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when analyzing present material injury, to consider a particular issue with respect to the role of nonsubject imports, without reliance upon presumptions or rigid formulas. The Court has not prescribed a specific method of exposition for this consideration. *Mittal Steel* explains as follows:

> What *Bratsk* held is that "where commodity products are at issue and fairly traded, price competitive, non-subject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, *Bratsk* requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

[93] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

The Federal Circuit's decisions in *Gerald Metals, Bratsk*, and *Mittal Steel* all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[94] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[95] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals, Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[96]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[97] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[98]

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[94] *Mittal Steel*, 542 F.3d at 875-79.

[95] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

[96] To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in the final phase of investigations in which there are substantial levels of nonsubject imports.

[97] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[98] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury by reason of subject imports.

1. Captive Production Provision

The domestic industry captively consumes the majority of its production of the domestic like product in the manufacture of downstream articles. Accordingly, we have considered whether the statutory captive production provision requires us to focus our analysis primarily on the merchant market when assessing market share and the factors affecting the financial performance of the domestic industry.[99] Petitioners and respondents both argue that the captive production provision applies in these investigations.[100]

Threshold Criterion. The captive production provision is to be applied only if, as a threshold matter, significant production of the domestic like product is internally transferred and significant production is sold in the merchant market. In these investigations, internal consumption accounted for *** percent of U.S. producers' U.S. shipments of cold-rolled steel during the POI.[101] We find that both the internal consumption and merchant market portions of the market which accounted for *** percent and *** percent of total domestic shipments, respectively, are significant.

First Statutory Criterion. The first criterion tests whether the domestic like product produced that is internally transferred for processing into downstream articles does not enter

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[99] The captive production provision, 19 U.S.C. § 1677(7)(C)(iv), provides:

> (iv) CAPTIVE PRODUCTION –If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that –
>
> > (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product, and
> >
> > (II) the domestic like product is the predominant material input in the production of that downstream article;
>
> then the Commission, in determining market share and the factors affecting financial performance set forth in clause (iii), shall focus primarily on the merchant market for the domestic like product.

The Trade Preferences Extension Act of 2015 eliminated what was the third statutory criterion of the captive production provision. Pub. L. 114-27, § 503(c).

[100] Nucor's Prehearing Brief at 35-37; U.S. Steel's Prehearing Brief at 16-18; Chinese Respondents' Prehearing Brief at 3; CSN's Prehearing Brief at 10; Korean Respondents' Prehearing Brief at 18-19.

[101] CR at III-16, PR at III-10.

the merchant market for the domestic like product.[102] No domestic producers in these investigations reported diverting cold-rolled steel that was to be internally consumed to the merchant market.[103] This criterion is therefore satisfied.

Second Statutory Criterion. In applying the second statutory criterion, the Commission generally considers whether the domestic like product is the predominant material input into a downstream product by referring to its share of the raw material cost of the downstream product.[104] In these investigations, although estimates varied, domestic producers indicated that cold-rolled steel accounted for at least 68 percent of the cost of the downstream products produced from it, such as tin mill and coated products.[105] Because cold-rolled steel is the predominant material input into downstream products, this criterion is also satisfied in these investigations.

Conclusion. We conclude that the criteria for application of the captive production provision are satisfied in these investigations. Accordingly, we focus primarily on the merchant market in analyzing the market share and financial performance of the domestic industry. We also have considered the market as a whole and the captive portion of the market.

2. Demand Conditions

Cold-rolled steel is used in the manufacture of goods in the automotive, construction, container, appliance, and electrical equipment industries.[106] Although the automotive and construction industries are large consumers of cold-rolled steel, most cold-rolled steel is used internally or transferred to related firms for production of downstream products that include corrosion-resistant steel and tin plate.[107] Domestic producers reported that 22 percent of their 2015 commercial shipments went to automotive end uses, 8 percent went for use in appliances, 7 percent went to uses in construction, 5 percent went towards production of containers, and 58 percent went to "other" end uses.[108]

Most responding U.S. producers, importers, and purchasers reported that U.S. demand for cold-rolled steel increased or fluctuated during the POI. Growth in demand in the automotive and construction sectors was cited as a reason for the increase.[109]

Demand for cold-rolled steel is driven by demand in these industries, as well as overall economic conditions.[110] Apparent U.S. consumption of cold-rolled steel decreased 1.0 percent

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[102] *See Raw Flexible Magnets from China and Taiwan*, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Preliminary), USITC Pub. 3961 at 13 (Nov. 2007) ("No producer reported diverting raw flexible magnets intended for internal consumption to the merchant market.").

[103] CR at III-16, PR at III-10.

[104] *See* 19 U.S.C. § 1677(7)(C)(iv)(II).

[105] CR at III-18, PR at III-11.

[106] CR at I-24, PR at I-19.

[107] *See* Section V.B.1 above.

[108] CR/PR at Fig II-1. The "other" category includes shipments to service center/distributors for which producers did not know the end use. CR at II-5, PR at II-2.

[109] CR at II-24, PR at II-14; CR /PR at Table II-7. Data on automotive sales and construction activity suggest that demand in these sectors was strong. *See* CR/PR at Figs. II-5 & II-6.

in the merchant market over the POI, increasing from 12.4 million short tons in 2013 to 13.4 million short tons in 2014, and then decreasing to 12.3 million short tons in 2015.[111] Apparent U.S. consumption in the overall market was 29.7 million short tons in 2013, 31.6 million short tons in 2014, and 30.3 million short tons in 2015.[112]

3. Supply Conditions

The domestic industry supplied the majority of cold-rolled steel in the U.S. market during the POI. Its share of apparent U.S. consumption in the merchant market decreased from 89.9 percent in 2013 to 80.8 percent in 2014 and then rose slightly to 81.0 percent in 2015.[113] The domestic industry supplied 95.8 percent of apparent U.S. consumption in the overall market in 2013, 91.9 percent in 2013, and 92.3 percent in 2015.[114] The three largest domestic producers, ***, accounted for over *** of domestic cold-rolled production.[115]

The domestic industry reported a number of acquisitions during the period of investigation. AK Steel ***.[116] ArcelorMittal USA purchased the Calvert, Alabama, mill from ThyssenKrupp Steel USA in February 2014 and formed a joint venture with Nippon Steel and Sumitomo Metal Corp. to operate it.[117] Steel Dynamics also purchased a mill in Columbus, Mississippi, in September 2014 from Severstal.[118] Worthington acquired a processor of cold-rolled steel, Rome Strip Steel, in January 2015.[119]

Six responding domestic producers reported shutdowns or curtailments, mostly during 2014 and 2015.[120] Production capacity, however, was not significantly affected by the production curtailments, and the domestic industry's capacity increased slightly over the POI.[121] Bad weather led to some supply disruptions during the winter of 2014 due to difficulty shipping on the Great Lakes.[122]

(…Continued)

[110] CR/PR at II-1.

[111] CR/PR at Tables IV-13 & C-1.

[112] CR /PR at Tables IV-16 & C-2. Petitioners attribute the decline in demand during 2015 to a build-up in importer, service center, and end-user inventories that were drawn down in 2015. Nucor's Prehearing Brief at 22; U.S. Steel's Prehearing Brief at 19.

[113] CR/PR Table IV-15.

[114] CR/PR at Table IV-16.

[115] CR/PR at Table III-1.

[116] CR/PR at Tables III-3 & III-4.

[117] CR at VI-2, PR at VI-1; CR/PR at Tables III-3 & III-4.

[118] CR at VI-2, PR at VI-1; CR/PR at Tables III-3 & III-4.

[119] CR at VI-2, PR at VI-1; CR/PR at Tables III-3 & III-4.

[120] CR/PR at Tables III-3 & III-4. *** attribute the production shutdowns and production curtailments to a lack of orders due to the subject imports. CR/PR at Tables III-3 & III-4. In particular, ***. CR/PR at Tables III-3 & III-4; CR at VI-22, PR at VI-13.

[121] *See* CR/PR at Table III-5.

[122] CR at II-14-16, PR at II-8-9. *** stated that it experienced some temporary constraints including shipment delays due to severe weather in the first quarter of 2014. *** reported that production was disrupted at *** but that no orders of cold-rolled steel were denied. *Id*.

Cumulated subject imports were the next largest source of supply to the U.S. market after the domestic industry during the POI. Cumulated subject imports' share of apparent U.S. consumption in the merchant market increased from 4.7 percent in 2013 to 11.6 percent in 2014 and then fell to 11.4 percent in 2015.[123] In the total market, cumulated subject imports' share of apparent U.S. consumption increased from 2.0 percent in 2013 to 4.9 percent in 2014 and then decreased to 4.6 percent in 2015.[124]

Nonsubject imports increased from 5.4 percent of apparent U.S. consumption in the merchant market in 2013 to 7.6 percent in 2014 and declined to 7.5 percent in 2015.[125] In the total market, nonsubject imports' share of apparent U.S. consumption was 2.2 percent in 2013, 3.2 percent in 2014, and 3.1 percent in 2015.[126] The largest source of nonsubject imports was Canada, accounting for approximately *** percent of total cold-rolled steel imports during 2015.[127] Almost all of the nonsubject imports from Canada during 2015 were imported by ***.[128]

4. Substitutability and Other Conditions

There is a high degree of substitutability between domestically produced cold-rolled steel and cold-rolled steel imported from the subject sources.[129] As discussed above, with limited exceptions, most responding U.S. producers, importers, and purchasers reported that cold-rolled steel produced in the United States and imported from each subject source are "always" or "frequently" used interchangeably.[130] A majority of purchasers also reported that the domestic like product and imports from each subject country were comparable with respect to a majority of 18 factors such as availability and quality.[131]

The record also indicates that price is an important consideration for purchasers of cold-rolled steel.[132] The majority of producers, importers, and purchasers reported that differences other than price were "sometimes" or "never" important for most country comparisons.[133] Further, price was the most frequently cited top purchasing factor considered by purchasers and the third most cited "very important" factor.[134]

The primary raw materials used to produce cold-rolled steel include iron ore, coal, and iron and steel scrap.[135] Prices for iron ore, coal, and iron and steel scrap decreased over the

[123] CR/PR at Tables IV-15 & C-1.
[124] CR/PR at Tables IV-16 & C-2.
[125] CR/PR at Tables IV-15 & C-1.
[126] CR/PR at Tables IV-16 & C-2.
[127] CR at II-13, PR at II-7.
[128] *See* CR/PR at Table IV-1.
[129] CR at II-29, PR at II-17.
[130] *See* CR/PR at Table II-13.
[131] *See* CR/PR at Table II-12.
[132] *See* CR/PR at Tables II-9 and II-10.
[133] *See* CR/PR at Table II-15.
[134] See CR/PR at Tables II-9 & II-10.
[135] CR/PR at V-1.

POI by 0.4 percent, 9.9 percent, and 56.6 percent, respectively.[136] Much of the decrease in these prices occurred during 2015.[137] Raw materials accounted for 58.3 percent of total COGS in 2015.[138]

U.S. producers reported selling through annual or long-term contracts as well as on the spot market, while importers more frequently sold on the spot market.[139] Petitioners indicated that contract pricing is closely tied to spot market prices such as those published by CRU and Platt's.[140] Contracts sometimes contain mechanisms by which their pricing is adjusted based on spot market prices, while adjustments to contract prices tend to lag changes in spot market prices.[141]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff 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."[142]

Cumulated subject imports increased from 585,033 short tons in 2013 to 1.5 million short tons in 2014 and then decreased to 1.4 million short tons in 2015, an increase of 139.4 percent during the POI.[143] Cumulated subject imports also increased overall as a share of apparent U.S. consumption in the merchant market during the period, increasing from 4.7 percent in 2013 to 11.6 percent in 2014, and then falling slightly to 11.4 percent in 2015.[144]

Subject imports gained market share during the POI at the expense of the domestic industry, which lost 8.9 percentage points of market share in the merchant market from 2013 to 2015.[145] Respondents have argued that subject imports entered the U.S. market in response to supply shortages resulting from cold weather and the resulting ice blockages in the Great Lakes during the winter of 2014.[146] The record, however, indicates that shortages were not so

[136] CR/PR at V-1 and Figure V-1.

[137] CR/PR at V-1 and Figure V-1.

[138] CR at Table VI-1.

[139] *See* CR/PR at Table V-2.

[140] CR at V-9, PR at V-6. Most purchasers indicated that their contracts were not indexed to raw material costs. CR at V-4, PR at V-2.

[141] *See, e.g.,* CR at V-9, PR at V-6; Tr. at 81, 159 (Reich, Ferriola) (lag effect on cold-rolled steel prices due to indexing to published indexes and contract expiration).

[142] 19 U.S.C. § 1677(7)(C)(i).

[143] CR/PR at Table IV-2.

[144] CR/PR at Table IV-15. Cumulated subject imports also increased as a share of apparent U.S. consumption in the total market during the period, increasing from 2.0 percent in 2013 to 4.9 percent in 2014, and then decreasing to 4.6 percent in 2015. CR/PR at Table IV-16.

[145] *See* CR/PR at Table IV-15. In the total market, the domestic industry lost 3.5 percentage points of market share from 2013 to 2015. *See* CR/PR at Table IV-16.

[146] *See, e.g.,* Chinese Respondents' Prehearing Brief at 19; Korean Respondents' Posthearing Brief at 5-6; Answers to Questions at 4-17.

widespread and persistent as to explain the subject imports' continued significant presence throughout 2014 and during 2015.[147]

In light of the foregoing, we find that the volume of subject imports and the increase in the volume of subject imports are significant in both absolute terms and relative to consumption in the United States.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff 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.[148]

As discussed above, the record in the final phase of these investigations indicates that cumulated subject imports and the domestic like product are highly substitutable and that price is an important factor in purchasing decisions.

In the final phase of these investigations, the Commission collected pricing data for seven cold-rolled steel products.[149] Eight U.S. producers and 34 importers provided usable

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[147] A majority of purchasers (30 of 42) indicated that that no firm had refused, declined, or was unable to supply cold-rolled steel since January 1, 2013. CR at II-14, PR at II-8. Industry witnesses on behalf of U.S. Steel, ArcelorMittal, and AK Steel also disputed that cold weather led to significant supply problems. *See* Tr. at 187-189 (Kopf, Blume, Reich).

Other information in the record also contradicts a finding that supply shortages caused the increase in subject imports. As discussed in section V.D. below, during the period of claimed shortages, subject imports undersold the domestic like product, which is not the pricing behavior typically associated with a supply shortfall. Subject imports also maintained a large presence in the U.S. market through much of 2015, only receding after Commerce's preliminary determinations in December 2015. *See* CR/PR at Figs. IV-2 & IV-3; CR/PR at Table IV-11. While respondents suggest that shortages persisted in the U.S. market through 2015, this is not corroborated by reports from U.S. market participants, CR at II-15-16, PR at II-8-9, and cannot be reconciled with available data showing high service center inventory levels during 2015, CR/PR at Figure II-3. Finally, notwithstanding respondents' arguments, the domestic industry had ample unused capacity throughout the POI. *See* CR/PR at Table III-5.

[148] 19 U.S.C. § 1677(7)(C)(ii).

[149] The seven pricing products are:

Product 1-- Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not interstitial free, not painted, box annealed and temper rolled, 24" to 48" in width, 0.0120" to 0.0219" in thickness. Sales not pursuant to annual or longer-term contracts.

Product 2-- Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not

(Continued...)

pricing data for sales of the requested products, although not all firms reported prices for all products for all quarters.[150] Pricing data reported by these firms accounted for approximately 20.4 percent of U.S. producers' shipments of cold-rolled steel, and the following percentages of U.S. shipments of subject imports during the POI: 94.4 percent from Brazil, 59.1 percent from China, 51.3 percent from India, 40.6 percent from Japan, 38.7 percent from Korea, 45.6 percent from Russia, and 1.5 percent from the United Kingdom.[151]

The pricing data show that cumulated subject imports were priced below U.S.-produced cold-rolled steel in 123 of 184 quarterly comparisons from 2013 to 2015.[152] The quantity of subject imports in underselling comparisons was 1.1 million short tons, while the quantity that oversold the domestic product totaled 327,146 short tons.[153] Underselling was most frequent during 2014 when subject imports gained market share in the U.S. market, although instances of underselling remained more frequent in 2015 than in 2013.[154] Purchasers also confirmed

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interstitial free, not painted, box annealed and temper rolled, 34" to 72" in width, 0.0220" to 0.0849" in thickness. Sales not pursuant to annual or longer-term contracts.
Product 3-- Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not interstitial free, not painted, box annealed and temper rolled, 34" to 72" in width, 0.0220" to 0.0849" in thickness. Annual and longer-term contract sales.
Black plate:
Product 4-- Single reduced black plate, MR type/D Type, meeting ASTM A-623/625 specifications, bright finish 7 A BE bright, RMS 12 micro inch max, temper classification of T-1, T-2 (49-57 hardness using the Rockwell 30 T scale), 24.5" to 39" in width, 0.008" to 0.019" in thickness.
Product 5-- Single reduced black plate, MR type, meeting ASTM A-623/625 specifications, bright finish 7C, RMS 12-20 micro inch max, temper classification of T-2 (49-57 hardness using the Rockwell 30 T scale), 24.5" to 39" in width, 0.008" to 0.019" in thickness.
Automotive steel:
Product 6-- Cold-rolled steel sheet, in coil, with a tensile strength of 585 Mega Pascal or more, used for automotive parts, 27" to 60" in width, 0.0315" to 0.0960" in thickness, sold to end users.
Product 7-- Cold-rolled carbon steel sheet, in coils, high strength steel (CR780T/420Y-DP), continuous annealed and temper rolled, not interstitial free, not painted, 35.433" to 59.055" in width, 0.0314" to 0.07874" in thickness.

CR at V-12, PR at V-8. Products 1-3 are commercial sheet cold-rolled steel, products 4 and 5 are black plate, and products 6 and 7 are automotive cold-rolled steel. *Id.* Respondents proposed four of the pricing products to increase coverage compared to the preliminary phase. CR at V-11 n.10, PR at V-7 n.10.

[150] CR at V-12, PR at V-8.

[151] CR at V-13. PR at V-9.

[152] CR/PR at Table V-12b.

[153] CR/PR at Table V-12b. Margins of underselling reached up to 36.8 percent, and margins of overselling ranged up to 52.7 percent. CR/PR at Table V-12b.

[154] CR/PR at Table V-12c.

shifting from the domestic like product to subject imports due to their lower prices.[155] Given the predominant underselling, the fact that price is an important consideration in purchasing decisions, and the numerous reports that purchasers shifted their purchases to subject imports due to price, we find the underselling by cumulated subject imports to be significant.

We have also considered whether the subject imports had significant price-depressing effects. Prices for five of the seven domestically produced cold-rolled steel pricing products fell from 1.1 to 21.9 percent from 2013 to 2015.[156] Prices declined over the POI for pricing products 1, 2, 3, and 7, the products for which the underselling was the most frequent over the POI.[157] The largest price declines for domestically produced cold-rolled steel occurred during 2015.[158] However, as discussed, raw material prices also fell during 2015 and apparent U.S. consumption that year decreased by 8.3 percent.[159] [160] In light of this, we cannot conclude that the lower-priced subject imports caused the observed price declines for domestically produced cold-rolled steel during 2015.[161] We therefore conclude that subject imports did not depress domestic prices to a significant degree.

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[155] In response to the Commission's purchaser questionnaires, 29 of 43 purchasers reported that they had shifted purchases of cold-rolled steel from U.S. producers to subject imports during the POI. Twenty of these purchasers reported that subject imports were priced lower, and 15 reported that price was a primary reason for the shift to the subject imports. Purchasers reported shifting a total of 272,744 short tons of cold-rolled steel purchases from the domestic like product to the subject imports. CR at V-33, PR at V-18.

[156] *See* CR/PR at Table V-11. Prices for one product were reported in only 6 quarters and there were no observations of prices for domestically produced articles for the remaining product. *Id*.

[157] *See* CR/PR at Table V-11. There were insufficient data for products 4 and 5 did to show trends in prices.

[158] *See* CR/PR at Figs. V-4, V-5, V-6, V-9 and V-10 (showing cold-rolled steel price declines).

[159] In particular, steel scrap prices fell sharply during 2015. CR/PR at Fig. V-1. Between January 2015 and December 2015, iron and steel scrap prices fell by $240 per short ton, or by 50.7 percent. EDIS Doc. 582544. Respondents provided data from the SBB/Platts database showing similar declines in 2015. Hearing Exhibits of Jim Dougan at 7.

[160] Nucor has argued that actual consumption may not have decreased during 2015, and the decline in apparent consumption can be attributed, at least in part, to a build-up in importer, service center, and end-user inventories in 2014 that had to be worked off in 2015. Nucor's Prehearing brief at 21-23. While apparent consumption in these investigations uses import data which include importers' inventories rather than importer shipments, the difference between imports and import shipments is small relative to overall apparent consumption. Importer's inventories at their peak in 2014 accounted for only 1.7 percent of apparent U.S. consumption and the 44,108-ton decrease in total importers' inventories in 2015 explains only a very small fraction of the 1.1 million ton decrease in apparent U.S. consumption. CR/PR at Tables IV-14 and VII-35. In addition, inventories held by service centers and end-users reflect sales from importers and domestic producers that have already occurred and are not reflected in the Commission's apparent consumption data.

[161] Commissioners Pinkert and Schmidtlein find that subject imports depressed U.S. prices to a significant degree in 2015. Subject import volume increased by 165.5 percent in 2014, and the domestic industry responded by lowering its prices – customers asked domestic producers to match subject import prices. ArcelorMittal's Posthearing Brief at Exhibit 2. *See also* AK Steel's Posthearing Brief at 15 (Continued...)

We also do not find that subject imports prevented price increases which otherwise would have occurred to a significant degree. From 2013 to 2014, the domestic industry's unit cost of goods sold (COGS) increased, but net sales values increased by a greater amount in both the merchant and total markets.[162] Consequently, from 2013 to 2014 prices increased by more than costs. By contrast, price increases would have been unlikely in 2015 while unit COGS were declining.[163]

Accordingly, based on the record in the final phase of these investigations, we find that there was significant underselling of the domestic like product by the subject imports. As a result of this underselling, the subject imports gained market share at the expense of the domestic industry, as described in section V.C. above. The low-priced cumulated subject imports consequently had significant effects on the domestic industry, which are described further below.

(…Continued)
and Exhibit 1 at 6. Thus, in 2015, domestic prices for Products 1, 2, and 3 (accounting for 89 percent by quantity of our domestic pricing data) fell by $109, $165, and $133, respectively. *See also* CR/PR at Tables V-4 –V-6 and Figs. V-4, V-5 and V-6. The domestic industry's unit net sales value (by short ton) fell by $97 from 2014 to 2015, but its unit cost of goods sold fell by only $74. The downward pricing pressure experienced by the domestic industry was enhanced by the fact that subject import inventories were at much higher levels in 2015 than in 2013. CR/PR at Table C-1.

[162] *See* CR VI-4, PR at VI-3 (merchant market); CR VI-6, PR at VI-5 (total market).

[163] *See* CR/PR at Tables VI-1 and VI-2. In the responses to the Commission's purchaser questionnaires, only five of 43 purchasers indicated that a domestic producer had reduced its prices to meet competition from subject imports. CR at V-33, PR at V-18.

E. Impact of the Subject Imports[164]

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive

[164] 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). Commerce calculated final antidumping duty margins of 265.79 percent for cold-rolled steel from China, and 71.35 percent for cold-rolled steel from Japan. *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances,* 81 Fed Reg. 32725, 32727 (May 24, 2016); *Certain Cold-Rolled Steel Flat Products from Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*; 81 Fed Reg. 32721, 32723 (May 24, 2016). For the remaining investigations we refer, as the statute instructs, to Commerce's preliminary margins. *See* 19 U.S.C. § 1677(35)(C)(ii). Commerce has calculated preliminary margins that range from 20.84 to 35.43 percent for cold-rolled steel from Brazil, 6.78 percent for cold-rolled steel from India, 2.17 to 6.89 percent for cold-rolled steel from Korea, 12.62 to 16.89 percent for cold-rolled steel from Russia, and 5.79 to 31.39 percent for cold-rolled steel from the United Kingdom. *Certain Cold-Rolled Steel Flat Products from Brazil: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*, 81 Fed. Reg. 11754 (March 7, 2016); *Certain Cold-Rolled Steel Flat Products from Brazil: Amended Preliminary Determination of Sales at Less Than Fair Value*; 81 Fed. Reg. 20366 (April 7, 2016); *Certain Cold-Rolled Steel Flat Products from India: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures*, 81 Fed. Reg. 11741 (March 7, 2016); *Certain Cold-Rolled Steel Flat Products from the Republic of Korea: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 Fed. Reg. 11757 (March 7, 2016); *Certain Cold-Rolled Steel Flat Products from the Russian Federation: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 81 Fed. Reg. 12072 (March 8, 2016); *Certain Cold-Rolled Steel Flat Products from the United Kingdom: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination and Extension of Provisional Measures*, 81 Fed. Reg. 11744 (March 7, 2016).

We note that there is a wide range of dumping margins for the cumulated subject imports. Commerce calculated the highest assigned margins, which are for subject imports from China, on the basis of adverse facts available. *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances,* 81 Fed Reg. 32725, 32726 (May 24, 2016)**.** While we have considered the magnitude of the margins, in light of the wide range, we have given principal weight to the other statutory factors in our impact analysis.

and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[165]

The domestic industry's performance was impaired during the POI as it experienced reduced sales volumes due to the subject imports.[166] Despite a strong 8.0 percent increase in apparent U.S. consumption in 2014, the domestic industry reported decreased commercial shipments[167] in 2014 when the subject imports captured significant market share.[168] Sales revenues were higher in 2014, but their 2.5 percent increase was not commensurate with the increase in apparent U.S. consumption.[169] Sales revenues declined by 17.5 percent over the POI.[170]

The industry's capacity increased slightly,[171] but its production,[172] shipments, capacity utilization, [173] and inventories[174] showed modest declines over the period. During the POI, the industry's employment and hours worked fell, although wages paid and productivity rose.[175]

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[165] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[166] As discussed above, we have focused our analysis primarily on the merchant market when assessing market share and the factors affecting the financial performance of the domestic industry. We have also considered the overall market as well as the captive portion of the market.

[167] The domestic industry's commercial shipments were 11.1 million short tons in 2013, 10.8 million short tons in 2014, and 9.9 million short tons in 2015. CR/PR at Table C-1. Total U.S. shipments were 28.5 million short tons in 2013, 29.1 million short tons in 2014, and 27.9 million short tons in 2015. CR/PR at Table C-2.

[168] The domestic industry's market share by quantity in the merchant market decreased from 89.9 percent in 2013 to 80.8 percent in 2014, and then increased to 81.0 percent in 2015. CR/PR at Table C-1. In the overall market, the domestic industry's share also fell during this period. Its share was 95.8 percent in 2013, 91.9 percent in 2014 and 92.3 percent in 2015. CR/PR at Table C-2.

[169] *See* CR/PR at Table C-1.

[170] Sales revenues in the merchant market were $8.8 billion during 2013, $8.9 billion in 2014 and $7.2 billion 2015. By quantity, commercial sales were 11.7 million short tons in 2013, 11.3 million short tons in 2014, and 10.5 million short tons in 2015. CR/PR at Table C-1. Total net sales were 29.1 million short tons in 2013, 29.5 million short tons in 2014, and 28.5 million short tons in 2015. CR/PR at Table C-2. Captive consumption was 17.4 million short tons in 2013, 18.3 million short tons in 2014, and 18.0 million short tons in 2015. CR/PR at Table VI-2.

[171] The domestic industry's production capacity was 43.3 million short tons in 2013 and 2014 and 43.5 million short tons in 2015. CR/PR at Table III-5.

[172] The domestic industry's production was 29.0 million short tons in 2013, 29.6 million short tons in 2014, and 28.4 million short tons in 2015. CR/PR at Table III-5. Captive consumption was 17.4 million short tons in 2013, 18.3 million short tons in 2014, and 18.0 million short tons in 2015. CR/PR at Table VI-2.

[173] The domestic industry's capacity utilization rate was 67.1 percent in 2013, 68.3 percent in 2014 and 65.3 percent in 2015. CR/PR at Table III-5.

[174] The industry's end-of-period inventories declined slightly in full-year comparisons between 2013 and 2015, from 4.0 percent of total shipments in 2013 and 2014 to 3.8 percent of total shipments in 2015. CR/PR at Table III-9. The absolute quantity of inventories was lower in 2015 than in 2013. *Id.*

[175] From 2013 to 2015, employment fell by 217 workers or 0.2 percent, hours worked decreased by 1.8 percent, wages paid rose by 1.2 percent, and productivity fell by 0.5 percent. CR/PR at Table C-2.

Net sales values,[176] gross profit, net income, and operating income all rose from 2013 to 2014, reflecting higher sales values for the industry; they then fell sharply in 2015.[177] The industry's operating income as a share of net sales also increased from 2013 to 2014 before declining in 2015.[178] The industry's capital expenditures and its research and development ("R&D") expenditures were higher in 2015 than in 2013.[179]

Through pervasive underselling, subject imports increased significantly in absolute terms from 2013 to 2014 and maintained their presence through 2015.[180] Subject imports gained market share during the POI at the expense of the domestic industry, which experienced lower commercial shipments, and anemic growth in sales revenues in 2014 despite strong growth in apparent U.S. consumption during that year.[181] In 2015, production, shipments, and

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[176] The industry's average unit net sales values in the merchant market increased from $749 per short ton in 2013 to $790 per short ton in 2014, and then decreased to $693 per short ton in 2015. CR/PR at Table VI-1. In the market as a whole, the industry's average unit net sales values increased from $723 per short ton in 2013 to $767 per short ton in 2014, and then decreased to $658 per short ton in 2015. CR/PR at Table VI-2.

[177] Operating income in the merchant market improved from $62.6 million in 2013 to $340.6 million in 2014 and then fell to $42.6 million in 2015. Net income in the merchant market improved from $155,000 in 2013 to $257.0 million in 2014 and then fell to a loss of $162.4 million in 2015. CR/PR at Table C-1.

In the overall market, operating income improved from a loss of $225.6 million in 2013 to a profit of $478.8 million in 2014, before turning into a loss of $152.0 million in 2015. Net income improved from a loss of $364.0 million in 2013 to a profit of $278.5 million in 2014, before turning into a loss of $590.4 million in 2015. CR/PR at Table C-2.

The domestic industry's performance in the captive portion of the market improved from an operating loss of $288.3 million in 2013 to an operating profit of $138.2 million in 2014 before turning into a loss of $194.6 million in 2015. *See* CR/PR at Tables VI-1 & VI-2 (derived from values).

[178] The domestic industry's operating income as a share of net sales in the merchant market increased from 0.7 percent in 2013 to 3.8 percent in 2014 before falling to 0.6 percent in 2015. CR/PR at Table C-1. In the overall market, the ratio increased from negative 1.1 percent in 2013 to 2.1 percent in 2014 and then decreased to negative 0.8 percent in 2015. CR/PR at Table C-1. In the captive market, the ratio improved from negative 2.4 percent in 2013 to 1.0 percent in 2014 and then decreased to negative 1.7 percent in 2015. *See* CR/PR at Tables VI-1 & VI-2 (derived from values).

The industry's return on assets, expressed as operating income as a share of total assets, increased from negative *** percent in 2013 to *** percent in 2014, before falling to negative *** percent in 2015. CR/PR at Table VI-6.

[179] The domestic industry's capital expenditures increased from $234.0 million in 2013 to $240.8 million in 2014 and then fell to $236.1 million in 2015. CR/PR at Table VI-5. The industry's R&D expenses decreased from $*** in 2013 to $*** in 2014 and then increased to $*** in 2015. *Id.*

[180] Domestic producers explained that they ceded market share in 2014 in order to maintain their cold-rolled steel prices. Tr. at 50-52 (Gerrish).

[181] Respondents argue that the growth in subject imports did not displace U.S. producers' shipments of cold-rolled steel, because subject imports largely increased in products for which there was limited U.S. competition. *See, .e.g.,* Tr. at 249-251 (Dougan, Cameron). However, as discussed above, there is a high degree of substitutability between domestically produced cold-rolled steel and cold-rolled steel imported from the subject countries. CR at II-29, PR at II-17. Although Respondents (Continued...)

sales revenues all declined and the domestic industry's net sales values in the merchant and total markets fell to a greater extent than its costs, leading to reduced profitability for the industry. We accordingly find that the significant volume of cumulated subject imports, which gained market share at the expense of the domestic industry through significant underselling, had a significant impact on the domestic industry.[182] [183]

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports.[184] Nonsubject imports as a share of apparent U.S.

(…Continued)
assert that subject imports increased primarily in products such as tin-mill black plate and high-strength automotive steel, the record indicates that U.S. producers also sold these products during the POI. *See, e.g.,* CR at IV-26, PR at IV-22; CR/PR at Tables I-6, IV-9 & IV-10; ArcelorMittal's Posthearing Brief, Exhibit 1, at 32-33. Moreover, subject imports from Brazil, Russia, India, and China also surged into the market during the POI, and none of these countries had substantial imports of tin-mill black plate or high-strength automotive steel. *See* CR/PR at Tables I-6, V-9 & V-10. Moreover, as discussed in the pricing analysis above, 29 of 43 purchasers reported that they had shifted purchases of cold-rolled steel from U.S. producers to subject imports during the POI. CR at V-33, PR at V-18. For these reasons, we find that the increase in subject imports led to a loss of U.S. producers' sales and market share, including in specific markets and for specific customers.

Respondents additionally argue that the domestic industry's performance in the merchant market was better than its performance in the market as a whole and this undermines any link between the subject imports and the industry's poor performance. *See* Korean Respondents' Prehearing Brief at 47-49; CSN's Prehearing Brief at 38-41. We find that this argument is without merit because there are product mix differences between the two markets with higher-value and more profitable products generally sold in the merchant market and lower-value products transferred for further processing. *See* AK Steel's Posthearing Brief at 5-6 & n.17. For this reason, we do not find that performance in the two markets is comparable. It is also true that transfers in the captive market are accounted for at market value. Tr. at 119 (Price). In any event, regardless of relative profitability, the record indicates that the subject imports had the effect of impairing the industry's performance in the merchant market.

[182] Respondents have argued that the ability of the domestic industry to invest in new facilities during the POI demonstrates that the industry has not suffered material injury. *See, e.g.,* CSN's Prehearing Brief at 57-58. Under the Trade Preferences Extension Act of 2015, the existence of a profitable industry, or one whose performance has improved, does not foreclose an affirmative material injury determination. 19 U.S.C. § 1677(7)(J). By the same token, the ability of the industry to invest in new facilities, in and of itself, is not dispositive of whether the industry is materially injured by reason of subject imports. We find that the subject imports had a significant impact on the domestic industry notwithstanding that it was able to make some investments to remain competitive.

[183] Commissioners Pinkert and Schmidtlein also find that the significant price depression by the subject imports in 2015 was a factor in the low operating income experienced by the domestic industry in that year. CR/PR at Table VI-1.

[184] Respondents claim that subject import had limited effects on the domestic industry because the domestic industry improved by some measures in 2014 when subject imports were increasing. We disagree. As discussed above, the domestic industry experienced declines from 2013 to 2014 in such indicators as market share, commercial shipments, and only modest gains in sales revenues in the merchant market as subject imports gained in volume and market share and apparent U.S. consumption
(Continued...)

consumption in the merchant market increased from 5.4 percent in 2013 to 7.6 percent in 2014 and then fell to 7.5 percent in 2015.[185] The pricing data also indicate that nonsubject imports were generally priced higher than the domestic like product and subject imports during the POI.[186] Consequently, nonsubject imports do not explain the magnitude of the domestic industry's loss of market share and revenues due to underselling by subject imports. As discussed above, a large portion of nonsubject imports were from Canada, and a majority of nonsubject imports from Canada were controlled by domestic producers.[187]

Thus, other factors cannot explain the loss in market share, output, and revenues that we have attributed to the cumulated subject imports. We therefore conclude that the subject imports had a significant impact on the domestic cold-rolled steel industry.

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of certain cold-rolled steel from China and Japan that are sold in the United States at less than fair value and that are subsidized by the government of China.

VI. Critical Circumstances

In its final antidumping determinations concerning subject imports from China and Japan and its final countervailing duty determination concerning subject imports from China, Commerce made affirmative critical circumstances determinations with respect to certain exporters.[188] Because we have determined that the domestic industry is materially injured by

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(…Continued)
rose. As discussed above, we have found that subject imports did not enter the U.S. market in response to temporary shortages and retreat thereafter. The volume and market share of subject imports continued to be significant during 2015, and the industry's performance was worse for many indicators in 2015 than in 2014.

[185] CR/PR at Table IV-15. In the market as a whole, nonsubject imports' share of apparent U.S. consumption was 2.2 percent in 2013 and 3.2 percent in 2014 and 3.1 percent in 2015. CR/PR at Table IV-16.

[186] The prices for nonsubject imports from Canada were higher than the prices for the domestic like product in 29 of 32 comparisons, and were higher than prices for subject imports in 88 of 109 comparisons. CR/PR at D-3.

[187] Respondents argue that imports controlled by the domestic industry should be considered in its market share. Chinese Respondents' Prehearing Brief at 4; Korean Respondents' Posthearing Brief, Exhibit 1 at 35. We note that the statute expressly states that the analysis of impact – which includes, *inter alia*, evaluation of market share – shall be "only in the context of production operations within the United States." 19 U.S.C. § 1677(7)(B)(i)(III); *see* 19 U.S.C. § 1677(7)(C)(iii)(I).

[188] *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances,* 81 Fed Reg. 32725 (May 24, 2016); *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances Determination*, 81 Fed Reg. 32729 (May 24, 2016); *Certain Cold-Rolled Steel Flat Products From Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 Fed Reg. 32721 (May 24, 2016).

reason of cumulated subject imports, we must further determine "whether the imports subject to the affirmative {Commerce critical circumstances} determination . . . are likely to undermine seriously the remedial effect of the antidumping {and/or countervailing duty} order{s} to be issued."[189] The SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and specifically "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order."[190] The legislative history for the critical circumstances provision indicates that the provision was designed "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by {Commerce}."[191] An affirmative critical circumstances determination by the Commission, in conjunction with an affirmative determination of material injury by reason of subject imports, would normally result in the retroactive imposition of duties for those imports subject to Commerce's affirmative critical circumstances determination for a period 90 days prior to the suspension of liquidation.[192]

The statute provides that, in making this determination, the Commission shall consider, among other factors it considers relevant –

> (I) the timing and the volume of the imports,
> (II) a rapid increase in inventories of the imports, and
> (III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.[193]

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstance determination.[194]

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[189] 19 U.S.C. §§ 1671d(b)(4)(A)(i), 1673d(b)(4)(A)(i).

[190] SAA at 877.

[191] *ICC Industries, Inc. v. United States*, 812 F.2d 694, 700 (Fed. Cir. 1987), quoting H.R. Rep. No. 317, 96th Cong., 1st Sess. 63 (1979), *aff'g* 632 F. Supp. 36 (Ct. Int'l Trade 1986).

[192] *See* 19 U.S.C. §§ 1671b(e)(2), 1673b(e)(2).

[193] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[194] *See Lined Paper School Supplies from China, India, and Indonesia*, Inv. Nos. 701-TA-442 to 443, 731-TA-1095 to 1097 (Final), USITC Pub. 3884 at 46-48 (Sept. 2006); *Carbazole Violet Pigment from China and India*, Inv. Nos. 701-TA-437 & 731-TA-1060 to 1061 (Final), USITC Pub. 3744 at 26 (Dec. 2004); *Certain Frozen Fish Fillets from Vietnam*, Inv. No. 731-TA-1012 (Final), USITC Pub. 3617 at 20-22 (Aug. 2003).

A. Parties' Arguments

Steel Dynamics urges the Commission to make affirmative critical circumstances determinations. In its submissions, it questioned whether the Commission had sufficient information to conduct its analysis.[195]

The Japanese Mills argue that a negative critical circumstances determination is appropriate with respect to the antidumping investigation on subject imports from Japan because subject imports subject to Commerce's critical circumstance determination declined after the petitions were filed.[196] The Chinese Respondents and Stemcor, a U.S. importer of subject imports from China, argue there is no basis for a finding of critical circumstances in either the antidumping or countervailing duty investigations with respect to China. They emphasize the decline in subject imports from China during the six month post-petition period as well as the drop in year-end inventories for 2015 relative to 2014.[197]

B. Analysis

On May 24, 2016, Commerce published final determinations in its antidumping duty and countervailing duty investigations with respect to China and the antidumping investigation with respect to Japan, finding that critical circumstances exist with respect to certain imports of cold-rolled steel from China and Japan.[198] Commerce's determination on cold-rolled steel from China in the antidumping duty investigation applies to all subject imports from China.[199] However, in its final determination in the countervailing duty investigation with respect to cold-rolled steel from China, Commerce determined that critical circumstance exist with respect to only three Chinese producers: Angang Group Hong Kong Co., Ltd.; Benxi Iron and Steel (Group) Special Steel Co., Ltd.; and Qian'an Golden Point Trading Co., Ltd.[200] In the antidumping

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[195] Steel Dynamics' Posthearing Brief at 13-15. In particular, Steel Dynamics cited the lack of foreign producer questionnaire responses from certain firms subject to Commerce affirmative critical circumstances determinations. *See id*. The Commission Staff, however, collected from importers the pertinent information concerning subject imports attributable to those exporters from importers. *See* CR/PR at Table IV-7.

[196] Japanese Mills' Prehearing Brief at 53-58.

[197] Chinese Respondents' Prehearing Brief at 21-22; Stemcor's Posthearing Brief at 1-2.

[198] *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 81 Fed Reg. 32725 (May 24, 2016); *Certain Cold-Rolled Steel Flat Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances Determination,* 81 Fed Reg. 32729 (May 24, 2016); *Certain Cold-Rolled Steel Flat Products From Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*; 81 Fed Reg. 32721 (May 24, 2016).

[199] CR at IV-15, PR at IV-14; 81 Fed. Reg. at 32726.

[200] CR at IV-17, PR at IV-15; 81 Fed Reg. at 32730. Because Commerce made affirmative critical circumstances determinations with respect to different sets of exporters in the antidumping and countervailing duty investigations concerning cold-rolled steel from China, we have conducted separate critical circumstances analysis for each investigation. *See Certain Passenger Vehicle and Light Truck Tires*

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investigation with respect to cold-rolled steel from Japan, Commerce found that critical circumstances exist with regard to imports from JFE Steel Corporation and Nippon Steel & Sumitomo Metal Corporation.[201]

Imports of cold-rolled steel subject to affirmative critical circumstances findings in Commerce's antidumping duty investigation concerning China decreased 70.9 percent from 328,438 short tons during March 2015-July 2015, the five month pre-petition period, to 95,738 short tons during August 2015-December 2015, the five-month post-petition period.[202] U.S. importers' end-of-period inventories of subject merchandise from China in December 2015 (16,319 short tons) were substantially lower than in December 2014 (82,654 short tons).[203]

Imports of cold-rolled steel subject to affirmative critical circumstances findings in Commerce's countervailing duty investigation concerning China decreased *** percent from *** short tons during March 2015-July 2015 to *** short tons during August 2015-December 2015.[204] U.S. importers' end-of-period inventories of subject merchandise from China from the three Chinese producers subject to the findings were substantially lower in December 2015 (*** short tons) than in December 2014 (*** short tons).[205]

Imports of cold-rolled steel subject to affirmative critical circumstances findings in Commerce's antidumping duty investigation concerning Japan decreased *** percent from *** short tons during February 2015-July 2015 to *** short tons during August 2015-January 2016.[206] U.S. importers' end-of-period inventories of subject merchandise from Japan from the two Japanese producers for which Commerce made affirmative findings were higher in December 2015 (*** short tons) than in December 2014 (*** short tons).[207]

We have considered the declines in imports subject to Commerce's critical circumstances findings in the post-petition period in each of the three investigations. We do not find evidence of a massive increase in subject imports in any of the three investigations that

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from China, Inv. Nos. 701-TA-522 and 731-TA-1258 (Final), USITC Pub. 4545 (Aug. 2015); *Certain Uncoated Paper from Australia, Brazil, China, Indonesia, and Portugal,* Inv. Nos. 701-TA-528-529 and 731-TA-1264-1268 (Final) USITC Pub. 4592 (Feb. 2016).

[201] CR at IV-19, PR at IV-17; 81 Fed. Reg. at 32722.

[202] CR/PR at Table IV-5. The petition was filed on July 28, 2015. No party proposed specific periods for comparison; however the Commission has chosen to rely on a five-month comparison period for China in these investigations rather than the six-month period it typically considers because Commerce made its preliminary CVD determination with respect to China near the end of the fifth month (December) after the petition was filed. *See Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman,* Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Final), USITC Pub. 4604 at 31 (April 2016); *Carbon and Certain Steel Wire Rod from China*, Inv. Nos. 701-TA-512, 731-TA-1248 (Final), USITC Pub. 4509 at 25-26 (Jan. 2015) (using five-month periods because Commerce made its preliminary countervailing duty determination during the sixth month after the petition).

[203] CR at IV-16, PR at IV-14; CR/PR at IV-1.

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

[205] CR at IV-17, PR at IV-16.

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

[207] CR at IV-19, PR at IV-17.

would warrant retroactive application of suspension of liquidation – and imposition of duties – for a 90-day period.[208] We do not find that the subject imports that entered the U.S. market after the filing of the petitions would seriously undermine the remedial effects of the antidumping orders and countervailing duty order that Commerce will issue. Consequently, we determine that critical circumstances do not exist with respect to those imports from China or Japan of cold-rolled steel that are subject to Commerce's final affirmative critical circumstances determinations.

VII. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of imports of cold-rolled steel from China and Japan that are sold in the United States at less than fair value and that are subsidized by the government of China.

We also determine that critical circumstances do not exist with respect to those imports of cold-rolled steel from China and Japan that are subject to affirmative critical circumstances determinations in Commerce's final antidumping duty and countervailing duty determinations.

[208] We note that we would reach the same conclusion with respect to the China AD and CVD investigations applying a six-month period of comparison. *See* CR/PR at Table IV-6.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by AK Steel Corporation ("AK Steel"), West Chester, Ohio; ArcelorMittal USA LLC ("ArcelorMittal USA"), Chicago, Illinois; Nucor Corporation ("Nucor"), Charlotte, North Carolina; Steel Dynamics, Inc. ("Steel Dynamics"), Fort Wayne, Indiana; and United States Steel Corporation ("U.S. Steel"), Pittsburgh, Pennsylvania, on July 28, 2015, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of certain cold-rolled steel flat products ("cold-rolled steel")[1] from Brazil, China, India, Korea, and Russia and less-than-fair-value ("LTFV") imports of cold-rolled steel from Brazil, China, India, Japan, Korea, the Netherlands,[2] Russia, and the United Kingdom. The following tabulation provides information relating to the background of these investigations.[3] [4]

Effective date	Action
July 28, 2015	Petition filed with Commerce and the Commission; institution of Commission investigations (80 FR 46047, August 3, 2015)
August 24, 2015	Commerce's notice of initiation of countervailing duty investigations (80 FR 51206, August 24, 2015)
	Commerce's notice of initiation of antidumping duty investigations (80 FR 51198, August 24, 2015)
September 11, 2015	Commission's preliminary determinations (80 FR 55872 September 17, 2015)
December 22, 2015	Commerce's preliminary countervailing duty determinations: Brazil (80 FR 79569), China (80 FR 79558); India (80 FR 79562), Korea (80 FR 79567), Russia (80 FR 79564)
March 7, 2016	Commerce's preliminary antidumping duty determinations: Brazil (81 FR 11754), China (81 FR 11751), India (81 FR 11741), Japan (81 FR 11747), Korea (81 FR 11757), United Kingdom (81 FR 11744), Russia (81 FR 12072)

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to these investigations.

[2] On September 11, 2015, the Commission determined that imports of cold-rolled steel from the Netherlands were negligible and that its investigation with regard to cold-rolled steel from this country was thereby terminated. *Cold-Rolled Steel Flat Products from Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom*, 80 FR 55872, September 17, 2015.

[3] Commerce is scheduled to announce its final determinations in the Brazil, India, Korea, Russia, and United Kingdom investigations on or about July 13, 2016. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission's website (www.usitc.gov).

[4] A list of witnesses appearing at the hearing is presented in app. B of this report.

Effective date	Action
March 23, 2016	Scheduling of final phase of Commission investigations (81 FR 15559)
May 24, 2016	Commerce's final antidumping duty determinations: China (81 FR 32725) and Japan (81 FR 32721). Commerce's final countervailing duty determination: China (81 FR 32729)
May 24, 2016	Commission's hearing
June 22, 2016	Commission's vote (China and Japan)
July 7, 2016	Commission's views (China and Japan)

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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 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--[5]

> *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*

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

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 decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, 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.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[6]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

[6] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

MARKET SUMMARY

Cold-rolled steel is generally used in any project where tolerances, surface condition, concentricity, and straightness are the major factors. The leading U.S. producers of cold-rolled steel are AK Steel, ArcelorMittal USA, Nucor, Steel Dynamics, and U.S. Steel. These firms responded to the Commission's producer questionnaire in this proceeding.

The leading U.S. importers of cold-rolled steel from subject countries are:

- Brazil - ***.
- China - ***.
- India - ***.
- Japan - ***.
- Korea - ***.
- Russia - ***.
- United Kingdom - ***.

Leading importers of cold-rolled steel from top nonsubject sources include ***. U.S. purchasers of cold-rolled steel include converters; distributors/service centers; and automotive, appliance, construction, and container end users. Leading purchasers include ***.

Leading producers of cold-rolled steel outside the United States include ArcelorMittal Brasil S/A ("ArcelorMittal Brasil") and Usinas Siderúrgicas de Minas Gerais ("USIMINAS") of Brazil; Baosteel Group, Benxi Steel Group International Economic & Trading Co., Ltd. ("Benxi Steel"), Anshan Iron & Steel Group Corporation ("Anshan"), and WISCO International Economic & Trading Co., Ltd. ("WISCO") of China; ArcelorMittal Dofasco, Inc. of Canada; JSW Steel of India, Nippon Steel & Sumitomo Metal Corporation ("NSSMC") and JFE Steel Corporation ("JFE Steel") of Japan; POSCO of Korea; Ternium MX of Mexico; Novolipetsk Steel ("NLMK") of Russia; Tata Steel IJmuiden BV of Netherlands; SSAB Tunnplat of Sweden; and Tata Steel United Kingdom ("Tata Steel UK").

Apparent U.S. merchant market consumption of cold-rolled steel totaled approximately 12.3 million short tons ($8.4 billion) in 2015. U.S. producers' U.S. shipments of cold-rolled steel totaled 9.9 million short tons ($6.8 billion) in 2015, and accounted for 81.0 percent of apparent U.S. merchant market consumption by quantity and 80.8 percent by value. U.S. imports from subject sources totaled 1.4 million short tons ($899 million) in 2015 and accounted for 11.4 percent of apparent U.S. merchant market consumption by quantity and 10.7 percent by value. U.S. imports from nonsubject sources totaled 0.9 million short tons ($712 million) in 2015 and accounted for 7.5 percent of apparent U.S. merchant market consumption by quantity and 8.5 percent by value.

Apparent U.S. total market consumption of cold-rolled steel totaled approximately 30.3 million short tons ($19.9 billion) in 2015. Currently, 13 firms are known to produce cold-rolled steel in the United States. U.S. producers' U.S. shipments of cold-rolled steel totaled 27.9 million short tons ($18.3 billion) in 2015, and accounted for 92.3 percent of apparent U.S. total market consumption by quantity and 91.9 percent by value. U.S. imports from subject sources totaled 1.4 million short tons ($899 million) in 2015 and accounted for 4.6 percent of apparent U.S. total market consumption by quantity and 4.5 percent by value. U.S. imports from nonsubject sources totaled 0.9 million short tons ($712 million) in 2015 and accounted for 3.1 percent of apparent U.S. total market consumption by quantity and 3.6 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, tables C-1 and C-2. Except as noted, U.S. industry data are based on questionnaire responses of thirteen firms that accounted for the virtually all of U.S. production of cold-rolled steel during 2015.[7]

Useable questionnaire responses were received from 52 companies, representing 98.6 percent of official U.S. imports for carbon plus alloy cold-rolled steel from Brazil, 65.1 percent from China, 80.8 percent from India, 85.4 percent from Japan, *** percent from Korea, all or virtually all from Russia, *** percent from United Kingdom, and 80.3 percent from nonsubject countries in 2015.[8] In light of less-than-complete coverage of data from several subject countries provided in Commission questionnaires, import data in this report, unless otherwise noted, are based on official Commerce statistics for non-alloy cold-rolled steel,[9] as adjusted to include alloy cold-rolled steel data collected separately in questionnaire responses.[10] [11] [12] Table I-1 presents the number of responses and certain data of the responding foreign producers.

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[7] The coverage estimate is based on total production of cold-rolled sheet in the United States of *** short tons as reported by ***. ***.

[8] Coverage calculations based exclusively on imports of non-alloy cold-rolled steel were substantially similar for all sources other than Japan.

[9] HTS statistical reporting numbers 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17,0030, 7209.17.0060, 7209.17,0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6075, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, and 7212.40.5000.

Some data in this report also include alloy cold-rolled steel imports under HTS statistical reporting numbers 7225.50.6000, 7225.50.8015, 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, and 7226.92.8050. While imports of cold-rolled steel may also be reported under HTS statistical reporting numbers covering carbon and alloy bar and wire (7215.10.0010, 7215.10.0080, 7215.50.0016, 7215.50.0018, 7215.50.0020, 7215.50.0061, 7215.50.0063, 7215.50.0065, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7228.50.5015, 7228.50.5040, 7228.50.5070, 7228.60.8000, and 7229.90.1000), these were not used in the data in this report as no responding importers reported imports of cold-rolled steel bar or wire.

[10] Certain alloy cold-rolled steel, a subset of cold-rolled steel, in which: (1) iron predominates by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) one or more of the elements listed below is present in the quantity, by weight, respectively indicated:

- 0.30 - 1.50 percent of aluminum
- 0.0008 – unlimited percent of boron
- 0.40 – 1.50 percent of copper
- 0.30 – 1.25 percent of chromium
- 1.65 – 2.50 percent of manganese
- 0.08 – 0.80 percent of molybdenum

(*continued*...)

Table I-1
Cold-rolled steel: Foreign producer coverage, 2015

Country	2015			
	Useable responses	Exports to U.S. as share of imports	Estimated share of exports	Estimated share of production
	Number	Percent	Percent	Percent
Brazil	3	***	***	***
China	9	***	***	***
India	2	***	***	***
Japan	4	***	***	***
Korea	4	***	***	***
Russia	2	***	***	***
United Kingdom	2	***	***	***

Note.--Estimated shares of exports and production are calculated by summing estimates reported by companies.

Note.--Based on a comparison of responses and *** estimates, staff believes that the responses provided by producers of cold-rolled steel in Brazil represent *** percent of all capacity of cold-rolled steel in Brazil during 2015, *** percent in China, *** percent in India, *** percent in Japan, *** percent in Korea, *** percent in Russia, and *** percent in the United Kingdom. ***.

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

(…*continued*)

- 0.30 – 2.00 percent of nickel
- 0.06 – 0.10 percent of niobium (also called columbium)
- 0.60 – 3.30 percent of silicon
- 0.05 – unlimited percent of titanium
- 0.10 – 0.30 percent of vanadium
- 0.05 – 0.30 percent of zirconium

[11] U.S. importer *** reported that a quantity of cold-rolled steel was misclassified. These imports were added to the U.S. import data used in this report.

Petitioners provided a revised scope confirming that certain ultra-tempered automotive steel strip is excluded from the scope of the investigation on cold-rolled steel from Japan. Based on record evidence, Commerce noted that all of Hitachi's reported home market and U.S. sales and production cost covered certain ultra-tempered automotive steel strip that is excluded from the scope of the investigation on cold-rolled steel from Japan. These data have been removed from the import data in this report.

[12] U.S. imports under HTS statistical reporting number 7225.99.0090 (for alloy steel) are believed to be largely nonsubject product, primarily tin mill, as well as corrosion-resistant steel and titanium aluminized steel, and as such are not included in the U.S. import data used in applicable parts of this report. Email from ***, April 21, 2016; email from ***, April 19, 2016; email from ***, April 20, 2016; email from ***, April 28, 2016. Tata Steel Ijmuiden reported in the preliminary phase of these investigations that the U.S. imports from the United Kingdom under this HTS number were of nonsubject polymer-coated tin-free sheet. The U.S. imports under this HTS statistical reporting number from other sources, primarily Japan and Korea, were from foreign producers of tin mill products. *Cold-Rolled Steel Flat Products from Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom, Investigation Nos. 701-TA-540-544 and 731-TA-1283-1290 (Preliminary)*, USITC Publication 4564, September 2015, p. IV-7 n. 14.

PREVIOUS AND RELATED INVESTIGATIONS

Title VII investigations

The Commission has conducted a number of previous import relief investigations on cold-rolled steel. Information concerning the disposition of Commission investigations and reviews concerning cold-rolled steel and related products are presented in table I-2.

Table I-2
Cold-rolled steel: Previous and related Commission investigations

Original investigation			
Date[1]	**Number**	**Country**	**Outcome**
1980	731-TA-18	Belgium	Petition withdrawn; 3/21/1980
	731-TA-20	France	Petition withdrawn; 10/8/1980
	731-TA-19	Germany	Petition withdrawn; 3/21/1980
	731-TA-21	Italy	Petition withdrawn; 3/21/1980
	731-TA-23	The Netherlands	Petition withdrawn; 3/21/1980
	731-TA-24	United Kingdom	Petition withdrawn; 3/21/1980
1982	701-TA-102	Belgium	Negative
	731-TA-68	Belgium	Negative
	701-TA-103	Brazil	Negative
	701-TA-104	France	Terminated; 11/2/1982
	731-TA-69	France	Terminated; 11/2/1982
	701-TA-109	Germany	Terminated; 11/2/1982
	731-TA-74	Germany	Terminated; 11/2/1982
	701-TA-105	Italy	Terminated; 11/2/1982
	731-TA-70	Italy	Terminated; 11/2/1982
	701-TA-17	Korea	Negative
	701-TA-106	Luxembourg	Negative
	731-TA-72	The Netherlands	Terminated; 9/8/1982
	701-TA-99	The Netherlands	Terminated; 9/8/1982
	701-TA-157	Spain	Affirmative; revoked; 8/21/1985
	701-TA-108	United Kingdom	Negative
	731-TA-73	United Kingdom	Negative

Table continued on next page.

Table I-2 -- Continued
Cold-rolled steel: Previous and related Commission investigations

Original investigation			
Date[1]	**Number**	**Country**	**Outcome**
1984	701-TA-218	Korea	Affirmative; revoked; 10/10/1985
	701-TA-207	Brazil	Affirmative; revoked; 9/6/1985
	731-TA-154	Brazil	Negative
	731-TA-176	South Africa	Petition withdrawn; 1/18/1985
	701-TA-177	Spain	Petition withdrawn; 1/18/1985
	731-TA-175	Argentina	Negative
	701-TA-230	Austria	Affirmative; revoked; 5/7/1986
	731-TA-224	Austria	Terminated; 8/19/1985
	731-TA-225	Czechoslovakia	Petition withdrawn; 6/4/1985
	731-TA-227	Finland	Petition withdrawn; 1/18/1985
	731-TA-226	Germany	Terminated; 8/14/1985
	731-TA-228	Romania	Terminated; 7/19/1985
	701-TA-231	Sweden	Affirmative; Review: USITC negative; 12/1/2000
	701-TA-232	Venezuela	Terminated; 7/19/1985
1992	731-TA-598	Australia	Negative
	701-TA-343	New Zealand	Negative
	701-TA-345	Taiwan	Negative
	701-TA-346	United Kingdom	Negative
	731-TA-611	United Kingdom	Negative
	731-TA-597	Argentina	Negative
	701-TA-336	Austria	Negative
	731-TA-599	Austria	Negative
	701-TA-337	Belgium	Negative
	731-TA-600	Belgium	Negative
	701-TA-338	Brazil	Negative
	731-TA-601	Brazil	Negative
	731-TA-602	Canada	Negative
	701-TA-339	France	Negative
	731-TA-603	France	Negative
	701-TA-340	Germany	Affirmative; Review: USITC negative; 12/1/2000
	731-TA-604	Germany	Affirmative; Review: USITC negative; 12/1/2000
	701-TA-341	Italy	Negative
	731-TA-607	Italy	Negative
	731-TA-606	Japan	Negative
	701-TA-342	Korea	Affirmative; Review: USITC negative; 12/1/2000
	731-TA-607	Korea	Affirmative; Review: USITC negative; 12/1/2000

Table continued on next page.

Table I-2 -- Continued
Cold-rolled steel: Previous and related Commission investigations

Original investigation			
Date[1]	**Number**	**Country**	**Outcome**
1992	731-TA-608	The Netherlands	Affirmative; Review: USITC negative; 12/1/2000
	701-TA-344	Spain	Negative
	731-TA-609	Spain	Negative
	731-TA-611	Taiwan	Negative
1999	701-TA-394	Indonesia	Negative (Negligible)
	701-TA-395	Thailand	Negative (Negligible)
	701-TA-396	Venezuela	Negative (Negligible)
	731-TA-829	Argentina	Negative
	701-TA-393	Brazil	Negative
	731-TA-830	Brazil	Negative
	731-TA-831	China	Negative
	731-TA-832	Indonesia	Negative
	731-TA-833	Japan	Negative
	731-TA-834	Russia	Negative
	731-TA-835	Slovakia	Negative
	731-TA-836	South Africa	Negative
	731-TA-837	Taiwan	Negative
	731-TA-838	Thailand	Negative
	731-TA-839	Turkey	Negative
	731-TA-840	Venezuela	Negative
2001	701-TA-422	Argentina	Negative
	701-TA-423	Brazil	Negative
	701-TA-424	France	Negative
	701-TA-425	Korea	Negative
	731-TA-964	Argentina	Negative
	731-TA-965	Brazil	Negative
	731-TA-966	Turkey	Negative
	731-TA-967	Australia	Negative
	731-TA-968	China	Negative
	731-TA-969	New Zealand	Negative
	731-TA-970	Belgium	Negative
	731-TA-971	France	Negative
	731-TA-972	Russia	Negative
	731-TA-973	Venezuela	Negative
	731-TA-974	Germany	Negative
	731-TA-975	India	Negative
	731-TA-976	Japan	Negative
	731-TA-977	Korea	Negative
	731-TA-978	Netherlands	Negative
	731-TA-979	South Africa	Negative
	731-TA-980	Spain	Negative
	731-TA-981	Sweden	Negative
	731-TA-982	Taiwan	Negative
	731-TA-983	Thailand	Negative

[1] The dates presented in this table refer to the year in which the petitions were filed.

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

Safeguard investigations

In 1984, the Commission determined that carbon and alloy steel sheet (including cold-rolled steel) was being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing such articles, and recommended quantitative restrictions of imports for a period of five years. President Ronald Reagan determined that import relief under section 201 of the Trade Act of 1974 was not in the national interest. At the President's direction, quantitative limitations under voluntary restraint agreements ("VRAs") for a five-year period ending September 30, 1989, were negotiated. In July 1989, the VRAs were extended for two and one half years until March 31, 1992.

In 2001, the Commission determined that certain carbon and alloy steel, including cold-rolled steel, was being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing such articles, and recommended additional duties on imports for a period of four years.[13] On March 5, 2002, President George W. Bush announced the implementation of steel safeguard measures. Import relief relating to cold-rolled steel consisted of an additional tariff for a period of three years and one day (30 percent ad valorem on imports in the first year, 24 percent in the second year, and 18 percent in the third year).[14] Following receipt of the Commission's mid-term monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, President Bush determined that the effectiveness of the action taken had been impaired by changed circumstances. Therefore, he terminated the U.S. measure with respect to increased tariffs on December 4, 2003.[15]

Section 337

On May 26, 2016, U.S. Steel filed a request that the Commission instituted an investigation based on a complaint by U.S. Steel alleging violations of section 337 of the Tariff Act of 1930, as amended, regarding certain carbon and alloy steel products by several proposed Chinese respondents. This complaint alleged that the proposed respondents violated one or more of the following unfair acts (1) a conspiracy to fix prices and control output and export volumes; (2) the misappropriation and use of U.S. Steel's trade secrets; and (3) the false designation of origin or manufacturer for purposes of evading duties. Under this complaint, U.S.

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

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

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

Steel seeks a general exclusion order, a limited exclusion order, and a permanent cease and desist order.[16]

COMMERCE'S CRITICAL CIRCUMSTANCES DETERMINATIONS

On March 8, 2016, Commerce published notice in the *Federal Register* of its preliminary determinations that critical circumstances exist for imports of cold-rolled steel from certain producers and exporters from Russia.[17] On May 24, 2016, Commerce published notice of its final determinations that critical circumstances exist for imports of cold-rolled steel from certain producers and exporters from China and Japan. Commerce's preliminary affirmative and negative critical circumstances findings are summarized in table I-3.[18]

Table I-3
Cold-rolled steel: Commerce's preliminary/final critical circumstances determinations

Country	Commerce case number	Companies receiving affirmative preliminary/final critical circumstances determinations	Companies receiving negative preliminary/final critical circumstances determinations
China	A–570–029	PRC-wide entity	No companies
	C–570–030	Angang Group Hong Kong Co., Ltd. (Angang Hong Kong), Benxi Iron and Steel (Group) Special Steel Co., Ltd. (Benxi Iron and Steel), and Qian'an Golden Point Trading Co., Ltd. (Qian'an Golden Point).	China-wide
Japan	A-588-873	JFE Steel Corporation Nippon Steel & Sumitomo Metal Corporation	Japan-wide
Russia	A-821-822	Russia-wide	No companies
	C-821-823	No companies	NLMK Companies, the Severstal Companies, and all other producers/exporters of subject merchandise in Russia.

Source: 80 FR 79558, December 22, 2015; 80 FR 79564, December 22, 2015; 81 FR 11751, March 7, 2016; 81 FR 11747, March 7, 2016; 81 FR 12072, March 8, 2016; 81 FR 32721, May 24, 2016; 81 FR 32725, May 24, 2016; and 81 FR 32729, May 24, 2016.

[16] https://www.usitc.gov/press_room/news_release/2016/er0526ll602.htm, retrieved on June 1, 2016.

[17] *Certain Cold-Rolled Steel Flat Products from the Russian Federation: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 81 FR 12072, March 8, 2016.

[18] *Certain Cold-Rolled Steel Flat Products From Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 32721, May 24, 2016; *Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 81 FR 32725, May 24, 2016; *Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances Determination*, 81 FR 32729, May 24, 2016.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On December 22, 2015, Commerce published a notice in the *Federal Register* of its preliminary determinations of countervailable subsidies for producers and exporters of product from Brazil, India, Korea, and Russia.[19] On May 24, 2014, Commerce published a notice of its final determinations of countervailable subsidies for producers and exporters of product from China.[20] Table I-4 presents these findings.

[19] *Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From Brazil: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 80 FR 79569, December 22, 2015; *Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From India: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 80 FR 79562, December 22, 2015; *Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From the Russian Federation: Preliminary Affirmative Countervailing Duty Determination, Preliminary Negative Critical Circumstances Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*; 80 FR 79564, December 22, 2015.

[20] *Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances Determination*, 81 FR 32729, May 24, 2016.

Table I-4
Cold-rolled steel: Commerce's preliminary/final subsidy determinations

Entity	Preliminary/final countervailable subsidy margin (*percent*)
Brazil	
Companhia Siderurgica Nacional (CSN)	7.42
Usinas Siderurgicas de Minas Gerais (USIMINAS)	7.42
All others	7.42
China	
Angang Group Hong Kong Co., Ltd.	256.44
Benxi Iron and Steel (Group) Special Steel Co., Ltd.	256.44
Qian'an Golden Point Trading Co., Ltd.	256.44
All others	256.44
India	
JSW Steel Limited and JSW Steel Coated Products Limited	4.45
All others	4.45
Korea	
POSCO and Daewoo International Corporation	0.18
Hyundai Steel Co., Ltd.	0.61
Russia	
Novolipetsk Steel OJSC, Novex Trading (Swiss) S.A., Altai-Koks OJSC, Dolomite OJSC, Stoilensky OJSC, Studenovskaya (Stagdok) OJSC, Trading House LLC, Vtorchermet NLMK LLC, Vtorchermet OJSC, and Vtorchermet NLMK Center LLC (collectively, the NLMK Companies).	6.33
PAO Severstal, Severstal Export GmbH, JSC Karelsky Okatysh, AO OLKON, AO Vorkutaugol, and JSC Vtorchermet (collectively, the Severstal Companies).	0.01
All others	6.33

Source: 80 FR 79569, December 22, 2015; 80 FR 79562, December 22, 2015; 80 FR 79564, December 22, 2015, 80 FR 79567, December 22, 2015; and 81 FR 32729, May 24, 2016.

Sales at LTFV

On March 7, 2016 and March 8, 2016, Commerce published notices in the *Federal Register* of its preliminary determinations of sales at LTFV with respect to imports from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom.[21] On May 24, 2016, Commerce published notices of its final determinations of sales at LTFV with respect to imports from China and Japan.[22] Table I-5 present Commerce's dumping margins.[23]

[21] *Certain Cold-Rolled Steel Flat Products From Brazil: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*, 81 FR 11754, March 7, 2016; *Certain Cold-Rolled Steel Flat Products From Brazil: Amended Preliminary Determination of Sales at Less Than Fair Value*; 81 FR 20366, April 7, 2016; *Certain Cold-Rolled Steel Flat Products From India: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures*, 81 FR 11741, March 7, 2016; *Certain Cold-Rolled Steel Flat Products From the Republic of Korea: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 11757, March 7, 2016; *Certain Cold-Rolled Steel Flat Products from the Russian Federation: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 81 FR 12072, March 8, 2016; *Certain Cold-Rolled Steel Flat Products From the United Kingdom: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination and Extension of Provisional Measures*, 81 FR 11744, March 7, 2016.

[22] *Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances Determination*, 81 FR 32729, May 24, 2016; and *Certain Cold-Rolled Steel Flat Products From Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 32721, May 24, 2016.

[23] On December 10, 2015, Commerce selected Hitachi as a voluntary respondent. Subsequently, Petitioners provided a revised scope confirming that certain ultra-tempered automotive steel strip is excluded from the scope of the investigation on cold-rolled steel from Japan. Based on record evidence, all of Hitachi's reported home market and U.S. sales and production cost covered certain ultra-tempered automotive steel strip that is excluded from the scope of the investigation on cold-rolled steel from Japan. *Certain Cold-Rolled Steel Flat Products From Japan: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances*, 81 FR 11747, March 7, 2016.

Table I-5
Cold-rolled steel: Commerce's preliminary/final weighted-average LTFV margins

Entity	Preliminary/final dumping margin (*percent*)
Brazil	
Companhia Siderurgica Nacional (CSN)	20.84
Usinas Siderurgicas de Minas Gerais (USIMINAS)	35.43
All others	20.84
China	
China-wide	265.79
India	
JSW Steel Limited and JSW Steel Coated Products Limited	6.78
All others	6.78
Japan	
JFE Steel Corporation	71.35
Nippon Steel & Sumitomo Metal Corporation	71.35
All others	71.35
Korea	
POSCO and Daewoo International Corporation	6.89
Hyundai Steel Co., Ltd.	2.17
All others	4.53
Russia	
Severstal Export GmbH and PAO Severstal	12.62
Novex Trading (Swiss) SA and Novolipetsk Steel OJSC	16.89
All others	14.76
United Kingdom	
Caparo Precision Strip, Ltd.	5.79
Tata Steel UK Ltd.	31.39
All others	28.03

Source: 81 FR 11754, March 7, 2016; 81 FR 20366, April 7, 2016; 81 FR 11741, March 7, 2016; 81 FR 11757, March 7, 2016; 81 FR 12072, March 8, 2016; 81 FR 11744, March 7, 2016; 81 FR 32721, May 24, 2016; and 81 FR 32725, March 24, 2016.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this proceeding as follows:

> *The products covered by this investigation are certain cold-rolled (cold-reduced), flat rolled steel products, whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances. The*

products covered do not include those that are clad, plated, or coated with metal. The products covered include coils that have a width or other lateral measurement (''width'') of 12.7 mm or greater, regardless of form of coil (e.g., in successively superimposed layers, spirally oscillating, etc.). The products covered also include products not in coils (e.g., in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (e.g., in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, i.e., products which have been ''worked after rolling'' (e.g., products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

(1) Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and

(2) where the width and thickness vary for a specific product (e.g., the thickness of certain products with non-rectangular crosssection, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- *2.50 percent of manganese, or*
- *3.30 percent of silicon, or*
- *1.50 percent of copper, or*
- *1.50 percent of aluminum, or*
- *1.25 percent of chromium, or*
- *0.30 percent of cobalt, or*
- *0.40 percent of lead, or*
- *2.00 percent of nickel, or*
- *0.30 percent of tungsten (also called wolfram), or*
- *0.80 percent of molybdenum, or*
- *0.10 percent of niobium (also called columbium), or*

• 0.30 percent of vanadium, or
• 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, motor lamination steels, Advanced High Strength Steels (AHSS), and Ultra High Strength Steels (UHSS). IF steels are recognized as low carbon steels with microalloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum. AHSS and UHSS are considered high tensile strength and high elongation steels, although AHSS and UHSS are covered whether or not they are high tensile strength or high elongation steels.

Subject merchandise includes cold-rolled steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the cold-rolled steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

• Ball bearing steels;
• Tool steels;
• Silico-manganese steel;
• Grain-oriented electrical steels (GOES) as defined in the final determination of the U.S. Department of Commerce in Grain- Oriented Electrical Steel From Germany, Japan, and Poland.
• Non-Oriented Electrical Steels (NOES), as defined in the antidumping orders issued by the U.S. Department of Commerce in Non-Oriented Electrical Steel From the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan.

Tariff treatment[24]

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations are imported under the following HTS provisions: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6075, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7225.50.6000, 7225.50.8015, 7225.50.8085, 7225.99.0090,[25] 7226.92.5000, 7226.92.7050, and 7226.92.8050.[26]

The general U.S. tariff rate on cold-rolled steel, applicable to U.S. imports that are products of Brazil, China, India, Japan, Korea, Russia, and the United Kingdom and imported under these provisions, is free.

THE PRODUCT

Description and applications[27]

Steel is generally defined as a combination of carbon and iron that is usefully malleable as first cast, and in which iron predominates, by weight, over each of the other contained elements, and the carbon content is 2 percent or less, by weight. Carbon steel includes most common grades of steel and is generally less expensive to produce than the various grades of

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[24] The HTSUS was modified effective January 1, 2016. The following HTS numbers were discontinued: 7211.23.6075, 7211.23.6085, 7225.50.8015, and 7225.50.8085. Two new HTS numbers were established that replace the discontinued HTS numbers; 7211.23.6090 (consolidates imports previously covered by HTS numbers 7211.23.6075 and 7211.23.6085) and 7225.50.8080 (consolidates imports previously covered by HTS numbers 7225.50.8015 and 7225.50.8085).

[25] As noted earlier in this report, U.S. imports under HTS statistical reporting number 7225.99.0090 (for alloy steel) are believed to be largely nonsubject product, primarily tin mill, as well as corrosion resistant steel and titanium aluminized steel, and as such are not included in the U.S. import data used in applicable parts of this report.

[26] Subject merchandise may also enter under 7210.90.9000, 7212.50.0000, 7215.10.0010, 7215.10.0080, 7215.50.0016, 7215.50.0018, 7215.50.0020, 7215.50.0061, 7215.50.0063, 7215.50.0065, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.19.0000, 7226.19.1000, 7226.19.9000, 7226.99.0180, 7228.50.5015, 7228.50.5040, 7228.50.5070, 7228.60.8000, and 7229.90.1000 (covering carbon and alloy bar and wire). No responding importers reported imports of cold-rolled steel bar or wire.

[27] Unless otherwise noted, information is from *Certain Cold-Rolled Steel Products From Australia, India, Japan, Sweden, and Thailand, Invs. Nos. 731-TA-965, 971-972, 979, and 981 (Final)*, USITC Publication 3536, September 2002, p. I-17.

alloy steels, due primarily to the cost of the alloying elements. The chemical composition of carbon steel has traditionally been defined as:

> "All ferrous materials, other than alloy and stainless, which are usually malleable and which contain by weight 2 percent or less of carbon. (In effect, all steel other than that complying with the definition for alloy or stainless.) In all carbon steels small quantities of certain residual elements, such as copper, nickel, molybdenum, chromium, etc., are unavoidably retained from raw materials. Those elements are considered as incidental."[28]

The subject merchandise covers products recognized by the marketplace as cold-rolled flat products, including both carbon steel and the standard alloy steels commonly produced for sheet and strip.[29] The steel industry considers cold-rolled sheet to include "all cold reduced flat products (other than galvanized, coated or electrical grades) of a width of 24 inches (600 mm) or more and a thickness of .0142 inches (.361 mm) or more" and cold rolled strip to include "all cold-reduced products (excluding electrical grades) of a thickness less than .187 (4.75 mm) with a width over ½ inch but less than 24 inches (600 mm) obtained either by rolling to width or slitting from wide material and sold as strip."[30]

The term "cold-rolling" refers to a process in which the product is fed into a rolling mill at ambient temperature. Cold-rolling can be performed for a variety of reasons, including a desire to reduce product thickness or a need to impart specific mechanical properties or impart surface texture. Cold-rolled steel is flat, usually rectangular in shape, and usually produced in coils.

Cold-rolled steel products are used in a variety of applications including automotive, construction, container, appliance, and electrical equipment manufacturing. A large portion of cold-rolled steel is not sold on the merchant market but is used internally or transferred to

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[28] American Iron and Steel Institute ("AISI"), "Instructions for Reporting Steel Shipment Statistics," January, 1998, p. II-1. In the same "Instructions," alloy steels are defined as steels "not complying with the definition of stainless steel and containing by weight one or more of the following elements in the proportion shown: 0.3 percent or more of aluminum, 0.0008 percent or more of boron, 0.3 percent or more of chromium, 0.3 or more of cobalt, 0.4 percent or more of copper, 0.4 percent or more of lead, 1.65 percent or more of manganese, 0.08 percent or more of molybdenum, 0.3 percent or more of nickel, 0.06 percent or more of niobium, and 0.6 percent or more of silicon" and stainless steel is defined as "alloy steels containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements and a minimum of 50 percent iron." The "Instructions" have not been updated since 1998. ***.

[29] Although cold-rolled steel flat-rolled products are produced with alloying elements in excess of the quantity thresholds described in the product scope, the product scope includes the standard alloy steels commonly produced for sheet and strip. The Iron & Steel Society, *Pocketbook of Standard Steels*, Table 8: Standard Alloy Steels Commonly Produced for Sheet and Strip, July 1996.

[30] AISI, "Instructions for Reporting Steel Shipment Statistics, Volume 1," January 1998. The definitions have not been updated since January 1998. ***.

related firms for production of downstream products including corrosion-resistant steel, tin plate, and other products.[31] Cold-rolled steel that is not further processed is used for such applications as panels in electrical equipment and appliances, or for body parts in automobiles, where surface finish or strength-to-weight ratio is important but resistance to corrosion is not. Cold-rolled steel is also used for automotive transmission and seat belt components, and serves as a material for utensils, cutting tools, and cutlery.

Manufacturing processes[32]

The manufacturing processes for cold-rolled steel products are summarized below. There is no significant difference in the basic production process between mills in the United States and those in the subject countries.[33]

The raw material input for cold-rolled steel is hot-rolled steel. Hot-rolled steel is cleaned, or pickled, in a bath of sulfuric or hydrochloric acid to remove surface oxide (scale) formed during hot-rolling. The cleaned (pickled) steel is then processed through a cold-rolling mill, which is typically a continuous (or tandem) mill having four to six roll stands, and which reduces the thickness of the hot-rolled material by 30-90 percent. The cold-rolling-process hardens steel so that it usually must be heated in an annealing furnace to make it more formable.

There are two basic annealing processes: batch and continuous. In a batch annealing process, coils of cold-rolled sheets are stacked on a base. Covers are placed over the stacks to contain the annealing atmosphere, which is needed to prevent oxidation of the steel. The annealing furnace is then lowered over the covered stacks. The heating and re-cooling of the coil may take five or six days. Continuous annealing involves uncoiling the steel and processing it through an annealing furnace in one pass, thereby reducing the annealing time to a matter of minutes and achieving greater uniformity of results than with batch annealing. Heating and then cooling are performed to impart changes in the metallurgical structure of the steel that will give the steel the desired characteristics. The time spent at each temperature and the rates of cooling develop different characteristics in the steel.[34]

After the steel has been annealed, it is rolled on a temper mill to produce the desired hardness, flatness, and surface quality. Temper rolling of annealed product is required to

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[31] Virtually all internally consumed cold-rolled steel is used for the production of coated steel and tin mill products. Hearing transcript, p. 120 (Lauschke). See also U.S. producer questionnaire responses, section II-13.

[32] Unless otherwise noted, information is from *Certain Cold-Rolled Steel Products From Australia, India, Japan, Sweden, and Thailand, Invs. Nos. 731-TA-965, 971-972, 979, and 981 (Final)*, USITC Publication 3536, September 2002, pp. I-18-I-19.

[33] Tata Steel UK produces only continuously annealed cold-rolled steel. Respondent Tata Steel UK's prehearing brief, p. 29, Tata Steel UK's foreign producer questionnaire response, section II-12. Both batch and continuous annealing processes are used in the United States.

[34] AISI, "Steel Glossary, Heat Treatment, " http://www.steel.org/making-steel/glossary/glossary-f-j.aspx, accessed May 31, 2016.

reduce the tendency of the steel to develop surface distortions during fabrication. Temper rolling involves very light reduction in thickness and should not be confused with cold-rolling.

Cold-rolled steel that is used as a substrate for hot-dipped galvanized steel is usually not annealed or temper rolled because those operations take place on the continuous galvanizing lines. Product that is used as a substrate for electrolytically galvanized steel or for tin plate is usually annealed and temper rolled. Black plate, a type of very thin[35] cold-rolled steel, is most often used as the substrate for tin plate products although it does have other applications.[36] It is commonly produced to certain industry specifications, for example, those of ASTM International. For single-reduced black plate, the production process is generally that described above. Double-reduced black plate replaces the temper-rolling step with another cold-rolling pass to further reduce the thickness of the steel.

Advanced High-Strength Steels ("AHSS") combine light weight, great strength, and a high degree of formability, among other characteristics. The manufacturing processes for these steels include establishing certain steel chemistries[37] and creating certain microstructures in the steel by controlled heating (annealing) and cooling processes.[38] [39] The increasing use of AHSS is related to developments in the automotive industry. Automakers must meet increasingly demanding safety standards such as increasing impact resistance (which often requires the addition of weight to the vehicle), while also meeting increasingly stringent corporate average fuel economy ("CAFÉ") standards (decreasing vehicle weight increases fuel economy).

The cutting tool steel products mentioned by the respondent Liberty Performance Steels, Ltd., are made from high carbon steel defined as steel with at least 0.25 percent

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[35] Standard thickness for black plate is in the range of 0.0050-0.0149 inch; double-reduced black plate is 0.0050-0.0118 inch in thickness. Standard thickness of cold-rolled sheet goes up to 0.142 inch. ASTM International, ASTM specifications *A 625 Standard Specification for Tin Mill Products, Black Plate, Single-Reduced; A 650 Standard Specification for Tin Mill Products, Black Plate, Double Reduced*; *A 657 Standard Specification for Tin Mill Products, Black Plate Electrolytic Chromium-Coated, Single and Double Reduced*; *A 568 Standard Specification for Steel, Sheet, Carbon, Structural, and High-Strength, Low-Alloy, Hot-Rolled and Cold-Rolled, General Requirements.*

[36] Other applications include construction products, oil filters and other automotive applications and miscellaneous applications such as toys, serving trays and household goods. U.S. Steel, "Tin Products-Applications," https://www.ussteel.com/uss/portal/home/products/tin, accessed April 27, 2016.

[37] Steel chemistry is determined during the steelmaking process and will not be discussed here.

[38] Microstructure is the structure of the steel surface as revealed by a microscope above 25× magnification.

[39] Continuous annealing can be the preferred process for certain types of steels such as AHSS. "Because AHSS may require more process control than found on current hot and cold rolling, annealing, and galvanizing lines, plants are updating their technologies. New processing lines, such as continuous annealing lines and modern hot-dip galvanizing lines, are being investigated and installed." Steel Market Development Institute (a business unit of AISI), *AHSS 101: The Evolving Use of Advanced High-Strength Steels for Automotive Applications*, Summer 2011, p. 14.

carbon.[40] The higher the carbon level, the tougher and less formable the steel which makes it suitable for cutting tool applications.[41]

DOMESTIC LIKE PRODUCT ISSUES

In the preliminary phase of these investigations, the Commission stated "for purposes of our preliminary determinations, we define a single domestic like product corresponding to the scope of the investigations."[42] In the final phase of these investigations, the Commission issued draft questionnaires for comment, and no party proposed collecting additional information with respect to the domestic like product.

The petitioners propose that the Commission define one like product as defined in the Petition that contains a continuum of products including black plate.[43] The respondent Korean parties argue that black plate is a separate like product.[44] The respondent party Liberty Steel argues that three different products are separate like products.[45] No additional issues with respect to domestic like product have been raised in these investigations.

The Commission's decision regarding the appropriate domestic product(s) 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 (6) price. Information regarding these factors is discussed below.

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[40] Iron and Steel Society, *Steel Products Manual, Strip Steel*, August 1988, p. 48. The minimum amount of carbon required for a steel to be considered a high-carbon steel varies by industry source but the amount of carbon in these cutting tool steel products would qualify these steels as high carbon steels by any industry source.

[41] AISI, "Steel Glossary, Heat Treatment, " http://www.steel.org/making-steel/glossary/glossary-f-j.aspx, accessed May 31, 2016.

[42] *Cold-Rolled Steel Flat Products from Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom Investigation Nos. 701-TA-540-544 and 731-TA-1283-1290 (Preliminary)*, USITC Publication 4564, September 2015, p. 10.

[43] U.S. Steel's prehearing brief, p. 11 and Steel Dynamics Inc. and California Steel Industries' postconference brief, p. 6.

[44] Korean producers' prehearing brief, p. 13. Respondent Japanese parties concur. Japanese producers' prehearing brief, pp. 4-5.

[45] These products include (1) hardened and tempered polished construction steel strip, (2) precision cold-rolled craft knife steel strip, and (3) thermally-stress-relieved metal cutting/friction bandsaw strip. Liberty Steel's prehearing brief, pp. 3-4.

Black plate[46]

The Commission, for purposes of its preliminary determinations, defined a single like product corresponding to the scope of the investigations. With regard to black plate, the Commission stated that there are some distinctions with respect to the uses, interchangeability and price of black plate, but there is also some overlap in these characteristics. The Commission declined to define black plate as a separate domestic like product, given that there are similarities in physical characteristics, uses, and manufacturing processes as well as some interchangeability.[47]

Physical characteristics and uses

Respondents note that black plate is manufactured to thinner gauges than other cold-rolled steel, with thickness of 0.0149 inches or below. In addition, black plate can be produced as single or double reduced. The latter resulting product is stiffer, harder, and stronger than single reduced black plate allowing for a use of a lighter gauge. The vast majority of black plate is used in the production of tin plate products and as such is an uncoated tin mill product.[48] Petitioners contend that there is significant overlap between black plate and other forms of cold-rolled steel, with black plate being basically a type of light gauge cold-rolled steel often used to make tin mill products.[49] Black plate has other uses, including sheet and strip for painting and coating, which is also a use for other cold-rolled steel. In addition, ***.

According to the American Iron and Steel Institute ("AISI"), over 80 percent of AISI member U.S. black plate shipments goes into the "Containers, Packaging and Shipping Material" market segment in 2014 (latest available year).[50] The remainder of U.S. blackplate shipments goes to the "Sheet & Strip for Painting & Coating," market segment. [51]

Manufacturing facilities and production employees

Currently, ArcelorMittal USA, U.S. Steel, and USS-POSCO produce black plate in the United States.[52] These three producers, which accounted for approximately *** percent of U.S. cold-rolled steel production and *** percent of employment in 2015, also produce other cold-

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[46] Petitioners' arguments taken from U.S. Steel's prehearing brief, exh.1 and Steel Dynamics and California Steel Industries postconference brief, pp. 3-7. Respondents' arguments taken from Korean producers' prehearing brief, pp. 5-13 (also see Korean producers' comments on draft questionnaires, pp. 4-7).

[47] *Cold-Rolled Steel Flat Products from Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom Investigation Nos. 701-TA-540-544 and 731-TA-1283-1290 (Preliminary)*, USITC Publication 4564, September 2015, p. 10.

[48] Hearing transcript, p. 57 (Cameron) and p. 123 (Clark).

[49] Hearing transcript, p. 77 (Mull).

[50] AISI, *Shipments by Market Classification – Carbon AIS16C*, 2014.

[51] Ibid.

[52] U.S. Steel's prehearing brief, exh. 1, p. 4.

rolled steel products.[53] Respondents contend production processes for black plate are distinct from other types of cold-rolled steel and requires specialized expertise and equipment, such as the use of a light gauge tandem mill, and in many cases, a double reduction temper mill.[54] Petitioners argue that tin mill black plate is made in the same facilities as other cold-rolled steel on the similar equipment with the same workers.[55]

Interchangeability

Respondents argue that the black plate used in tin mill products is not interchangeable with other cold-rolled steel, which in turn, cannot be substituted for black plate in tin mill. As noted earlier, petitioners contend that black plate may have other uses, including ***, and further report that ***.

Customer and producer perceptions

Respondents argue that the primary customer for black plate in the United States (not internally consumed), Ohio Coatings Company ("OCC"), perceives black plate as a distinct product. Moreover, domestic producers market black plate as a type of unfinished tin mill product and not as cold-rolled steel. Petitioners contend that black plate is part of a continuum of cold-rolled steel, with significant overlap with other forms of cold-rolled steel, particularly lighter gauges of cold-rolled steel.

Channels of distribution

Respondents contend that there is no real merchant market as OCC is the only significant purchaser of black plate steel and the majority of domestic production is internally consumed to produce tin mill products. This is said to be distinct from other cold-rolled steel products that have a significant merchant market and are sold to distributors and end-users for a variety of applications. Petitioners argue that black plate and other forms of cold-rolled steel (particularly lighter gauges) are regularly sold by the same distributors.

Price

Respondents note that black plate is generally more expensive than cold-rolled steel because it requires specialized production equipment and additional processing time and is thinner, and thus more expensive to produce. Respondents point to the higher prices of product 5 compared those of product 6 and 7 (presented in Part V of this report). They state that because a specific additional cold reduction mill must be employed, which are not available at all domestic producers, production cost is increased, as is the final price. Petitioners

[53] Black plate represented *** percent of U.S. commercial shipments of these producers. The majority of production of black plate is internally consumed. Hearing transcript, p. 216 (Clark). Of U.S. producers' internal consumption in 2015, *** percent was processed into tin mill products.

[54] Hearing transcript, p. 125 (Clark).

[55] Hearing transcript, p. 77 (Mull).

contend that as black plate is more costly to produce it is sold at a higher price, but that this is movement along a continuum, and other light-gauge cold-rolled steel is priced similarly. Table I-6 presents exports of black plate to the United States, and U.S. shipments of domestically-produced black plate and U.S. imports of black plate.

Table I-6
Cold-rolled steel: Exports to the United States and U.S. shipments of domestically-produced black plate and U.S. imports of black plate, by source, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Japanese export shipments to the United States	***	***	***
Korean export shipments to the United States	***	***	***
U.S. producers' internal consumption	***	***	***
U.S. producers' U.S. commercial shipments	***	***	***
U.S. imports from.[1]--			
Japan	18,103	12,840	27,978
Korea	6,133	42,972	95,831
All other subject sources	2,391	3,116	5,562
Subject sources	26,627	58,928	129,370
Nonsubject sources	16,075	22,208	18,962
Total U.S. imports	42,702	81,135	148,332
	Value (1,000 dollars)		
U.S. producers' U.S. commercial shipments	***	***	***
U.S. imports from.[1]--			
Japan	15,276	10,676	22,456
Korea	4,737	33,077	64,741
All other subject sources	1,678	2,247	3,410
Subject sources	21,690	46,000	90,607
Nonsubject sources	11,204	16,333	13,568
Total U.S. imports	32,895	62,333	104,175
	Unit value (dollars per short ton)		
U.S. producers' U.S. commercial shipments	***	***	***
U.S. imports from.[1]--			
Japan	844	831	803
Korea	772	770	676
All other subject sources	702	721	613
Subject sources	815	781	700
Nonsubject sources	697	735	716
Total U.S. imports	770	768	702

[1] U.S. imports under HTS statistical reporting numbers 7209.18.2520 and 7209.18.2580.

Source: Compiled from official U.S. import statistics; email from ***, May 27, 2016; email from ***, May 27, 2016; email from ***, May 31, 2016; email from ***, May 26, 2016; and email from ***, May 27, 2016.

Certain saw and cutting blades[56] [57]

Liberty Steel argues that (1) hardened and tempered polished construction steel strip, (2) precision cold-rolled craft knife steel strip, and (3) thermally-stress-relieved metal cutting/friction bandsaw strip each constitute separate like products.

Physical characteristics and uses

Liberty Steel notes that the three products have exacting specifications for flatness (controlled to less than 0.1 percent of nominal product width), thickness, width, and hardness range.

Manufacturing facilities and production employees

Liberty Steel produces the three products in a dedicated manufacturing facility utilizing specialized equipment not suitable to the manufacturing of basic cold-rolled steel. Commission staff surveyed U.S. producers regarding the production of the three product identified by Liberty Steel. None of the U.S. producers surveyed reported production of any of these three products.[58]

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[56] Respondent arguments taken from respondent Liberty Steel's prehearing brief, pp. 4-9.

[57] In previous investigations on cold-rolled steel, the Commission considered other domestic like products, including hardened and tempered cold-rolled strip which is used for such applications as springs, knives, dies, saw blades, and other cutting tools. The Commission stated that "while hardened and tempered strip is distinguished from other cold-rolled items to the extent that it is subjected to special heat treatment processes on large, expensive equipment with only limited other uses, other aspects of the production are similar to those for other cold-rolled steel products. Additionally, although the item has particular physical characteristics and end uses, is distributed primarily to end users, and has a price premium, there is not a clear distinction between this category of steel products and the continuum of many different cold-rolled steels with unique specifications, processes, and end uses. Thus, on balance, we find that hardened and tempered strip is not a separate domestic like product." *Certain Cold-Rolled Steel Products from Australia, India, Japan, Sweden, and Thailand, Invs. Nos. 731-TA-965, 971-972, 979, and 981 (Final)*, USITC Publication 3536, September 2002, p. 8.

In addition, the Commission earlier determined that that hardened and tempered high carbon steel is properly included in a single domestic like product of certain cold-rolled steel, noting that while differences do exist, those differences are no greater than those existing between other products within the continuum of certain cold-rolled steel. *Certain Cold-Rolled Steel Products from Argentina, Brazil, Japan, Russia, South Africa, and Thailand, Invs. Nos. 701-TA-393 and 731-TA-829-830, 833-834, 836, and 838 (Final)*, USITC Publication 3283, March 2000.

[58] Email from ***, June 8, 2016; email from ***, June 8, 2016; email from ***, June 8, 2016; email from ***, June 7, 2016; email from ***, June 6, 2016; and email from ***, June 6, 2016.

Interchangeability

The three products are not suitable for other uses, Liberty Steel argues, as they are far too narrow and too expensive.

Customer and producer perceptions

Customers of Liberty Steel state that they perceive the three products as separate and apart from the basic cold-rolled steel, given the technical requirement and small quantities purchased.

Channels of distribution

Liberty Steels notes that it sells these three products exclusively through its U.S.-based distributor which is not engaged in other sales activities. Of the commercial sales of cold-rolled steel by U.S. producers, about one-third was to distributors/service centers.

Price

Liberty Steel states that prices of the three products are higher than basic cold-rolled steel. Prices of the three products range from $*** per pound ($*** per short ton) to $*** per pound ($*** per short ton). The average unit value for U.S. producers' U.S. commercial shipments ranged from $684 to $785 per short ton, while U.S. imports of cold-rolled steel from subject sources ranged from $642 to $801 per short ton during 2013-15.[59]

[59] Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics. *See* tables III-7 and IV-2.

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

U.S. MARKET CHARACTERISTICS

Cold-rolled steel is used in a variety of applications including automotive, construction, container, appliance, and electrical equipment manufacturing. Demand for cold-rolled steel is driven generally by demand in these industries, as well as overall economic conditions. The majority of commercial sales are produced-to-order. A large portion of cold-rolled steel is not sold on the merchant market but instead is used internally for the production of downstream products, particularly corrosion-resistant steel and tin mill products such as tin- and chromium-coated steel sheet.

Apparent U.S. consumption of cold-rolled steel in both the merchant market and total market increased from 2013 to 2014 and then declined from 2014 to 2015. Overall, apparent U.S. merchant market consumption was 0.9 percent lower than in 2013, and apparent U.S. total market consumption in 2015 was 1.8 percent higher.

U.S. PURCHASERS

The Commission received 43 usable questionnaire responses from firms that bought cold-rolled steel during 2013-15.[1] Seventeen responding purchasers indicated that they are service centers/distributors, eight are automotive end users, two are construction end users, two are appliance end users, one is a container end user, and 16 are other end users.[2] Approximately one-half of the responding U.S. purchasers are located in the Midwest (including in Ohio, Michigan, and Illinois). The largest 10 purchasers of cold-rolled steel that submitted questionnaire responses are shown in table II-1. Total purchases reported by the 43 responding firms were 6.0 million short tons in 2015, equivalent to approximately half of U.S. merchant market apparent consumption.

Table II-1
Cold-rolled steel: Largest responding purchasers, by quantity of purchases, 2013-15

* * * * * * *

[1] Of the 43 responding purchasers, 40 purchased domestic cold-rolled steel, 6 purchased imports of the subject merchandise from Brazil, 17 from China, 5 from India, 15 from Japan, 13 from Korea, 4 from Russia, and 7 from the United Kingdom; 13 from nonsubject country Canada and 18 from other nonsubject countries. In addition, 7 purchasers were unable to identify the country of origin of some or of all of their purchases.

[2] Other end users include converters, and manufacturers of automotive and truck parts, steel strapping, caskets, pipe, retail store fixtures, tin plate for containers, electrical equipment, steel storage buildings, appliance parts, and welding consumables.

CHANNELS OF DISTRIBUTION

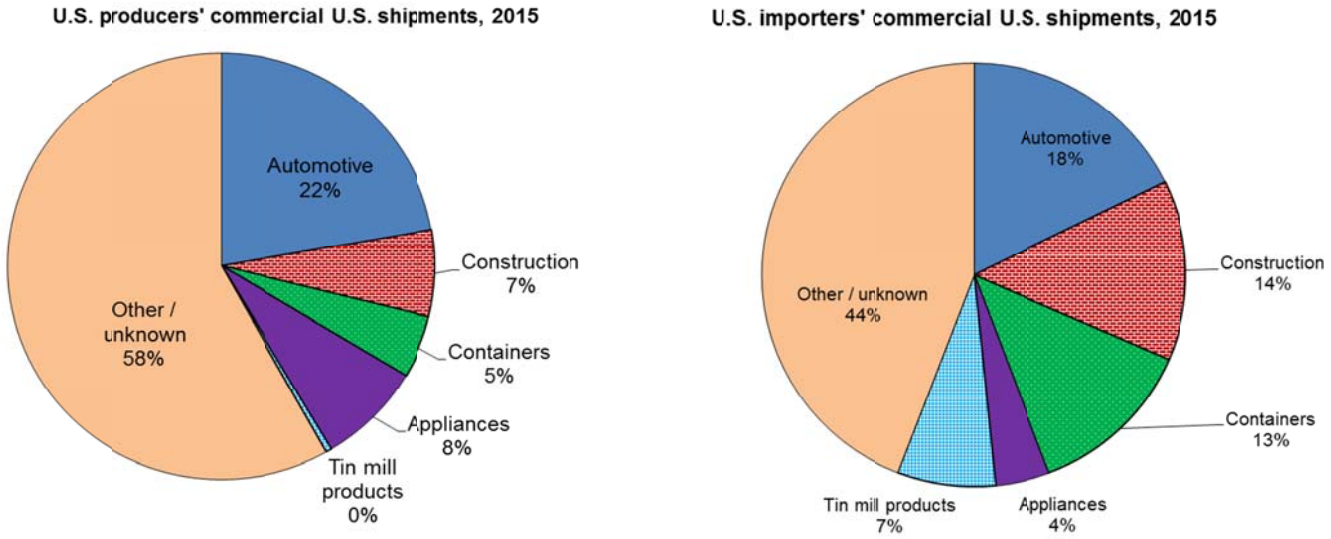
U.S. producers internally consumed *** percent of their total shipments in 2015, up from *** percent in 2013. Of the commercial sales by U.S. producers, about two-thirds were to end users and the remainder was to distributors/service centers (table II-2). Imports of subject product were shipped to both distributors/service centers and end users.

U.S. producers and importers both sold into a variety of end-use markets, although the shares sold to each market varied for different sources. U.S. producers' and U.S. importers' largest specified end-use market was automotive in 2015 (figure II-1; see Part IV for more detailed data). Both U.S. producers and importers both reported cold-rolled commercial shipments for construction, containers, appliances, and tin mill products, although U.S. producers reported a larger share for appliances than did importers, and importers reported a larger share for construction, containers, and tin mill products.

Firms categorized a large portion of commercial U.S. shipments as sales to other end uses or unknown uses. Firms reported a wide variety of other end uses including: agricultural machinery, conversion, electrical equipment, furniture, metal buildings, metal working and industrial equipment, pipe and tube, shelving, and storage tanks. The "other/unknown" category also includes shipments to service center/distributors for which producers and importers did not know the end use.

Figure II-1

Cold-rolled steel: Share of U.S. producers' and importers' commercial U.S. shipments by end use, 2015



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

Table II-2
Cold-rolled steel: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2013-15

Item	Calendar year		
	2013	2014	2015
	Share of quantity (percent)		
U.S. producers' commercial U.S. shipments to:			
Distributors	36.6	35.2	34.5
End users	63.4	64.8	65.5
U.S. importers' commercial U.S. shipments of imports from Brazil to:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' commercial U.S. shipments of imports from China to:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' commercial U.S. shipments of imports from India to:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' commercial U.S. shipments of imports from Japan to:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' commercial U.S. shipments of imports from Korea to:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' commercial U.S. shipments of imports from Russia to:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' commercial U.S. shipments of imports from United Kingdom to:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' commercial U.S. shipments of imports from Canada to:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' commercial U.S. shipments of imports from all other sources to:			
Distributors	***	***	***
End users	***	***	***

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

As seen in figure II-2, the reported end uses of imports varied by subject country. For product from Brazil, construction was the largest specified end use. Tin mill products was the largest use for product from Korea, followed by automotive.[3] For product from Japan, automotive, tin mill products and containers were the largest uses. For product from the United Kingdom, automotive was the largest specified end use, although more than half of shipments went to other or unknown applications. Most imported product from China, India, and Russia went to other or unknown end uses.

Figure II-2
Cold-rolled steel: Share of U.S. importers' U.S. commercial shipments by subject country and end use, 2015

* * * * * * *

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling cold-rolled steel to all regions in the contiguous United States (table II-3). However, in many cases subject importers concentrated their sales in specific regions which included the Northeast, Midwest, Southeast, and Central Southwest. For U.S. producers, 29.6 percent of sales were within 100 miles of their production facility, 64.7 percent were between 101 and 1,000 miles, and 5.7 percent were over 1,000 miles. Importers sold 52.6 percent within 100 miles of their U.S. point of shipment, 46.3 percent between 101 and 1,000 miles, and 1.1 percent over 1,000 miles.

Table II-3
Cold-rolled steel: Geographic areas in the United States served by U.S. producers and importers

Region	U.S. producers	U.S. importers							
		Brazil	China	India	Japan	Korea	Russia	UK	Any subject country
Northeast	9	4	16	11	6	5	4	3	30
Midwest	12	4	17	9	6	8	7	4	31
Southeast	11	7	10	11	4	4	3	1	28
Central Southwest	10	7	15	10	5	3	4	1	24
Mountains	8	0	6	1	0	0	0	0	6
Pacific Coast	10	0	17	1	3	3	1	1	20
Other[1]	1	0	0	0	0	0	0	0	0
All regions (except Other)	5	0	3	1	0	0	0	0	5[(2)]
Reporting firms	12	9	23	18	10	12	10	4	40

[1] All other U.S. markets, including AK, HI, PR, and VI.
[2] The numbers do not add across because some firms that imported from multiple countries reported serving all regions, but that their imports serving each region varied by country.

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

[3] Hyundai Steel America accounted for *** from Korea in 2015. It imported cold-rolled steel exclusively for its affiliates, automakers Hyundai Motor and Kia Motor. Hearing transcript, pp. 210-211 (Kim). ***. Daewoo accounted for *** percent from Korea in 2015. It reported that ***.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of cold-rolled steel have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced cold-rolled steel to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Supply responsiveness is somewhat constrained due to limited inventories and limited export shipments.

Industry capacity

Domestic capacity increased slightly from 43.3 million short tons in 2013 to 43.5 million short tons in 2015. Domestic capacity utilization declined irregularly from 67.1 percent in 2013 to 65.3 percent in 2015. This low to moderate level of capacity utilization suggests that U.S. producers may have a substantial ability to increase production of cold-rolled steel in response to an increase in prices.

Alternative markets

U.S. producers' exports accounted for a small share of total shipments, about 2 percent during 2013-15. U.S. producers reported exporting cold-rolled steel to Canada and Mexico. The small share of exports and the limited number of export markets indicates that U.S. producers may have a limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories remained close to 4 percent of total shipments during 2013-15. These inventory levels suggest that U.S. producers may have a limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Eleven responding U.S. producers stated that they could not switch production from cold-rolled steel to other products. Two U.S. producers stated that they could switch to other products, specifically hot-rolled pickled and oiled steel (***) and tin mill products (***).

Subject imports[4]

Table II-4 provides a summary of supply-related data for subject countries.

Table II-4
Cold-rolled steel: Foreign industry factors that affect ability to increase shipments to the U.S. market

Country	Capacity (millions of short tons)		Capacity utilization (percent)		Inventory levels relative to total shipments (percent)		Able to shift to alternate products	Home market shipments in 2015	Shipments exported to non-U.S. markets in 2015
	2013	2015	2013	2015	2013	2015	No. of firms reporting "yes"	(percent)	(percent)
Brazil	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	1 of 9	***	***
India	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	0 of 4	***	***
Korea	***	***	***	***	***	***	1 of 4	***	***
Russia	***	***	***	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***	***	***	***

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

Subject imports from Brazil

Based on available information, Brazilian producers of cold-rolled steel have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of cold-rolled steel to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. ***.

Subject imports from China

Based on available information, Chinese producers of cold-rolled steel have the ability to respond to changes in demand with large changes in the quantity of shipments of cold-rolled steel to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the large total capacity and availability of unused capacity. Total Chinese cold-rolled steel capacity, which reportedly is substantially higher than that reported in questionnaire responses, is about *** short tons, and increased by *** percent from 2013 to 2015 (see Part VII). Among firms responding to the foreign producer questionnaire, ***.

[4] For data on the number of responding foreign firms and their share of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

Subject imports from India

Based on available information, Indian producers of cold-rolled steel have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of cold-rolled steel to the U.S. market. The main contributing factors to this degree of responsiveness of supply are increasing capacity and the availability of unused capacity.

Subject imports from Japan

Based on available information, Japanese producers of cold-rolled steel have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of cold-rolled steel to the U.S. market. The main contributing factors to this degree of responsiveness of supply are a large total capacity, the availability of unused capacity, and sales into alternate markets.

Subject imports from Korea

Based on available information, Korean producers of cold-rolled steel have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of cold-rolled steel to the U.S. market. The main contributing factors to this degree of responsiveness of supply are a large total capacity, some availability of unused capacity, and sales into alternate markets.

Subject imports from Russia

Based on available information, Russian producers of cold-rolled steel have the ability to respond to changes in demand with moderate changes in the quantity of shipments of cold-rolled steel to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and sales into alternate markets. ***.

Subject imports from the United Kingdom

Based on available information, producers of cold-rolled steel from the United Kingdom have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of cold-rolled steel to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and sales into alternate markets.

Nonsubject imports

Canada was the largest source of nonsubject imports during 2013-15, accounting for *** percent of nonsubject imports in 2015 and *** percent of total U.S. imports in 2015. *** of imports from Canada were by ***. U.S. imports of cold-rolled steel from Canada increased

irregularly by *** percent between 2013 and 2015, and U.S. imports of cold-rolled steel from all other nonsubject countries increased by *** percent during this period.

Supply constraints

Most U.S. producers reported that there were no constraints in domestic supply, although three firms reported some short-term supply disruptions in 2013 or 2014. ***. *** stated that it experienced some temporary constraints including shipment delays due to severe weather in the first quarter of 2014. *** reported that production was disrupted at *** but that no orders of cold-rolled steel were denied.

Most importers reported no supply constraints for their imported product, although 9 of 47 noted some constraints. Two importers *** noted supply constraints because of the current investigations. *** reported difficulties getting sufficient supply from the steel mill and inability to meet lead times. *** reported some shipment disruptions because of weather events on the East Coast. ***. *** reported placing customers on allocation and not being able to meet timely shipment conditions. *** reported scheduling difficulties in 2013 resulted in several instances where it was unable to meet timely shipment commitments. *** reported that it declined to import Japanese cold rolled for its customer.

Thirty of 42 responding purchasers reported that no firm had refused, declined, or was unable to supply cold-rolled steel since January 1, 2013. The other 12 purchasers indicated that they experienced supply constraints, including issues related to weather, mill shortages, and an inability to procure certain sizes or specifications. *** cited 2014 weather issues and mill constraints.[5] *** reported that U.S. Steel halted production in 2014 due to a roof collapse, and was unable to provide required volumes.[6] It added that *** because of temporary supply problems related to mill shortages, specification changes, and scheduling problems. *** reported that AK Steel limited contract volumes. *** reported that U.S. Steel restricted order volume due to idled capacity. *** reported that domestic mills have quoted significantly over market price and that "this is a mill's way of not quoting." ***. *** reported one-time issues including equipment breakdown, weather-related delays, lack of transportation, quality issues, and importers' failure to quote due to the threat of trade cases. *** reported that trading companies are no longer offering product from China and Japan. In addition, three purchasers reported that they were unable to obtain certain cold-rolled products from domestic producers: *** reported an inability to obtain tin-mill black plate and *** stated that bright-finish plating quality steel was only available from Japanese mills.

Respondents stated that an increase in cold-rolled steel imports in 2014 was driven by domestic supply shortages, including those caused by severe winter conditions that extended

[5] *** also reported a lack of availability of cold-rolled steel in April-May 2016. It stated that three different domestic mills have refused quotations or reduced allocations in the past 30 days, and that it may not be able to support the needs of its automotive customers in the second half of the year. Email messages to USITC staff from ***, May 3, 2016 and May 9, 2016.

[6] ***. Korean producers' posthearing brief, exh. 5. ***. U.S. Steel's posthearing brief, exh. 17, p. 5.

the seasonal closure of the Great Lakes to shipping.[7] Petitioners AK Steel, ArcelorMittal, and U.S. Steel reported that the harsh winter conditions in the Great Lakes region in 2014 impacted some mills' ability to get iron ore and caused some production problems, but that customers also delayed receipt of product, and that the issues lasted one to two months.[8] Petitioners also asserted that the increase in imports began in the fourth quarter of 2013, before the weather-related supply constraints in 2014.[9] As noted above, in response to the question regarding supply constraints,[10] two purchasers *** mentioned weather-related supply issues. Among purchasers reporting shifting purchases from domestic producers to imports, only one reported that domestic supply shortages were the reason (***) (see table V-14 in Part V).

New suppliers

Most purchasers indicated that there were not aware of any new suppliers in the U.S. market since January 1, 2013, although 9 of 42 purchasers indicated that new suppliers had entered the U.S. market. Purchasers cited domestic producers including CSN and the Arcelor Mittal joint venture with Nippon Steel and Sumitomo, and imports from Belgium, India, Taiwan, and Vietnam. Specific firms listed included POSCO Vietnam, Ton Yi (Taiwan), JSW (India), Bao Steel (China), CSVC (China Steel Sumkin Vietnam), and HBIS (China).

Purchasers' inventories

Petitioners stated that large volumes of subject imports entered into inventories held by importers, service centers, and end users in 2014, and that the decline in apparent consumption in 2015 was the result of a drawing down of these inventories.[11] Respondents argue that any inventory overhang was caused by U.S. producers and that inventories from the subject countries were small relative to U.S. producers' inventories.[12]

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[7] Hearing transcript, p. 54 (Cameron). Tata UK's prehearing brief, p. 9.The Soo Locks navigation season ends January 15 and resumes March 25. U.S. Army Corps of Engineers website, http://www.lre.usace.army.mil/Missions/Recreation/SooLocksVisitorCenter/FrequentlyAskedSooLocksQuestions.aspx, retrieved June 6, 2016. The U.S. Geological Survey reported that record levels of ice cover on the Great Lakes reduced iron ore shipments from January-April 2014. U.S. Geological Survey, "Mineral Industry Surveys, Iron Ore," May 2015. U.S. Steel reported that the SOO locks were closed for "double the normal winter length of time" in the winter of 2014, resulting in a curtailment of operations due a shortage of raw materials. U.S. Steel, "Fourth Quarter 2014, Questions and Answers," p. 4, https://www.ussteel.com/uss/.../4Q2014+Q%26A+-+FINAL.pdf, retrieved June 6, 2016.

[8] Hearing transcript, pp. 189-190 (Reich, Mull, and Matthews).

[9] Hearing transcript, pp. 193-194 (Rosenthal).

[10] The question asked firms to identify any supply constraints for cold-rolled steel including weather-related supply issues.

[11] Nucor's prehearing brief, pp. 22-23. Hearing transcript, p. 62 (Price).

[12] Korean producers' prehearing brief, pp. 30-34.

According to Metals Service Center Institute ("MSCI") data,[13] service centers' inventories of carbon flat-rolled products declined during most of 2013, steadily increased during 2014, peaking in December of that year, and then declined in 2015 (figure II-3). The number of months of inventory on hand also peaked in December 2014, before decreasing through June 2015, then trended upwards through the second half of 2015, reaching near December 2014 levels by the end of the year, as a result of lower service center shipments. Service centers' inventories and number of months of inventory on hand have declined in 2016.

Figure II-3

Carbon flat-rolled products: Service centers' U.S. shipments to end users, end-of-month inventories, and the number of months of inventory on hand, monthly, January 2013-April 2016

* * * * * * *

The purchasers' questionnaire requested inventory data. Purchasers' end-of-year inventories are shown in table II-5.[14] Total reported purchaser inventories increased between 2013 and 2014, and declined between 2014 and 2015, with a net increase of 1.2 percent. Reported inventories of U.S.-produced cold-rolled steel declined overall from 2013 to 2015, while inventories of imported product from subject countries increased by 81,752 short tons.

[13] MSCI collects data on shipments from service centers' owned inventory (stock shipments) to customer end markets and month-end service center inventories. These shipments include cold-rolled, hot-rolled, and coated flat-rolled steel. MSCI does not break out the data by country of origin.

[14] In contrast to the MSCI data, the purchasers' questionnaire data includes inventories reported by all reporting firms, including both distributor/service centers and end users. Also the purchaser data is specific to cold-rolled steel compared to the MSCI data which is for all carbon steel flat-rolled products.

Table II-5
Cold-rolled steel: Inventories reported by purchasers, by quantity, 2013-15

Source	2013	2014	2015
	Quantity (short tons)		
United States	733,041	769,592	649,923
Imports from:			
Brazil	***	***	***
China	***	***	***
India	***	***	***
Japan	***	***	***
Korea	***	***	***
Russia	***	***	***
United Kingdom	***	***	***
Subtotal, subject	35,035	86,615	116,787
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	18,272	18,781	20,665
Total U.S. imports	53,307	105,396	137,452
Unknown sources	53,309	91,509	62,209
All sources	839,657	966,497	849,584

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

U.S. demand

Based on available information, the overall demand for cold-rolled steel is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the somewhat limited range of substitute products and small cost share in most of its end-use products, weighed against the moderate-to-large cost share of cold-rolled steel in components.

End uses

U.S. demand for cold-rolled steel is derived from the demand for downstream products. Common applications for cold-rolled steel are appliances, automobiles, containers, electric motors, and construction. Other end uses include: aircraft parts, steel barrels and drums, tubing, decking, HVAC systems, electrical equipment, furniture, and sheet for further conversion. According to ***, the *** is the largest market in which cold-rolled steel is shipped directly from U.S. producers to the end user (table II-6).

Table II-6
End use distribution: Shipments by U.S. producers of cold-rolled steel by market classification, 2015

* * * * * * *

Cost share

Cold-rolled steel is used in a wide variety of products, with relevant cost shares varying greatly. Depending on the product, cold-rolled steel products can account for a relatively high percentage of the cost of the components, but generally a smaller percentage of the final products. For example, purchasers reported that cold-rolled steel accounted for 1 percent or less of the cost of a car, but a higher percentage of the cost of auto parts (1 to 15 percent reported by most purchasers, but as high as 70 percent for a car roof). For appliances, cost-share estimates ranged from 11 to 28 percent for washers, dryers, and refrigerators, and 36 percent of the cost of cooking range burner bowls and broiler pans. Other products and cost-share estimates included steel strapping (68-76 percent), electrical (70 percent), fencing (70 percent), steel shelving (39-58 percent), tube (67-75 percent), and HVAC systems (10 percent).

Business cycles

Approximately half of U.S. producers (7 of 13) and a minority of importers (17 of 46) and purchasers (12 of 41) indicated that the market was subject to business cycles. Specifically, firms reported some seasonal fluctuations in the automotive and construction industries. One U.S. producer reported increased demand for cold-rolled steel in packing and construction end uses during the spring. Another U.S. producer reported a slowdown in July with auto changeovers, and reduced demand for construction in the first and fourth quarters. One importer reported decreased demand during the summer and holidays. One purchaser reported slower fourth quarter and increased demand in first and second quarter in preparation for construction activity in the summer months.

Four of 13 responding U.S. producers, 7 of 48 importers, and 7 of 41 purchasers indicated that the market was subject to distinct conditions of competition. Three of four responding U.S. producers identified an increase in low-priced imports, with *** reporting that import surges resulted in large inventories and then reduced apparent consumption as the inventories were liquidated. Importers noted distinct conditions related to particular products, such as black plate;[15] weather conditions including closing of the Great Lakes affecting raw material deliveries and shipments of cold-rolled steel; long lead times for imports from Japan; high quality of imported product (reported by ***, and increased use of coated steel.

Four of 9 U.S. producers, 9 of 21 importers, and 14 of 31 purchasers reported that there have been changes to the business cycle or conditions of competition since 2013. U.S. producers reported an increase in import volumes, declining prices, increased foreign capacity and supply, weak demand in Europe and other foreign markets, and increased trade actions abroad reducing available markets for subject imports. Several importers identified the strengthening automotive market, although *** stated that automotive producers have increasingly used corrosion-resistant steel instead of cold-rolled steel. *** mentioned that

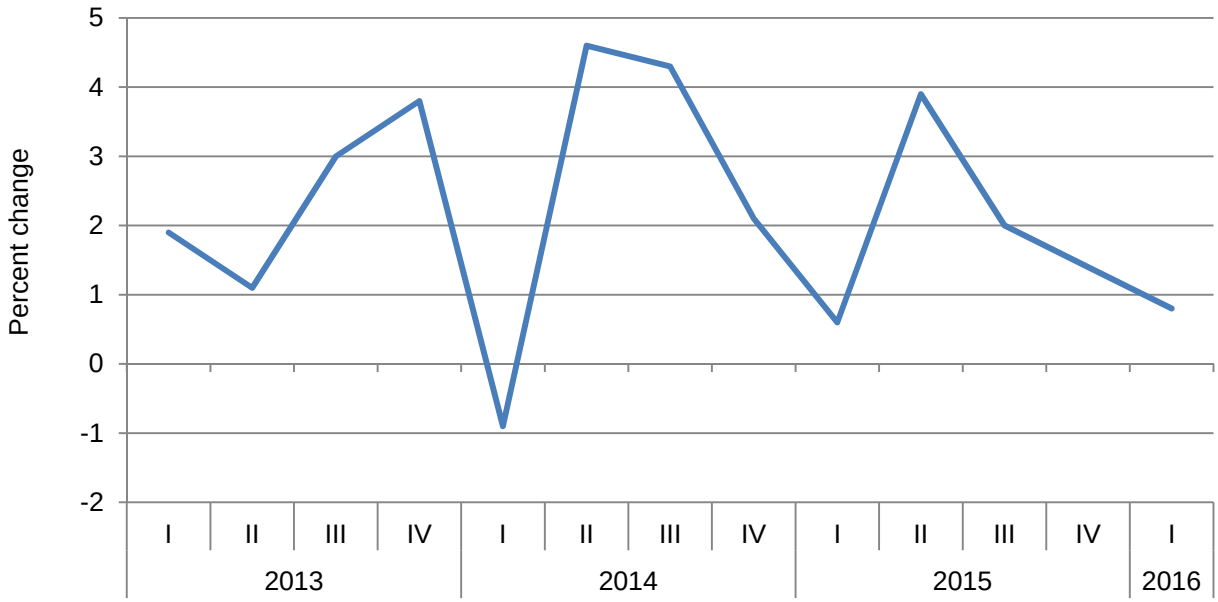
[15] ***.

severe winter conditions in 2013-14 caused the closure of northern waterways until spring 2014 and long lead times from foreign sources, which affected the allocation of purchasing between domestic and imported product until late 2015. *** reported increased demand for black plate. Purchasers reported several changes including the influx of foreign steel, lower domestic industrial activity, increased auto production, U.S. mill consolidation, and reduced output.

Demand trends

U.S. demand for cold-rolled steel is affected by changes in overall U.S. economic activity and in particular by changes in demand in the construction, appliance, and automotive industries. The aggregate U.S. economy, as measured by percentage changes in the gross domestic product, fluctuated from 2013 to 2015, with negative growth during the first quarter of 2014 (figure II-4).

Figure II-4
Real U.S. GDP growth: Percentage change from the previous quarter, quarterly, January 2013-March 2016



Source: National Income and Product Accounts-Table 1.1.1, *Percent Change from Preceding Period in Real Gross Domestic Product*, Bureau of Economic Analysis, http://www.bea.gov/iTable/index_nipa.cfm, May 27, 2016.

Demand for cold-rolled steel is primarily driven by automotive and construction demand. Both the U.S. automotive and construction industries have seen substantial growth since 2013 (figures II-5 and II-6). Total U.S. light truck and automobile sales grew by 12.0 percent from 15.4 million units in January 2013 to 17.2 million units in December 2015.[16] After peaking in September-November 2015, automotive sales have been lower in December 2015 and the first few months of 2016. The National Automobile Dealers Association projects that U.S. light vehicle sales will increase to 17.7 million units in 2016 and then fall to 17.2 million units in 2017.[17]

Total U.S. construction spending increased by 31.3 percent from January 2013 to December 2015, and continued to rise into 2016, with preliminary data showing a slight downturn in April 2016.[18] U.S. construction spending is projected to continue to increase in 2016 and 2017.[19]

Firms provided varying responses regarding U.S. demand trends since January 1, 2013, although most firms reported that demand either increased or fluctuated (table II-7). Eight of 12 U.S. producers, 15 of 45 importers, and 11 of 34 purchasers reported that U.S. demand for cold-rolled steel increased. Similarly 12 purchasers reported that demand for their final products using cold-rolled steel increased and 11 reported that it fluctuated.

Firms reporting increased demand cited U.S. economic recovery, and in particular increased demand for autos, appliances, and construction. According to ***, U.S. construction, appliance and automotive demand has gradually increased since the recession, with automotive sector demand growth outpacing that of the construction sector. Petitioners reported that demand is expected to continue to be strong in 2016, particularly in the automotive market, with modest growth expected in construction and appliances.[20] Respondents also stated that demand for cold-rolled steel is expected to remain strong in 2016, particularly in the automotive and construction sectors.[21]

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[16] Total U.S. light truck and automobile sales increased by 0.3 percent from January2013 to December 2013, 9.9 percent from January 2014 to December 2014, and 3.5 percent from January 2015 to December 2015.

[17] National Automobile Dealers Association press release, "NADA Forecasts 17.7 Million New Vehicles Sales in 2016," Nov. 27, 2015, reproduced in Korean respondents prehearing brief, exh. 21.

[18] Total U.S. construction spending increased by 12.2 percent from January 2013 to December 2013, by 6.0 percent from January 2014 to December 2014, and by 9.0 percent from January 2015 to December 2015.

[19] Non-residential building spending is projected to grow by 8.3 percent in 2016 and 6.7 percent in 2017. American Institute of Architects press release, "Nonresidential Construction Market Momentum to Continue," February 11, 2016.

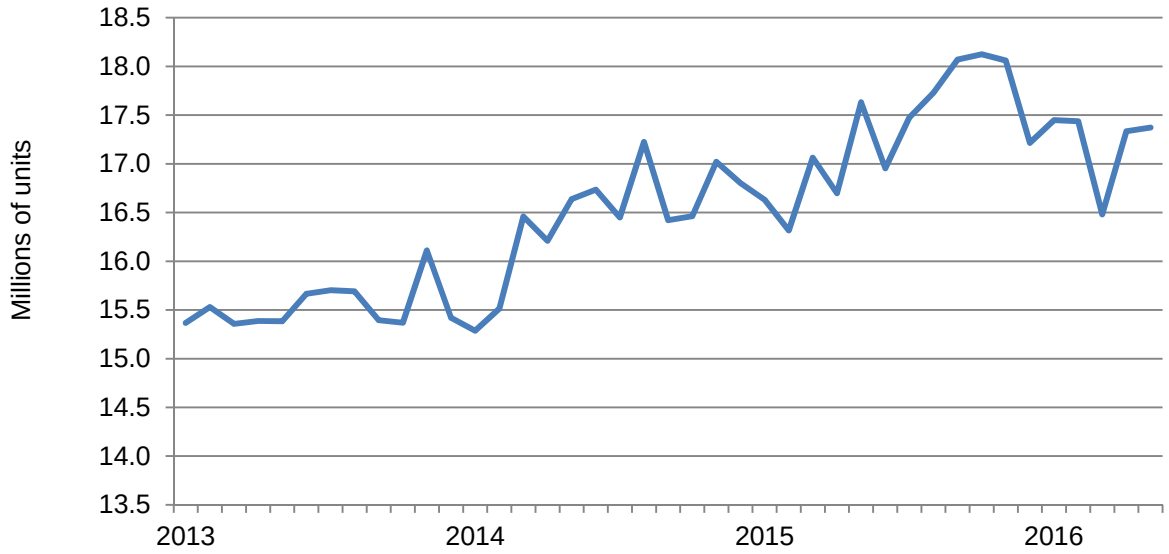
Housing starts are projected to increase by 11.9 percent in 2016 and 9.9 percent in 2017. Construction Market Data, "U.S. Housing Starts Forecasts and Long-term Graphs," March 30, 2016.

[20] Hearing transcript, p. 175 (Lauschke).

[21] Korean producers' prehearing brief, pp. 68-70.

Figure II-5

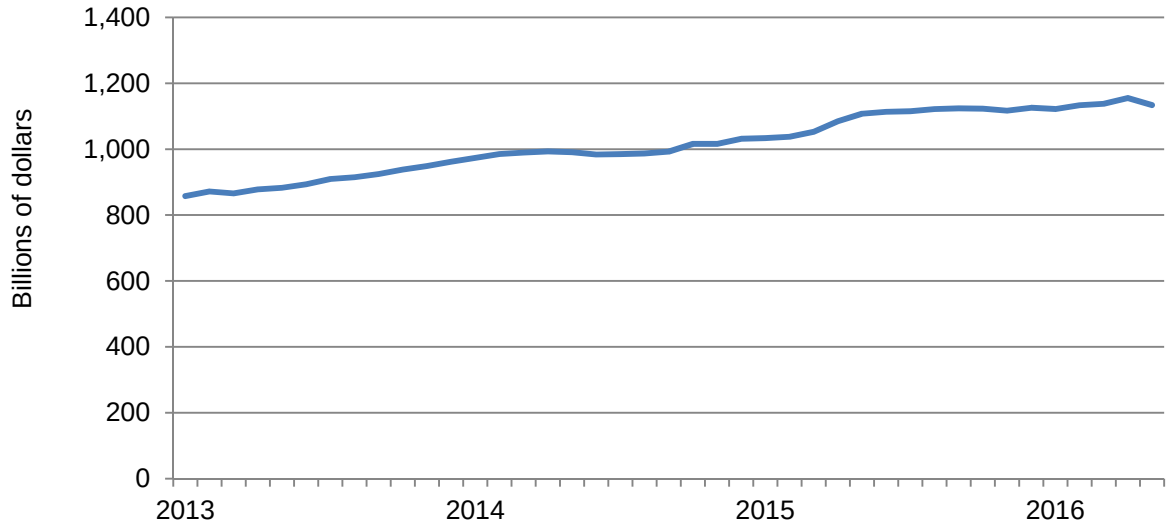
U.S. automotive sales: Automobile and light truck retail unit sales, monthly, seasonally adjusted at annual rates, January 2013-April 2016



Source: BEA, Motor Vehicle Unit Retail Sales, table 6, Light Vehicle and Total Vehicle Sales, www.bea.gov/national/xls/gap_hist.xls, June 2, 2016.

Figure II-6

U.S. construction activity: Total construction spending (private and public construction), monthly, seasonally adjusted at annual rates, January 2013-April 2016[1]



[1] Data for April 2016 are preliminary.

Source: Construction Spending, U.S. Census Bureau, http://www.census.gov/, retrieved June 2, 2016.

Table II-7

Cold-rolled steel: Firms' responses regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers	8	2	0	2
Importers	15	8	4	19
Purchasers	11	5	8	10
Demand outside the United States:				
U.S. producers	3	2	3	2
Importers	10	8	4	15
Purchasers	3	2	5	6
Demand for purchasers' final products:				
Purchasers	12	1	3	11

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

Respondent Hyundai Steel reported that although U.S. automotive production has increased, demand for cold-rolled steel by automotive producers has declined as corrosion-resistant steel has increasingly substituted for cold-rolled steel.[22] Petitioners stated that aluminum has made some inroads into cold-rolled steel demand by automotive producers although advanced high strength steels are counteracting the impact of aluminum.[23] Ford's new F-150 pickup-truck, launched in 2014, uses aluminum to replace cold-rolled steel for body panels.[24] Automotive producers responding to the purchaser questionnaire reported that their purchases of cold-rolled steel increased by 1.5 percent from 2013 to 2014 and then declined by 5.3 percent from 2014 to 2015, an overall decline of 3.9 percent from 2013 to 2015.[25]

Fewer firms responded with respect to demand for cold-rolled steel outside the United States since many of these firms have limited involvement in foreign markets, and these responses varied. U.S. producers reported slow growth and weak demand in Asia and in Europe.

Substitute products

Substitutes for cold-rolled steel are limited in many applications, particularly in the short term since substituting other products in applications such as automobiles and appliances may require design changes. While most responding firms indicated that there were not substitutes for cold-rolled steel, 6 of 10 responding U.S. producers, 9 of 42 responding importers, and 4 of 42 responding purchasers indicated that there were substitutes. Five of 8 responding U.S.

[22] Hearing transcript, p. 212 (Kim).

[23] Hearing transcript, pp. 179-181 (Reich, Blume, Longhi).

[24] The use of aluminum, which reduced the vehicle weight by 700 pounds, was primarily to meet fuel economy standards. Ford's prehearing brief, pp. 9-10.

[25] Purchaser questionnaire responses of ***.

producers and 4 of 8 responding importers, and all 4 of the responding purchasers reported that price changes for substitutes do not affect the price of cold-rolled steel.

Substitutes for cold-rolled steel listed by producers and importers included aluminum, plastic, hot-rolled pickled and oiled products, light-gauge hot-rolled steel, NOES, galvanized steel, wood, and stainless steel.[26] Among purchasers, *** reported that hot-rolled steel and hot-dip galvanized could be used in specific appliance applications. *** listed hot-rolled steel, coated material, and plastic. *** listed coated steel for automotive parts. *** stated that it will substitute hot-rolled or corrosion resistant steel when cold-rolled steel is not available in the required gauge. In addition, it reported substituting aluminum in new motor vehicles, and magnesium in certain vehicle parts such as bolsters and inner lifting gates, because of new regulatory requirements and consumer preferences for vehicles with greater fuel economy.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported cold-rolled steel 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 a high degree of substitutability between domestically produced cold-rolled steel and cold-rolled steel imported from subject sources.

Lead times

Cold-rolled steel is primarily produced-to-order. U.S. producers reported that 99.3 percent of their commercial shipments were produced-to-order, with lead times averaging 35 days. The remaining 0.7 percent of their commercial shipments came from inventories, with lead times averaging 16 days. U.S. importers reported that 87.5 percent of their commercial shipments were produced-to-order, with lead times averaging 105 days. U.S. importers reported that 11.7 percent of their commercial shipments came from U.S. inventories and the remaining 0.8 percent of their commercial shipments came from foreign inventories. Importers averaged 24 days to complete orders from U.S. inventories and 122 days to complete orders from foreign inventories.

[26] Aluminum was reported as a substitute for cold-rolled steel in automotive and furniture uses; plastic was identified as a substitute in containers, furniture, and structural uses; hot-rolled pickled and oiled products was reported as a substitute in pipe and tube end uses; NOES was reported as a substitute in ignition applications; galvanized steel was reported as a substitute in non-critical exposed automotive applications; light-gauge hot-rolled was reported as a substitute in tubing and conversion; wood was reported as a substitute in decking; and stainless steel was identified as a substitute in appliances.

Knowledge of country sources

Most purchasers (36 of 43) indicated they had marketing/pricing knowledge of domestic product, the following number of purchasers indicated knowledge of each subject country: Brazil (8), China (15), India (7), Japan (16), Korea (11), Russia (4), United Kingdom (5); and nonsubject countries (15).

As shown in table II-8, the producer of cold-rolled steel is an important factor for many purchasers, with 24 of 42 purchasers reporting that they always or usually make purchasing decisions based on the producer. For purchasers' customers, however, the producer of the steel is less important. Most purchasers reported that purchases were only sometimes or never based on the country of origin of the steel. Of the 13 purchasers that reported that they always make decisions based the manufacturer, 3 firms cited quality; other reasons cited include ability to supply to meet specifications, including size ranges and finishes.

Table II-8
Cold-rolled steel: Purchasing decisions based on producer and country of origin

Decision	Always	Usually	Sometimes	Never
Purchases based on producer:				
Purchaser's decision	13	11	13	6
Purchaser's customer's decision	3	1	12	11
Purchases based on country of origin:				
Purchaser's decision	5	5	12	19
Purchaser's customer's decision	1	3	10	13

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

Factors affecting purchasing decisions

The most cited top three factors firms consider in their purchasing decisions for cold-rolled steel were price (39 firms), quality (38 firms), and availability (16 firms) as shown in table II-9. Quality was the most frequently cited first- and second-most important factor (cited by 22 firms and 14 firms, respectively), followed by price (8 and 12 firms); price was the most frequently reported third-most important factor (19 firms).

Of the 43 responding purchasers, 20 reported that they sometimes purchase the lowest-priced product, while 17 usually purchase the lowest-priced product. Four purchasers never purchase the lowest-priced priced product, while two always do so. Twenty-two of 41 responding purchasers indicated they are willing to pay more for U.S. produced cold-rolled steel than for imported cold-rolled steel. Of the 16 firms that indicated how much more they are willing to pay, 12 firms reported 1 to 5 percent, three reported 8 to 10 percent, and one ***

reported 30 percent.[27] A number of purchasers noted the importance of factors other than price, such as availability of particular grades, lead times, quality, and supply chain reliability.

Table II-9

Cold-rolled steel: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Price/cost	8	12	19	39
Quality	22	14	2	38
Availability	4	6	6	16
Other[1]	8	10	15	33

[1] Other factors include mill qualification, capability to produce to specifications, constant and stable supply, contracts, compliance with vehicle safety standards, delivery, financial health of supplier, lead time, reliability, service, product range, credit terms, technical support, supplier certification, and packaging.

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

When asked if they purchased cold-rolled steel from one source although a comparable product was available at a lower price from another source, 23 purchasers reported reasons that included contractual commitments, lead times, minimum quantity orders, reliability, relationships, quality, delivery, financial health of supplier, service, supplier qualification, size range, desire to have domestic supply or domestic steel requirements, and historically good material performance. *** stated that tin mill black plate from POSCO, Korea, is high quality and POSCO can supply large quantities, Chinese tin mill black plate is less expensive but low quality, and Japanese tin mill black plate might be an alternative source based on quality but Japanese producers cannot maintain a steady supply.[28] *** stated that vessels from China require a certain amount of tonnage (usually *** tons) in order to make a call on the local port, so it usually purchases more expensive coil from another source unless it is cheap enough in China to warrant buying the extra inventory.

Twenty of 42 purchasers reported that certain types of product were available only from certain country sources. Firms that described such products mentioned that high strength steels were not available domestically, and that certain thin gauge, black plate, and ultra-bright finish products were only available from Japan or Korea. *** listed advanced high-strength steel with a tensile strength of 780 MegaPascal as a product only available from Korea.[29] *** stated

[27] *** reported that although it is willing to pay a premium for U.S.-produced steel, it has not been able to qualify any domestic mills.

[28] Ohio Coating's rejection rate for black plate from ArcelorMittal has been "substantially higher" than that from POSCO and Japanese suppliers. Ohio Coatings continues to purchase significant volumes from ArcelorMittal to have a local source of supply but stated that it is not a viable option to purchase only from domestic producers since it competes with these same producers in the downstream tin mill product market. Hearing transcript, pp. 213-218 (Clark).

[29] Hyundai reported that it is the process of qualifying U.S. Steel for a high-strength low alloy grade, with purchases expected to begin in July, and that it has also discussed purchasing high-strength low alloy steel from AK Steel when it begins production in 2017. Hearing transcript, p. 212 (Kim).

that domestic sourcing is in process for high strength steel and *** reported that certain unique and proprietary grades are produced in Japan prior to being produced domestically since much of the automotive design for new models takes place in Japan. Similarly, Hyundai reported that during new auto model development it tends to partner initially with Japanese and Korean suppliers since its research and development center is in Korea, and then U.S. suppliers are qualified at the manufacturing stage.[30] Japanese respondents state that they supply certain products that are not available from domestic producers, specifically, extra bright finish tin mill black plate, high quality porcelain enameling steel, and ultra-high tensile automotive steel.[31]

Importance of specified purchase factors

Purchasers were asked to rate the importance of 18 factors in their purchasing decisions (table II-10). The factors rated as "very important" by more than half of responding purchasers were availability and product consistency (40 purchasers each); price (38); quality meets industry standards (37); reliability of supply (36); delivery time (28); technical support/service (27); supplier certification and U.S. transportation costs (23 each); delivery terms and prior experience with supplier (22 each); and product range (21).

Supplier certification

Most responding purchasers (35 of 43) require their suppliers to become certified or qualified to sell cold-rolled steel to their firm. Of the 28 purchasers that provided the number of days to qualify a new supplier, 17 purchasers reported times ranging from six months to a year and 9 purchasers reported three months or less.[32] Purchasers were also asked whether there was an additional certification requirement for certain grades of steel, and if so, the qualification time, and the purchaser's approved suppliers. A few purchasers identified certain grades of steel as follows: ***. *** stated that only Japanese mills are qualified to supply bright finish product and that ***.

Five purchasers reported that domestic suppliers (Nucor, U.S. Steel, and NLMK), four purchasers reported that suppliers of subject imports (from China and Japan), and two purchasers reported that nonsubject foreign suppliers had failed in their attempts to qualify product, or had lost their approved status since 2013.

[30] Hearing transcript, p. 212 (Kim).
[31] Hearing transcript, pp. 219-220 (Yamaguchi).
[32] In addition, *** reported up to 180 days, and *** reported 90 to 545 days.

Table II-10

Cold-rolled steel: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	40	2	0
Continuously-annealed product	14	17	11
Delivery terms	22	18	2
Delivery time	28	12	2
Discounts offered	12	23	7
Extension of credit	8	19	15
Minimum quantity requirements	6	23	13
Packaging	15	22	5
Price	38	3	0
Prior experience with supplier	22	17	3
Product consistency	40	1	1
Product range	21	15	6
Quality exceeds industry standards	18	18	6
Quality meets industry standards	37	4	1
Reliability of supply	36	5	1
Supplier certification	23	14	5
Technical support/service	27	11	4
U.S. transportation costs	23	19	0

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

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since January 2013 (table II-11). Reasons reported for decreased purchases from U.S. producers included availability, price, market conditions, diversifying supplier base, and ***. Automotive producers *** reported decreased use of cold-rolled steel in favor of substitute materials. *** also reported that U.S. mills do not produce the high tensile strength steel needed for its products, and *** reported that its use of vehicle parts that do not contain cold-rolled steel has affected long-term contracts which are mainly supplied by U.S. producers rather than spot purchases. *** reported that its purchases fluctuated, reflecting ***.[33] Purchasers reported that the following factors affected their purchases from subject countries: lower prices, availability, trial purchases, automotive market demand (and vehicle production mix), special grade availability, and quality.

[33] ***.

Table II-11

Cold-rolled steel: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	2	9	3	11	17
Brazil	28	0	5	0	1
China	20	1	7	2	8
India	32	0	2	1	2
Japan	20	3	7	3	2
Korea	21	0	10	2	2
Russia	30	1	2	0	1
United Kingdom	27	0	3	0	4
Canada	21	3	1	4	6
All other sources	18	0	7	2	7
Unknown	19	0	1	1	3

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

Twenty-two of 43 responding purchasers reported that they had changed suppliers since January 1, 2013. Specifically, firms dropped or reduced purchases from U.S. Steel and AK Steel because of price, Ryerson because it went out of business, RG Steel because it closed a mill, Marubeni-Itochu because it could no longer meet ***, and Duferco because it could not supply coil to ***. Firms added or increased purchases from Totem because of price, ArcelorMittal because of location and capabilities, POSCO and Bao Steel because of trial material, and Marubeni-Itochu due to NOES needs and to replace Duferco. CSN (Brazil) and NLMK (Russia) were also added (with no reasons given). Purchasers also reported changes because of mill/vendor consolidation, citing ArcelorMittal's purchase of ThyssenKrupp, Steel Dynamics' purchase of Severstal, and Nippon Steel and Sumitomo Metal's merger. ***, these consolidations are a significant concern because with fewer suppliers, the more unresponsive and insensitive the mills are to market trends, such as a global decline in commodity prices, and its requirements for lighter weight steel to meet regulatory and consumer requirements.

Importance of purchasing domestic product

Purchasers reported that they did not require domestic product for most of their cold-rolled steel purchases. About 31 percent of their 2015 purchases reportedly required domestic product. Specifically, 15 percent was required by customers (17 purchasers), about 7 percent was required by law (7 purchasers), and the remaining 9 percent (6 purchasers), was required for other reasons. Other reasons cited for preferring domestic product included: short lead time needs of customers, and a decision to diversify suppliers and use local materials.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing cold-rolled steel produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 18 factors (table II-12) for which they were asked to rate the importance.

A majority or plurality of purchasers reported that U.S. product was comparable to imported product from each subject country and nonsubject countries on 9 of the 18 factors.[34] On seven factors, most purchasers rated U.S. product as comparable to product from each individual subject country with the exception of availability and delivery terms (India), minimum quantity requirements (India and Russia), product range (India), quality exceeds industry standards (Korea), technical support/service (Brazil, India, Russia), and U.S. transportation costs (Brazil, China, India, and Korea). For two factors, delivery time and price, a majority or plurality of purchasers indicated that U.S. product and imported product from each subject country (except the United Kingdom) were not comparable.[35]

[34] These factors are continuously-annealed product, discounts offered, extension of credit, packaging, prior experience with supplier, product consistency, quality meets industry standards, reliability of supply, and supplier certification.

[35] For price, a majority of purchasers rated the United Kingdom as comparable to the United States.

Table II-12

Cold-rolled steel: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting											
	U.S. vs. Brazil			U.S. vs. China			U.S. vs. India			U.S. vs. Japan		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	4	4	1	6	9	1	4	2	0	2	14	4
Continuously-annealed product	3	6	0	2	12	2	2	4	0	0	15	4
Delivery terms	4	4	1	4	10	2	3	2	1	7	11	0
Delivery time	7	0	2	12	1	3	4	0	2	12	6	2
Discounts offered	0	6	2	2	7	5	0	3	2	2	12	2
Extension of credit	3	3	1	3	9	3	1	3	1	2	10	3
Minimum quantity requirements	1	7	0	3	11	1	3	2	0	4	14	0
Packaging	0	7	1	0	11	4	0	4	1	1	13	3
Price[1]	1	2	6	2	2	12	1	1	4	1	6	11
Prior experience with supplier	4	4	0	4	10	0	3	3	0	3	11	4
Product consistency	1	7	0	0	15	1	1	5	0	1	13	5
Product range	2	7	0	1	13	2	3	2	0	0	16	4
Quality exceeds industry standards	1	8	0	1	12	3	1	5	0	1	11	8
Quality meets industry standards	1	8	0	1	14	0	1	5	0	1	15	5
Reliability of supply	3	6	0	4	11	1	1	5	0	0	16	5
Supplier certification	0	8	0	1	14	0	1	5	0	0	18	2
Technical support/service	5	3	0	7	7	2	3	2	1	6	12	3
U.S. transportation costs[1]	5	2	2	7	6	3	3	2	1	7	8	4
Factor	**U.S. vs. Korea**			**U.S. vs. Russia**			**U.S. vs. UK**			**U.S. vs. Other**		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	5	8	2	1	4	1	2	5	1	1	11	1
Continuously-annealed product	1	9	4	1	5	0	3	5	0	3	9	0
Delivery terms	4	9	1	2	3	1	2	5	1	5	9	0
Delivery time	11	2	2	4	0	2	3	3	2	8	4	2
Discounts offered	1	6	4	0	4	1	1	5	0	1	9	2
Extension of credit	2	6	4	2	2	1	2	5	0	2	9	2
Minimum quantity requirements	5	8	0	3	2	0	2	4	1	3	9	1
Packaging	1	9	4	1	4	1	0	6	2	0	12	1
Price[1]	0	3	12	1	0	5	1	5	2	3	3	7
Prior experience with supplier	2	6	5	1	4	0	1	6	0	1	9	2
Product consistency	0	8	7	1	5	0	0	8	0	0	11	2
Product range	1	10	3	2	4	0	1	6	0	1	10	1
Quality exceeds industry standards	0	6	8	1	5	0	1	7	0	1	10	2
Quality meets industry standards	0	13	2	1	5	0	1	7	0	1	11	1
Reliability of supply	2	7	6	1	4	1	0	8	0	1	10	2
Supplier certification	1	13	1	1	5	0	0	8	0	1	11	1
Technical support/service	3	8	3	3	2	1	3	5	0	3	8	2
U.S. transportation costs[1]	5	4	6	2	3	1	1	5	2	3	7	3

Table continued.

Table II-12 -- Continued
Cold-rolled steel: Purchasers' comparisons between U.S.-produced and imported product

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

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

Comparison of U.S.-produced and imported cold-rolled steel

In order to determine whether U.S.-produced cold-rolled steel can generally be used in the same applications as imports from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-13, the majority of U.S. producers reported that cold-rolled steel from all country pairs was "always" interchangeable. Most importers and purchasers reported that cold-rolled steel from all country pairs was either "always" or "frequently" interchangeable. There was one exception; a majority of purchasers comparing products from the United States and Japan indicated that the products were only "sometimes" or "never" comparable.

Purchasers reported a number of factors that limit interchangeability between sources. Some firms reported that certain products (bright finish and light gauges and tin-mill black plate) produced in Japan and Korea were not available from domestic producers. Firms also noted that Korean and Japanese product was higher quality, such as higher tensile strength, than domestic product. Other factors noted by firms that limited interchangeability were customer approval needed to change sourcing, capability and OEM qualifications, and quality.

As can be seen from table II-14, most responding purchases reported that cold-rolled steel from U.S. producers and from subject countries "always" or "usually" met minimum quality specifications.

In addition, U.S. producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of cold-rolled steel from the United States, subject, or nonsubject countries. As seen in table II-15, the majority of U.S. producers indicated that differences other than price were "never" significant for each country pair. The majority of importers and purchasers reported that differences other than price were "sometimes" or "never" significant for most country pairs. The exceptions were the United States compared to China (15 of 29 importers reported "always" or "frequently") and Korea (12 of 22 purchasers reported "always" or "frequently").

Table II-13

Cold-rolled steel: Interchangeability between cold-rolled steel produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
United States vs. Brazil	8	1	1	0	5	12	3	0	5	4	4	1
United States vs. China	8	0	1	1	6	15	8	0	12	5	5	1
United States vs. India	8	0	1	1	5	10	7	0	6	1	2	1
United States vs. Japan	8	2	0	0	6	10	4	2	8	2	9	4
United States vs. Korea	8	1	1	0	5	10	7	0	9	5	6	2
United States vs. Russia	8	0	1	1	5	8	6	0	5	3	1	1
United States vs. United Kingdom	8	2	1	0	4	8	4	1	4	2	4	1
Subject countries comparisons:												
Brazil vs. China	8	0	1	0	5	9	3	0	5	2	0	2
Brazil vs. India	8	0	1	0	5	9	2	0	2	2	0	1
Brazil vs. Japan	8	1	0	0	4	7	2	1	4	1	0	2
Brazil vs. Korea	8	1	0	0	4	7	5	0	4	1	0	1
Brazil vs. Russia	8	0	1	0	5	6	5	0	2	2	1	1
Brazil vs. United Kingdom	8	1	0	0	4	7	3	2	2	1	2	1
China vs. India	8	0	1	0	5	10	3	0	3	1	1	2
China vs. Japan	8	0	1	0	4	6	4	1	5	2	1	1
China vs. Korea	8	0	1	0	4	6	6	0	7	2	1	1
China vs. Russia	8	0	1	0	5	7	5	0	3	2	1	1
China vs. United Kingdom	8	0	1	0	4	5	5	2	2	1	2	1
India vs. Japan	8	0	1	0	4	5	4	1	3	0	1	2
India vs. Korea	8	0	1	0	4	5	8	0	4	0	1	1
India vs. Russia	8	0	1	0	5	6	5	0	2	1	1	1
India vs. United Kingdom	8	0	1	0	4	4	7	1	2	0	1	1
Japan vs. Korea	8	1	0	0	5	6	6	1	7	1	2	1
Japan vs. Russia	8	0	1	0	4	4	5	1	4	1	1	1
Japan vs. United Kingdom	8	1	0	0	4	6	6	2	2	1	1	1
Korea vs. Russia	8	0	1	0	4	5	5	0	3	2	1	1
Korea vs. United Kingdom	8	1	0	0	4	6	5	2	2	2	1	1
Russia vs. United Kingdom	8	0	1	0	4	3	7	2	2	1	1	1

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Table continued.

Table II-13 -- Continued

Cold-rolled steel: Interchangeability between cold-rolled steel produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
Nonsubject countries comparisons:												
United States vs. Canada	8	0	2	0	4	11	3	0	7	7	5	1
United States vs. Other	7	0	2	0	4	8	9	0	6	5	2	2
Brazil vs. Canada	8	0	1	0	4	7	2	0	3	1	1	1
Brazil vs. Other	7	0	1	0	4	5	7	0	2	1	1	1
China vs. Canada	8	0	1	0	4	6	3	0	3	2	1	1
China vs. Other	7	0	1	0	4	7	7	0	2	2	1	1
India vs. Canada	8	0	1	0	4	5	4	0	2	1	1	1
India vs. Other	7	0	1	0	4	7	8	0	2	0	0	1
Japan vs. Canada	8	0	1	0	4	7	3	1	4	2	1	1
Japan vs. Other	7	0	1	0	3	4	7	1	3	2	0	1
Korea vs. Canada	8	0	1	0	4	6	3	0	4	1	1	1
Korea vs. Other	7	0	1	0	3	5	8	0	3	2	0	1
Russia vs. Canada	8	0	1	0	4	4	5	0	3	2	1	1
Russia vs. Other	7	0	1	0	4	5	8	0	2	2	0	1
United Kingdom vs. Canada	8	0	1	0	4	4	4	1	2	2	1	1
United Kingdom vs. Other	7	0	1	0	3	4	7	0	2	1	0	1
Canada vs. Other	7	0	1	0	3	5	7	0	2	2	1	1

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

Table II-14

Cold-rolled steel: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	16	20	1	3
Brazil	6	3	0	0
China	7	11	0	1
India	3	4	0	1
Japan	17	4	1	0
Korea	13	5	1	1
Russia	4	3	1	0
United Kingdom	5	2	1	0
Other	9	8	0	0

[1] Purchasers were asked how often domestically produced or imported cold-rolled steel meets minimum quality specifications for their own or their customers' uses.

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

Table II-15

Cold-rolled steel: Significance of differences other than price between cold-rolled steel produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
United States vs. Brazil	1	0	3	5	3	4	9	4	4	1	4	4
United States vs. China	1	0	3	5	5	10	10	4	6	2	10	5
United States vs. India	1	0	3	5	3	5	11	4	5	0	4	3
United States vs. Japan	1	0	2	6	4	5	9	4	7	3	8	3
United States vs. Korea	1	0	2	6	5	5	8	4	7	5	7	3
United States vs. Russia	1	0	3	5	3	3	8	4	3	1	3	3
United States vs. United Kingdom	1	0	3	6	3	3	7	4	3	1	4	3
Subject countries comparisons:												
Brazil vs. China	0	0	3	5	2	3	6	5	1	1	2	4
Brazil vs. India	0	0	3	5	2	3	5	5	1	0	2	2
Brazil vs. Japan	0	0	3	5	2	2	5	4	1	1	1	4
Brazil vs. Korea	0	0	3	5	3	4	5	4	1	1	1	3
Brazil vs. Russia	0	0	3	5	3	3	4	4	1	0	2	3
Brazil vs. United Kingdom	0	0	3	5	2	2	4	5	1	0	2	3
China vs. India	0	0	3	5	3	4	6	5	1	0	2	3
China vs. Japan	0	0	3	5	2	2	6	4	1	1	3	4
China vs. Korea	0	0	3	5	3	4	5	4	1	1	3	5
China vs. Russia	0	0	3	5	3	3	5	4	1	0	2	3
China vs. United Kingdom	0	0	3	5	3	2	4	4	1	0	2	3
India vs. Japan	0	0	3	5	2	3	5	4	1	1	1	3
India vs. Korea	0	0	3	5	3	4	6	4	1	1	1	3
India vs. Russia	0	0	3	5	3	3	5	4	1	0	2	2
India vs. United Kingdom	0	0	3	5	3	2	4	4	1	0	1	2
Japan vs. Korea	0	0	2	6	4	4	3	5	1	0	5	4
Japan vs. Russia	0	0	3	5	3	2	4	3	1	0	2	3
Japan vs. United Kingdom	0	0	2	6	3	2	3	5	1	0	1	3
Korea vs. Russia	0	0	3	5	2	2	5	3	1	0	2	3
Korea vs. United Kingdom	0	0	2	6	2	2	4	5	1	1	1	3
Russia vs. United Kingdom	0	0	3	5	3	2	4	4	1	0	1	3

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Table continued.

Table II-15 — Continued

Cold-rolled steel: Significance of differences other than price between cold-rolled steel produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
Nonsubject countries comparisons:												
United States vs. Canada	1	0	3	5	2	4	6	4	4	3	5	8
United States vs. Other	1	0	2	5	3	6	10	4	5	2	5	4
Brazil vs. Canada	0	0	3	5	1	2	4	5	1	0	2	3
Brazil vs. Other	0	0	2	5	2	2	4	5	1	0	1	3
China vs. Canada	0	0	3	5	1	2	4	5	1	0	3	3
China vs. Other	0	0	2	5	3	3	5	5	1	0	1	3
India vs. Canada	0	0	3	5	1	2	4	5	1	0	2	2
India vs. Other	0	0	2	5	3	3	6	5	1	0	0	2
Japan vs. Canada	0	0	3	5	2	3	4	4	1	1	1	4
Japan vs. Other	0	0	2	5	2	2	4	4	1	0	0	4
Korea vs. Canada	0	0	3	5	1	2	5	4	1	0	3	3
Korea vs. Other	0	0	2	5	1	2	5	4	1	0	1	4
Russia vs. Canada	0	0	3	5	1	2	4	5	1	0	2	3
Russia vs. Other	0	0	2	5	3	2	5	5	1	0	0	3
United Kingdom vs. Canada	0	0	3	5	2	2	4	4	1	0	1	4
United Kingdom vs. Other	0	0	2	5	2	2	4	4	1	0	0	3
Canada vs. Other	0	0	2	5	1	2	4	5	2	1	2	3

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

Factors other than price listed by purchasers include lead time, transportation costs, preference for domestic steel, capability to manufacture, quality, length of supply chain, availability, domestic producers unwilling to supply black plate because they have their own tin mill production, technical service, ability to meet customer requirements, product range, approval of the mill, and terms. Ford noted a preference for U.S.-produced cold-rolled steel because of the availability of supply, technical capabilities, and proximity of location.[36]

ELASTICITY ESTIMATES

This section discusses elasticity estimates. No party provided comments on the estimates in their prehearing or posthearing briefs.

[36] Ford's prehearing brief, p. 2.

U.S. supply elasticity

The domestic supply elasticity[37] for cold-rolled steel measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of cold-rolled steel. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced cold-rolled steel. Analysis of these factors earlier indicates that the U.S. industry has the ability to greatly increase or decrease shipments to the U.S. market; an estimate in the range of 4 to 8 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for cold-rolled steel measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of cold-rolled steel. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the cold-rolled steel in the production of any downstream products. Based on the available information, the aggregate demand for cold-rolled steel is likely to be inelastic; a range of -0.25 to -0.75 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[38] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced cold-rolled steel and imported cold-rolled steel is likely to be in the range of 3 to 5.

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

[38] 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.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of 13 firms that accounted for the virtually all of U.S. production of cold-rolled steel during 2015. The top three firms, AK Steel, ArcelorMittal USA, and U.S. Steel, accounted for *** percent of U.S. production of cold-rolled steel in 2015.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 24 firms based on information contained in the petition, the preliminary phase of these investigations, and other available industry sources. Thirteen firms provided useable data on their productive operations.[1]

Table III-1 lists U.S. producers of cold-rolled steel, their production locations, positions on the petition, and shares of total production. The tabulation below lists known U.S. producers of cold-rolled steel and the types of production activities in which their facilities are involved.[2]

Type of production activity	Firm
Blast furnace/oxygen furnace steelmaking	AK Steel ArcelorMittal USA U.S. Steel
Electric arc furnace steelmaking	Nucor Steel Dynamics
Hot rolling and subsequent cold rolling of purchased/imported slabs	CSI ArcelorMittal USA Calvert facility NLMK (Top Gun)
Cold rolling of purchased/imported hot-rolled steel	Blair Strip CSN Steelscape Thomas Steel USS-POSCO Worthington

[1] Four firms (***) reported that they had not produced cold-rolled steel since January 1, 2013. Seven firms, which are believed to be processors of cold-rolled steel, (***) did not respond to the Commission's questionnaire.

[2] All of the purchasers of both slab and/or hot-rolled steel, except Worthington (an independent steel processor), are related in some way to offshore blast furnace/oxygen furnace steelmaker suppliers.

Table III-1
Cold-rolled steel: U.S. producers of cold-rolled steel, their positions on the petition, production locations, and shares of reported production, 2015

Firm	Position on petition	Production location(s)	Share of production (percent)
AK Steel	Support	Ashland, KY Butler, PA Dearborn, MI Middletown, OH Rockport, IN	***
ArcelorMittal USA	Support	Burns Harbor, IN Cleveland, OH East Chicago, IN Weirton, WV New Carlisle, IN Calvert, AL	***
Blair Strip	***	New Castle, PA	***
CSI	***	Fontana, CA	***
CSN	***	Terre Haute, IN	***
Nucor	Support	Blytheville, AK Berkeley, SC Trinity, AL Crawfordsville, IN	***
Steel Dynamics	Support	Butler, IN Columbus, MS	***
Steelscape	***	Kalama, WA	***
Thomas Steel	***	Warren, OH	***
NLMK (Top Gun)	***	Farrell, PA Sharon, PA Portage, IN	***
U.S. Steel	Support	Fairfield, AL Gary, IN East Chicago, IN Portage, IN Granite City, IL Ecorse, MI West Mifflin, PA	***
USS POSCO	***	Pittsburg, CA	***
Worthington	***	Columbus, OH Cleveland, OH Rome, NY	***
Total			***

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms.

Table III-2
Cold-rolled steel: U.S. producers' ownership, related and/or affiliated firms

* * * * * * *

As indicated in table III-2, five U.S. producers (***) are related to foreign producers of the subject merchandise, and one U.S. producer (***) is related to U.S. importers of cold-rolled from the subject sources. In addition, as discussed in greater detail below, one U.S. producer, ***, directly imported cold-rolled steel from subject countries and three other U.S. producers, ***, are related to U.S. importers that imported cold-rolled steel from subject countries. Two U.S. producers (***) purchased the subject merchandise from U.S. importers.

Tolling operations and joint ventures

Two domestic producers reported tolling operations, ***. *** reported that ***. *** reported that ***.

Changes in operations

Table III-3 summarizes recent important events that have taken place in the United States since January 1, 2013.[3] In addition to the events listed in table III-3, there is a reportedly a new entrant in the industry—the Big River Steel mill located in Osceola, Arkansas. Once the mill is completed in late 2016, it is expected to produce about 1.6 million tons of specialty steels annually, including advanced high strength cold rolled steel.[4] Big River Steel responded to the Commission's questionnaire in these final phase investigations indicating only that it is a start-up mill and that it has not yet produced any quantities of cold-rolled steel.

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[3] RG Steel idled all steelmaking operations after it filed for Chapter 11 bankruptcy protection in May 2012. Its cold-rolling mills in Allenport, Pennsylvania; Sparrows Point, Maryland; Warren, Ohio; and Yorkville, Ohio were all sold after the bankruptcy and the cold-rolling operations were liquidated. TribLive, "RG Steel Files for Chapter 11 Bankruptcy Protection," May 31, 2012, TribLive, "Allenport Plant Sold," http://triblive.com/x/pittsburghtrib/news/regional/s_785448.html , March 8, 2012, Baltimore Brew, "Who are the Mystery Buyers of Sparrows Point?" July 10, 2014, Bay Journal, "New Owner All Fired up to Raise Sparrows Point from the Ashes," December 3, 2014, The Business Journal, "Timeline Set for Demolition of RG Steel's Warren Mill," September 17, 2013, Esmark, Inc., press release, "Esmark to Convert Ohio Cold Rolling Company Facilities to Support Energy Services Companies in Marcellus and Utica Shale Plays," http://www.esmark.com/091014_esmark_convert_ohio_cold_rolling_comp_facilities.html , September 10, 2014.

[4] Big River Steel, "BRS Fact Sheet," http://info.bigriversteel.com/factsheet-bigriversteel, accessed June 6, 2016.

Table III-3
Cold-rolled steel: Important industry events since January 1, 2013

Date		Company	Action
Year	Month		
2013	June		The blast furnace at the Middletown, Ohio Works had an unplanned outage on June 22, 2013 and restarted on July 12, 2013. As a result of the unplanned outage, the company's steelmaking production during the quarter was reduced, resulting in a delay of shipments to some carbon steel spot market customers and an overall reduction in shipments during the third quarter of 2013.
			A new labor agreement is ratified with the United Auto Workers covering workers at the Rockport, Indiana Works. The previous agreement was set to expire on September 30, 2013 and the new agreement will expire on September 30, 2017. The Rockport Works is a finishing operation only (i.e. does not make steel) and produces cold-rolled steel as well as products outside of the product scope of these investigations such as coated and stainless steel flat-rolled products.
	August	AK Steel	A new labor agreement is ratified with the United Steelworkers union at the Ashland, KY Works. The old agreement expired on September 1, 2013. The new agreement takes effect September 1, 2013 and expires on March 1, 2015.
2014	February	ArcelorMittal USA	Acquires, in a joint venture with Nippon Steel & Sumitomo Metal Corp., ThyssenKrupp Steel USA, which is a steel processing plant in Calvert, Alabama. The Calvert, Alabama plant produces hot-rolled, cold-rolled, and coated steel.
		AK Steel	The blast furnace at the Ashland, Kentucky facility had an unplanned outage on February 22, 2014 and resumed operation in March.
	March	U.S. Steel	On March 27, 2014, operations at the Great Lakes Works in Michigan were suspended because of a roof collapse at the Work's steelmaking shop. Repairs were scheduled to be completed by mid-May 2014.
	June		A new labor agreement with the International Association of Machinists and Aerospace Workers was ratified covering workers at the Middletown, Ohio Works. The previous agreement was set to expire on September 15, 2014 and the new agreement will expire on March 15, 2018.
	July	AK Steel	Announced an unplanned blast furnace outage at its Ashland, Kentucky facility on February 22, 2014. An announcement was made on September 3, 2014 that the blast furnace was back in operation although at reduced production levels. AK Steel also stated that it would compensate for the lower production levels by purchasing slabs on the open market, boosting slab output at its Butler, Pennsylvania operations, and using output from its recently acquired Dearborn, Michigan facility.
	September	AK Steel	Acquired the former Severstal plant in Dearborn, Michigan. The Dearborn Works is an integrated steelmaking facility that produces flat-rolled products including hot- and cold-rolled steel, galvanized steel, as well as other products and was active when acquired by AK Steel.
		Steel Dynamics	Acquired the former Severstal steel mill in Columbus, Mississippi for $1.6 billion. The Columbus plant produced a range of flat-rolled products including hot-rolled, cold-rolled, and coated steel and was active when acquired by Steel Dynamics.

Table continued on next page.

Table III-3 -- Continued
Cold-rolled steel: Important industry events since January 1, 2013

	October	U.S. Steel	Announced its intent to install an electric arc furnace at its Fairfield Works in Alabama with a projected start date in 2017. The plan is to replace the blast furnace at Fairfield with an electric arc furnace.
	December	AK Steel	A new labor agreement with the United Steel Workers is ratified on December 12. The agreement covers workers at the Ashland Kentucky Works and became effective after the expiration of the old contract on March 1, 2015 and will expire on September 1, 2018. The Ashland Works has steelmaking and casting operations but not cold-rolling operations.
2014		Nucor	A new mill capable of producing 72-inch wide sheet began production at the Berkeley County, South Carolina plant.
	January	Worthington	Acquired Rome Strip Steel Co., Inc. located in Rome, N.Y. Rome manufactures cold-rolled steel to extremely tight tolerances, primarily for the automotive industry. The business will add a high-value-added, cold rolling and annealing production facility to the Company.
	March	U.S. Steel	Announced plans to begin construction of an electric arc furnace at its Fairfield, Alabama facility in the second quarter of 2015 with a projected completion date of third quarter of 2016. The electric arc furnace represents an investment of $230 million. The company planned to continue steelmaking and finishing operations during the construction to serve both the tubular and flat-rolled industry segments.
	August	ArcelorMittal USA, U.S. Steel	As of August 31, 2015, labor contract negotiations continue at ArcelorMittal USA and U.S. Steel with the United Steel Workers union as the labor contracts at both companies expire at 11:59 pm. September 1, 2015. According to at least one industry source, the parties are “far apart” on several issues.
			Announced the intent to permanently close the blast furnace, the hot strip mill, the pickle line, the cold mill, annealing facility and stretch and temper line (in other words, all equipment to make flat-rolled products including cold-rolled steel) at its Fairfield Works in Fairfield, Alabama, on or after November 17, 2015. The decision does not impact Fairfield Tubular Operations or the electric arc furnace construction project.
	November	U.S. Steel	The steelmaking and finishing operations at the Granite City Works in Illinois are idled.
	December	AK Steel	Blast furnace and steelmaking operations idled at Ashland, KY.
2015		U.S. Steel	Announced the postponement of construction of its electric arc furnace at its Fairfield Works in Birmingham, Alabama due to continued challenging market conditions in both the oil and gas and steel industries.
	February	U.S. Steel	A new 3-year labor agreement is reached with the United Steelworkers union. The previous agreement expired on September 1, 2015.
2016	April	ArcelorMittal USA	A tentative labor agreement is reached with the United Steelworkers union. If ratified, the agreement would run until September 1, 2018.The previous agreement expired on September 1, 2015.

Source: Compiled from information obtained from various news articles, press releases, and company websites.

Nine responding domestic producers reported changes in their operations related to the production of cold-rolled steel since January 1, 2013. Such changes are presented in table III-4.

Table III-4
Cold-rolled steel: Reported changes in operations by U.S. producers

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-5 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Domestic producers' aggregate capacity was relatively stable, increasing by 0.4 percent from 2013 to 2015.[5] Reported production was 2.3 percent lower in 2015 than in 2013, while capacity utilization was 1.8 percentage points lower over the same period. Although line shutdowns and production curtailments reported by six of the responding U.S. producers, including ***, mostly in 2014 and 2015 (see table III-4), did not result in a substantial decline in the reported aggregate capacity or the aggregate production during 2013-14, they were reflected in the aggregate production data reported during 2014-15.

Table III-5
Cold-rolled steel: U.S. producers' production, capacity, and capacity utilization, 2013-15

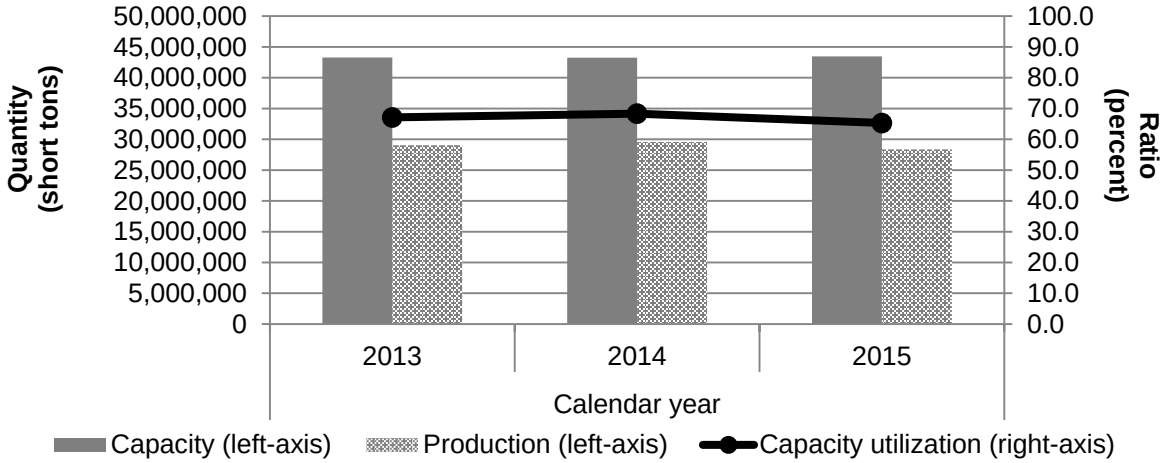
Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Capacity	43,284,702	43,258,349	43,463,587
Production	29,047,905	29,557,653	28,376,978
	Ratio (percent)		
Capacity utilization	67.1	68.3	65.3

Note.-- Most responding domestic producers reported cold-rolled steel capacity based on operating 156-168 hours per week. ***. All responding producers reported capacity based on operating 50-52 weeks per year.

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

[5] U.S. producer ***. Email from ***, May 31, 2016. Data for other acquisitions during 2013-15 were included in the U.S. producer questionnaire responses for ArcelorMittal USA's acquisition of ThyssenKrupp Steel's Calvert, Alabama facility; AK Steel's acquisition of Severstal's Dearborn, Michigan facility; and Steel Dynamics' acquisition of Severstal's Columbus, Mississippi facility.

Figure III-1
Cold-rolled steel: U.S. producers' production, capacity, and capacity utilization, 2013-15



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

Alternative products

As shown in table III-6, the majority of product produced by U.S. producers is cold-rolled steel. Production of cold-rolled steel accounted for 66.4 percent of total production on common equipment in 2015, while hot-rolled steel accounted for 28.9 percent and all other products accounted for 4.8 percent.[6] The share of production represented by cold-rolled steel increased between 2013 and 2015, while the share of hot-rolled steel declined and the share of other products was constant. A majority of responding firms reported that they do not produce alternative products on the same equipment or using the same employees as cold-rolled steel. Firms that reported alternative products, largely hot-rolled steel, included ***. Two firms (***) reported being able to switch production (capacity) between cold-rolled steel and other products using the same equipment and/or labor. *** reported that it could make ***. ***.

[6] Other products included coated steel (***) and tin mill products (***).

Table III-6
Cold-rolled steel: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Overall capacity	60,316,894	60,305,830	60,391,663
Production:			
Hot-rolled not further cold-rolled	13,600,125	13,799,308	12,332,315
Cold-rolled	29,047,905	29,557,653	28,376,978
All other products	2,163,355	2,259,712	2,033,908
Out-of-scope production	15,763,480	16,059,020	14,366,223
Total production on same machinery	44,811,385	45,616,673	42,743,201
	Ratios and shares (percent)		
Overall capacity utilization	74.3	75.6	70.8
Share of production:			
Hot-rolled not further cold-rolled	30.3	30.3	28.9
Cold-rolled	64.8	64.8	66.4
All other products	4.8	5.0	4.8
Out-of-scope production	35.2	35.2	33.6
Total production on same machinery	100.0	100.0	100.0

Note.—Out-of-scope production consists of hot-rolled steel not further cold-rolled and all other products. Other products include coated steel and tin mill products.

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

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-7 presents U.S. producers' U.S. shipments, export shipments, and total shipments. These data show that the quantity and value of U.S. producers' U.S. shipments and total shipments increased from 2013 to 2014, but were lower in 2015. Similarly, average unit values increased from 2013 to 2014 but fell in 2015.

U.S. producers' commercial U.S. shipments, by quantity, declined in each period, but were offset by internal consumption which increased between 2013 and 2014 and declined in 2015, but at a lower rate than commercial U.S. shipments. U.S. producers' internal consumption accounted for between *** percent of total shipments, with all but two domestic producers (***) reporting internal consumption. Six domestic producers reported domestic transfers to related companies: ***.

All but four firms (***) reported export shipments, *** to principal markets Canada and/or Mexico. *** accounted for *** percent of domestic producers' exports in 2015, followed by *** with *** percent. Exports accounted for 1.9 percent of U.S. producers' total shipments in 2015.

Table III-7
Cold-rolled steel: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Commercial U.S. shipments	11,127,059	10,792,999	9,930,105
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	28,489,759	29,057,662	27,947,798
Export shipments	604,000	491,211	535,926
Total shipments	29,093,759	29,548,873	28,483,724
	Value (1,000 dollars)		
Commercial U.S. shipments	8,265,222	8,472,575	6,794,385
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	20,500,216	22,220,507	18,310,955
Export shipments	522,560	451,936	443,079
Total shipments	21,022,776	22,672,443	18,754,034
	Unit value (dollars per short ton)		
Commercial U.S. shipments	743	785	684
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	720	765	655
Export shipments	865	920	827
Total shipments	723	767	658
	Share of quantity (percent)		
Commercial U.S. shipments	38.2	36.5	34.9
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	97.9	98.3	98.1
Export shipments	2.1	1.7	1.9
Total shipments	100.0	100.0	100.0
	Share of value (percent)		
Commercial U.S. shipments	39.3	37.4	36.2
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	97.5	98.0	97.6
Export shipments	2.5	2.0	2.4
Total shipments	100.0	100.0	100.0

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

CAPTIVE CONSUMPTION

Section 771(7)(C)(iv) of the Act states that–[7]

> *If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that–*
>
> *(I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,*
>
> *(II) the domestic like product is the predominant material input in the production of that downstream article, and*
>
> *then the Commission, in determining market share and the factors affecting financial performance . . ., shall focus primarily on the merchant market for the domestic like product.*

Internal transfers and merchant market sales

Internal consumption accounted for *** percent of U.S. producers' U.S. shipments of cold-rolled steel during January 2013-December 2015. Transfers to related firms accounted for an additional *** percent and commercial shipments accounted for 37.3 percent.

First statutory criterion in captive consumption

The first requirement for application of the captive consumption provision is that the domestic like product that is internally transferred for processing into that downstream article not enter the merchant market for the domestic like product. U.S. producers reported internal consumption of cold-rolled steel for the production of coated steel. No U.S. producer, however, reported diverting cold-rolled steel intended for internal consumption to the merchant market. *** reported sales of limited volumes of cold-rolled steel that were transferred to related firms.

Table III-8 presents the U.S. producers' share of internal consumption and transfers to related firms by end-use in 2015. The vast majority of internal consumption is processed into coated steel, followed by tin mill products, while the majority of transfers to related firms were sold as cold-rolled steel with a smaller share processed into other (largely construction-related) products.

[7] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

Table III-8
Cold rolled steel: U.S. producers' share of internal consumption and transfers to related firms by end-use, 2015

Item	Internal consumption	Transfers to related firms
	Share (percent)	
Sold as cold-rolled steel	***	***
Unusable/not further processed [1]	***	***
Processed into coated steel	***	***
Processed into tin mill products	***	***
Processed into other products [2]	***	***
Total	***	***

[1] These include scrap and yield loss.
[2] These include joists, decks, buildings, and tubular goods.

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

Second statutory criterion in captive consumption

The second criterion of the captive consumption provision concerns whether the domestic like product is the predominant material input in the production of the downstream article that is captivity produced. With respect to the downstream articles resulting from captive production, all but two of the nine responding domestic producers reported that cold-rolled steel comprises between 80 and 87 percent of the finished cost of coated products.[8] Three responding U.S. producers estimated that cold-rolled steel compromises 68-84 percent of the finished cost of tin mill products, while two responding producers estimated that cold-rolled steel accounted for 78-90 percent of other products.

U.S. PRODUCERS' INVENTORIES

Table III-9 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** These data show that inventories fluctuated between 2013 and 2015, ending 8.4 percent lower in 2015 than in 2013. U.S. producers' inventories were equivalent to between 3.8 and 4.0 percent of U.S. producers' U.S. production and total shipments, and between 3.9 and 4.1 percent of U.S. shipments, during 2013-15. While all U.S. producers reported inventories, the majority (more than *** percent) of domestic producers' inventories were reported by two firms (***). ***'s inventories increased during 2013-15, while ***'s inventories declined over the same period.

[8] *** and *** reported that cold-rolled steel accounted for *** percent, respectively, of coated products.

Table III-9
Cold-rolled steel: U.S. producers' inventories, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
U.S. producers' end-of-period inventories	1,175,055	1,183,334	1,076,587
	Ratio (percent)		
Ratio of inventories to.--			
U.S. production	4.0	4.0	3.8
U.S. shipments	4.1	4.1	3.9
Total shipments	4.0	4.0	3.8

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-10 presents U.S. producers' imports and purchases of cold-rolled steel. One U.S. producer, ***, directly imported cold-rolled steel from subject countries. Three other U.S. producers, ***, are related to U.S. importers that imported cold-rolled steel from subject countries. Two U.S. producers ***, purchased U.S. imports from subject sources. Three other U.S. producers, ***, imported or purchased cold-rolled steel imported from nonsubject countries.[9] U.S. producer *** imported from *** in 2014 and 2015. *** imports accounted for *** percent of *** U.S. production in 2014 and 2015, respectively. U.S. producer *** is related to ***. *** imports were equivalent to *** percent of its U.S. production in any given time period. U.S. producer *** is related to ***. ***. In 2015, the total imports of *** were equivalent to between *** percent of *** U.S. production. Neither of these importers listed *** as one of their top ten customers for cold-rolled steel in 2015, and *** did not report any purchases of imports or direct imports. U.S. producer USS-POSCO is a joint venture between U.S. Steel and Korean producer POSCO. POSCO is the *** of U.S. importers POSCO America and POSCO-AAPC. In 2015, the total imports of cold-rolled steel from Korea of both of these importers were equivalent to between *** percent of USS-POSCO's U.S. production of cold-rolled steel. Neither of these importers ***.

Table III-10
Cold-rolled steel: U.S. producers' U.S. production, imports and purchases, 2013-15

* * * * * * *

[9] ArcelorMittal USA and U.S. Steel stated that cold-rolled steel is imported from Canada as part of each firm's overall North America operation decisions. Hearing transcript, pp. 162-163 (Mull and Matthews).

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-11 shows U.S. producers' employment-related data. U.S. producers' employment measured by PRWs decreased overall from 2013 to 2015, by 0.2 percent (or 17 PRWs). *** accounted for the vast majority of the decline in employment in 2013-15 (*** PRWs). Of those firms reporting increases in the number of PRWs, *** accounted for much of the increase in employment over the same period (*** PRWs, respectively). Total hours worked declined between 2013 and 2015, but at a higher rate than PRWs, resulting in decreased hours worked per PRW. Wages paid and hourly wages increased between 2013 and 2014, then declined in 2015 but above levels in 2013. Productivity followed a similar pattern, but ended lower in 2015 than in 2013. Productivity did not keep pace with wage rates, resulting in rising unit labor costs.

Table III-11
Cold-rolled steel: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-15

Item	Calendar year		
	2013	2014	2015
Production and related workers (PRWs) (number)	11,235	11,070	11,218
Total hours worked (1,000 hours)	25,556	25,207	25,090
Hours worked per PRW (hours)	2,275	2,277	2,237
Wages paid ($1,000)	940,071	968,779	951,500
Hourly wages (dollars per hour)	36.78	38.43	37.92
Productivity (short tons per 1,000 hours)	1,137	1,173	1,131
Unit labor costs (dollars per short ton)	32.36	32.78	33.53

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

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 99 firms believed to be importers of cold-rolled steel, as well as to all U.S. producers of cold-rolled steel.[1] Usable questionnaire responses were received from 53 companies.[2] Table IV-1 lists all responding U.S. importers of cold-rolled steel, their locations, and their shares of U.S. imports, in 2015.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by ***, may have during 2013-15 accounted for more than five percent of imports from any source under the non-alloy cold-rolled steel (HTS statistical reporting numbers 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6075, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, and 7212.40.5000), or alloy cold-rolled steel (HTS statistical reporting numbers 7225.50.6000, 7225.50.8015, 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, and 7226.92.8050), or five percent of total imports under other HTS statistical reporting numbers covering carbon and alloy bar and wire (HTS statistical reporting numbers 7215.10.0010, 7215.10.0080, 7215.50.0016, 7215.50.0018, 7215.50.0020, 7215.50.0061, 7215.50.0063, 7215.50.0065, 7215.50.0090, 7215.90.5000, 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.7000, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7228.50.5015, 7228.50.5040, 7228.50.5070, 7228.60.8000, and 7229.90.1000). No importers reported imports of bar or wire cold-rolled steel from any source.

[2] For discussion of data coverage please refer to Part I, "Summary Data and Data Sources."

Table IV-1
Cold-rolled steel: U.S. importers by source, 2015

Firm	Headquarters	Share of imports by source (percent)				
		Brazil	China	India	Japan	Korea
Amerisource	Bethel Park, PA	***	***	***	***	***
ArcelorMittal Dofasco	Hamilton, Ontario,	***	***	***	***	***
ArcelorMittal International	Chicago, IL	***	***	***	***	***
Baosteel	Montvale, NJ	***	***	***	***	***
Bilstein GmbH	Hagen - Germany,	***	***	***	***	***
Bluescope	Long Beach, CA	***	***	***	***	***
C&F International	Houston, TX	***	***	***	***	***
Caparo	Fairfield, NJ	***	***	***	***	***
Cargill	The Woodlands, TX	***	***	***	***	***
CSN	Terre Haute, IN	***	***	***	***	***
Cotia	New York, NY	***	***	***	***	***
Daewoo International	Teaneck, NJ	***	***	***	***	***
Dongbu	Torrance, CA	***	***	***	***	***
Duferco	Matawan, NJ	***	***	***	***	***
GS Global	Cerritos, CA	***	***	***	***	***
Hyundai Steel America	Greenville, AL	***	***	***	***	***
JFE Shoji	Long Beach, CA	***	***	***	***	***
Macsteel	White Plains, NY	***	***	***	***	***
Marubeni-Itochu	New York, NY	***	***	***	***	***
Mauser	East Brunswick, NJ	***	***	***	***	***
Metallia	Fort Lee, NJ	***	***	***	***	***
Metal One	Rosemont, IL	***	***	***	***	***
Mitsui	New York, NY	***	***	***	***	***
New Process Steel	Houston, TX	***	***	***	***	***
Nippon Steel & Sumikin Bussan Americas	Schaumburg, IL	***	***	***	***	***
Novex	Paradiso, Switzerland,	***	***	***	***	***
Optima	Concord, CA	***	***	***	***	***
POSCO America	Fort Lee, NJ	***	***	***	***	***
POSCO-AAPC	Mccalla, AL	***	***	***	***	***
Raco	Markham, IL	***	***	***	***	***
Regal Steel	Warren, MI	***	***	***	***	***
Salzgitter Mannesmann	Houston, TX	***	***	***	***	***

Table continued on next page.

Table IV-1 -- Continued
Cold-rolled steel: U.S. importers by source, 2015

Firm	Headquarters	Share of imports by source (percent)				
		Brazil	China	India	Japan	Korea
Samsung C&T	Ridgefield Park, NJ	***	***	***	***	***
Samuel, Son	Mississauga, Ontario Canada,	***	***	***	***	***
Severstal	Miami, FL	***	***	***	***	***
SSAB	Moon Twp., PA	***	***	***	***	***
Steel Distributor	Anaheim, CA	***	***	***	***	***
Steel Technologies	Louisville, KY	***	***	***	***	***
SteelSummit	New York, NY	***	***	***	***	***
Stemcor	New York, NY	***	***	***	***	***
Sumitomo	Rosemont, IL	***	***	***	***	***
T.Co Metals LLC	Princeton, NJ	***	***	***	***	***
Tata Steel International Americas	Schaumburg, IL	***	***	***	***	***
Tata Steel IJmuiden	Ijmuiden, Netherlands,	***	***	***	***	***
Tata Steel International (Americas) Inc (UK)	Schaumburg, IL	***	***	***	***	***
Tata Steel UK	London, United Kingdom,	***	***	***	***	***
Ternium International	Houston, TX	***	***	***	***	***
Ternium USA	Shreveport, LA	***	***	***	***	***
ThyssenKrupp Materials NA	Southfield, MI	***	***	***	***	***
Totem Steel	Portland, OR	***	***	***	***	***
Toyota Tsusho	Georgetown, KY	***	***	***	***	***
U.S. Steel	Pittsburgh, PA	***	***	***	***	***
Wolverine	Dearborn, MI	***	***	***	***	***
Total		***	***	***	***	***

Table continued on next page.

Table IV-1 -- Continued
Cold-rolled steel: U.S. importers by source, 2015

Firm	Share of imports by source (percent)						
	Russia	United Kingdom	Subject sources	Canada	All other sources	Nonsubject sources	Total imports
Amerisource	***	***	***	***	***	***	***
ArcelorMittal Dofasco	***	***	***	***	***	***	***
ArcelorMittal International	***	***	***	***	***	***	***
Baosteel	***	***	***	***	***	***	***
Bilstein GmbH	***	***	***	***	***	***	***
Bluescope	***	***	***	***	***	***	***
C&F International	***	***	***	***	***	***	***
Caparo	***	***	***	***	***	***	***
Cargill	***	***	***	***	***	***	***
CSN	***	***	***	***	***	***	***
Cotia	***	***	***	***	***	***	***
Daewoo International	***	***	***	***	***	***	***
Dongbu	***	***	***	***	***	***	***
Duferco	***	***	***	***	***	***	***
GS Global	***	***	***	***	***	***	***
Hyundai Steel America	***	***	***	***	***	***	***
JFE Shoji	***	***	***	***	***	***	***
Macsteel	***	***	***	***	***	***	***
Marubeni-Itochu	***	***	***	***	***	***	***
Mauser	***	***	***	***	***	***	***
Metallia	***	***	***	***	***	***	***
Metal One	***	***	***	***	***	***	***
Mitsui	***	***	***	***	***	***	***
New Process Steel	***	***	***	***	***	***	***
Nippon Steel & Sumikin Bussan Americas	***	***	***	***	***	***	***
Novex	***	***	***	***	***	***	***
Optima	***	***	***	***	***	***	***
POSCO America	***	***	***	***	***	***	***
POSCO-AAPC	***	***	***	***	***	***	***
Raco	***	***	***	***	***	***	***
Regal Steel	***	***	***	***	***	***	***
Salzgitter Mannesmann	***	***	***	***	***	***	***

Table continued on next page.

Table IV-1 -- Continued
Cold-rolled steel: U.S. importers by source, 2015

Firm	Share of imports by source (percent)						
	Russia	United Kingdom	Subject sources	Canada	All other sources	Nonsubject sources	Total imports
Samsung C&T	***	***	***	***	***	***	***
Samuel, Son	***	***	***	***	***	***	***
Severstal	***	***	***	***	***	***	***
SSAB	***	***	***	***	***	***	***
Steel Distributor	***	***	***	***	***	***	***
Steel Technologies	***	***	***	***	***	***	***
SteelSummit	***	***	***	***	***	***	***
Stemcor	***	***	***	***	***	***	***
Sumitomo	***	***	***	***	***	***	***
T.Co Metals LLC	***	***	***	***	***	***	***
Tata Steel International Americas	***	***	***	***	***	***	***
Tata Steel IJmuiden	***	***	***	***	***	***	***
Tata Steel International (Americas) Inc (UK)	***	***	***	***	***	***	***
Tata Steel UK	***	***	***	***	***	***	***
Ternium International	***	***	***	***	***	***	***
Ternium USA	***	***	***	***	***	***	***
ThyssenKrupp Materials NA	***	***	***	***	***	***	***
Totem Steel	***	***	***	***	***	***	***
Toyota Tsusho	***	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***	***
Wolverine	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***

Note.—***.

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

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of cold-rolled steel from Brazil, China, India, Japan, Korea, Russia, the United Kingdom, Canada (largest nonsubject source), and all other sources.[3] [4] Imports of cold-rolled steel from subject countries, by quantity, increased by 165.5 percent between 2013 and 2014 and then decreased by 9.8 percent in 2015, ending 139.4 percent higher than in 2013. While U.S. imports from each subject country were higher in 2015 than in 2013, the majority of the increase was U.S. imports from China, particularly in 2014, followed by Brazil, particularly in 2015.[5] As a share of the quantity of total imports, subject imports increased from 46.8 percent in 2013 to 60.4 percent in 2014 and were 60.3 percent in 2015, ending 13.4 percentage points higher than in 2013. The average unit values of subject imports, which were lower than those reported for nonsubject imports, decreased by $159 per short ton, or by 19.8 percent, from 2013 to 2015.[6] [7] The average unit values of subject imports of carbon cold-rolled steel declined by $135 (18.2 percent) while subject imports of alloy cold-rolled steel declined by $175 (16.1 percent)

Canada was the largest nonsubject source for U.S. imports of cold-rolled steel, accounting for *** percent of the quantity of total U.S. imports of cold-rolled steel in 2015. The share of U.S. imports from all nonsubject countries combined declined by 13.4 percentage points from 2013 to 2015, representing 39.7 percent of total U.S. imports of cold-rolled steel in

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[3] For discussion of adjustments to U.S. import data please refer to Part I, "Summary Data and Data Sources."

[4] The Commission specifically requested all responding importers to report within-scope imports of long products, such as flat bar or wire; no importer reported any such imports. In addition, the Commission also requested importers to report any with-in scope imports not elsewhere specified or already included as subject alloy or flat bar / wire products. Only five firms reported such imports. *** reported that ***. The other four companies reported imports cold-rolled steel coils that were largely covered under subject alloy HTS statistical reporting numbers. ***. These imports were included in the imports reported in this report.

[5] Petitioners noted that U.S. imports of cold-rolled steel from Russia increased after the suspension agreement on hot-rolled steel was terminated and the issuance of an antidumping order in December 2014. Arcelor Mittal USA's prehearing brief, p. 52. A suspension agreement between Russia and the United States on imports of hot-rolled steel was negotiated effective July 12, 1999. *Suspension of Antidumping Duty Investigation: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 64 FR 38642, July 19, 1999. The agreement was terminated effective on December 19, 2014. *Termination of the Suspension Agreement on Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, Rescission of 2013–2014 Administrative Review, and Issuance of Antidumping Duty Order,* 79 FR 77455, December 24, 2014.

[6] This reflects, in part, the relatively stable quantity of imports from Japan (with the highest subject unit values in 2015) and the substantial growth in the quantity of imports from China and Brazil (with the lowest subject unit values in 2015).

[7] The average unit value of U.S. imports from the United Kingdom in 2013 was substantially higher than from other sources, due to the smaller quantity of U.S. imports, mainly by U.S. importer ***.

2015. The average unit values of nonsubject imports decreased by $96 per short ton, or by 11.1 percent, from 2013 to 2015.

Table IV-2
Cold-rolled steel: U.S. imports by source, 2013-15

	Calendar year		
	2013	**2014**	**2015**
	Quantity (short tons)		
U.S. imports from.--			
Brazil	32,953	98,755	240,796
China	268,090	879,006	540,287
India	18,350	87,312	76,188
Japan	140,097	129,856	150,966
Korea	***	***	***
Russia	222	89,385	94,109
United Kingdom	***	***	***
Subtotal, subject	585,033	1,553,294	1,400,836
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	663,912	1,017,680	923,644
Total U.S. imports	1,248,945	2,570,974	2,324,480
	Value (1,000 dollars)		
U.S. imports from.--			
Brazil	20,925	68,100	124,388
China	167,724	554,207	295,705
India	16,892	64,348	52,133
Japan	144,332	139,120	135,834
Korea	***	***	***
Russia	127	58,969	51,831
United Kingdom	***	***	***
Subtotal, subject	468,533	1,117,051	899,333
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	575,638	907,838	712,005
Total U.S. imports	1,044,170	2,024,889	1,611,337

Table continued on next page.

Table IV-2 -- Continued
Cold-rolled steel: U.S. imports by source, 2013-15

	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
U.S. imports from.--			
Brazil	635	690	517
China	626	630	547
India	921	737	684
Japan	1,030	1,071	900
Korea	***	***	***
Russia	574	660	551
United Kingdom	***	***	***
Subtotal, subject sources	801	719	642
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	867	892	771
Total U.S. imports	836	788	693
	Share of quantity (percent)		
U.S. imports from.--			
Brazil	2.6	3.8	10.4
China	21.5	34.2	23.2
India	1.5	3.4	3.3
Japan	11.2	5.1	6.5
Korea	***	***	***
Russia	0.0	3.5	4.0
United Kingdom	***	***	***
Subtotal, subject sources	46.8	60.4	60.3
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	53.2	39.6	39.7
Total U.S. imports	100.0	100.0	100.0

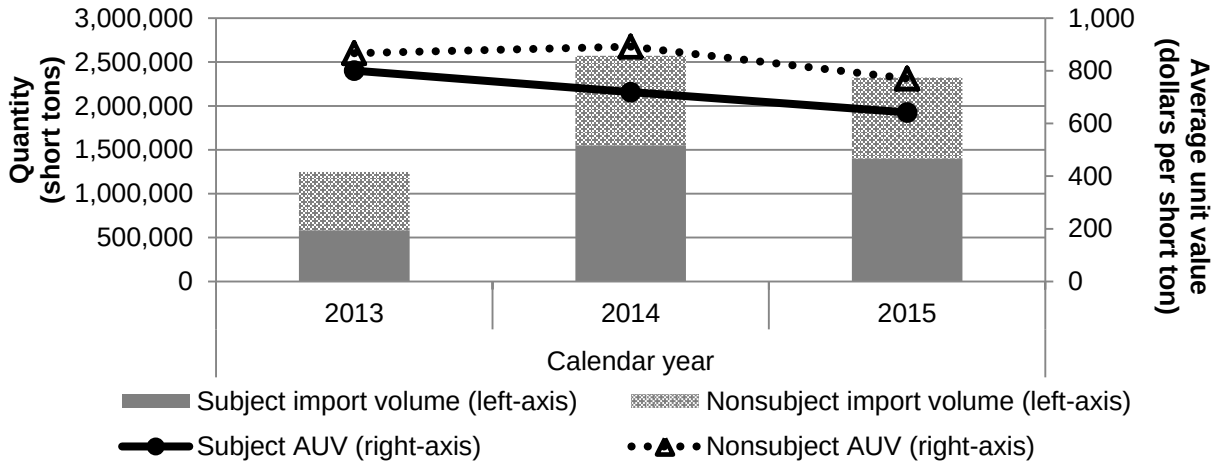
Table continued on next page.

Table IV-2 -- Continued
Cold-rolled steel: U.S. imports by source, 2013-15

	Calendar year		
	2013	2014	2015
	Share of value (percent)		
U.S. imports from.--			
Brazil	2.0	3.4	7.7
China	16.1	27.4	18.4
India	1.6	3.2	3.2
Japan	13.8	6.9	8.4
Korea	***	***	***
Russia	574	660	551
United Kingdom	***	***	***
Subtotal, subject sources	44.9	55.2	55.8
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	55.1	44.8	44.2
Total U.S. imports	100.0	100.0	100.0
	Ratio to U.S. production		
U.S. imports from.--			
Brazil	0.1	0.3	0.8
China	0.9	3.0	1.9
India	0.1	0.3	0.3
Japan	0.5	0.4	0.5
Korea	***	***	***
Russia	0.0	3.5	4.0
United Kingdom	***	***	***
Subtotal, subject sources	2.0	5.3	4.9
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	2.3	3.4	3.3
Total U.S. imports	4.3	8.7	8.2

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

Figure IV-1
Cold-rolled steel: U.S. imports, by source, 2013-15



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

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[8] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[9] The statute further provides that, in the case of countervailing duty investigations involving developing countries, the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent.[10]

[8] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

[9] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

[10] Section 771 (24)(B) of the Act (19 U.S.C § 1677(24)(B)).

Table IV-3 presents U.S. imports for July 2014-June 2015 based on official U.S. import statistics for non-alloy cold-rolled steel adjusted to include alloy cold-rolled steel data collected separately in questionnaire responses.[11] Table IV-4 presents U.S. imports for July 2014-June 2015 based on official U.S. import statistics for non-alloy and alloy cold-rolled steel.[12] [13] Imports from Russia represented *** percent of total imports of cold-rolled steel by quantity during July 2014-June 2015, for both official statistics augmented by alloy questionnaire data and official statistics for non-alloy and alloy cold-rolled steel.[14] Imports from India represented *** percent and *** percent of total imports of cold-rolled steel by quantity during July 2014-June 2015, for both official statistics augmented by alloy questionnaire data and official statistics for non-alloy and alloy cold-rolled steel. Imports from the United Kingdom represented *** percent and *** percent of total imports of cold-rolled steel by quantity during July 2014-June 2015, for official statistics augmented by alloy questionnaire data and official statistics for non-alloy and alloy cold-rolled steel, respectively.[15] All other subject sources accounted for more than 4 percent of total imports by either measure.

[11] Exclusive of U.S. imports of black plate (official U.S. import statistics under HTS 7209.18.2520 and 7209.18.2580), U.S. imports of cold-rolled steel (adjusted) from the subject countries accounted for the following percentages of total U.S. imports: Brazil – 7.4 percent, China - 34.5 percent, India - 3.9, Japan – 4.0, Korea –*** percent, Russia- 3.6, and United Kingdom- *** percent.

[12] These include carbon cold-rolled steel HTS statistical reporting numbers: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000. These also include certain alloy cold-rolled steel HTS statistical reporting numbers: 7225.50.6000, 7225.50.8085, 7226.92.5000, 7226.92.7050, and 7226.92.8050.

[13] Exclusive of U.S. imports of black plate (official U.S. import statistics under HTS 7209.18.2520 and 7209.18.2580, U.S. imports of cold-rolled steel from the subject countries accounted for the following percentages of total U.S. imports: Brazil – *** percent, China- *** percent, India- ***, Japan- ***, Korea- *** percent, Russia- ***, and United Kingdom- *** percent.

[14] Imports from Russia, less producer Severstal, which received a *de minimis* subsidy rate (0.01 percent), represented 2.4 percent of total imports of cold-rolled steel by quantity during July 2014-June 2015, for both official statistics augmented by alloy questionnaire data and official statistics for non-alloy and alloy cold-rolled steel.

[15] U.S. imports under HTS statistical reporting number 7225.99.0090 are not included in these calculations.

Table IV-3
Cold-rolled steel: U.S. imports, by source, July 2014 - June 2015 (adjusted)

Item	Official U.S. imports	Questionnaire data[1]	Adjusted official U.S. imports	
	Quantity (short tons)			Share (percent)
U.S. imports from.--				
Brazil	194,162	***	***	***
China	915,243	***	***	***
India	103,515	***	***	***
Japan [2]	***	***	***	***
Korea [2]	199,516	***	***	***
Russia [2]	95,293	***	***	***
Of which Russia less Severstal [2]	***	***	***	***
United Kingdom [2]	84,537	***	***	***
Subtotal, subject	***	***	***	***
Canada	357,741	***	***	***
All other sources	427,992	***	***	***
Subtotal, nonsubject	785,733	***	***	***
Total U.S. imports	***	***	***	***

[1] Questionnaire data represent imports of cold-rolled steel that match Commerce's scope but fall outside of the statistical reporting numbers used for official U.S. import statistics. These products include alloy cold-rolled steel.
[2] For purposes of this presentation, Commerce made affirmative determinations with respect to all countries subject to the antidumping duty investigations. With respect to countervailing duty investigations:

- Imports from Brazil, China, and India are subject to countervailing duty investigations;
- Imports from Japan are not subject to a countervailing duty investigation;
- Imports from Korea are subject to a preliminary negative determination by Commerce in its countervailing duty investigation;
- Imports from Severstal Group of Russia are subject to a preliminary negative determination by Commerce in its countervailing duty investigation;
- Imports from the United Kingdom are not subject to a countervailing duty investigation.

Source: Compiled from Official U.S. imports statistics (non-alloy HTS numbers), proprietary Customs data, and data submitted in response to Commission questionnaires.

Table IV-4
Cold-rolled steel: U.S. imports, by source, July 2014 - June 2015 (official)

Item	Official U.S. imports non-alloy	Official U.S. imports alloy	Official U.S. imports alloy & non-alloy	Official U.S. imports alloy & non-alloy
	Quantity (short tons)			Share (percent)
U.S. imports from.--				
Brazil	194,162	19	194,181	***
China	915,243	5,432	920,675	***
India	103,515	3	103,519	***
Japan [1]	***	***	***	***
Korea [1]	199,516	44,410	243,926	***
Russia [1]	95,293	0	95,293	***
Of which Russia less Severstal [1]	***	***	***	***
United Kingdom [1]	84,537	1,542	86,079	***
Subtotal, subject	***	***	***	***
Canada	357,741	102,577	460,318	***
All other sources	427,992	127,458	555,450	***
Subtotal, nonsubject	785,733	230,035	1,015,768	***
Total U.S. imports	***	***	***	***

[1] For purposes of this presentation, Commerce made affirmative determinations with respect to all countries subject to the antidumping duty investigations. With respect to countervailing duty investigations:

- Imports from Brazil, China, and India are subject to countervailing duty investigations;
- Imports from Japan are not subject to a countervailing duty investigation;
- Imports from Korea are subject to a preliminary negative determination by Commerce in its countervailing duty investigation;
- Imports from Severstal Group of Russia are subject to a preliminary negative determination by Commerce in its countervailing duty investigation;
- Imports from the United Kingdom are not subject to a countervailing duty investigation.

Source: Compiled from Official U.S. imports statistics (non-alloy and alloy HTS numbers) and proprietary Customs data.

CRITICAL CIRCUMSTANCES

Commerce issued its preliminary determinations concerning critical circumstances for imports of cold-rolled steel from certain producers and exporters from Russia on March 8, 2016[16] and on May 24, 2016 its final determinations for imports of cold-rolled steel from certain producers and exporters from China and Japan (see table I-3 presented in Part I of this report).[17] In this proceeding, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to antidumping duties retroactive by 90 days from March 7, 2016 (China and Japan) and March 8, 2016 (Russia), the effective date of Commerce's preliminary affirmative LTFV determinations. As discussed below, Commerce made critical determinations with respect to five investigations: the countervailing duty investigations on cold-rolled steel from China (certain companies) and Russia (no companies), and antidumping duty investigations on cold-rolled steel from China (all companies), Japan (certain companies), and Russia (all companies).

China (antidumping duty)

In its final antidumping duty critical circumstances determination concerning China, Commerce determined that critical circumstances exist with regard to imports of cold-rolled steel from all producers in China. Table IV-5 presents monthly imports of cold-rolled steel from China by U.S. importers, for the six-month periods before and after the filing of the petition on July 28, 2015 (February 2015 through July 2015 and August 2015 through January 2016). These data show that U.S. imports from firms receiving affirmative final antidumping duty critical circumstances determinations during the six-month period after the filing of the petition were 75.3 percent lower than during the six-month period prior to the filing of the petition.

Of the 25 firms that reported U.S. imports of cold-rolled steel from China, 13 indicated that inventories of the imported merchandise were held in the United States. Reported U.S. importers' inventories of cold-rolled steel imported from China amounted to *** short tons at year-end 2014 and *** short tons at year-end 2015.

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[16] *Certain Cold-Rolled Steel Flat Products from the Russian Federation: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 81 FR 12072, March 8, 2016.

[17] *Certain Cold-Rolled Steel Flat Products From Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 81 FR 32721, May 24, 2016; *Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 81 FR 32725, May 24, 2016; *Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances Determination*, 81 FR 32729, May 24, 2016.

Table IV-5
Cold-rolled steel: Imports by U.S. importers from all producers/exporters in China, February 2015-July 2015 and August 2015-January 2016

U.S. imports from China subject to Commerce's AD critical circumstance findings[1]	February 2015 through January 2016	
	Quantity (short tons)	Share of quantity (percent)
2015.--		
February	60,527	12.5
March	54,642	11.3
April	84,055	17.3
May	62,293	12.8
June	57,320	11.8
July	70,128	14.5
Subtotal, six months (Feb 2015 - Jul 2015)	388,965	80.2
August	31,072	6.4
September	57,687	11.9
October	6,382	1.3
November	249	0.1
December	348	0.1
2016.--		
January	132	0.0
Subtotal, six months (Aug 2015 - Jan 2016)	95,870	19.8
Total U.S. imports	484,835	100.0

Source: ***data using statistical reporting numbers 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7210.90.9000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6075, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, and 7212.40.5000 (non-alloy group), and 7225.50.6000, 7225.50.8085, 7226.92.5000, 7226.92.7050, and 7226.92.8050 (alloy group).

China (countervailing duty)

In its final countervailing duty critical circumstances determination for China, Commerce determined that critical circumstances exist with regard to imports from China of cold-rolled steel from Angang Group Hong Kong Co., Ltd. ("Angang"), Benxi Iron and Steel (Group) Special Steel Co., Ltd. ("Benxi"), and Qian'an Golden Point Trading Co., Ltd. ("Qian'an"). Table IV-6 presents monthly data of imports of cold-rolled steel by U.S. importers from Chinese producers Angang, Benxi, and Qian'an for the six-month periods before and after the filing of the petition on July 28, 2015 (February 2015 through July 2015 and August 2015 through January 2016). These data show that U.S. imports from firms receiving affirmative final countervailing duty critical circumstances determinations during the six-month period after the filing of the petition were *** percent lower than during the six-month period prior to the filing of the petition.

Of the 25 firms that reported U.S. imports of cold-rolled steel from China, 10 firms imported from producers in China that received affirmative final countervailing duty critical circumstances determinations (i.e., from Chinese producers Angang, Benxi, and Qian'an)

Reported inventories of cold-rolled steel imported from China by these 10 firms amounted to *** short tons at year-end 2014 and *** short tons at year-end 2015. These data, however, are overstated for the purposes of critical circumstances considerations because 6 of the 10 importers also held inventories of product imported from firms in China for which Commerce made a negative finding.[18]

Table IV-6
Cold-rolled steel: Imports by U.S. importers from Chinese producers Angang, Benxi, and Qian'an, February 2015-July 2015 and August 2015-January 2016

* * * * * * *

Japan (antidumping duty)

In its final antidumping duty critical circumstances determination for Japan, Commerce determined that critical circumstances exist with regard to imports from Japan of cold-rolled steel from JFE Steel Corporation ("JFE Steel") and Nippon Steel & Sumitomo Metal Corporation ("NSSMC"). Table IV-7 presents monthly data of imports of cold-rolled steel by U.S. importers from Japanese producers JFE Steel and NSSMC for the six-month periods before and after the filing of the petition on July 28, 2015 (February 2015 through July 2015 and August 2015 through January 2016). These data show that U.S. imports from firms receiving affirmative final antidumping duty critical circumstances determinations during the six-month period after the filing of the petition were *** percent lower than during the six-month period prior to the filing of the petition.

Of the 9 firms that reported U.S. imports of cold-rolled steel from Japan, 7 firms imported from producers in Japan that received affirmative final antidumping duty critical circumstances determinations (i.e., from Japanese producers JFE Steel and NSSMC) Reported inventories of cold-rolled steel imported from Japan by these 7 firms amounted to *** short tons at year-end 2014 and *** short tons at year-end 2015. These data, however, are overstated for the purposes of critical circumstances considerations because 3 of the 7 importers also held inventories of product imported from firms in Japan for which Commerce made a negative finding.[19]

Table IV-7
Cold-rolled steel: Imports by U.S. importers from Japanese producers JFE Steel and NSSMC, February 2015-July 2015 and August 2015-January 2016

* * * * * * *

[18] These 6 firms together accounted for *** percent of inventories of U.S. imports from China held by the 10 firms at year-end 2014 and *** percent at year-end 2015.

[19] These 3 firms together accounted for *** percent of inventories of U.S. imports from Japan held by the 7 firms at year-end 2014 and *** percent at year-end 2015.

Russia (antidumping duty)

In its preliminary antidumping duty critical circumstances determination concerning Russia, Commerce determined that critical circumstances exist with regard to imports of cold-rolled steel from all producers in Russia. Table IV-8 presents monthly imports of cold-rolled steel from Russia by U.S. importers, for the six-month periods before and after the filing of the petition on July 28, 2015 (February 2015 through July 2015 and August 2015 through January 2016). These data show that U.S. imports from firms receiving affirmative preliminary antidumping duty critical circumstances determinations during the six-month period after the filing of the petition were *** percent higher than during the six-month period prior to the filing of the petition.

Of the 10 firms that reported U.S. imports of cold-rolled steel from Russia, 2 indicated that inventories of the imported merchandise were held in the United States. Reported U.S. importers' inventories of cold-rolled steel imported from Russia amounted to *** short tons at year-end 2014 and *** short tons at year-end 2015.

Table IV-8
Cold-rolled steel: Imports by U.S. importers from all producers/exporters in Russia, February 2015-July 2015 and August 2015-January 2016

* * * * * * *

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

Shipments of cold-rolled steel, by end use

Table IV-9 presents data for U.S. producers' and U.S. importers' commercial U.S. shipments of cold-rolled steel, by end use in 2015. U.S. producers reported that cold-rolled steel is sold mainly for other end uses followed by automotive and transportation end uses.[20] The data show that in 2015, 58.1 percent of U.S. commercial shipments of U.S.-produced cold-rolled steel was sold for other/unknown end uses, 22.3 percent of shipments was sold for automotive end uses, 7.9 percent was sold for appliance end uses, and the remaining 11.7 percent was sold for container and construction/structural end uses, with a small share for tin mill products. U.S. commercial shipments of U.S. imports from Brazil were largely to construction/structural end uses, which was also the second largest use for imports from China. The second largest use of U.S. commercial shipments of U.S. imports from Russia and India were for containers. Japan and Korea were the only other subject countries that reported highest share of commercial U.S. shipments to automotive end uses and tin mill products. Other/unknown end uses were the highest share of commercial U.S. shipments of imports from China, India, Russia, and United Kingdom, and second highest category for Brazil and Russia.[21]

[20] Other end uses listed by U.S. producers include service centers, pipe and tube, construction, industrial, machinery and equipment, electrical equipment, and converters. Many U.S. producers were unable to identify end uses for U.S. commercial shipment to distributors and service centers.

[21] Other end uses listed by U.S. importers include service centers, store shelving, oil drums, stadium seats, batteries, blades and stampings, computer cabinets, and furniture. Many U.S. importers were unable to identify end uses for U.S. commercial shipment to distributors and service centers.

Table IV-9
Cold-rolled steel: Commercial U.S. shipments by end use, 2015

Item	U.S. producers	U.S. importers					
		Brazil	China	India	Japan	Korea	Russia
	Quantity (short tons)						
Commercial U.S. shipments by end use.--Automotive and transportation	2,078,685	***	***	***	***	***	***
Construction/structural end users	614,047	***	***	***	***	***	***
Containers	441,315	***	***	***	***	***	***
Appliance manufacturers	735,030	***	***	***	***	***	***
Tin mill products	40,357	***	***	***	***	***	***
Other applications/end uses/unknown	5,426,259	***	***	***	***	***	***
Subtotal, commercial U.S. shipments	9,335,693	***	***	***	***	***	***
	Share of total quantity (percent)						
Commercial U.S. shipments by end use.--Automotive and transportation	22.3	***	***	***	***	***	***
Construction/structural end users	6.6	***	***	***	***	***	***
Containers	4.7	***	***	***	***	***	***
Appliance manufacturers	7.9	***	***	***	***	***	***
Tin mill products	0.4	***	***	***	***	***	***
Other applications/end uses/unknown	58.1	***	***	***	***	***	***
Subtotal, commercial U.S. shipments	100.0	***	***	***	***	***	***

Item	U.S. importers					
	United Kingdom	Subject sources	Canada	All other sources	Nonsubject sources	All sources
	Quantity (short tons)					
Commercial U.S. shipments by end use.--Automotive and transportation	***	109,745	***	***	185,523	295,268
Construction/structural end users	***	182,628	***	***	46,658	229,285
Containers	***	137,787	***	***	72,709	210,496
Appliance manufacturers	***	25,148	***	***	44,135	69,283
Tin mill products	***	122,084	***	***	1,969	124,054
Other applications/end uses/unknown	***	518,643	***	***	215,305	733,948
Subtotal, commercial U.S. shipments	***	1,096,035	***	***	566,299	1,662,334
	Share of total quantity (percent)					
Commercial U.S. shipments by end use.--Automotive and transportation	***	10.0	***	***	32.8	17.8
Construction/structural end users	***	16.7	***	***	8.2	13.8
Containers	***	12.6	***	***	12.8	12.7
Appliance manufacturers	***	2.3	***	***	7.8	4.2
Tin mill products	***	11.1	***	***	0.3	7.5
Other applications/end uses/unknown	***	47.3	***	***	38.0	44.2
Subtotal, commercial U.S. shipments	***	100.0	***	***	100.0	100.0

Note.-- Other end uses listed by U.S. producers and U.S. importers include service centers, pipe and tube, construction, industrial, machinery and equipment, electrical equipment, and converters.

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

Shipments of cold-rolled steel, by type

Table IV-10 presents information on U.S. commercial shipments of black plate and continuously annealed cold-rolled steel in 2015. Three U.S. producers (***) had U.S. shipments of black plate in 2015, representing *** percent of total U.S. producers' U.S. shipments in 2015. In 2015 there were U.S. shipments of imports of black plate from China, Japan, Korea, Canada, and all other sources.

Five U.S. producers (***) had commercial U.S. shipments of continuously annealed cold-rolled steel in 2015, representing *** percent of total U.S. producers' U.S. shipments in 2015. In 2015 there were commercial U.S. shipments of imports of continuously annealed cold-rolled steel from all sources.

Table IV-10
Cold-rolled steel: Commercial U.S. shipments by type, 2015

Item	2015	
	Quantity (short tons)	
	Black plate	Continuously annealed
U.S. producers' U.S. shipments	***	***
U.S. shipments of imports from.--	***	***
Brazil	***	***
China	***	***
India	***	***
Japan	***	***
Korea	***	***
Russia	***	***
United Kingdom	***	***
Subtotal, subject	***	***
Canada	***	***
All other sources	***	***
Subtotal, nonsubject	***	***
Total U.S. imports	***	***

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

Geographical markets

As noted previously, cold-rolled steel production occurs throughout the United States and cold-rolled steel is shipped nationwide. As illustrated in table IV-12, the New Orleans, Los Angeles, and Houston-Galveston Customs districts accounted for more than half of the imports of cold-rolled steel from the subject countries during 2015.

Table IV-12
Cold-rolled steel: Major customs districts of entry for U.S. imports, 2015

Item	U.S. imports 2015	
	Quantity (short tons)	Share of quantity (percent)
U.S. imports from Brazil.-- New Orleans, LA	139,106	57.8
Boston, MA	28,633	11.9
Philadelphia, PA	25,829	10.7
Houston-Galveston, TX	21,930	9.1
Tampa, FL	12,416	5.2
Detroit, MI	6,778	2.8
Savannah, GA	5,620	2.3
All other districts	516	0.2
Total U.S. imports from Brazil	240,826	100.0
U.S. imports from China.-- Los Angeles, CA	247,761	46.1
New Orleans, LA	136,740	25.4
Houston-Galveston, TX	81,654	15.2
Philadelphia, PA	40,936	7.6
Boston, MA	13,941	2.6
Seattle, WA	5,137	1.0
Tampa, FL	3,294	0.6
All other districts	8,270	1.5
Total U.S. imports from China	537,732	100.0
U.S. imports from India.-- Philadelphia, PA	27,129	36.4
Houston-Galveston, TX	18,888	25.3
New Orleans, LA	13,256	17.8
Charlotte, NC	6,163	8.3
Savannah, GA	2,535	3.4
Detroit, MI	2,097	2.8
New York, NY	1,899	2.5
All other districts	2,560	3.4
Total U.S. imports from India	74,527	100.0
U.S. imports from Japan.-- Savannah, GA	35,244	23.8
New Orleans, LA	34,262	23.1
Houston-Galveston, TX	15,370	10.4
Laredo, TX	12,052	8.1
Philadelphia, PA	10,568	7.1
Boston, MA	10,410	7.0
Los Angeles, CA	8,044	5.4
All other districts	22,092	14.9
Total U.S. imports from Japan	148,042	100.0

Table continued on following page.

Table IV-12—Continued
Cold-rolled steel: Major customs districts of entry for U.S. imports, 2015

Item	U.S. imports 2015	
	Quantity (short tons)	Share of quantity (percent)
U.S. imports from Korea,--		
New Orleans, LA	103,330	43.6
Mobile, AL	82,530	34.8
Los Angeles, CA	20,409	8.6
Philadelphia, PA	8,594	3.6
San Francisco, CA	7,743	3.3
Houston-Galveston, TX	7,644	3.2
New York, NY	2,194	0.9
All other districts	4,755	2.0
Total U.S. imports from Korea	237,200	100.0
U.S. imports from Russia.--		
Chicago, IL	43,544	46.3
New Orleans, LA	18,631	19.8
Houston-Galveston, TX	12,668	13.5
Tampa, FL	9,603	10.2
Detroit, MI	5,050	5.4
Baltimore, MD	2,799	3.0
Cleveland, OH	1,674	1.8
All other districts	140	0.1
Total U.S. imports from Russia	94,109	100.0
U.S. imports from United Kingdom.--		
Philadelphia, PA	24,177	40.9
Detroit, MI	12,291	20.8
Savannah, GA	12,035	20.4
Chicago, IL	5,078	8.6
Cleveland, OH	1,808	3.1
Houston-Galveston, TX	1,383	2.3
New York, NY	964	1.6
All other districts	1,320	2.2
Total U.S. imports from United Kingdom	59,057	100.0
U.S. imports from subject sources.--		
New Orleans, LA	445,416	32.0
Los Angeles, CA	276,331	19.9
Houston-Galveston, TX	159,537	11.5
Philadelphia, PA	137,373	9.9
Mobile, AL	89,510	6.4
Savannah, GA	57,492	4.1
Boston, MA	53,911	3.9
All other districts	171,923	12.4
Total U.S. imports from subject sources	1,391,493	100.0

Table continued on following page.

Table IV-12—Continued
Cold-rolled steel: Major customs districts of entry for U.S. imports, 2015

Item	U.S. imports 2015	
	Quantity (short tons)	Share of quantity (percent)
U.S. imports from Canada.-- Detroit, MI	308,303	79.3
Buffalo, NY	78,858	20.3
Cleveland, OH	899	0.2
Pembina, ND	457	0.1
Ogdensburg, NY	185	0.0
St. Albans, VT	124	0.0
Seattle, WA	102	0.0
All other districts	97	0.0
Total U.S. imports from Canada	389,026	100.0
U.S. imports from all other sources.-- Laredo, TX	176,909	28.4
Chicago, IL	96,531	15.5
Philadelphia, PA	86,385	13.9
New Orleans, LA	44,422	7.1
Los Angeles, CA	42,527	6.8
Cleveland, OH	37,808	6.1
Boston, MA	30,251	4.9
All other districts	107,280	17.2
Total U.S. imports from all other sources	622,113	100.0
U.S. imports from nonsubject sources-- Detroit, MI	333,014	32.9
Laredo, TX	176,909	17.5
Chicago, IL	96,537	9.5
Philadelphia, PA	86,385	8.5
Buffalo, NY	79,488	7.9
New Orleans, LA	44,422	4.4
Los Angeles, CA	42,527	4.2
All other districts	151,857	15.0
Total U.S. imports from nonsubject sources	1,011,139	100.0
U.S. imports from all sources.-- New Orleans, LA	489,838	20.4
Detroit, MI	363,006	15.1
Los Angeles, CA	318,858	13.3
Philadelphia, PA	223,758	9.3
Laredo, TX	188,982	7.9
Houston-Galveston, TX	179,319	7.5
Chicago, IL	146,564	6.1
All other districts	492,306	20.5
Total U.S. imports from all sources	2,402,632	100.0

Table continued on next page.

Table IV-12—Continued
Cold-rolled steel: Major customs districts of entry for U.S. imports, 2015

Source: Official U.S. imports statistics using HTS statistical reporting numbers 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7225.50.6000, 7225.50.8085, 7226.92.5000, 7226.92.8050 and 7226.99.0180 (both non-alloy and alloy HTS numbers), accessed May 27, 2016.

Presence in the market

Table IV-11 and figures IV-2 and IV-3 present information on the monthly presence of domestic shipments and U.S. imports in the United States during January 2013-April 2016. These data show that imports of cold-rolled steel from the subject countries were present in the U.S. market in every month during January 2013 to December 2015, except for Brazil (in 2013) and Russia.

Table IV-11
Cold-rolled steel: Monthly presence of domestic shipments and U.S. imports, January 2013-April 2016

Item	U.S. producers[1]	U.S. imports					
		Brazil	China	India	Japan	Korea	Russia
2013.--							
January	998,941	7,948	22,797	212	15,105	11,201	0
February	922,688	7,211	39,967	558	10,386	12,586	0
March	934,478	1,140	19,048	236	18,397	8,656	0
April	993,297	12,511	8,934	571	5,884	8,696	0
May	916,920	3	19,457	901	16,968	11,135	0
June	867,759	4,086	13,793	291	12,196	3,577	0
July	943,319	16	14,846	200	9,005	5,799	0
August	955,614	35	18,656	663	13,235	17,803	0
September	909,729	0	18,740	114	7,827	10,361	0
October	975,425	0	34,852	4,169	9,686	13,284	0
November	900,851	3	36,420	2,477	12,752	4,450	0
December	930,130	0	19,897	7,144	9,012	12,214	222
2014.--							
January	921,431	2,385	21,997	6,544	9,391	19,376	376
February	892,848	6,598	31,654	12,427	12,337	12,052	0
March	957,629	5,873	31,810	12,538	11,250	13,381	5,421
April	967,087	8,687	105,873	4,636	12,933	13,879	9,267
May	980,688	2,049	48,609	8,990	11,903	5,597	7,000
June	928,449	4,336	84,445	1,519	12,570	16,211	6,786
July	937,500	13,174	60,257	2,004	12,847	19,822	11,960
August	917,432	4,385	59,810	3,393	10,197	17,954	975
September	893,119	2,251	146,421	7,614	6,295	15,404	14,194
October	895,444	16,922	118,255	707	14,483	28,925	11,986
November	815,911	13,639	115,818	9,713	9,302	20,863	0
December	838,044	18,461	48,268	15,554	9,999	10,112	21,419
2015.--							
January	820,869	49,381	48,994	1,879	10,294	27,548	7,944
February	751,431	21,858	59,240	19,436	12,754	23,202	0
March	837,170	15,223	57,557	10,361	11,346	24,478	2,178
April	791,029	23,128	86,447	6,150	23,969	14,137	6,830
May	798,888	5,609	61,649	17,003	4,757	18,153	17,806
June	900,367	10,151	57,959	9,704	12,405	23,327	0
July	872,323	6,218	70,110	5,592	16,442	16,179	2,852
August	892,567	42,352	31,072	1,582	14,150	17,379	4,225
September	830,709	18,342	57,649	657	16,867	13,801	23,642
October	833,464	24,827	6,382	1,546	9,153	15,161	22,277
November	723,330	16,327	324	261	10,399	30,901	6,354
December	748,253	7,411	348	356	5,506	12,932	0
2016.--							
January	830,003	3,908	132	273	1,974	9,143	0
February	749,233	1	288	274	766	14,852	0
March	940,325	118	242	344	1,035	15,128	0
April	963,045	31	736	352	2,367	17,373	0

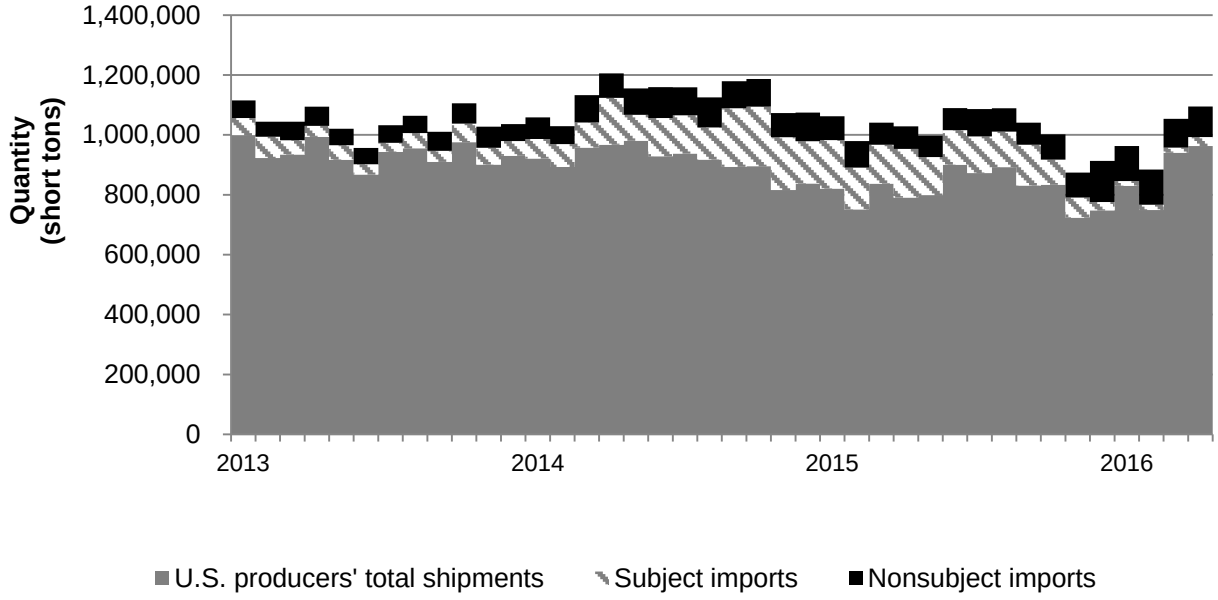
Table continued on next page.

Table IV-11 -- Continued
Cold-rolled steel: Monthly presence of domestic shipments and U.S. imports, January 2013-April 2016

Item	U.S. imports					
	United Kingdom	Subject sources	Canada	All other sources	Nonsubject sources	All sources
2013.--						
January	402	57,666	23,726	34,674	58,400	116,067
February	224	70,934	19,789	30,801	50,590	121,523
March	323	47,800	26,580	35,110	61,690	109,490
April	245	36,841	26,694	37,280	63,974	100,815
May	270	48,734	20,768	34,276	55,044	103,778
June	227	34,170	20,858	33,470	54,328	88,498
July	236	30,101	20,353	38,365	58,718	88,820
August	239	50,632	22,311	35,120	57,431	108,064
September	156	37,197	24,920	38,349	63,268	100,466
October	199	62,190	27,082	41,076	68,158	130,348
November	150	56,252	23,905	46,279	70,184	126,437
December	822	49,310	22,853	33,857	56,710	106,020
2014.--						
January	4,896	64,966	31,335	40,871	72,207	137,172
February	1,349	76,416	31,434	28,580	60,014	136,430
March	3,448	83,722	51,893	39,461	91,354	175,075
April	1,299	156,574	42,040	39,639	81,680	238,254
May	2,290	86,436	38,103	49,905	88,008	174,445
June	1,876	127,744	50,882	52,407	103,289	231,032
July	7,933	127,997	46,622	46,589	93,211	221,208
August	10,469	107,183	47,199	53,652	100,851	208,034
September	3,517	195,696	44,617	46,038	90,655	286,351
October	7,402	198,681	44,917	47,973	92,889	291,570
November	7,191	176,527	35,401	44,852	80,252	256,779
December	16,803	140,615	31,488	64,227	95,715	236,331
2015.--						
January	15,954	161,996	34,923	44,310	79,233	241,229
February	2,611	139,101	38,753	49,913	88,666	227,767
March	8,802	129,945	35,385	38,208	73,593	203,538
April	1,327	161,989	37,850	37,723	75,573	237,562
May	2,342	127,319	27,902	43,318	71,220	198,539
June	1,728	115,273	35,262	38,648	73,910	189,183
July	5,217	122,611	31,597	59,955	91,552	214,164
August	7,421	118,180	34,505	43,518	78,024	196,204
September	5,224	136,182	33,812	40,123	73,935	210,117
October	4,395	83,741	29,260	55,541	84,801	168,542
November	3,057	67,623	26,588	56,712	83,301	150,924
December	980	27,532	23,187	114,144	137,332	164,864
2016.--						
January	156	15,586	26,707	90,762	117,470	133,055
February	1,058	17,240	26,039	91,549	117,588	134,828
March	315	17,182	28,220	67,784	96,005	113,187
April	9,514	30,373	30,694	103,449	134,143	164,515

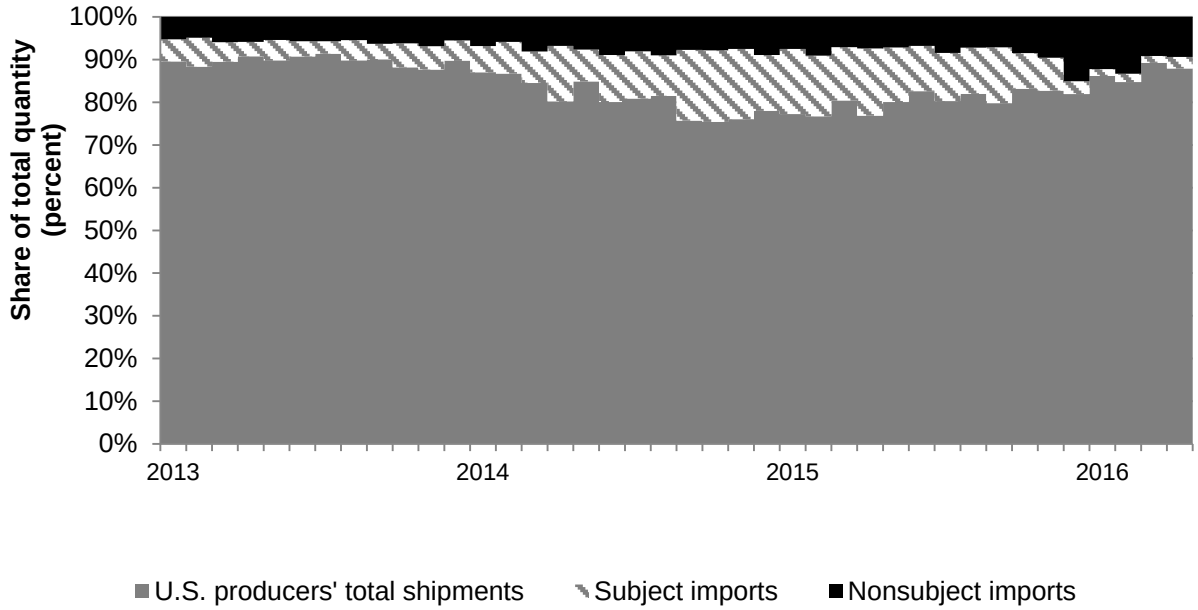
Source: Official U.S. import statistics using statistical reporting numbers 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0070, 7209.16.0091, 7209.17.0030, 7209.17.0060, 7209.17.0070, 7209.17.0091, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2520, 7209.18.2580, 7209.18.6020, 7209.18.6090, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6075, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, and 7212.40.5000 (non-alloy group) and 7225.50.6000, 7225.50.8085, 7226.92.5000, 7226.92.7050, and 7226.92.8050 (alloy group) accessed May 27, 2016, and monthly AISI carbon and alloy steel reports, compiled May 31, 2016 (published with permission).

Figure IV-2
Cold-rolled steel: Monthly domestic shipments and U.S. imports, by source, January 2013-April 2016



Source: Table IV-11.

Figure IV-3
Cold-rolled steel: Monthly domestic shipments and U.S. imports, by source, January 2013-April 2016



Source: Table IV-11.

APPARENT U.S. CONSUMPTION

Merchant market

Table IV-13 and figure IV-4 present data on apparent U.S. consumption and U.S. market shares for merchant market cold-rolled steel.[22] These data show that merchant market apparent U.S. consumption, by quantity, decreased by 1.0 percent from 2013 to 2015, while the value of apparent U.S. consumption decreased by 9.7 percent over the same period.

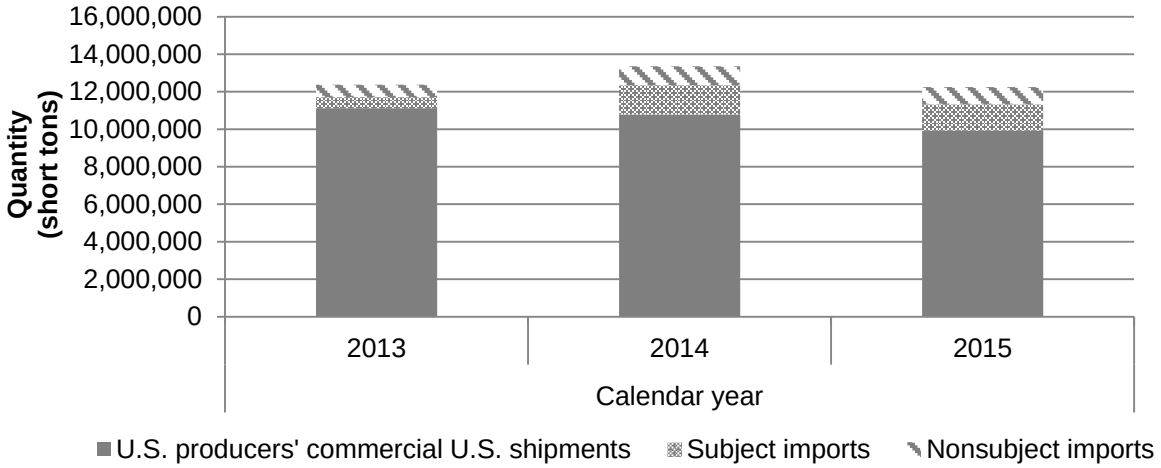
[22] Merchant market apparent U.S. consumption based on shipment of U.S. imports was 12,155,370 short tons in 2013, 12,761,398 short tons in 2014, and 11,855,231 short tons in 2015.

Table IV-13
Cold-rolled steel: Apparent U.S. merchant market consumption, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
U.S. producers' commercial U.S. shipments	11,127,059	10,792,999	9,930,105
U.S. imports from.--			
Brazil	32,953	98,755	240,796
China	268,090	879,006	540,287
India	18,350	87,312	76,188
Japan	140,097	129,856	150,966
Korea	***	***	***
Russia	222	89,385	94,109
United Kingdom	***	***	***
Subtotal, subject	585,033	1,553,294	1,400,836
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	663,912	1,017,680	923,644
Total U.S. imports	1,248,945	2,570,974	2,324,480
Apparent U.S. merchant market consumption	12,376,004	13,363,973	12,254,585
	Value (1,000 dollars)		
U.S. producers' commercial U.S. shipments	8,265,222	8,472,575	6,794,385
U.S. imports from.--			
Brazil	20,925	68,100	124,388
China	167,724	554,207	295,705
India	16,892	64,348	52,133
Japan	144,332	139,120	135,834
Korea	***	***	***
Russia	127	58,969	51,831
United Kingdom	***	***	***
Subtotal, subject	468,533	1,117,051	899,333
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	575,638	907,838	712,005
Total U.S. imports	1,044,170	2,024,889	1,611,337
Apparent U.S. merchant market consumption	9,309,392	10,497,464	8,405,722

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

Figure IV-4
Cold-rolled steel: Apparent U.S. merchant market consumption, 2013-15



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

Total market

Table IV-14 and figure IV-5 present data on apparent U.S. consumption and U.S. market shares for cold-rolled steel.[23] These data show that apparent U.S. consumption, by quantity, increased by 1.8 percent from 2013 to 2015, while the value of apparent U.S. consumption decreased by 7.5 percent over the same period.

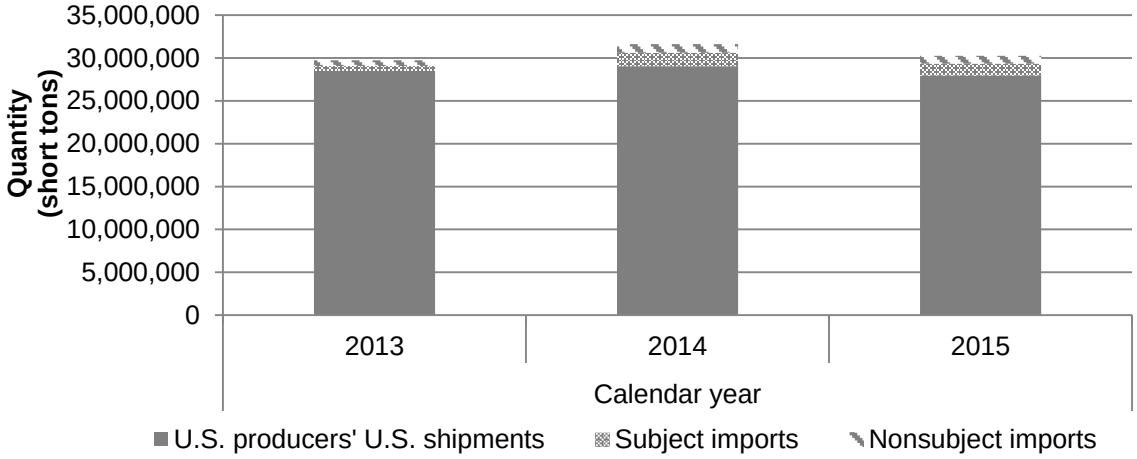
[23] Total market apparent U.S. consumption based on U.S. shipment of imports was 29,518,070 short tons in 2013, 31,026,061 short tons in 2014, and 29,872,924 short tons in 2015.

Table IV-14
Cold-rolled steel: Apparent U.S. consumption, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
U.S. producers' U.S. shipments	28,489,759	29,057,662	27,947,798
U.S. imports from.--			
Brazil	32,953	98,755	240,796
China	268,090	879,006	540,287
India	18,350	87,312	76,188
Japan	140,097	129,856	150,966
Korea	***	***	***
Russia	222	89,385	94,109
United Kingdom	***	***	***
Subtotal, subject	585,033	1,553,294	1,400,836
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	663,912	1,017,680	923,644
Total U.S. imports	1,248,945	2,570,974	2,324,480
Apparent U.S. whole market consumption	29,738,704	31,628,636	30,272,278
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	20,500,216	22,220,507	18,310,955
U.S. imports from.--			
Brazil	20,925	68,100	124,388
China	167,724	554,207	295,705
India	16,892	64,348	52,133
Japan	144,332	139,120	135,834
Korea	***	***	***
Russia	127	58,969	51,831
United Kingdom	***	***	***
Subtotal, subject	468,533	1,117,051	899,333
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	575,638	907,838	712,005
Total U.S. imports	1,044,170	2,024,889	1,611,337
Apparent U.S. whole market consumption	21,544,386	24,245,396	19,922,292

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

Figure IV-5
Cold-rolled steel: Apparent U.S. consumption, 2013-15



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

U.S. MARKET SHARES

Merchant market

U.S. market share data for the cold-rolled steel merchant market are presented in table IV-15. These data show that U.S. producers' market share declined by 8.9 percentage points from 2013 to 2015, while the market share held by subject sources increased by 6.7 percentage points during the same period. Measured by value, U.S. producers' market share of the cold-rolled steel merchant market decreased 10.0 percentage points between 2013 and 2015, while the market share of subject imports was 5.5 percentage points higher.

Table IV-15
Cold-rolled steel: Apparent U.S. merchant market consumption and market shares, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Apparent U.S. merchant market consumption	12,376,004	13,363,973	12,254,585
	Share of quantity (percent)		
U.S. producers' commercial U.S. shipments	89.9	80.8	81.0
U.S. imports from.--			
Brazil	0.3	0.7	2.0
China	2.2	6.6	4.4
India	0.1	0.7	0.6
Japan	1.1	1.0	1.2
Korea	***	***	***
Russia	0.0	0.7	0.8
United Kingdom	***	***	***
Subtotal, subject	4.7	11.6	11.4
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	5.4	7.6	7.5
Total U.S. imports	10.1	19.2	19.0
	Value (1,000 dollars)		
Apparent U.S. merchant market consumption	9,309,392	10,497,464	8,405,722
	Share of value (percent)		
U.S. producers' commercial U.S. shipments	88.8	80.7	80.8
U.S. imports from.--			
Brazil	0.2	0.6	1.5
China	1.8	5.3	3.5
India	0.2	0.6	0.6
Japan	1.6	1.3	1.6
Korea	***	***	***
Russia	0.0	0.6	0.6
United Kingdom	***	***	***
Subtotal, subject	5.0	10.6	10.7
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	6.2	8.6	8.5
Total U.S. imports	11.2	19.3	19.2

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

Total market

U.S. market share data for cold-rolled steel are presented in table IV-16. These data show that U.S. producers' market share declined by 3.5 percentage points from 2013 to 2015, while the market share held by subject sources increased by 2.7 percentage points during the same period. Measured by value, U.S. producers' market share of the cold-rolled steel merchant market decreased 3.2 percentage points between 2013 and 2015, while the market share of subject imports was 2.3 percentage points higher.

Table IV-16
Cold-rolled steel: U.S. consumption and market shares, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Apparent U.S. whole market consumption	29,738,704	31,628,636	30,272,278
	Share of quantity (percent)		
U.S. producers' U.S. shipments	95.8	91.9	92.3
U.S. imports from.--			
Brazil	0.1	0.3	0.8
China	0.9	2.8	1.8
India	0.1	0.3	0.3
Japan	0.5	0.4	0.5
Korea	***	***	***
Russia	0.0	0.3	0.3
United Kingdom	***	***	***
Subtotal, subject	2.0	4.9	4.6
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	2.2	3.2	3.1
Total U.S. imports	4.2	8.1	7.7
	Value (1,000 dollars)		
Apparent U.S. whole market consumption	21,544,386	24,245,396	19,922,292
	Share of value (percent)		
U.S. producers' U.S. shipments	95.2	91.6	91.9
U.S. imports from.--			
Brazil	0.1	0.3	0.6
China	0.8	2.3	1.5
India	0.1	0.3	0.3
Japan	0.7	0.6	0.7
Korea	***	***	***
Russia	0.0	0.2	0.3
United Kingdom	***	***	***
Subtotal, subject	2.2	4.6	4.5
Canada	***	***	***
All other sources	***	***	***
Subtotal, nonsubject	2.7	3.7	3.6
Total U.S. imports	4.8	8.4	8.1

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

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The primary raw material inputs used to produce cold-rolled steel include iron ore, coal, and iron and steel scrap. Prices for these raw materials fluctuated during January 2013-December 2015, though the prices for each input showed an overall decrease. Prices for iron ore, coal, and iron and steel scrap decreased by 0.4 percent, 9.9 percent, and 56.6 percent, respectively, between January 2013 and December 2015 (figure V-1).[1] U.S. producers' raw material costs as a share of the cost of goods sold ("COGS") decreased from 65.5 percent in 2013 to 58.3 percent in 2015.[2]

The immediate upstream input to cold-rolled steel is hot-rolled steel. According to *** data, between January 2013 and December 2015 prices of hot-rolled coil decreased by *** percent and prices of cold-rolled coil decreased by *** percent (figure V-2). Prices for both hot-rolled and cold-rolled coil have increased in the first four months of 2016. Hot-rolled coil prices have increased by *** percent since December 2015 and cold-rolled coil prices have increased by *** percent. Prices for hot-dipped galvanized steel, the primary downstream product for cold-rolled steel, decreased by *** percent during 2013-15, and increased by *** percent from December 2015 to April 2016. The price spread between hot-rolled steel and cold-rolled steel increased during 2013-15, particularly in 2015.[3]

Nearly all firms reported that raw material prices had either fluctuated or decreased since January 2013. Eight of 12 responding U.S. producers reported that raw material prices decreased while four reported that raw material prices had fluctuated.[4] Similarly, 24 of 44

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[1] U.S. producers utilize different raw materials in their production of steel, and have different methods of procuring these raw materials, depending on their degree of vertical integration.

One source indicated that U.S. steel prices have little relation to benchmark iron ore prices in the short-term because of U.S. producers' captive production of iron ore, purchases of iron ore under long-term contracts, and use of steel scrap. Market Realist, http://marketrealist.com/2016/03/scrap-iron-ore-drives-us-steel-prices/, retrieved June 6, 2016.

[2] Based on data for the merchant market (see table VI-1).

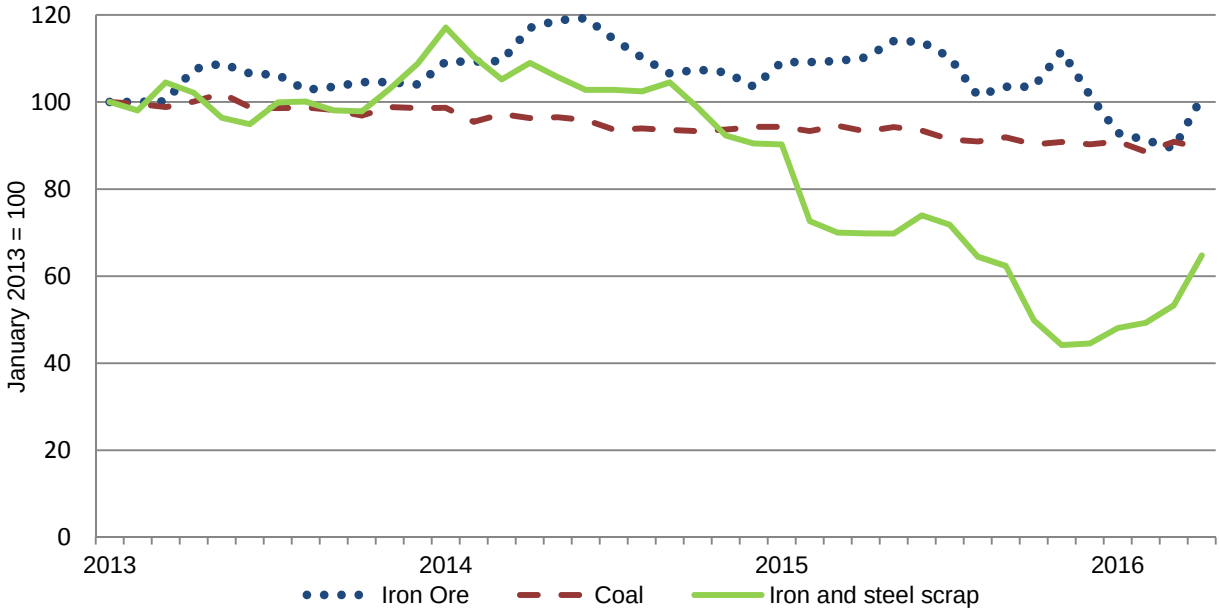
[3] Cold-rolled coil prices were *** per short ton higher than hot-rolled coil prices in January 2013 and *** per short ton higher in December 2015. The spread increased to *** per short ton in April 2016. According to American Metal Market, cold-rolled sheet and coated sheet prices have continued to increase through June 2016, increasing the spread between hot-rolled steel prices and cold-rolled and coated steel prices. American Metal Market, "Hot-rolled Stalls, Coated Races Ahead," June 3, 2016.

[4] In April 2015, during U.S. producer Nucor's quarterly earnings conference call, the firm's president and CEO noted that their St. James Parish, Louisiana facility – which produces direct-reduced iron ("DRI") – produced 1.3 million tons of DRI during the previous year, and that this was a "meaningful factor supporting February {2015}'s dramatic downward adjustment of more than $100 per ton in scrap

(*continued*...)

responding importers reported that raw material prices had decreased and 20 reported that they had fluctuated. U.S. producer *** reported that scrap pricing has been volatile, trending down in most of 2015, and trending up more recently. *** reported that its prices reflect market conditions for cold-rolled steel rather than raw material prices.

Figure V-1
Input prices: Producer price indexes of iron ore, coal, and iron and steel scrap in the United States, monthly, January 2013-April 2016



Source: U.S. Bureau of Labor Statistics, May 26, 2016.

Figure V-2
Sheet prices: Steel sheet product prices, USA Midwest, January 2013-April 2016, monthly

* * * * * * *

Most responding purchasers (30 of 42) reported that changes in raw material costs affected price negotiations with their cold-rolled steel suppliers. However, most purchasers reported that their contract purchase prices were not indexed to raw material costs. Fourteen of 43 purchasers reported that their contract purchase prices were indexed to raw material costs,[5] and 7 of 41 purchasers reported that their spot purchase prices were indexed to raw material costs. Many of these purchasers noted that changes in raw material prices affect

(…*continued*)
pricing." Nucor Corporation's Q1 2015 Earnings conference call transcript, available at http://s.t.st/media/xtranscript/2015/Q2/13125011.pdf.

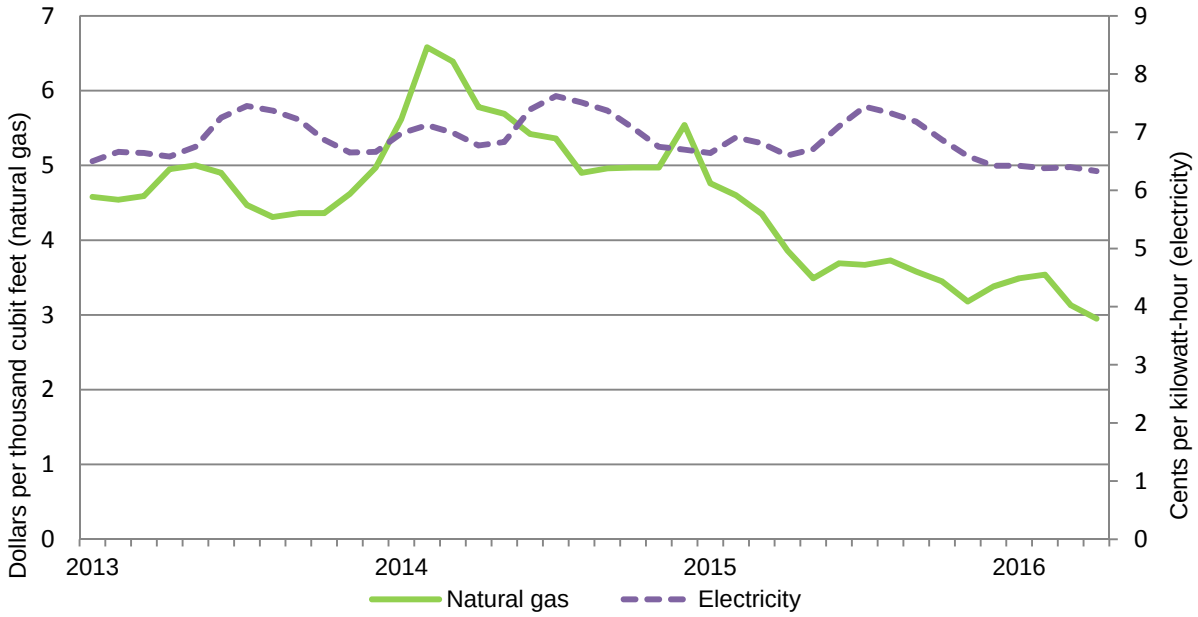
[5] These 14 firms represented a variety of types of purchasers including automotive end users and service center/distributors.

market prices or CRU index prices although a few noted more direct tie-ins to prices. For example, ***.

Energy costs

Energy costs are also a factor into cold-rolled steel production costs. Electricity prices fluctuated slightly from January 2013 to December 2015, but decreased overall by 1.2 percent (figure V-3). Natural gas prices increased from 2013 until early 2014 and then declined, with an overall decrease between January 2013 and December 2015 of 26.2 percent.

Figure V-3
Industrial natural gas and electricity: Monthly prices, January 2013-April 2016



Source: Short Term Energy Outlook, Energy Information Administration, www.eia.gov, June 2, 2016.

Firms reported mixed descriptions of energy price trends. Three U.S. producers reported that energy prices decreased, two reported that they increased, and five reported fluctuation or no change. Most importers reported that energy prices decreased (17 of 37) or fluctuated (16 of 37).

*** reported that energy prices are a "very insignificant" percentage of its cost to produce cold-rolled steel. *** reported that electricity costs play a much larger role than natural gas costs, and that it has been unable raise prices to cover increased electricity costs.

U.S. inland transportation costs

Nine of 12 responding U.S. producers and 23 of 41 importers reported that they typically arrange transportation to their customers, and the remaining firms reported that their customers arranged transportation. U.S. producers reported that their U.S. inland

transportation costs ranged from 3 to 8 percent of the total delivered cost, while most importers reported costs of 2 to 10 percent.

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported primarily using transaction-by-transaction negotiations, contracts, or a combination of these methods for determining the prices they charge for cold-rolled steel (table V-1). The majority of U.S. producers reported using contracts for their sales to automotive end users and using both transaction-by-transaction negotiations and contracts for their sales to other end users and to distributors and service centers. *** reported that they also set prices by reference to competing foreign import prices, and *** reported that it has informal volume arrangements that adjust during the year based on CRU or Platt's indices.

Importers reported using both contracts and transaction based pricing for sales to automotive and other end users and to distributors and service centers. The majority of importers reported using contracts for their sales to automotive end users and using transaction-by-transaction negotiations for their sales to other end users and to distributors and service centers.

Table V-1

Cold-rolled steel: U.S. producers' and importers' reported price setting methods, by customer type, and by number of responding firms[1]

Price setting method	Customer type		
	Automotive end users	Other end users	Distributors and service centers
	U.S. producers		
Transaction-by-transaction	4	11	11
Contracts	8	12	11
Set price lists	0	1	1
Other	2	3	3
Total	8	12	12
	Subject U.S. importers		
Transaction-by-transaction	8	29	31
Contracts	13	15	12
Set price lists	0	0	1
Other	0	0	0
Total	19	34	34

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

U.S. producers reported selling on a long-term contract, annual contract, short-term contract, and spot basis (table V-2). For sales to automotive and other end users, most responding U.S. producers reported that the majority of their sales were on an annual or long-term contract basis. Ford reported that since 2013, the length of its contracts with U.S. cold-rolled steel producers has shortened from ***, although Ford would prefer longer-term contracts to ensure more predictable pricing and availability.[6] U.S. producers also sold to distributors on an annual and long-term contract basis, although the percentages were somewhat lower than for sales to end users.

Table V-2

Cold-rolled steel: U.S. producers' and importers' contract and spot sales, number of firms, by type of sale, 2015

Type of sale	Customer type		
	Automotive end users	Other end users	Distributors and service centers
	U.S. producers		
Number of firms reporting.—			
Long-term contracts	3	4	4
Annual contracts	6	10	9
Short-term contracts	4	6	5
Spot sales	5	11	11
Total	8	12	12
	Subject U.S. importers		
Number of firms reporting.—			
Long-term contracts	0	0	0
Annual contracts	4	3	4
Short-term contracts	7	14	10
Spot sales	8	19	24
Total	15	27	30

Note.--Since firms were requested to respond only for their 2015 sales, the number of firms reporting is different than for the more general question shown in table V-1, which did not refer to a specific time period.

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

Importers generally reported selling on a short-term contract or spot basis. No importer reported sales of cold-rolled steel under long-term contracts in 2015. Only 10 importers reported any sales on an annual-contract basis in 2015. For 6 of these importers, annual contracts were 30 percent or less of their total sales to a particular customer type. Four importers reported that annual contracts were 97 to 100 percent of a particular type of sales ***.

[6] Ford's prehearing brief, p. 12.

U.S. producers and importers most commonly reported that the average duration of their short-term contracts was 90 days, although firms reported as short as 30 days and as long as 180 days. U.S. producers' long-term contract terms were generally two years, although ***.

The vast majority of importers and most U.S. producers reported that their contracts do not allow for price renegotiation during the contract period. Importers' contracts generally fix price and may also fix quantity, and most do not include meet-or-release provisions.

Petitioners reported that contract pricing is tied closely to the spot market through indexing to publications such as CRU or Platt's. They asserted that as contract renegotiations come up for renewal, U.S. producers have been forced to accept much lower prices or to reduce previously agreed-upon volumes due to low spot prices.[7] In the fourth quarter of 2014, rapidly declining index prices delayed U.S. Steel's settling of base contracts as customers continued to negotiate pricing.[8] U.S. producer *** also reported that it has no binding agreements with its customers to purchase specific volumes, and that prices can adjust monthly or quarterly based on customers' requests.[9]

Twenty of 43 purchasers reported that they purchase product daily, 4 weekly, 15 monthly, and 2 quarterly. Nearly all (42 of 43) responding purchasers reported that their purchasing pattern had not changed since 2013. Most purchasers contact 1 to 6 suppliers before making a purchase.

Sales terms and discounts

U.S. producers reported that they typically quote prices on an f.o.b. basis, with typical sales terms of either net 30 days or ½ - 10 net 30 days. Among responding importers, 23 reported quoting prices on a delivered basis and 16 reported quoting prices on an f.o.b. basis. Most importers (33 of 38) reported sales terms of net 30 days.

The majority of responding U.S. producers reported that they had no discount policy, regardless of customer type (table V-3). Some U.S. producers reported offering quantity and/or total volume discounts, and others reported that while their firms do not have a set discount policy, they offer volume incentive programs or rebates that are negotiated on a case-by-case basis. The vast majority of importers reported no discount policy.

[7] Conference transcript, pp. 53 (Mull), 61-62 (Lauschke), 115-116 (Blume), 116-117 (Mull), 117-118, and 120 (Kopf); USS-POSCO's postconference brief, pp. 12-13; AK Steel's postconference brief, pp. 31-32 and exhibit 11; Nucor's postconference brief, pp. 10-14. Nucor's prehearing brief, pp. 13-14.

[8] Hearing transcript, pp. 160-161 (Matthews).

[9] *** U.S. producer questionnaire response, question IV-3.

Price leadership

Purchasers reported that price leaders were U.S. producers including Nucor (16 purchasers), Arcelor Mittal (10), U.S. Steel (8), and AK Steel (7). Several purchasers mentioned that these U.S. producers were the first to announce price changes, particularly price increases. One purchaser named a foreign supplier (JFE) and one named a distributor (Coilplus) as price leaders.

Table V-3
Cold-rolled steel: U.S. producers' and importers' discount policy type, by customer type, and by number of responding firms[1]

Discounts offered	Customer type		
	Automotive end users	Other end users	Distributors and service centers
	U.S. producers		
Quantity discounts	1	4	4
Annual total volume discounts	1	5	4
No discount policy	7	7	8
Other	2	3	3
Total	9	12	12
	Subject U.S. importers		
Quantity discounts	0	2	1
Annual total volume discounts	0	1	1
No discount policy	20	30	31
Other	1	5	3
Total	21	36	36

[1] The sum of responses may not add up to the total number of responding firms as each firm was instructed to check all applicable discount policies.

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

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following cold-rolled steel products shipped to unrelated U.S. customers during 2013-15.[10]

[10] Products 1-3 are from the preliminary phase of the investigations. A fourth product from the preliminary phase was not included in the final questionnaires. In the request for comments on questionnaires, staff asked for suggestions for additional or alternative pricing products to increase product coverage, particularly for imports from Japan and the United Kingdom.

In response to party comments, two black plate items (products 4 and 5) and two high-strength items (product 6 and 7) were added; respondent parties did not agree upon a single black plate item and a single high-strength item. Product 4 was suggested by Japanese respondents, products 5 and 6 by Korean respondents, and product 7 by UK respondents. See party comments on questionnaires and EDIS

(*continued*...)

Commercial quality sheet:

***Product 1*.--** Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not interstitial free, not painted, box annealed and temper rolled, 24" to 48" in width, 0.0120" to 0.0219" in thickness. Sales not pursuant to annual or longer-term contracts.

***Product 2*.--** Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not interstitial free, not painted, box annealed and temper rolled, 34" to 72" in width, 0.0220" to 0.0849" in thickness. Sales not pursuant to annual or longer-term contracts.

***Product 3*.--** Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not interstitial free, not painted, box annealed and temper rolled, 34" to 72" in width, 0.0220" to 0.0849" in thickness. Annual and longer-term contract sales.

Black plate:

***Product 4*.--** Single reduced black plate, MR type/D Type, meeting ASTM A-623/625 specifications, bright finish 7 A BE bright, RMS 12 micro inch max, temper classification of T-1, T-2 (49-57 hardness using the Rockwell 30 T scale), 24.5" to 39" in width, 0.008" to 0.019" in thickness.

***Product 5*.--** Single reduced black plate, MR type, meeting ASTM A-623/625 specifications, bright finish 7C, RMS 12-20 micro inch max, temper classification of T-2 (49-57 hardness using the Rockwell 30 T scale), 24.5" to 39" in width, 0.008" to 0.019" in thickness.

Automotive steel:

***Product 6*.--** Cold-rolled steel sheet, in coil, with a tensile strength of 585 Mega Pascal or more, used for automotive parts, 27" to 60" in width, 0.0315" to 0.0960" in thickness, sold to end users.

***Product 7*.--** Cold-rolled carbon steel sheet, in coils, high strength steel (CR780T/420Y-DP), continuous annealed and temper rolled, not interstitial free, not painted, 35.433" to 59.055" in width, 0.0314" to 0.07874" in thickness.

(…*continued*)
document 1083093 (email correspondence between USITC staff and Japanese and Korean respondents, March 7-10).

Eight U.S. producers[11] and 34 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[12]

Pricing data reported by these firms accounted for approximately 20.4 percent of U.S. producers' commercial shipments of cold-rolled steel during 2013-15 and the following percentages of U.S. commercial shipments of subject imports: Brazil (94.4 percent), China (59.1 percent), India (51.3 percent), Japan (40.6 percent), Korea (38.7 percent), Russia (45.6 percent), and United Kingdom (1.5 percent).[13]

Price data for commercial quality sheet (products 1-3), black plate (products 4-5),[14] and automotive steel (products 6-7) [15] are presented in tables V-4 to V-10 and figures V-4 to V-10. Nonsubject country prices for Canada are presented in Appendix D.

[11] Data reported by two U.S. producers are not included in the pricing tables: ***.

[12] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

[13] Percentages are based on U.S. commercial shipments as reported in questionnaires. Coverage may be overstated because of the overlap between products 6 and 7 (discussed below), but the affected volumes are relatively small.

[14] According to petitioners, the black plate pricing products (4 and 5) are not representative black plate products, but are niche products. Hearing transcript, p. 323 (Cannon). Respondents state that product 4 is representative and is the product that OCC purchases. Hearing transcript, p. 329 (Cameron). In 2015, for Japan, pricing products volumes for the black plate products 4 and 5 were *** short tons compared to *** short tons in total Japanese black plate shipments (as shown in table IV-10). For Korea, the comparable figures were *** short tons compared to *** short tons, respectively. Products 4 and 5 volumes represent a *** share of total domestic black plate shipments. In its purchaser questionnaire response, OCC reported that its 2015 cold-rolled steel purchases were as follows: ***.

[15] Petitioners report that pricing product 6 is an overly broad category, covering a large range of grades with a wide price range, and that product 7 is a subset of product 6. Email messages to USITC staff from ***, April 5, 2016 and ***, April 8, 2016 (EDIS document number 108538); and *** U.S. producer questionnaire response, IV-2.

According to ***, price differences between low end specifications and high end specifications for product 6 ranged between *** and *** over the 12-quarter period. Email message to USITC staff from ***.

Of the firms proving pricing data for products 6 and 7, three reported data for both products 6 and 7, one reported data only for product 6, and three reported data only for product 7.

Table V-4

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2013-December 2015

Period	United States		Brazil			China		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2013:								
Jan.-Mar.	735	5,821	***	***	***	***	***	***
Apr.-Jun.	749	4,989	***	***	***	***	***	***
Jul.-Sep.	738	4,029	***	***	***	***	***	***
Oct.-Dec.	740	6,789	***	***	***	***	***	***
2014:								
Jan.-Mar.	810	8,325	***	***	***	***	***	***
Apr.-Jun.	798	7,502	***	***	***	***	***	***
Jul.-Sep.	816	8,380	***	***	***	***	***	***
Oct.-Dec.	801	5,213	***	***	***	***	***	***
2015:								
Jan.-Mar.	745	7,394	***	***	***	***	***	***
Apr.-Jun.	659	3,703	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	636	3,604	***	***	***	***	***	***

Period	India			Korea			Russia		
	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2013:									
Jan.-Mar.	***	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***
2014:									
Jan.-Mar.	***	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***
2015:									
Jan.-Mar.	***	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***

[1] Product 1: Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not interstitial free, not painted, box annealed and temper rolled, 24” to 48” in width, 0.0120” to 0.0219” in thickness. Sales not pursuant to annual or longer-term contracts.

Note.—***.

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

Table V-5

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2013-December 2015

Period	United States		Brazil			China		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2013:								
Jan.-Mar.	700	201,636	***	***	***	***	***	***
Apr.-Jun.	686	186,887	***	***	***	***	***	***
Jul.-Sep.	683	205,960	***	***	***	***	***	***
Oct.-Dec.	714	225,399	***	***	***	***	***	***
2014:								
Jan.-Mar.	746	214,389	***	***	***	***	***	***
Apr.-Jun.	757	206,679	***	***	***	***	***	***
Jul.-Sep.	767	167,516	***	***	***	***	***	***
Oct.-Dec.	754	166,983	***	***	***	***	***	***
2015:								
Jan.-Mar.	711	145,312	***	***	***	***	***	***
Apr.-Jun.	590	155,254	***	***	***	***	***	***
Jul.-Sep.	577	164,063	***	***	***	***	***	***
Oct.-Dec.	546	134,542	***	***	***	***	***	***

Period	India			Korea			Russia		
	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2013:									
Jan.-Mar.	***	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***
2014:									
Jan.-Mar.	***	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***
2015:									
Jan.-Mar.	***	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***

[1] Product 2: Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not interstitial free, not painted, box annealed and temper rolled, 34” to 72” in width, 0.0220” to 0.0849” in thickness. Sales not pursuant to annual or longer-term contracts.

Note.—***.

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

Table V-6

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2013-December 2015

Period	United States		China			India		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2013:								
Jan.-Mar.	714	335,293	***	***	***	***	***	***
Apr.-Jun.	711	268,700	***	***	***	***	***	***
Jul.-Sep.	707	316,469	***	***	***	***	***	***
Oct.-Dec.	726	306,699	***	***	***	***	***	***
2014:								
Jan.-Mar.	755	353,144	***	***	***	***	***	***
Apr.-Jun.	760	305,023	***	***	***	***	***	***
Jul.-Sep.	774	308,263	***	***	***	***	***	***
Oct.-Dec.	767	282,904	***	***	***	***	***	***
2015:								
Jan.-Mar.	744	254,201	***	***	***	***	***	***
Apr.-Jun.	664	265,346	***	***	***	***	***	***
Jul.-Sep.	622	301,701	***	***	***	***	***	***
Oct.-Dec.	611	239,674	***	***	***	***	***	***

Period	Korea			Russia		
	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2013:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2014:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2015:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***

[1] Product 3: Cold-rolled carbon steel sheet, in coils, commercial quality (ASTM A-1008), not interstitial free, not painted, box annealed and temper rolled, 34” to 72” in width, 0.0220” to 0.0849” in thickness. Annual and longer-term contract sales.

Note.—***.

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

Table V-7

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2013-December 2015

* * * * * * *

Table V-8

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2013-December 2015

* * * * * * *

Table V-9

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2013-December 2015

* * * * * * *

Table V-10

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 7 and margins of underselling/(overselling), by quarters, January 2013-December 2015

* * * * * * *

Figure V-4

Cold-rolled steel: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2013-December 2015

* * * * * * *

Figure V-5

Cold-rolled steel: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2013-December 2015

* * * * * * *

Figure V-6

Cold-rolled steel: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2013-December 2015

* * * * * * *

Figure V-7

Cold-rolled steel: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2013-December 2015

* * * * * * *

Figure V-8

Cold-rolled steel: Weighted-average prices and quantities of domestic and imported product 5, by quarters, January 2013-December 2015

* * * * * * *

Figure V-9

Cold-rolled steel: Weighted-average prices and quantities of domestic and imported product 6, by quarters, January 2013-December 2015

* * * * * * *

Figure V-10

Cold-rolled steel: Weighted-average prices and quantities of domestic and imported product 7, by quarters, January 2013-December 2015

* * * * * * *

Price trends

Prices decreased during 2013-15. Table V-11 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from 7.1 to 21.9 percent during 2013-15[16] while import price decreases ranged from 0.2 to 33.6 percent.[17] As mentioned above, *** data indicate that U.S. Midwest cold-rolled coil prices declined by *** percent from January 2013 to December 2015, and have increased by *** percent during the first four months of 2016, and American Metal Market information indicates that cold-rolled coil prices continued to increase into June 2016.

Price comparisons

The following tables show underselling/overselling by country (table V-12a), by pricing product (table V-12b), and by year (table V-12c). As shown in table V-12a, prices for cold-rolled steel imported from subject countries were below those for U.S.-produced product in 123 of 184 instances (1,085,926 short tons); margins of underselling ranged from 0.1 to 36.8 percent. In the remaining 61 instances (327,146 short tons), prices for cold-rolled steel from subject countries were between 0.1 and 52.7 percent above prices for the domestic product.

[16] These percentage decreases are for the five pricing products for which there was U.S. producer data reported for all 12 quarters.

[17] These percentage decreases are for the pricing products and countries for which there data was reported for all 12 quarters, and cover Brazil, China, Korea, and Japan, and four of the seven pricing products.

Table V-11

Cold-rolled steel: Summary of weighted-average f.o.b. prices for products 1-7 from the United States and subject countries

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price[1] (percent)
Product 1:				
United States	12	636	816	(13.5)
Brazil	12	***	***	***
China	12	***	***	***
India	7	***	***	***
Korea	9	***	***	***
Russia	5	***	***	***
Product 2:				
United States	12	546	767	(21.9)
Brazil	12	***	***	***
China	12	***	***	***
India	9	***	***	***
Korea	12	***	***	***
Russia	9	***	***	***
Product 3:				
United States	12	611	774	(14.5)
China	9	***	***	***
India	6	***	***	***
Korea	6	***	***	***
Russia	4	***	***	***
Product 4:				
Brazil	1	***	***	***
China	4	***	***	***
Japan	12	***	***	***
Product 5:				
United States	6	***	***	***
China	2	***	***	***
Japan	4	***	***	***
Korea	4	***	***	***
Product 6:				
United States	12	***	***	***
China	9	***	***	***
Japan	12	***	***	***
Korea	12	***	***	***
Product 7:				
United States	12	***	***	***
China	2	***	***	***
Korea	12	***	***	***
United Kingdom	8	***	***	***

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

Table V-12a

Cold-rolled steel: Instances of underselling/overselling and the range and average of margins, by country, January 2013-December 2015

Source	Underselling				
	Number of quarters	Quantity[1] (short tons)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Brazil	20	***	***	***	***
China	27	***	***	***	***
India	17	***	***	***	***
Japan	1	***	***	***	***
Korea	35	***	***	***	***
Russia	15	***	***	***	***
United Kingdom	8	***	***	***	***
Total, underselling	123	1,085,926	10.5	0.1	36.8
Source	(Overselling)				
	Number of quarters	Quantity[1] (short tons)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Brazil	4	***	***	***	***
China	18	***	***	***	***
India	5	***	***	***	***
Japan	12	***	***	***	***
Korea	19	***	***	***	***
Russia	3	***	***	***	***
United Kingdom	0	***	***	***	***
Total, overselling	61	327,146	(9.8)	(0.1)	(52.7)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

Note.—***.

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

Table V-12b

Cold-rolled steel: Underselling/overselling, by pricing product

Source	Underselling				
	Number of quarters	Quantity[1] (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	33	35,610	8.7	0.6	22.3
Product 2	37	924,650	6.7	0.1	17.1
Product 3	14	55,367	10.9	3.2	22.8
Product 4	0	0	---	---	---
Product 5	5	4,201	29.2	23.2	36.8
Product 6	13	38,596	12.0	8.4	17.2
Product 7	21	27,502	14.5	4.6	31.3
Total, underselling	123	1,085,926	10.5	0.1	36.8
Source	(Overselling)				
	Number of quarters	Quantity[1] (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	12	6,929	(13.9)	(0.1)	(35.5)
Product 2	17	195,926	(11.7)	(0.5)	(52.7)
Product 3	11	13,413	(9.0)	(0.2)	(23.4)
Product 4	0	0	---	---	---
Product 5	0	0	---	---	---
Product 6	20	110,660	(6.6)	(0.5)	(14.4)
Product 7	1	218	(1.4)	(1.4)	(1.4)
Total, overselling	61	327,146	(9.8)	(0.1)	(52.7)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

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

Table V-12c

Cold-rolled steel: Underselling/overselling, by year

Source	Underselling				
	Number of quarters	Quantity[1] (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
2013	22	151,407	8.4	0.1	18.6
2014	59	510,864	9.0	0.6	23.7
2015	42	423,655	13.7	0.6	36.8
Total, underselling	123	1,085,926	10.5	0.1	36.8
Source	(Overselling)				
	Number of quarters	Quantity[1] (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
2013	18	83,941	(8.3)	(0.5)	(24.3)
2014	16	41,948	(7.6)	(0.1)	(23.4)
2015	27	201,257	(12.2)	(0.2)	(52.7)
Total, overselling	61	327,146	(9.8)	(0.1)	(52.7)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

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

As shown in table V-12b, subject imports of the commercial quality sheet pricing products 1-3 were priced lower than U.S.-produced product in 84 of 124 comparisons (1,015,627 of 1,231,895 short tons), subject imports of black plate pricing products 4-5 were priced lower than U.S.-produced product in all 5 comparisons (4,201 short tons), and subject imports of automotive steel pricing products 6 and 7 were priced lower than U.S.-produced product in 34 of 55 comparisons (66,098 of 176,976 short tons). Table V-12c indicates that subject imports were priced lower than U.S-produced product in a majority of instances and for the majority of the volume in each year during 2013-15. The number of instances and volume of underselling were higher in 2014 compared to 2013 and 2015.

LOST SALES AND LOST REVENUE[18]

In the final phase of these investigations, 8 of the 13 responding U.S. producers reported that they had to reduce prices, 8 reported that they had to roll back announced price increases, and 8 firms reported that they had lost sales. As noted in Part II, the Commission received purchaser questionnaire responses from 43 purchasers.[19] Responding purchasers reported purchasing 17.6 million short tons of cold-rolled steel during 2013-15 (table V-13).

Of the 43 responding purchasers, 29 reported that they had shifted purchases of cold-rolled steel from U.S. producers to subject imports since 2013 (table V-14). Twenty of these purchasers reported that subject imports were priced lower, and 15 reported that price was a primary reason for the shift. The reported estimated quantity of purchases shifted was 272,744 short tons (table V-15). Other identified reasons for shifting from U.S. producers included alternative source of supply, quality of imported product, and inability to obtain certain specifications from domestic producers.

Of the 43 responding purchasers, five reported that U.S. producers had reduced prices in order to compete with lower-priced imports from subject countries (tables V-16 and 17). The reported estimated price reduction ranged from 8 to 30 percent.

Table V-13
Cold-rolled steel: Purchasers' responses to purchasing patterns

* * * * * * *

Table V-14
Cold-rolled steel: Purchasers' responses to shifting supply sources, by purchaser

* * * * * * *

[18] Lost sales and lost revenue information from the preliminary phase investigations are presented in appendix E.

[19] Only three purchasers (***) submitted lost sales lost revenue survey responses in the preliminary phase, and one of these three firms (***) submitted a purchaser questionnaire response in the final phase.

Table V-15

Cold-rolled steel: Purchasers' responses to shifting supply sources, by subject country

Source	Count of purchasers reporting shifting sources	Count of purchasers reporting that imports were priced lower	Count of purchasers reporting that price was a primary reason for the shift	Quantity shifted (short tons)	Count of purchasers reporting other reasons for shift
Brazil	6	5	4	40,896	2
China	15	14	9	74,002	6
India	3	3	3	34,135	2
Japan	12	5	2	7,700	9
Korea	11	6	2	12,838	9
Russia	3	3	2	103,073	2
United Kingdom	4	1	1	100	3
Any subject source	29	20	15	272,744	11

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

Table V-16

Cold-rolled steel: Purchasers' responses to U.S. producer price reductions, by purchaser

* * * * * * *

Table V-17

Cold-rolled steel: Purchasers' responses to U.S. producer price reductions, by subject country

Source	Number of purchasers reporting U.S. producers reduced prices	Simple average of estimated U.S. price reduction (percent)	Range of estimated U.S. price reduction (percent)
Brazil	1	10.0	10.0 to 10.0
China	5	17.6	8.0 to 30.0
India	3	16.7	10.0 to 25.0
Japan	1	10.0	10.0 to 10.0
Korea	2	17.5	10.0 to 25.0
Russia	1	10.0	10.0 to 10.0
United Kingdom	1	10.0	10.0 to 10.0

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

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Thirteen firms reported usable financial data on cold-rolled steel, which are presented in this section of the report.[1] As discussed earlier in Part III, these firms either internally consumed or transferred to related parties a substantial portion of their cold-rolled steel to produce further manufactured products, such as types of corrosion-resistant steel or tin- and chromium-coated steel sheet. A majority of overall operations is composed of U.S. producers that manufacture and further process their own steel, while a smaller share reflects operations in which the underlying steel was purchased from related and/or unrelated sources.[2] On a value basis in 2015, internal consumption and transfers together accounted for approximately *** percent of total sales (based on table VI-2).

Three firms, *** accounted for approximately *** of the merchant market sales value and *** of total market sales of cold-rolled steel (based on appendix table F-1) in 2015. Four U.S. producers purchased the plant and equipment of other firms in 2014 and 2015: ArcelorMittal USA purchased the assets of the Calvert, Alabama mill from ThyssenKrupp, forming a joint venture with Nippon Steel and Sumitomo; AK Steel purchased the Dearborn, Michigan mill from Severstal; and Steel Dynamics purchased the Columbus, Mississippi mill from Severstal. These acquisitions all occurred in 2014 and ThyssenKrupp and Severstal exited the U.S. steel industry. Finally, Worthington acquired an independent processor of cold-rolled steel, Rome Strip Steel, in Rome, New York, in January 2015. These investments are discussed later.

OPERATIONS ON COLD-ROLLED STEEL

Tables VI-1 and VI-2 present aggregated data on U.S. producers' operations in relation to cold-rolled steel. These tables provides information on sales and costs of the reporting firm's commercial sales, and the data for quantity and value of commercial sales are the same in both tables. Besides the data for commercial sales (including exports) and costs in the merchant market in table VI-1, table VI-2 provides data for the firms' total market operations, including commercial sales, internal consumption, and transfers to related firms with internal consumption and transfers to related parties valued based upon constructed fair market value.[3]

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[1] With the exception of Steelscape, which reported on the basis of International Financial Reporting Standards ("IFRS"), U.S. producers reported their financial results on the basis of accounting principles generally accepted in the United States ("GAAP"). The majority of annual financial results were also reported on a calendar-year ("CY") basis. ***. Commission staff verified the questionnaire response of ArcelorMittal USA on June 3, 2016 at the offices of the firm's counsel. See Verification Memo, June 9, 2016.

[2] Purchased/transferred-in steel reflects primarily hot-rolled steel.

[3] The Commission's questionnaire asked U.S. producers to report the value of internal consumption and transfers to related firms at the same per-unit values as the firm's commercial sales. Firms were

(*continued*...)

Table VI-1
Cold-rolled steel: Results of merchant market operations of U.S. producers, fiscal years 2013-15

Item	Fiscal year		
	2013	2014	2015
	Quantity (short tons)		
Commercial sales	11,721,931	11,277,392	10,455,781
	Value (1,000 dollars)		
Commercial sales	8,784,598	8,911,088	7,243,732
Cost of goods sold.-- Raw materials	5,551,818	5,320,146	4,033,386
Direct labor	799,795	793,252	835,869
Other factory costs	2,121,391	2,184,597	2,053,493
Total COGS	8,473,004	8,297,995	6,922,748
Gross profit	311,594	613,093	320,984
SG&A expenses	248,991	272,519	278,385
Operating income	62,603	340,574	42,599
Other expense or (income), net	62,448	83,557	205,037
Net income	155	257,017	(162,438)
Depreciation/amortization	201,051	172,841	194,323
Cash flow	201,206	429,858	31,885
	Ratio to commercial sales (percent)		
Cost of goods sold.-- Raw materials	63.2	59.7	55.7
Direct labor	9.1	8.9	11.5
Other factory costs	24.1	24.5	28.3
Average COGS	96.5	93.1	95.6
Gross profit	3.5	6.9	4.4
SG&A expenses	2.8	3.1	3.8
Operating income	0.7	3.8	0.6
Net income or (loss)	([1])	2.9	(2.2)
	Ratio to total COGS (percent)		
Cost of goods sold.-- Raw materials	65.5	64.1	58.3
Direct labor	9.4	9.6	12.1
Other factory costs	25.0	26.3	29.7
Average COGS	100.0	100.0	100.0

Table continued on next page.

(…*continued*)
instructed to adjust the per-unit-values if their internal consumption and transfers differed from their commercial sales because of factors like product mix, or physical, or quality differences. This adjustment for differences in value was labeled "operations on cold-rolled steel with internal consumption and transfers to related parties valued based upon differences in cost (constructed fair market value)." *See* section III-9 of the U.S. producers' questionnaire.

Table VI-1 -- Continued
Cold-rolled steel: Results of merchant market operations of U.S. producers, fiscal years 2013-15

Item	Fiscal year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Commercial sales	749	790	693
Cost of goods sold.--			
Raw materials	474	472	386
Direct labor	68	70	80
Other factory costs	181	194	196
Average COGS	723	736	662
Gross profit	27	54	31
SG&A expenses	21	24	27
Operating income or (loss)	5	30	4
Net income or (loss)	([1])	23	(16)
	Number of firms reporting		
Operating losses	5	4	5
Net losses	5	5	6
Data	12	12	12

[1] Less than 0.05 percent and less than $0.50.

Note.—Firm-by-firm financial data are presented in appendix F.

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

The tabulation below shows the change in average unit values for the merchant market data presented in table VI-1 between yearly periods.

Change in unit values (dollars per short ton)	2013-15	2013-14	2014-15
Commercial sales	(57)	41	(97)
Cost of goods sold.--			
Raw materials	(88)	(2)	(86)
Direct labor	12	2	10
Other factory costs	15	13	3
Average COGS	(61)	13	(74)
Gross profit	4	28	(24)
SG&A expenses	5	3	2
Operating income or (loss)	(1)	25	(26)
Net income or (loss)	(16)	23	(38)

Source: Calculated from the data in table VI-1.

Table VI-2
Cold-rolled steel: Results of total market operations of U.S. producers with internal consumption and transfers valued at fair market value, fiscal years 2013-15

Item	Fiscal year		
	2013	2014	2015
	Quantity (short tons)		
Commercial sales	11,721,931	11,277,660	10,455,781
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Commercial sales	29,086,877	29,544,698	28,465,149
	Value (1,000 dollars)		
Commercial sales	8,784,598	8,911,088	7,243,733
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	21,021,912	22,661,546	18,742,352
Cost of goods sold.-- Raw materials	13,863,761	14,265,227	11,056,499
Direct labor	1,798,601	1,835,119	1,885,762
Other factory costs	5,011,008	5,418,806	5,243,787
Total COGS	20,673,370	21,519,152	18,186,048
Gross profit	348,542	1,142,394	556,304
SG&A expenses	574,185	663,599	708,296
Operating income or (loss)	(225,643)	478,795	(151,992)
Other expense or (income), net	138,309	200,331	438,403
Net income or (loss)	(363,952)	278,464	(590,395)
Depreciation/amortization	474,228	421,613	466,154
Cash flow	110,276	700,077	(124,241)
	Ratio to net sales (percent)		
Cost of goods sold.-- Raw materials	65.9	62.9	59.0
Direct labor	8.6	8.1	10.1
Other factory costs	23.8	23.9	28.0
Average COGS	98.3	95.0	97.0
Gross profit	1.7	5.0	3.0
SG&A expenses	2.7	2.9	3.8
Operating income or (loss)	(1.1)	2.1	(0.8)
Net income or (loss)	(1.7)	1.2	(3.2)
	Ratio to total COGS (percent)		
Cost of goods sold.-- Raw materials	67.1	66.3	60.8
Direct labor	8.7	8.5	10.4
Other factory costs	24.2	25.2	28.8
Average COGS	100.0	100.0	100.0

Table continued on next page.

Table VI-2 -- Continued
Cold-rolled steel: Results of total market operations of U.S. producers with internal consumption and transfers valued at fair market value, fiscal years 2013-15

Item	Fiscal year		
	2013	2014	2015
	Unit value (dollars per short ton)		
Commercial sales	749	790	693
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	723	767	658
Cost of goods sold.-- Raw materials	477	483	388
Direct labor	62	62	66
Other factory costs	172	183	184
Average COGS	711	728	639
Gross profit	12	39	20
SG&A expenses	20	22	25
Operating income or (loss)	(8)	16	(5)
Net income or (loss)	(13)	9	(21)
	Number of firms reporting		
Operating losses	4	2	4
Net losses	5	2	5
Data	13	13	13

Note.—Firm-by-firm financial data are presented in appendix F.

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

The tabulation below shows the change in average unit values for the total market data presented in table VI-2 between yearly periods.

Change in unit values (dollars per short ton)	2013-15	2013-14	2014-15
Commercial sales	(57)	41	(97)
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	(64)	44	(109)
Cost of goods sold.-- Raw materials	(88)	6	(94)
Direct labor	4	0	4
Other factory costs	12	11	1
Average COGS	(72)	18	(89)
Gross profit	8	27	(19)
SG&A expenses	5	3	2
Operating income or (loss)	2	24	(22)
Net income or (loss)	(8)	22	(30)

Source: Calculated from the data in table VI-2.

Net sales quantity and value

As the data in table VI-1 indicate, merchant market sales declined from 2013 to 2015 on a quantity basis, while sales values (and unit values) increased from 2013 to 2014 before falling in 2015. Much of the overall decline from 2013 to 2015 was accounted for by the data of ***. As the data in table VI-2 indicate, total market sales (including internal consumption and transfers) increased on a quantity, value, and unit value basis between 2013 and 2014 and declined in 2015. The increase between 2013 and 2014 was primarily attributable to the higher quantity and value of reported internal consumption of cold-rolled steel, while the quantity and value of commercial sales, internal consumption, and transfers fell in 2015. ***.[4]

Operating costs and expenses

Raw material costs represent the single largest component of overall COGS, accounting for approximately 58 percent of total COGS in the merchant market and 61 percent in the total market in 2015, down from approximately 66 percent in the merchant market and 67 percent in 2013 in the total market. Raw material costs, which represented approximately 63 percent of net sales value of merchant market operations and 66 percent of total market operations in 2013, declined to approximately 56 percent of merchant market sales and 59 percent of total sales in 2015. With respect to their U.S. operations, several producers reported that they purchase inputs from related parties: ***; ***;[5] ***.[6]

Other factory costs, which are composed of both variable and fixed facility overhead costs, are the second largest component of total COGS and consist of many allocated variable costs as well as fixed costs of production. These costs increased from 2013 to 2014 on a dollar basis, as a per-unit value, as a share of sales and total COGS; other factory costs declined in 2015 on a dollar basis but increased as a per-unit of sales, and as a share of total COGS and sales as indicated in tables VI-1 and VI-2. The increase in the dollar value of other factory costs in data for the merchant market from 2013 to 2015 was mostly accounted for by the data of ***. The increase in the dollar value in the total market from 2013 to 2015 was mostly accounted for by the data of ***.[7] [8]

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[4] Financial information on a firm-by-firm basis is shown in app. F.

[5] ***.

[6] The Commission's current practice requires that relevant cost information associated with input purchases from related suppliers correspond to the manner in which this information is reported in the U.S. producer's own accounting books and records. See *1,1,1,2-Tetrafluoroethane from China, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final),* USITC Publication 4503, December 2014, pp. 23 and 37.

[7] Fixed costs at a product line basis typically represent an allocation from total costs to a subset of the firm's product-lines within a facility or facilities. Reduced production or idled capacity typically leads to higher fixed costs per unit produced in a multi-product plant as fixed costs are spread over a smaller base. In an integrated operation, such costs may accrue from upstream raw material input producing facilities and downstream to ironmaking, steelmaking, casting, and hot- and cold-rolling operations, and

(*continued*...)

Total SG&A expenses, which include many fixed and variable company overhead accounts, increased on a dollar basis from 2013 to 2015. These expenses increased as a ratio to total net sales and on a per-unit of sales basis from 2013 to 2015.[9] The increase in the dollar value in the merchant market from $249.0 million in 2013 to $278.4 million in 2015 was mostly accounted for by the data of ***. The increase in the dollar value in the total market from $574.2 million in 2013 to $708.3 million in 2015 was mostly accounted for by the data of ***.

*** firms reported non-recurring charges at the operating level, classified in either other factory costs within COGS, as described earlier in the case of ***, or within general and administrative (G&A) expenses in the case of ***. Charges by *** included inventory adjustments, impairment charges to the value of plant and equipment (including closure charges), pensions, and idle plant costs, which it classified in general and administrative expenses. ***.[10]

Profitability

Tables VI-1 and VI-2 show that the industry's gross profit, on an absolute and relative basis, was at its highest level of the period of investigation in 2014. Notwithstanding variability in average direct labor and other factory costs, changes in the industry's gross profit margin primarily reflect the extent to which changes in average raw material costs were or were not offset by corresponding changes in average sales value. Both gross profit and operating income rose substantially from 2013 to 2014 and fell in 2015. The merchant market data in table VI-1 shows that gross profit rose to $613.1 million in 2014 from $311.6 million in 2013, but fell to $321.0 million in 2015; similarly, data for the total market in table VI-2 show that gross profit increased to $1.1 billion in 2014 from $$348.5 million in 2013 (a change by $793.9 million), and fell to $556.3 million in 2015 (by $586.1 million). Likewise, the merchant market data in table VI-1 show that operating income increased from $62.6 million in 2013 to $340.6 million 2014 (by $278.0 million) but fell dramatically to $42.6 million in 2015 (by $298.0 million); total market data in table VI-2 show that the operating loss reported in 2013 of $225.6 million became an operating profit of $478.8 million in 2014 but fell to an operating loss in 2015 of $152.0 million. These trends are the same when operating income/(loss) is calculated as a ratio

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(…*continued*)
others. This may include prolonged shutdowns, curtailment of operations, and reported lower capacity utilization. For example, ***.

[8] Domestic firms described how costs were assigned or allocated in their questionnaire responses. For example, ***.

***.

***.

[9] Commission staff notes that the data reported in questionnaire responses for SG&A expenses represented an allocation of these costs to a subset of the firm's overall operations. Firms described how costs and expenses were allocated to cold-rolled steel in their questionnaire responses, section III-4a. Costs and expenses were allocated between merchant market operations and total market operations.

[10] ***.

to sales or on a per-unit basis although the margins and per-units are *** small in both the merchant market and the total market. The number of firms reporting operating losses was lower in 2014 than in 2013 but greater in 2015.[11] In both the merchant market and total market, ***.

Classified below the operating income level are interest expense, other expenses, and other income, which are usually allocated to the product line from high levels in the corporation. In each of the three preceding tables, these items are aggregated and only the net amount is shown. Based on the data reported for the merchant market in table VI-1, interest charges ranged from $***; interest charges for the total market, shown in in table VI-2, ranged from ***. The category of other expenses includes certain non-recurring charges that are not part of operating expenses. In table VI-1, merchant market operations, other expenses were ***, while in table VI-2, total market operations, other expenses were from ***. The category primarily reflected the data reported by ***;[12] ***.[13] In addition, ***.[14] Other income was insubstantial in any period: other income reported for merchant market operations ranged from *** while other income reported for total market operations ranged from ***. As may be seen from the data in tables VI-1 and VI-2, net income and cash flow (net income plus depreciation expenses) followed the trend of operating income. As indicated by the data in table VI-1 (merchant market operations), net income increased from $155,000 in 2013 to $257.0 million in 2014 before falling dramatically to a net loss of $162.4 million in 2015 (aggregated data for total market operations in table VI-2 are similar: a net loss of $364.0 million in 2013 improved to a net income of $278.5 million in 2015 before falling to a net loss of $590.4 million in 2015).[15] Generally, the same firms that reported operating losses also reported net losses for the same periods. The exception to this is ***.

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[11] Five firms, *** reported operating losses in 2015, represented by the data for table VI-1 (merchant market); *** reported operating losses in 2015, represented by the data in table VI-2 (total market). See appendix table F-1 for a firm-by-firm depiction of the financial data.

[12] ***.

[13] Lawsuits were filed in 2007-08 and in 2010. Details concerning the court-approved settlement in October 2014 of the "Standard Iron Works" litigation are provided in ArcelorMittal USA's Annual Report for 2014, p. 149. Reportedly, eight U.S. steelmakers were named by plaintiffs, who alleged that the named steelmakers engaged in anticompetitive activities with respect to the production and sale of steel. Five of the eight defendants have reached court-approved settlements with plaintiffs. According to Nucor's 2014 Form 10-K, Nucor has not reached a settlement, nor has it recorded any reserves or contingencies related to this legal matter. Nucor's 2014 Form 10-K, p. 15. Although U.S. Steel refers to its settlement in these cases and a payment of $58 million in June 2014, ***. U.S. Steel's 2014 Form 10-K, pp. F-57-58 (as filed). Although AK Steel refers to its settlement in these cases and a payment of $5.8 million in settlement, ***. AK Steel Holding Co., 2014 Form 10-K, p. 71 (as filed).

[14] ***.

[15] Six firms reported net losses in 2015 on their merchant market operations: ***. *** firms reported net losses in 2015 on their total market operations: ***. See appendix table F-1.

Variance analysis

A variance analysis for the operations of U.S. producers of cold-rolled steel is presented in tables VI-3 and VI-4.[16] The information for these variance analyses is derived from tables VI-1 and VI-2, respectively. The analysis in table VI-3, merchant market operations, indicates that operating income and net income fell from 2013-15 due to an unfavorable price variance (unit prices fell) that was greater than a favorable net cost/expense variance (unit costs and expenses declined). The data in that table also indicates that the fall in both operating and net income was greatest between 2014 and 2015 because an unfavorable price variance overwhelmed a favorable net cost/expense variance. The analysis in table VI-4, total market operations indicates that the operating loss lessened from 2013 to 2015, while the net loss increased. In the case of the operating loss, the unfavorable price variance was greater than the favorable net cost/expense variance while for the net loss the unfavorable price variance was less than the favorable net cost/expense variance. Both operating and net income became losses from 2014 to 2015 for the same reason.

[16] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expenses variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. As summarized at the bottom of the table, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expenses variances. The overall volume component of the variance analysis is generally small.

Table VI-3
Cold-rolled steel: Variance analysis on the merchant market operations of U.S. producers, fiscal years 2013-15

Item	Between fiscal years		
	2013-15	2013-14	2014-15
	Value (1,000 dollars)		
Commercial sales:			
Price variance	(591,993)	459,634	(1,018,141)
Volume variance	(948,873)	(333,144)	(649,215)
Net sales variance	(1,540,866)	126,490	(1,667,356)
COGS:			
Price variance	635,040	(146,319)	770,699
Volume variance	915,216	321,328	604,548
COGS variance	1,550,256	175,009	1,375,247
Gross profit variance	9,390	301,499	(292,109)
SG&A expenses:			
Cost/expense variance	(56,289)	(32,971)	(25,720)
Volume variance	26,895	9,443	19,854
Total SG&A expenses variance	(29,394)	(23,528)	(5,866)
Operating income variance	(20,004)	277,971	(297,975)
Summarized (at the operating income level) as:			
Price variance	(591,993)	459,634	(1,018,141)
Net cost/expense variance	578,752	(179,289)	744,979
Net volume variance	(6,762)	(2,374)	(24,812)
Financial expenses:			
Cost/expense variance	(149,334)	(23,477)	(127,568)
Volume variance	6,745	2,368	6,088
Total SG&A expenses variance	(142,589)	(21,109)	(121,480)
Net income variance	(162,593)	256,862	(419,455)
Summarized (at the net income level) as:			
Price variance	(591,993)	459,634	(1,018,141)
Net cost/expense variance	429,417	(202,767)	617,411
Net volume variance	(17)	(6)	(18,725)

Note.—The variance analysis shown here is consistent with the data in table VI-1. Unfavorable variances are shown in parentheses, all others are favorable.

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

Table VI-4
Cold-rolled steel: Variance analysis on the total market operations of U.S. producers, fiscal years 2013-15

Item	Between fiscal years		
	2013-15	2013-14	2014-15
	Value (1,000 dollars)		
Total net sales:			
Price variance	(1,830,220)	1,308,754	(3,091,152)
Volume variance	(449,340)	330,880	(828,042)
Total net sales variance	(2,279,560)	1,639,634	(3,919,194)
COGS:			
Price variance	2,045,432	(520,388)	2,546,805
Volume variance	441,890	(325,394)	786,299
COGS variance	2,487,322	(845,782)	3,333,104
Gross profit variance	207,762	793,852	(586,090)
SG&A expenses:			
Cost/expense variance	(146,384)	(80,376)	(68,945)
Volume variance	12,273	(9,038)	24,248
Total SG&A expenses variance	(134,111)	(89,414)	(44,697)
Operating income variance	73,651	704,438	(630,787)
Summarized (at the operating income level) as:			
Price variance	(1,830,220)	1,308,754	(3,091,152)
Net cost/expense variance	1,899,047	(600,764)	2,477,860
Net volume variance	4,823	(3,552)	(17,495)
Financial expenses:			
Cost/expense variance	(303,050)	(59,845)	(245,392)
Volume variance	2,956	(2,177)	7,320
Total SG&A expenses variance	(300,094)	(62,022)	(238,072)
Net income variance	(226,443)	642,416	(868,859)
Summarized (at the net income level) as:			
Price variance	(1,830,220)	1,308,754	(3,091,152)
Net cost/expense variance	1,595,997	(660,609)	2,232,468
Net volume variance	7,779	(5,729)	(10,175)

Note.—The variance analysis shown here is consistent with the data in table VI-2. Unfavorable variances are shown in parentheses, all others are favorable.

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

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Capital expenditures and acquisitions (discussed next in assets and return on investment) are among the largest single items in the section "cash flows from investing activities" in the statement of cash flows of a firm. In accounting terms, both capital expenditures and acquisitions increase the value of specific plant and equipment and total assets, while charges for depreciation and amortization (in the case of intangible assets), impairments, and divestitures decrease the value of assets. Capital expenditures are made and research and development expenses are incurred to achieve improvements in equipment and the quality of products produced. Firms often consider acquisitions to expand a company's production of an existing product, enter into a new product line, or access technology.[17]

Regarding the question concerning the nature or focus of their capital expenditures:

- AK Steel stated: ***.
- ArcelorMittal USA reported capital expenditures ***.[18]
- Blair stated that the firm ***.
- CSN stated that it invested to ***.
- Nucor stated that its capital expenditures were with respect to a ***.
- Steel Dynamics indicated that it invested to ***.
- USS POSCO stated that ***.[19]

Table VI-5 presents capital expenditures and R&D expenses by firm. ***.

Table VI-5
Cold-rolled steel: Capital expenditures and R&D expenses of U.S. producers, fiscal years 2013-15

* * * * * * *

ASSETS AND RETURN ON ASSETS

Table VI-6 presents data on the U.S. producers' total assets[20] and the ratio of operating income or (loss) and net income or (loss) to assets. As reported by the U.S. industry, total assets decreased from $8.0 billion in 2013 to $6.9 billion in 2015.

---

[17] Nucor notes that it may be the sole U.S. steelmaker whose debt is considered investment-grade, which means that the firm has greater access to investment capital, enjoys lower interest rates on its borrowing, and its stock price is higher.

[18] Email from ***, August 19, 2015.

[19] In the preliminary phase of these investigations, AK Steel stated that had its operations not been adversely affected by subject imports, it would have made ***. Postconference brief of AK Steel, Answers to questions, p. 4. ArcelorMittal USA stated ***. ArcelorMittal USA's postconference brief, exh. 1, answers to questions, p. 7 and exh. 7 (Declaration of ***). Nucor also listed ***. These are ***. Nucor's postconference brief, exh. 1, answers to staff questions, p. 28.

In addition to the capital expenditures for plant modernization, health and safety, and maintenance that were described earlier, four firms purchased the plant and equipment of other firms in 2014-15. These included: Steel Dynamics, which bought the mill at Columbus, Mississippi in September 2014 from Severstal for $1.625 billion (the allocated value of the facilities producing cold-rolled steel are ***.[21] ArcelorMittal USA completed the purchase of the Calvert, Alabama mill from ThyssenKrupp Steel USA in February 2014 and formed a 50/50 joint venture with Nippon Steel and Sumitomo Metal Corp. to operate the plant; the total cost was $1.55 billion and the allocated value of the facility that produces cold-rolled steel was $***.[22] AK Steel acquired the Dearborn, Michigan integrated steel production facility from Severstal in July 2014. The overall purchase price, financed by debt and equity offering, was $690 million, of which $*** was the estimated value of the purchased cold-rolled steel assets.[23] [24] Finally, Worthington, finalized the purchase of Rome Strip Steel, in Rome, New York, in January 2015 for a reported purchase price of $54.5 million.[25]

In contrast to these acquisitions, U.S. Steel decided to permanently close its cold-rolled steel operations at Fairfield, Alabama on or after November 17, 2015. A press release issued by U.S. Steel indicated that facilities to be closed at the Fairfield, Alabama mill included the blast furnace and BOF, hot-strip mill, pickle line, cold mill, annealing facility, and the stretch and temper line.[26] The value of U.S. Steel's assets allocated to cold-rolled steel ***.

(…*continued*)

[20] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for cold-rolled steel.

[21] Emails from ***.

[22] Email from ***, August 19, 2015. The value of total assets is lower in 2015 than in 2013 reflecting an ***.

[23] Email from ***, August 19, 2015.

[24] Reportedly, ThyssenKrupp recorded impairment charges of €3.6 billion (approximately US$4.0 billion at current exchange rates) in connection with the sale of its Calvert, Alabama mill in 2013; similarly, Severstal sold its Dearborn, Michigan plant for approximately half of what it had invested for renovation two years earlier. Nucor's postconference brief, p. 20, footnote 79 (examples of plant being sold by firms exiting the industry for "pennies on the dollar").

[25] Worthington Industries, 2015 Annual Report, p. 2.

[26] U.S. Steel's postconference brief, response to questions from Commission staff, p. 1 and exh. 35 (declaration by Douglas Matthews). Reportedly, the decision to close the blast furnace, associated steelmaking operations, and certain finishing operations would not affect the pipe and tube operations at the mill in Fairfield, Alabama, the electric arc furnace (EAF) construction project a that mill (which is to replace the current steelmaking furnace), or the coating lines and Double G hot-dip galvanizing joint venture in Jackson, Mississippi. U.S. Steel's press release of August 17, 2015. Subsequently, U.S. Steel announced that it would postpone construction of the EAF at its Fairfield, Alabama works due to challenging market conditions in both the oil and gas and steel industries. U.S. Steel's press release of December 21, 2015.

Table VI-6
Cold-rolled steel: U.S. producers' total assets and ratio of operating income or (loss) to total assets, and asset turnover ratio, by firm, fiscal years 2013-15

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of cold-rolled steel to describe any actual or potential negative effects on their return on investment or their growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of cold-rolled steel from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom. Table VI-7 tabulates the responses on actual negative effects on investment, growth and development while table VI-8 presents responses on actual negative effects on growth of domestic producers.

Table VI-7
Cold-rolled steel: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2013

Item	No	Yes
Negative effects on investment[1]	6	7
Cancellation, postponement, or rejection of expansion projects		5
Denial or rejection of investment proposal		***
Reduction in the size of capital investments		4
Return on specific investments negatively impacted		4
Other		5
Differ by country	12	***
Negative effects on growth and development[2]	7	6
Rejection of bank loans		***
Lowering of credit rating		4
Problem related to the issue of stocks or bonds		***
Ability to service debt		***
Other		5
Differ by country	11	***
Anticipated negative effects of imports[3]	5	8
Differ by country	11	***

[1] Six firms responded "no" to this question (***). Based on the sale data shown in tables VI-2 and F-1, the firms together accounted for *** percent, by value, of total net sales in 2015.
[2] Seven firms responded "no" to this question (***). Based on the sales data shown in tables VI-2 and F-1, the firms together accounted for *** percent, by value, of total net sales in 2015.
[3] Five firms responded "no" to this question (***). Based on the sales data shown in tables VI-2 and F-1, the firms together accounted for *** percent, by value, of total net sales in 2015.

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

Six U.S. producers stated that they experienced no actual or anticipated negative effects of the subject imports on their investment, while seven stated that they had experienced no actual negative effects on their growth and development since January 1, 2013. Except ***, each firm stated that its response did not differ by country. ***. The comments of responding U.S. producers are shown in table VI-8.

Table VI-8
Cold-rolled steel: Narrative responses by U.S. producers regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2013

* * * * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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 factors*[1]*--*
>
> *(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,*

---

[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."

(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 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]

Information on the nature of the subsidies was presented earlier in this report; 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. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

[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."

THE INDUSTRY IN BRAZIL

Overview

The Commission issued foreign producers' or exporters' questionnaires to eight firms believed to produce and/or export cold-rolled steel from Brazil.[3] Useable responses to the Commission's questionnaire were received from three firms: ArcelorMittal Brasil, Companhia Siderúrgica Nacional ("CSN"), and USIMINAS. *** production and consumption data for Brazil are presented below.[4]

* * * * * * *

Table VII-1 lists the responding Brazilian producers of cold-rolled steel that responded to the Commission's questionnaire and certain 2015 summary data reported in response to Commission questionnaires.

Table VII-1
Cold-rolled steel: Summary data on firms in Brazil, 2015

* * * * * * *

Changes in operations

As presented in table VII-2, one producer in Brazil reported in its questionnaire response operational or organizational changes since January 1, 2013.

Table VII-2
Cold-rolled steel: Reported changes in operations by firms in Brazil

* * * * * * *

Operations on cold-rolled steel

Table VII-3 presents information on the cold-rolled steel operations of the responding producers and exporters in Brazil. Brazilian capacity decreased by *** percent between 2013 and 2015, while production declined by *** percent over the same period.[5] Internal consumption/transfers and home market commercial shipments declined by *** percent and

[3] These firms were identified through a review of information submitted in the petition and contained in industry reports and proprietary *** records.

[4] ***. ***.

[5] The decline in capacity was largely due to ***. Email from ***, April 20, 2016.

by *** percent, respectively, while exports to the United States and all other markets increased by *** percent and by *** percent, respectively between 2013 and 2015.

Total home market shipments accounted for the vast majority of total shipments by Brazilian producers, and declined from *** percent of total shipments in 2013 to *** percent in 2015 (*** percentage points). Exports to the United States, as a share of total shipments, increased from *** percent in 2013 to *** percent in 2015 (*** percentage points), and exports to markets other than the United States increased from *** percent in 2013 to *** percent in 2015 (*** percentage points).[6] Exports to the United States are projected to *** in 2016 and 2017, while home market shipments and exports to other markets are projected to ***.

Table VII-3
Cold-rolled steel: Data for producers in Brazil, 2013-15 and projections 2016-17

* * * * * * *

Alternative products

As shown in table VII-4, slightly less than half of the reported production on the same equipment as used in the production of cold-rolled steel by producers in Brazil is subject merchandise. *** reported producing hot-rolled steel and ***) reported production of other products, namely slabs, non-oriented electrical steel, and nonsubject cold-rolled steel.[7]

Table VII-4
Cold-rolled steel: Brazilian producers' overall capacity and production on the same equipment as subject production, 2013-15

* * * * * * *

[6] ***. Brazilian respondents noted that ArcelorMittal enforces a corporate policy that constrains exports to the United States from its Brazilian facility. In other proceedings, ArcelorMittal has stated that as a commercial policy the chief commercial officer in a region (such as the United States) has the control over any product that would be coming in from any of its affiliates, from a pricing and availability standpoint. Conference transcript, p. 191 (Lewis), and conference on *Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom* transcript, p 116 (Mull).

[7] *** reported total production greater than overall production capacity and allocated all of its capacity to cold-rolled steel. As the firm did not respond to inquiries regarding the overcapacity utilization, Staff used overall capacity as reported by the *** in the proceeding on *Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom* (Inv. Nos. 701-TA-545-547 and 731-TA-1291-1297).

Exports

According to *Global Trade Atlas* ("GTA"), the top export markets for cold-rolled steel from Brazil prior to 2015 included countries in South America such as Chine and Columbia (table VII-5). In 2015, the United States was by far the largest export destination for the Brazilian product (61.3 percent), followed by Argentina (12.5 percent) and Germany (4.1 percent).

Table VII-5
Cold-rolled steel: Total exports from Brazil to top destination markets and the United States, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Brazil's exports to the United States	33,332	113,299	196,584
Brazil's exports to other major destination markets.--			
Argentina	17,683	17,934	40,053
Germany	1,323	2,299	13,235
Chile	38,932	19,854	11,505
Canada	21	0	11,492
Mexico	3,031	2,006	11,012
United Kingdom	0	0	7,990
Colombia	40,731	49,499	6,828
Portugal	0	0	3,345
All other destination markets	44,899	40,954	18,826
Total Brazil exports	179,952	245,844	320,870
	Share of quantity (percent)		
Brazil's exports to the United States	18.5	46.1	61.3
Brazil's exports to other major destination markets.--			
Argentina	9.8	7.3	12.5
Germany	0.7	0.9	4.1
Chile	21.6	8.1	3.6
Canada	0.0	0.0	3.6
Mexico	1.7	0.8	3.4
United Kingdom	0.0	0.0	2.5
Colombia	22.6	20.1	2.1
Portugal	0.0	0.0	1.0
All other destination markets	25.0	16.7	5.9
Total Brazil exports	100.0	100.0	100.0

Source: Official exports statistics as reported by SECEX – Foreign Trade Secretariat (Brazil) in the GTIS/GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28 ,7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92, accessed April 19, 2016.

THE INDUSTRY IN CHINA

Overview

China, the world's largest cold-rolled steel producer, has a production capacity of approximately *** short tons with approximately *** entities producing cold-rolled steel.[8] The great majority of firms have ***. The 10 largest firms accounted for *** percent of cold-rolled capacity in China in 2015 (shown in table IV-6). *** has the largest cold-rolled steel capacity which is approximately *** percent larger than that of the second largest company ***. Total capacity in China increased by *** short tons (*** percent) during 2013-15 with the top 10 companies accounting for *** percent of the increase. While capacity at *** *** during 2013-15, six of the top ten companies had capacity increases with two out of top ten increasing by more than ***; ***.

Table VII-6
Cold-rolled steel: Capacity of 10 top firms in China, 2013-15

* * * * * * *

The latest available data on production and consumption in China are presented in table VII-7, along with a data comparison between two industry sources, *** and ***.[9] According to ***, during 2013-15, production of cold-rolled steel ***, gross consumption increased by *** and net consumption increased by ***. The *** in gross consumption compared with net consumption indicates that consumption of downstream products such as coated sheet steel is *** that that of cold-rolled steel. Downstream processing accounted for *** percent of gross consumption in 2013, *** percent in 2014, and *** percent in 2015. Although capacity data from *** is fairly consistent with *** capacity data, *** demand quantity is much greater than *** gross consumption quantity.

Table VII-7
Cold-rolled steel: Capacity, production and consumption in China, 2013-17

* * * * * * *

The Commission issued foreign producers' or exporters' questionnaires to 200 firms believed to produce and/or export cold-rolled steel from China.[10] Useable responses to the

[8] ***.

[9] ***, Respondent producers in China's prehearing brief, exh. 5, ***.

[10] These firms were identified through a review of information submitted in the petition and contained in industry reports and proprietary *** records.

Commission's questionnaire were received from nine firms.[11] Table VII-8 lists the responding Chinese producers of cold-rolled steel and certain 2015 summary data reported in response to Commission questionnaires.

Table VII-8
Cold-rolled steel: Summary data on firms in China, 2015

* * * * * * *

Changes in operations

No producers in China reported operational or organizational changes since January 1, 2013.

Operations on cold-rolled steel

Table VII-9 presents information on the cold-rolled steel operations of the responding producers and exporters in China. Reported Chinese capacity remained stable between 2013 and 2015, while production increased by 3.7 percent over the same period. Internal consumption/transfers declined 6.1 percent, while commercial home market shipments, exports to the United States and all other markets increased by 4.0 percent, 56.4 percent, and 9.9 percent, respectively between 2013 and 2015.

Home market sales, which accounted for the majority of total shipments by Chinese producers, declined from 88.9 percent of total shipments in 2013 to 85.9 percent in 2014 and increased to 87.8 percent in 2015. While exports to the United States, as a share of total shipments, increased from 1.2 percent in 2013 to 3.4 percent in 2014, then declined to 1.8 percent in 2015. Exports to the United States are projected to continue to decline in 2016 and 2017.

[11] Baoshan Iron & Steel Co., Ltd. is a subsidiary controlled by the Baosteel Group. *Boasteel Business sectors, Iron & Steel*, found at http://www.baosteel.com/group_en/contents/2898/40043.html.

Angang Group International Trade Corporation is a wholly owned subsidiary of Anshan Iron & Steel Group Corporation. *Angang Group International Trade Corporation, About us*, found at http://www.ansteelinternational.com/en/about/about-2.html.

Table VII-9
Cold-rolled steel: Data for producers in China, 2013-15 and projections 2016-17

Item	Actual experience			Projections	
	Calendar year				
	2013	2014	2015	2016	2017
	Quantity (short tons)				
Capacity	28,090,000	28,090,000	28,090,000	28,090,000	28,090,000
Production	23,859,738	23,808,738	24,740,560	24,268,423	24,268,423
End-of-period inventories	1,008,397	1,062,035	1,150,555	1,033,688	952,008
Shipments:					
Home market shipments:					
Internal consumption/ transfers	1,915,665	1,903,267	1,799,155	1,793,764	1,793,764
Commercial home market shipments	19,092,113	18,506,230	19,850,070	19,994,282	19,949,306
Subtotal, home market shipments	21,007,778	20,409,497	21,649,225	21,788,046	21,743,070
Export shipments to:					
United States	282,710	815,695	442,232	259,323	254,323
All other markets	2,330,873	2,529,908	2,560,583	2,337,921	2,350,851
Total exports	2,613,583	3,345,603	3,002,815	2,597,244	2,605,174
Total shipments	23,621,361	23,755,100	24,652,040	24,385,290	24,348,244
	Ratios and shares (percent)				
Capacity utilization	84.9	84.8	88.1	86.4	86.4
Inventories/production	4.2	4.5	4.7	4.3	3.9
Inventories/total shipments	4.3	4.5	4.7	4.2	3.9
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	8.1	8.0	7.3	7.4	7.4
Commercial home market shipments	80.8	77.9	80.5	82.0	81.9
Subtotal, home market shipments	88.9	85.9	87.8	89.3	89.3
Export shipments to:					
United States	1.2	3.4	1.8	1.1	1.0
All other markets	9.9	10.6	10.4	9.6	9.7
Total exports	11.1	14.1	12.2	10.7	10.7
Total shipments	100.0	100.0	100.0	100.0	100.0

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

Alternative products

As shown in table VII-10, virtually all of the reported production on the same equipment as used in the production of cold-rolled steel by producers in China is subject merchandise.[12] *** reported producing other products, namely hot-dip galvanized products.

Table VII-10
Cold-rolled steel: Chinese producers' overall capacity and production on the same equipment as subject production, 2013-15

* * * * * * *

[12] The responding producers in China reported focusing on cold-rolled steel, but also have additional hot-rolled production which is not further cold-rolled. Email from ***, June 7, 2016.

Exports

According to GTA, the leading export markets for cold-rolled steel from China are Korea and India (table VII-11). During 2015, Korea was the top export market for cold-rolled steel from China, accounting for 18.1 percent, followed by India, accounting for 8.2 percent. Exports to the United States accounted for 4.5 percent.

Table VII-11
Cold-rolled steel: Total exports from China to top destination markets and the United States, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
China's exports to the United States	362,299	1,035,348	575,758
China's exports to other major destination markets.--			
Korea	1,674,431	2,420,045	2,293,240
India	201,707	485,098	1,037,269
Belgium	337,038	522,007	715,907
Vietnam	263,738	285,174	508,650
Philippines	356,434	419,567	455,735
Spain	141,184	210,433	339,999
Russia	367,319	412,583	275,944
Saudi Arabia	125,393	264,338	273,305
All other destination markets	4,382,926	5,838,763	6,189,250
Total China exports	8,212,468	11,893,356	12,665,057
	Share of quantity (percent)		
China's exports to the United States	4.4	8.7	4.5
China's exports to other major destination markets.--			
Korea	20.4	20.3	18.1
India	2.5	4.1	8.2
Belgium	4.1	4.4	5.7
Vietnam	3.2	2.4	4.0
Philippines	4.3	3.5	3.6
Spain	1.7	1.8	2.7
Russia	4.5	3.5	2.2
Saudi Arabia	1.5	2.2	2.2
All other destination markets	53.4	49.1	48.9
Total China exports	100.0	100.0	100.0

Source: Official exports statistics as reported by China Customs in the GTIS/GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28, 7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92, accessed April 19, 2016.

THE INDUSTRY IN INDIA

Overview

The Commission issued foreign producers' or exporters' questionnaires to 45 firms believed to produce and/or export cold-rolled steel from India.[13] Useable responses to the Commission's questionnaire were received from two firms: JSW Steel and Uttam Galva Steels Ltd ("UGS").

*** lists eighteen other producers in India with the capability to produce cold-rolled steel, with eight of these firms with capacity over 500,000 short tons. U.S. imports of cold-rolled steel manufactured by the remaining Indian producers accounted for less than 25 percent of total U.S. imports from India during 2013-15. *** production and consumption data for India are presented below.[14]

* * * * * * *

Table VII-12 lists the responding Indian producers of cold-rolled steel and certain 2015 summary data reported in response to Commission questionnaires.

Table VII-12
Cold-rolled steel: Summary data on firms in India, 2015

* * * * * * *

Changes in operations

As presented in table VII-113, both producers in India reported in their questionnaire responses several operational or organizational changes since January 1, 2013.

Table VII-13
Cold-rolled steel: Reported changes in operations by firms in India

* * * * * * *

Operations on cold-rolled steel

Table VII-14 presents information on the cold-rolled steel operations of the responding Indian producers. Indian capacity, production, home market shipments, exports to United States, and exports to all other markets increased from 2013 to 2015. Indian producers' cold-rolled steel capacity increased by *** percent between 2013 and 2015, but is projected to

[13] These firms were identified through a review of information submitted in the petition and contained in industry reports and proprietary *** records.

[14] ***. ***.

increase *** percent in 2016 and *** in 2017. JSW Steel ***. In addition, ***.[15] In 2014, UGS's capacity increased by *** short ton mainly due to *** In addition, ***.[16]

Reported production increased by *** percent from 2013 to 2015 and is projected to increase *** and *** percent in 2016 and 2017, respectively. Production did not increase as quickly as capacity, resulting in declining capacity utilization from *** percent in 2013 to *** percent in 2015.

While home markets shipments, both internal consumption/transfers to related firms and commercial shipments, increased in terms of volume, the share of total shipments represented by home market shipments declined *** percentage points from 2013 to 2015, due to ***. In contrast, exports to the United States as a share of total shipments increased by *** percentage points, and exports to all other markets increased by *** percentage points over the same period. JSW reported that this increase in exports to the United States was due to ***.[17] UGS stated that ***.[18]

Table VII-14
Cold-rolled steel: Data for producers in India, 2013-15 and projections 2016-17

* * * * * * *

Alternative products

As shown in table VII-15, *** reported production of nonsubject merchandise on the same equipment as used in the production of cold-rolled steel. *** produced hot-rolled steel not further processed into cold-rolled steel.

Table VII-15
Cold-rolled steel: Indian producers' overall capacity and production on the same equipment as subject production, 2013-15

* * * * * * *

Exports

According to GTA, the top export markets for cold-rolled steel from India are largely European countries (table VII-16). During 2015, Italy and Belgium were the largest export destinations for Indian cold-rolled steel, accounting for 19.7 percent and 10.9 percent of total exports, respectively, followed by the United States, accounting for 10.4 percent.

[15] Email from ***, August 26, 2015.
[16] Email from ***, May 27, 2016.
[17] Email from ***, August 26, 2015.
[18] Email from ***, May 27, 2016.

Table VII-16
Cold-rolled steel: Total exports from India to top destination markets and the United States, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
India's exports to the United States	50,336	116,525	78,799
India's exports to other major destination markets.--			
Italy	70,063	98,554	149,973
Belgium	59,183	49,157	82,869
Spain	23,597	67,333	54,088
Portugal	4,392	28,708	30,978
Mexico	56	12,935	30,765
Thailand	42,330	46,951	29,602
Greece	14,005	27,846	28,525
United Arab Emirates	79,615	65,109	28,312
All other destination markets	343,856	300,379	246,001
Total India exports	687,433	813,497	759,914
	Share of quantity (percent)		
India's exports to the United States	7.3	14.3	10.4
India's exports to other major destination markets.--			
Italy	10.2	12.1	19.7
Belgium	8.6	6.0	10.9
Spain	3.4	8.3	7.1
Portugal	0.6	3.5	4.1
Mexico	0.0	1.6	4.0
Thailand	6.2	5.8	3.9
Greece	2.0	3.4	3.8
United Arab Emirates	11.6	8.0	3.7
All other destination markets	50.0	36.9	32.4
Total India exports	100.0	100.0	100.0

Source: Official exports statistics as reported by Ministry of Commerce (India) in the GTIS/GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28, 7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92, accessed April 19, 2016.

THE INDUSTRY IN JAPAN

Overview

The Commission issued foreign producers' or exporters' questionnaires to 9 firms believed to produce and/or export cold-rolled steel from Japan.[19] Useable responses to the Commission's questionnaire were received from four firms: JFE Steel, Kobe Steel, Nisshin Steel, and Nippon Steel & Sumitomo Metal Corporation ("NSSMC"). *** production and consumption data for Japan are presented below.[20]

* * * * * * *

Table VII-17 lists the responding Japanese producers of cold-rolled steel and certain 2015 summary data reported in response to Commission questionnaires.

Table VII-17
Cold-rolled steel: Summary data on firms in Japan, 2015

* * * * * * *

Changes in operations

As presented in table VII-18, one Japanese producer reported in its questionnaire response operational or organizational changes since January 1, 2013.

Table VII-18
Cold-rolled steel: Reported changes in operations by firms in Japan

* * * * * * *

Operations on cold-rolled steel

Table VII-19 presents information on the cold-rolled steel operations of the responding producers and exporters in Japan. Japanese capacity, production, capacity utilization, internal consumption, and exports to markets other than the United States decreased from 2013 to 2015, whereas commercial home market shipments, exports to the United States, and inventories increased.

Home market shipments, mainly internal consumption/transfers to related parties, accounted for *** percent to total shipments by the producers in Japan during 2015 and exports to markets other than the United States accounted for *** percent, while exports to the United States accounted for the remaining *** percent. These shares of total shipments are projected to remain approximately the same in 2016 and 2017. Exports to United States were

[19] These firms were identified through a review of information submitted in the petition and contained in industry reports and proprietary *** records.

[20] ***. ***.

primarily by ***. *** which represented ***, reported that the firm's trend in exports follow trends in U.S. demand.

Table VII-19
Cold-rolled steel: Data for producers in Japan, 2013-15 and projections 2016-17

Item	Actual experience			Projections	
	Calendar year				
	2013	2014	2015	2016	2017
	Quantity (short tons)				
Capacity	26,710,493	26,444,943	25,178,952	24,903,496	24,913,745
Production	22,294,089	22,468,845	20,842,320	20,975,390	21,201,476
End-of-period inventories	566,491	583,526	587,219	645,093	700,093
Shipments:					
Home market shipments:					
Internal consumption/ transfers	13,214,734	13,224,411	12,240,437	12,392,485	12,513,092
Commercial home market shipments	4,781,188	5,403,860	4,970,612	4,937,823	5,015,926
Subtotal, home market shipments	17,995,922	18,628,271	17,211,049	17,330,308	17,529,018
Export shipments to:					
United States	96,915	107,339	110,826	85,093	80,685
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
	Ratios and shares (percent)				
Capacity utilization	83.5	85.0	82.8	84.2	85.1
Inventories/production	2.5	2.6	2.8	3.1	3.3
Inventories/total shipments	***	***	***	***	***
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Subtotal, home market shipments	***	***	***	***	***
Export shipments to:					
United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***

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

Alternative products

Japanese producers did not report any production of nonsubject merchandise on the same equipment as used in the production of cold-rolled steel. [21]

[21] The responding producers in Japan reported focusing on cold-rolled steel, but also have additional hot-rolled production which is not further cold-rolled. Email from ***, June 8, 2016.

Exports

According to GTA, the top export markets for cold-rolled steel from Japan are largely Asian countries (table VII-20). During 2015, Thailand was the top export market for cold-rolled steel from Japan, accounting for 22.2 percent, followed by the China, accounting for 15.9 percent. The United States accounted for 3.6 percent.

Table VII-20
Cold-rolled steel: Total exports from Japan to top destination markets and the United States, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Japan's exports to the United States	120,546	118,661	102,565
Japan's exports to other major destination markets.--			
Thailand	463,220	556,264	628,791
China	671,931	525,777	450,770
Indonesia	409,294	345,141	275,173
India	335,419	247,525	272,334
Mexico	188,411	313,249	267,592
Malaysia	150,628	204,553	206,152
Vietnam	134,388	132,589	133,102
Singapore	65,104	79,605	97,649
All other destination markets	586,343	414,183	396,473
Total Japan exports	3,125,284	2,937,547	2,830,602
	Share of quantity (percent)		
Japan's exports to the United States	3.9	4.0	3.6
Japan's exports to other major destination markets.--			
Thailand	14.8	18.9	22.2
China	21.5	17.9	15.9
Indonesia	13.1	11.7	9.7
India	10.7	8.4	9.6
Mexico	6.0	10.7	9.5
Malaysia	4.8	7.0	7.3
Vietnam	4.3	4.5	4.7
Singapore	2.1	2.7	3.4
All other destination markets	18.8	14.1	14.0
Total Japan exports	100.0	100.0	100.0

Source: Official exports statistics as reported by Ministry of Finance (Japan) in the GTIS/GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28, 7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92 accessed April 19, 2016.

THE INDUSTRY IN KOREA

Overview

The Commission issued foreign producers' or exporters' questionnaires to ten firms believed to produce and/or export cold-rolled steel from Korea.[22] Useable responses to the Commission's questionnaire were received from four firms: Dongbu Steel, Dongkuk Steel Mill Co., Ltd. ("Dongkuk Steel") (which merged with Union Steel on January 1, 2015),[23] Hyundai Steel, and POSCO. "). *** production and consumption data for Korea are presented below.[24]

* * * * * * *

Table VII-21 lists the responding Korean producers of cold-rolled steel and certain 2015 summary data reported in response to Commission questionnaires.[25]

Table VII-21
Cold-rolled steel: Summary data on firms in Korea, 2015

* * * * * * *

Changes in operations

As presented in table VII-22, two producers in Korea reported in their questionnaire responses several operational or organizational changes since January 1, 2013.

Table VII-22
Cold-rolled steel: Reported changes in operations by firms in Korea

* * * * * * *

[22] These firms were identified through a review of information submitted in the petition and contained in industry reports and proprietary *** records.

[23] "Dongkuk Steel to merge with Union Steel in January 2015," Korea Joogang Daily, found at http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2996011, retrieved on August 27, 2015.

[24] ***. ***.

[25] *** reported that the majority of its overall production on the same equipment and machinery used to produce cold-rolled steel was of other products (***). These other products appear to be further processed cold-rolled steel. The firm did not respond to Staff inquiries regarding these other products. Staff included these other products in cold-rolled steel production and as internal consumption.

Operations on cold-rolled steel

Table VII-23 presents information on the cold-rolled steel operations of the responding producers and exporters in Korea. Korean capacity, production, capacity utilization, internal consumption, and commercial home market shipments declined from 2013 to 2015, whereas inventories, exports to the United States, and exports to other market increased.

Korean producers' capacity declined by *** percent from 2013 to 2015, due to ***. This decline was ***.

Home market shipments, mainly internal consumption/transfers to related parties, accounted for *** percent of total shipments by the producers in Korea during 2015 and exports to markets other than the United States accounted for *** percent, while exports to the United States accounted for the remaining *** percent. These shares of total shipments are projected to remain approximately the same in 2015 and 2016. Exports to United States were primarily by two firms, ***. *** reported that ***. *** states that ***.[26]

Table VII-23
Cold-rolled steel: Data for producers in Korea, 2013-15 and projections 2016-17

* * * * * * *

Alternative products

As shown in table VII-24, the vast majority of reported cold-rolled steel production by Korea producers is subject merchandise. Two firms (***) reported producing hot-rolled steel not further cold-rolled, and two firms (***) produced other products (including electrolytic galvanized steel, and galvanealed steel) on the same equipment and machinery used to produce cold-rolled steel.[27]

Table VII-24
Cold-rolled steel: Korean producers' overall capacity and production on the same equipment as subject production, 2013-15

* * * * * * *

[26] Email from ***, August 17, 2015.

[27] *** reported that the majority of its overall production on the same equipment and machinery used to produce cold-rolled steel was of other products (***). These other products appear to be further processed cold-rolled steel. The firm did not respond to staff inquiries regarding these other products. Staff included these other products in cold-rolled steel production and as internal consumption.

Exports

According to GTA, the top export markets for cold-rolled steel from Korea are largely Asian countries (table VII-25). During 2015, China was the top export market for cold-rolled steel from Korea, accounting for 19.4 percent, followed by the India, accounting for 14.2 percent. The United States accounted for 3.3 percent.

Table VII-25
Cold-rolled steel: Total exports from Korea to top destination markets and the United States, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Korea's exports to the United States	161,897	206,925	207,686
Korea's exports to other major destination markets.--			
China	1,322,992	1,314,751	1,220,792
India	739,738	960,443	895,199
Japan	763,614	813,096	667,558
Mexico	559,016	617,655	631,313
Indonesia	361,668	389,262	366,528
Thailand	304,343	283,576	282,482
Iran	40,224	143,830	184,077
Malaysia	180,490	187,093	163,830
All other destination markets	1,467,670	1,479,050	1,684,169
Total Korea exports	5,901,653	6,395,681	6,303,632
	Share of quantity (percent)		
Korea's exports to the United States	2.7	3.2	3.3
Korea's exports to other major destination markets.--			
China	22.4	20.6	19.4
India	12.5	15.0	14.2
Japan	12.9	12.7	10.6
Mexico	9.5	9.7	10.0
Indonesia	6.1	6.1	5.8
Thailand	5.2	4.4	4.5
Iran	0.7	2.2	2.9
Malaysia	3.1	2.9	2.6
All other destination markets	24.9	23.1	26.7
Total Korea exports	100.0	100.0	100.0

Source: Official exports statistics as reported by Customs and Trade Development Institution (Korea) in the GTIS/GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28, 7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92, accessed April 19, 2016.

THE INDUSTRY IN RUSSIA

Overview

The Commission issued foreign producers' or exporters' questionnaires to ten firms believed to produce and/or export cold-rolled steel from Russia.[28] Useable responses to the Commission's questionnaire were received from two firms: NLMK and Severstal. *** production and consumption data for Russia are presented below.[29]

* * * * * * *

Table VII-26 lists the responding Russian producers of cold-rolled steel and certain 2015 summary data reported in response to Commission questionnaires.

Table VII-26
Cold-rolled steel: Summary data on firms in Russia, 2015

* * * * * * *

Changes in operations

None of the producers in Russia reported in their questionnaire responses any operational or organizational changes since January 1, 2013.

Operations on cold-rolled steel

Table VII-27 presents information on the cold-rolled steel operations of the responding producers and exporters in Russia. Russian producers' capacity remained steady from 2013 to 2015, production, capacity utilization, internal consumption, commercial home market shipments, and exports to other market declined, whereas inventories and exports to the United States increased.

Production of cold-rolled steel in Russia decreased by *** from 2013 to 2015, and production was projected to decline by *** and *** percent in 2016 and 2017, respectively. Home market shipments, which accounted for *** percent of total shipments in 2015, declined by *** percentage points from 2013 to 2015, and were projected to increase by *** percentage points in 2016 and increase by *** percentage points in 2017. Exports to markets other than the United States, which accounted for *** percent of total shipments in 2015, increased by *** percentage points from 2013 to 2015 and are projected to decrease by *** percentage points in 2016 and by *** percentage points in 2017. Exports to the United States increased from *** shorts in 2013 to *** short tons in 2014 (*** percent of total shipments) and ***

[28] These firms were identified through a review of information submitted in the petition and contained in industry reports and proprietary *** records.

[29] ***. ***.

short tons (*** percent) in 2015. Exports to the United States are projected to decline by *** percent in 2016 and remain steady in 2017. *** stated that ***.[30] *** stated that ***.[31] In addition, the firm stated that ***.

Table VII-27
Cold-rolled steel: Data for producers in Russia, 2013-15 and projections 2016-17

* * * * * * *

Alternative products

As shown in table VII-28, approximately *** of the reported cold-rolled steel production by the producers in Russia is subject merchandise. One firm, *** produced other products on the same equipment and machinery used to produce cold-rolled steel.[32]

Table VII-28
Cold-rolled steel: Russian producers' overall capacity and production on the same equipment as subject production, 2013-15

* * * * * * *

Exports

According to GTA, the top export markets for cold-rolled steel from Russia are largely European countries (table VII-29). During 2015, Turkey was the top export market for cold-rolled steel from Russia, accounting for 24.7 percent, followed by Germany, accounting for 12.4 percent, and Belarus, accounting for 10.7 percent. The United States accounted for 2.0 percent.

[30] Email from ***, August 18, 2015.
[31] Email from ***, August 19, 2015.
[32] These products included ***.

Table VII-29
Cold-rolled steel: Total exports from Russia to top destination markets and the United States, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Russia's exports to the United States	440	48,023	41,544
Russia's exports to other major destination markets.--			
Turkey	241,600	565,209	502,534
Germany	272,407	269,681	252,589
Belarus	281,862	265,169	217,915
Poland	100,362	102,463	202,821
Latvia	83,210	99,083	106,432
Italy	415,603	87,699	101,436
Uzbekistan	96,056	88,834	88,680
Iran	2,260	30,470	81,572
All other destination markets	461,380	501,300	436,479
Total Russia exports	1,955,179	2,057,930	2,032,002
	Share of quantity (percent)		
Russia's exports to the United States	0.0	2.3	2.0
Russia's exports to other major destination markets.--			
Turkey	12.4	27.5	24.7
Germany	13.9	13.1	12.4
Belarus	14.4	12.9	10.7
Poland	5.1	5.0	10.0
Latvia	4.3	4.8	5.2
Italy	21.3	4.3	5.0
Uzbekistan	4.9	4.3	4.4
Iran	0.1	1.5	4.0
All other destination markets	23.6	24.4	21.5
Total Russia exports	100.0	100.0	100.0

Source: Official exports statistics as reported by Customs Committee (Russia) in the GTIS/GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28 ,7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92, accessed April 19, 2016.

THE INDUSTRY IN THE UNITED KINGDOM

Overview

The Commission issued foreign producers' or exporters' questionnaires to six firms believed to produce and/or export cold-rolled steel from the United Kingdom.[33] Useable responses to the Commission's questionnaire were received from two firms: Caparo Precision Strip, Ltd ("Caparo") and Tata Steel UK. *** production and consumption data for the United Kingdom are presented below.[34]

* * * * * * *

Table VII-30 lists the responding the producers in the United Kingdom of cold-rolled steel and certain 2015 summary data reported in response to Commission questionnaires.

Table VII-30
Cold-rolled steel: Summary data on firms in the United Kingdom, 2015

* * * * * * *

Changes in operations

The two producers in the United Kingdom recently underwent changes in operations. After Caparo Precision Strip Ltd., went into administration on October 19, 2015,[35] the company was acquired by the Liberty House Group.[36] In April 2016 Tata Steel determined after the poor financial performance of its UK subsidiary to begin the process to divest its UK subsidiary.[37] The

[33] These firms were identified through a review of information submitted in the petition and contained in industry reports and proprietary *** records.

[34] ***. ***.

[35] In a process with similarities to the U.S. bankruptcy process, PricewaterhouseCoopers was chosen on behalf of the Caparo Precision Strip's creditors, to keep the Caparo Precision Strip (as well as most of the other companies in the Caparo Group) as a going concern while options were sought short of liquidation. PricewaterhouseCoopers LLP, "Caparo Industries plc," http://www.pwc.co.uk/services/business-recovery/administrations/caparo-industries-plc.html, accessed April 27, 2016.

[36] BBC News, "600 More Jobs Secured at Caparo Steel," December 11, 2015; Liberty House Group, press release, "Gupta Family Acquires Caparo Businesses," January 2, 2016.

[37] Tata Steel, press releases, "Review of European Portfolio of Tata Steel," March 30, 2016; "Appointment of Advisers for Sale Process of Tata Steel UK," April 11, 2016.

Liberty House Group on May 3, 2016, presented a Letter of Intent to purchase the remaining assets of Tata UK, including the cold-rolled mill.[38]

As presented in table VII-31, producers in the United Kingdom reported in its questionnaire response several operational or organizational changes since January 1, 2013.

Table VII-31
Cold-rolled steel: Reported changes in operations by producers in the United Kingdom

* * * * * * *

Operations on cold-rolled steel

Table VII-32 presents information on the cold-rolled steel operations of producers in the United Kingdom. U.K. producers' capacity, internal consumption, exports to the United States and inventories increased from 2013 to 2015, whereas production, capacity utilization, commercial home market shipments, and exports to other markets declined.

U.K. producers' production declined by *** percent from 2013 to 2015 while capacity ***, resulting in decreased capacity utilization from *** percent to *** percent over the same period. Capacity is projected to decline *** percent in 2016, while production is projected to decline *** percent in 2016. ***. Tata Steel UK did not provide projections for 2017, citing "the uncertainty over its future".[39]

U.K. producers' total shipments declined by *** percent, partially due to ***. The share of total shipments represented by commercial home market shipments declined from *** percent in 2013 to *** percent in 2015, or by *** percentage points. Exports to markets other than the United States declined by *** percentage points, from *** percent of total shipments in 2013 to *** percent in 2015. In contrast, exports to the United States increased by *** percentage points, accounting for *** percent of total shipments in 2015. Tata Steel UK reported that ***. [40]

Table VII-32
Cold-rolled steel: Data for producers in the United Kingdom, 2013-15 and projections 2016-17

* * * * * * *

[38] Liberty House Group press release, "Liberty House submits letter of intent to Tata Steel," May 3, 2016, found at http://www.libertyhousegroup.com/news/liberty-house-submits-letter-of-intent-to-tata-steel/

[39] *** projects that Tata Steel UK's capacity will remain flat in 2016 and 2017. ***.

[40] Email from ***, August 19, 2015 and hearing transcript, p. 311 (Cunningham).

Alternative products

Producers in the United Kingdom did not report any production of nonsubject merchandise on the same equipment as used in the production of cold-rolled steel.

Exports

According to GTA, the top export markets for cold-rolled steel from the United Kingdom are largely European countries (table VII-33). During 2015, the Netherlands was the top export market for cold-rolled steel from the United Kingdom, accounting for 23.6 percent, followed by France, accounting for 22.5 percent. The United States accounted for 11.1 percent.

Table VII-33
Cold-rolled steel: Total exports from the United Kingdom to top destination markets and the United States, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
United Kingdom's exports to the United States	9,666	73,293	63,284
United Kingdom's exports to other major destination markets.--			
Netherlands	163,120	145,083	134,070
France	157,344	155,901	127,790
Germany	87,001	73,271	60,611
Spain	44,684	48,717	36,929
Belgium	41,133	41,945	32,929
Ireland	32,345	33,044	31,678
Poland	22,351	15,490	11,447
Sweden	3,407	7,758	7,320
All other destination markets	84,573	91,897	62,294
Total United Kingdom exports	645,624	686,400	568,351
	Share of quantity (percent)		
United Kingdom's exports to the United States	1.5	10.7	11.1
United Kingdom's exports to other major destination markets.--			
Netherlands	25.3	21.1	23.6
France	24.4	22.7	22.5
Germany	13.5	10.7	10.7
Spain	6.9	7.1	6.5
Belgium	6.4	6.1	5.8
Ireland	5.0	4.8	5.6
Poland	3.5	2.3	2.0
Sweden	0.5	1.1	1.3
All other destination markets	13.1	13.4	11.0
Total United Kingdom exports	100.0	100.0	100.0

Source: Official exports statistics as reported by Eurostat (European Union--United Kingdom) in the GTIS/GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28 ,7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92, accessed April 19, 2016.

THE INDUSTRIES IN THE SUBJECT COUNTRIES

Table VII-34 presents information on the cold-rolled steel operations of the responding producers and exporters in all responding subject countries combined for 2013-15, as well as projections for 2016-17.

Table VII-34
Cold-rolled steel: Data on the industry in the subject countries, 2013-15 and projections 2016-17

Item	Actual experience			Projections	
	Calendar year				
	2013	2014	2015	2016	2017 [1]
	Quantity (short tons)				
Capacity	97,745,406	100,351,007	98,121,774	95,657,765	94,535,697
Production	83,157,190	84,360,697	82,541,103	82,281,968	81,895,573
End-of-period inventories	2,252,050	2,497,031	2,600,284	2,499,247	2,432,888
Shipments:					
Home market shipments:					
Internal consumption/ transfers	35,475,637	35,691,335	33,967,245	34,709,394	33,738,919
Commercial home market shipments	33,450,871	33,566,269	33,996,724	34,459,181	34,795,447
Subtotal, home market shipments	68,926,508	69,257,604	67,963,969	69,168,575	68,534,366
Export shipments to:					
United States	595,157	1,528,797	1,134,112	631,280	604,361
All other markets	13,287,380	13,398,859	13,311,269	12,556,702	12,730,889
Total exports	13,882,537	14,927,656	14,445,381	13,187,982	13,335,250
Total shipments	82,809,045	84,185,260	82,409,350	82,356,557	81,869,616
	Ratios and shares (percent)				
Capacity utilization	85.1	84.1	84.1	86.0	86.6
Inventories/production	2.7	3.0	3.2	3.0	3.0
Inventories/total shipments	2.7	3.0	3.2	3.0	3.0
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	42.8	42.4	41.2	42.1	41.2
Commercial home market shipments	40.4	39.9	41.3	41.8	42.5
Subtotal, home market shipments	83.2	82.3	82.5	84.0	83.7
Export shipments to:					
United States	0.7	1.8	1.4	0.8	0.7
All other markets	16.0	15.9	16.2	15.2	15.6
Total exports	16.8	17.7	17.5	16.0	16.3
Total shipments	100.0	100.0	100.0	100.0	100.0

[1] For the United Kingdom only includes data from Caparo. Tata Steel UK stated that its Llanwern cold mill was ***, and the firm's parent, Tata Steel Limited, India, recently announced that it intends to make major changes that could substantially affect the operation and even ownership of TSUK and/or its UK producing facilities. Tata Steel UK did not provide projections for 2017, citing "the uncertainty over its future."

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

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-35 presents data on U.S. importers' reported inventories of cold-rolled steel. Inventories from subject sources increased by 134,665 short tons between 2013 and 2014, and then declined by 62,223 short tons in 2015. Inventories of imports from each subject source, except from China, India, and the United Kingdom, increased from 2013 to 2015.

Table VII-35
Cold-rolled steel: U.S. importers' inventories, 2013-15

* * * * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of cold-rolled steel from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom after December 31, 2015. Forty-four firms reported data concerning such imports or arrangements of imports. Data concerning U.S. imports subsequent to December 31, 2015 are presented in table VII-36.

Table VII-36
Cold-rolled steel: U.S. imports subsequent to December 31, 2015

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

The Commission asked questionnaire recipients to identify whether the products subject to this proceeding have been the subject of any other import relief proceedings in the United States or in any other countries. Information obtained from such requests and other sources are presented in table VII-37.[41]

[41] In February 2016, India set minimum import prices for imports of certain steel products, including cold-rolled steel. Gazette of India Extraordinary Par-II, Section-3, Subsection (ii), Notification N. 38/2015-2020, February 5, 2016.

Table VII-37
Cold-rolled steel: Import relief proceedings in third-country markets

Export market	Subject country	Date/measure
European Union	China Russia	May 2015: AD investigation initiated. February 2016: provisional measures of dumping margins on imports from China ranging from 52.7 percent to 59.1 percent and imports from Russia ranging from 19.8 percent to 26.2 percent.
India	All countries	August 2015: Increased tariff on alloy steel flat products from 7.5 percent to 10 percent and 12.5 percent on non-alloy fiat products.
Indonesia	China (13.6-43.5%) Japan (18.6 – 55.6%) Korea (10.1- 11.0%)	March 2013: AD duties on non-alloy cold-rolled coil/sheet.
Indonesia	All MFN countries	May 2015: Increased tariffs on cold-rolled steel to 15 percent (from 7.5-10 percent).
Iran	All countries	March 2015: Increased import duties on cold-rolled coils from 10 percent to 15 percent; Proposal to increase import duty to 40 percent
Malaysia	China (5.61-23.78%) Korea (3.78-21.64%) Vietnam (3.06-13.68%)	May 24, 2016: Imposed AD duties on cold-rolled steel coils (excluding tin mill black plate and those for automotive end-usage).
Mexico	China (65.99- 103.41%) Russia (15%) ***	June 2015: AD duties on cold-rolled sheet and coil products imposed against China. AD duties on cold-rolled sheet and coil against Russia since 1999. ***.
	South Korea	January 2014: Suspension agreement on imports of cold-rolled coil, limiting imports from POSCO and Hyundai Hysco.
Morocco	China, Japan, Netherlands, Russia, UK	May 2015: Safeguard measure on cold-rolled sheets. 22 percent duty on all imports of cold-rolled coils through Dec. 31, 2015; 20 percent during 2016; 18 percent for 2017; 16 percent for 2018; 0 percent by 2019.
Pakistan	All countries	January 2015: 5 percent duty on cold-rolled coils.
Russia	China	2012: AD duties on cold-rolled flat steel products with polymer coating; 8-22.6 percent
Thailand	China	February 2014: AD duties on cold reduced carbon steel in coils and not in coils since; 9.24 – 20.11 percent

Source: Compiled from data submitted in response to Commission questionnaires; ArcelorMittal USA's postconference brief, exh. 26; and *Official Journal of the European Union*, L 37/1-37/39, February 12, 2016; Malaysian Ministry of International Trade and Industry, press release, May 23, 2016, found at http://www.miti.gov.my/index.php/pages/view/3343; and https://www.steelfirst.com/Article/3294189/Mexico-ends-anti-dumping-probe-into-CRC-from-South-Korea.html.

INFORMATION ON NONSUBJECT COUNTRIES

Table VII-38 presents data on global production. Although production increased by *** short tons (*** percent) globally during 2013-15, production did not increase in all countries. Most of the global increase during 2013-15 was accounted for by increased production in China of *** short tons (*** percent). Production increased during this period for nonsubject countries other than Canada by *** short tons (*** percent) while production in Canada decreased by *** short tons (*** percent).

Table VII-38
Cold-rolled steel: Production, global by country and region, 2013-15

* * * * * * *

Table VII-39 presents data on global consumption. Gross consumption increased globally by *** short tons (*** percent). Most of the increase is accounted for by the subject countries, especially China where gross consumption increased by *** short tons (*** percent). Gross consumption in Canada decreased by *** short tons during 2013-15 but increased in the other nonsubject countries by *** short tons (*** percent). Downstream processing accounted for the larger share of gross consumption – *** percent in 2015.

Table VII-39
Cold-rolled steel: Consumption, global by country and region, 2013-15

* * * * * * *

Table VII-40 presents data on global exports of cold-rolled steel.

Table VII-40
Cold-rolled steel: Global total exports by countries subject to this proceeding and other top exporters, 2013-15

Reporting country	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
United States	1,193,031	1,072,752	1,053,568
Subject countries.--			
Brazil	179,952	245,844	320,870
China	8,212,468	11,893,356	12,665,057
India	687,433	813,497	759,914
Japan	3,125,284	2,937,547	2,830,602
Korea	5,901,653	6,395,681	6,303,632
Russia	1,955,179	2,063,465	2,032,031
United Kingdom	645,624	686,400	568,550
Exports by subject countries	20,707,594	25,035,790	25,480,656
Other top exporting countries.--			
Belgium	3,013,643	3,015,176	3,207,564
Germany	2,328,495	2,332,641	2,326,567
Netherlands	1,419,714	1,575,619	1,523,254
Italy	1,366,686	1,441,370	1,339,364
Taiwan	1,478,930	1,572,777	1,336,027
Austria	1,173,514	1,210,366	1,334,207
France	1,293,881	1,370,957	1,273,291
Ukraine	999,494	1,033,497	929,435
Slovakia	656,370	683,935	656,238
Sweden	572,810	572,365	558,866
All other exporting countries	4,235,988	4,833,682	3,882,849
Total global exports	40,440,149	45,750,929	44,901,887

Table continued on next page.

Table VII-40-- Continued
Cold-rolled steel: Global total exports by countries subject to this proceeding and other top exporters, 2013-15

Reporting country	Calendar year		
	2013	2014	2015
	Share of quantity (percent)		
United States	3.0	2.3	2.3
Subject countries.--			
Brazil	0.4	0.5	0.7
China	20.3	26.0	28.2
India	1.7	1.8	1.7
Japan	7.7	6.4	6.3
Korea	14.6	14.0	14.0
Russia	4.8	4.5	4.5
United Kingdom	1.6	1.5	1.3
Exports by subject countries	51.2	54.7	56.7
Other top exporting countries.--			
Belgium	7.5	6.6	7.1
Germany	5.8	5.1	5.2
Netherlands	3.5	3.4	3.4
Italy	3.4	3.2	3.0
Taiwan	3.7	3.4	3.0
Austria	2.9	2.6	3.0
France	3.2	3.0	2.8
Ukraine	2.5	2.3	2.1
Slovakia	1.6	1.5	1.5
Sweden	1.4	1.3	1.2
All other exporting countries	10.5	10.6	8.6
Total global exports	100.0	100.0	100.0

Note.—Exports are understated because some countries do not have export data available for the entire 2013-15 period. Albania, Algeria, Andorra, Bahamas, Bahrain, Benin, Botswana, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cameroon, Cote d'Ivoire, Dominican Republic, Fiji, Indonesia, Jordan, Kuwait, Lebanon, Madagascar, Malawi, Namibia, Nepal, New Caledonia, Niger, Nigeria, Oman, Pakistan, Panama, Philippines, Rwanda, St. Lucia, Suriname, Tanzania, Uganda, United Arab Emirates, Vietnam, Yemen, Zambia, have data through 2014, Azerbaijan, Ghana, Israel, Kenya, Kyrgyzstan, Saudi Arabia, Togo, and Tunisia have data through December 2013, Dominica, Lesotho, and Mali have data through December 2012, Bangladesh and Iran have data through December 2011, Syria and Trinidad and Tobago have data through December 2010. All of these countries had exports, albeit in small quantities in most cases, before data were unavailable.

Source: Official exports statistics as reported by individual countries statistical reporting authorities in the IHS Inc./GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28 ,7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92, accessed May 3, 2016.

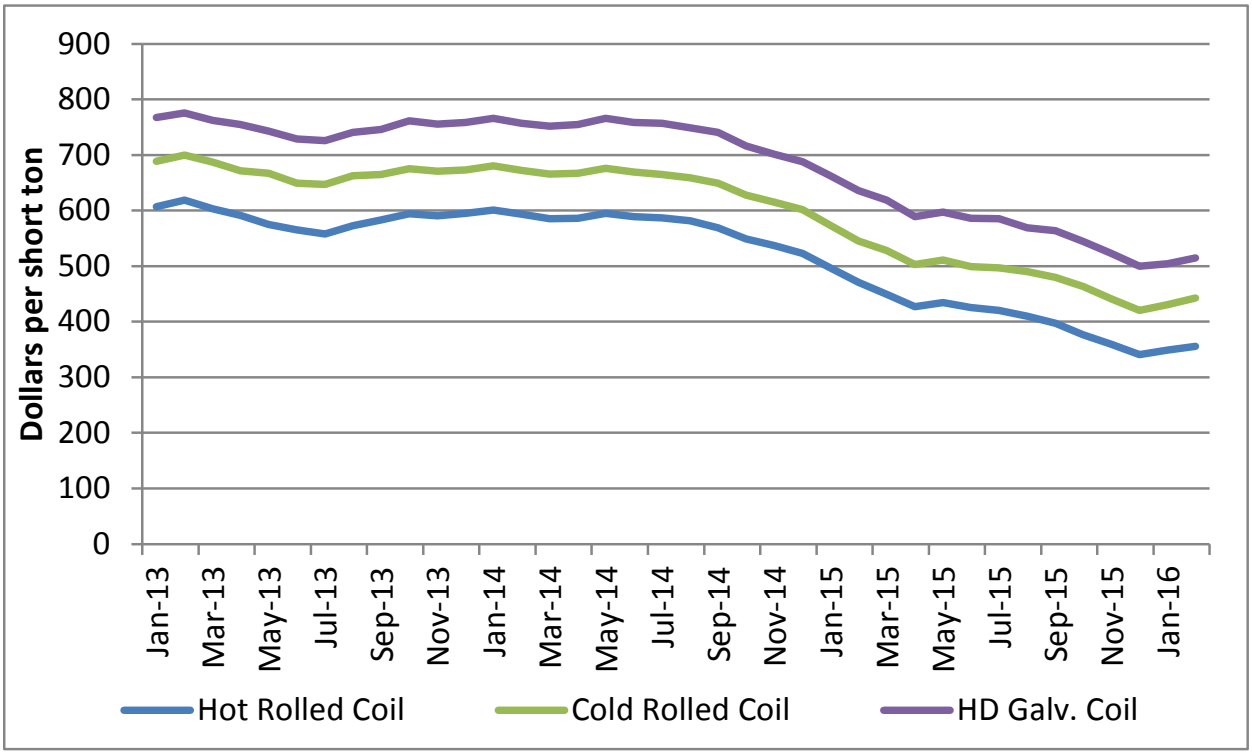
Table VII-41 and figure VII-1 present data on global monthly prices of hot-rolled coil, cold-rolled coil, and hot-dipped galvanized coil as published by MEPS International, Ltd.

Table VII-41
World carbon steel product monthly prices, January 2013-February 2016

Month and year	Hot rolled coil	Cold rolled coil	Hot-dipped galvanized coil
		(Dollars per short ton)	
2013:			
January	607	689	767
February	619	699	776
March	603	687	762
April	591	671	755
May	575	667	743
June	565	650	728
July	558	647	726
August	572	662	740
September	583	665	746
October	594	675	761
November	591	670	756
December	595	673	758
2014:			
January	601	680	766
February	593	672	757
March	585	666	752
April	586	667	755
May	595	676	766
June	589	670	758
July	587	665	757
August	582	659	748
September	569	650	740
October	549	628	716
November	537	615	701
December	523	601	688
2015:			
January	497	573	662
February	471	545	636
March	449	528	619
April	427	503	589
May	435	511	597
June	425	499	586
July	420	497	585
August	410	490	569
September	397	480	563
October	376	464	544
November	359	441	523
December	341	420	500
2016:			
January	349	431	504
February	356	443	514

Source: MEPS International, Ltd., http://www.meps.co.uk/World%20Carbon%20Price.htm.

Figure VII-1
World carbon steel product monthly prices, January 2013-February 2016



Source: MEPS International, Ltd., http://www.meps.co.uk/World%20Carbon%20Price.htm.

Canada

The leading nonsubject country exporter to the United States was Canada. The industry producing cold-rolled steel in Canada includes primarily firms related to the petitioners ArcelorMittal USA and U.S. Steel. ArcelorMittal Dofasco and U.S. Steel Canada[42] have combined capacity of almost *** million short tons of cold-rolled steel and accounted for *** percent of total cold-rolled steel capacity in Canada.[43] A third firm, Essar Steel Algoma, has a cold-rolled

[42] U.S. Steel Canada, which was a subsidiary of U.S. Steel Corporation, filed for relief from creditors under Canada's Companies' Creditors Arrangement Act (CCAA) in September 2014. In October 2015, the Ontario Court of Justice approved a plan that split U.S. Steel Canada from U.S. Steel Corp. As a result, U.S. Steel Corp. no longer has any control over the operations of U.S. Steel Canada. U.S. Steel Corp., press release, "U. S. Steel Announces Strategic Actions To Strengthen Company and Updates Third Quarter Outlook," September 16, 2014; American Metal Market, "Court OKs U.S. Steel Canada Split from USS," Oct. 9, 2015.

[43] ***.

steel production capacity of *** short tons.[44] Production of cold-rolled steel in Canada during 2015 was *** short tons (table VII-38), which was approximately *** percent of capacity.[45] Canada's cold-rolled steel exports are overwhelmingly directed to the United States and accounted for 93.8 percent of all exports in 2015 (table VII-42).

Table VII-42
Cold-rolled steel: Canada's exports, by export market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
United States	273,996	498,448	392,842
Bangladesh	21,332	17,279	13,013
Pakistan	5,559	2,038	5,499
Mexico	2,754	3,036	1,402
Egypt	-	-	1,263
Poland	1,540	1,328	915
China	74	434	601
India	1,656	753	549
Jordan	23	-	429
Brazil	544	691	373
Syria	-	-	310
All other exporting countries.	4,845	2,763	1,592
Total global exports	312,323	526,770	418,788
	Share of quantity (percent)		
United States	87.7	94.6	93.8
Bangladesh	6.8	3.3	3.1
Pakistan	1.8	0.4	1.3
Mexico	0.9	0.6	0.3
Egypt	0.0	0.0	0.3
Poland	0.5	0.3	0.2
China	0.0	0.1	0.1
India	0.5	0.1	0.1
Jordan	0.0	0.0	0.1
Brazil	0.2	0.1	0.1
Syria	0.0	0.0	0.1
All other exporting countries.	1.6	0.5	0.4
Total global exports	100.0	100.0	100.0

Source: Official exports statistics as reported by individual countries statistical reporting authorities in the IHS Inc./GTA database using HTS subheadings 7209.15, 7209.16, 7209.17, 7209.25, 7209.26, 7209.27, 7209.28 ,7209.90, 7210.70, 7211.23, 7211.29, 7211.90, 7212.40, 7219.18, 7225.50, and 7226.92, accessed April 27, 2015.

[44] Ibid. Essar Algoma filed for relief from creditors under the CCAA on November 9, 2015, and offers are being solicited for the sale of the assets. Essar Steel, press release, "Essar Steel Algoma Inc. Enters Phase Two of Sale and Investment Solicitation Process," April 4, 2016.

[45] Calculated from information in ***.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
80 FR 46047 August 3, 2015	*Cold-Rolled Steel Flat Products From Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2015-08-03/pdf/2015-18951.pdf
80 FR 51198 August 24, 2015	*Certain Cold-Rolled Steel Flat Products From Brazil, the People's Republic of China, India, Japan, the Republic of Korea, the Netherlands, the Russian Federation, and the United Kingdom: Initiation of Less-Than-Fair-Value Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2015-08-24/pdf/2015-20881.pdf
80 FR 51206 August 24, 2015	*Certain Cold-Rolled Steel Flat Products From Brazil, India, the People's Republic of China, the Republic of Korea, and the Russian Federation: Initiation of Countervailing Duty Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2015-08-24/pdf/2015-20879.pdf
80 FR 55872 September 17, 2015	*Cold-Rolled Steel Flat Products From Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom {ITC determination notice}*	https://www.gpo.gov/fdsys/pkg/FR-2015-09-17/pdf/2015-23325.pdf
80 FR 79569 December 22, 2015	*Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From Brazil: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty*	https://www.gpo.gov/fdsys/pkg/FR-2015-12-22/pdf/2015-32221.pdf

	Determination	
80 FR 79558 December 22, 2015	*Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Preliminary Affirmative Determination, Preliminary Partial Affirmative Critical Circumstances Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*	https://www.gpo.gov/fdsys/pkg/FR-2015-12-22/pdf/2015-32215.pdf
80 FR 79562 December 22, 2015	*Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From India: Preliminary Affirmative Determination and Alignment of Final Determination With Final Antidumping Duty Determination*	https://www.gpo.gov/fdsys/pkg/FR-2015-12-22/pdf/2015-32218.pdf
80 FR 79567 December 22, 2015	*Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From the Republic of Korea: Preliminary Negative Determination and Alignment of Final Determination With Final Antidumping Duty Determination*	https://www.gpo.gov/fdsys/pkg/FR-2015-12-22/pdf/2015-32222.pdf
80 FR 79564 December 22, 2015	*Countervailing Duty Investigation of Certain Cold-Rolled Steel Flat Products From the Russian Federation: Preliminary Affirmative Countervailing Duty Determination, Preliminary Negative Critical Circumstances Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*	https://www.gpo.gov/fdsys/pkg/FR-2015-12-22/pdf/2015-32223.pdf

81 FR 11754 March 07, 2016	*Certain Cold-Rolled Steel Flat Products From Brazil: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-07/pdf/2016-05008.pdf
81 FR 11751 March 07, 2016	*Antidumping Duty Investigation of Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Affirmative Preliminary Determination of Sales at Less Than Fair Value, and Preliminary Affirmative Determination of Critical Circumstances*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-07/pdf/2016-05001.pdf
81 FR 11741 March 07, 2016	*Certain Cold-Rolled Steel Flat Products From India: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-07/pdf/2016-05003.pdf
81 FR 11747 March 07, 2016	*Certain Cold-Rolled Steel Flat Products From Japan: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-07/pdf/2016-05005.pdf
81 FR 11757 March 07, 2016	*Certain Cold-Rolled Steel Flat Products From the Republic of Korea: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-07/pdf/2016-05006.pdf
81 FR 11744 March 07, 2016	*Certain Cold-Rolled Steel Flat Products From the United Kingdom: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination and Extension of Provisional Measures*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-07/pdf/2016-05007.pdf

81 FR 12072 March 08, 2016	*Certain Cold-Rolled Steel Flat Products from the Russian Federation: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-08/pdf/2016-05000.pdf
81 FR 15559 March 23, 2016	*Cold-Rolled Steel Flat Products From Brazil, China, India, Japan, Korea, Russia, and the United Kingdom; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-23/pdf/2016-06527.pdf
81 FR 32721 May 24, 2016	*Certain Cold-Rolled Steel Flat Products From Japan: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*	https://www.gpo.gov/fdsys/pkg/FR-2016-05-24/pdf/2016-12191.pdf
81 FR 32725 May 24, 2016	*Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*	https://www.gpo.gov/fdsys/pkg/FR-2016-05-24/pdf/2016-12186.pdf
81 FR 32729 May 24, 2016	*Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Partial Affirmative Critical Circumstances Determination*	https://www.gpo.gov/fdsys/pkg/FR-2016-05-24/pdf/2016-12183.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Cold-Rolled Steel Flat Products from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom
Inv. Nos.:	701-TA-540-544 and 731-TA-1283-1287 and 1289-1290 (Final)
Date and Time:	May 24, 2016 - 9:30 am

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

CONGRESSIONAL APPREARANCES:

The Honorable Ron Wyden, United States Senator, Oregon

The Honorable Sherrod Brown, United States Senator, Ohio

The Honorable Rob Portman, United States Senator, Ohio

The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

The Honorable James E. Clyburn, U.S. Representative, 6th District, South Carolina

The Honorable Richard M. Nolan, U.S. Representative, 8th District, Minnesota

EMBASSY APPEARANCES:

Embassy of India
Washington, DC

Dr. Ajay Kumar, Counselor (Commerce)

OPENING REMARKS:

Petitioners (**Jeffrey D. Gerrish**, Skadden, Arps, Slate, Meagher & Flom LLP)
Respondents (**Donald B. Cameron**, Morris Manning & Martin LLP)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

King & Spalding LLP
Washington, DC
on behalf of

AK Steel Corporation

Kirk W. Reich, President and Chief Operating Officer, AK Steel Corporation

Scott M. Lauschke, Vice President, Sales and Customer Service, AK Steel Corporation

J. B. Chronister, General Manager, Products, AK Steel Corporation

Stephen A. Jones)
) – OF COUNSEL
Stephen P. Vaughn)

Kelley Drye & Warren LLP
Washington, DC
on behalf of

ArcelorMittal USA LLC ("AMUSA")

Daniel Mull, Executive Vice President of Sales and Marketing, ArcelorMittal USA

Gordon O'Neill, Director, Product Control, Cold-Rolled Steel, ArcelorMittal USA

Leo Gerard, International President, United Steelworkers

Michael Kerwin, Economist, Georgetown Economic Services, LLC

Paul C. Rosenthal)
Kathleen W. Cannon) – OF COUNSEL
R. Alan Luberda)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Wiley Rein LLP
Washington, DC
on behalf of

Nucor Corporation

John Ferriola, Chairman, Chief Executive Officer *and* President, Nucor Corporation

Rick Blume, Vice President *and* General Manager, Commercial, Nucor Corporation

Dr. Jerry Hausman, MacDonald Professor of Economics at the Massachusetts Institute of Technology

Alan H. Price)
Timothy Brightbill) – OF COUNSEL
Daniel B. Pickard)

Schagrin Associates
Washington, DC
on behalf of

Steel Dynamics, Inc.

Barry Schneider, Senior Vice President of Flat-Rolled Products, Steel Dynamics, Inc.

Tommy Scruggs, Manager of Sales and Marketing, Steel Dynamics, Inc.

Roger B. Schagrin)
Christopher T. Cloutier) – OF COUNSEL
Paul W. Jameson)

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, DC
on behalf of

United States Steel Corporation

Mario Longhi, President *and* Chief Executive Officer, United States Steel Corporation

Douglas R. Matthews, Senior Vice President of Industrial, Service Center and Mining Solutions, United States Steel Corporation

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Robert Y. Kopf, General Manager, Revenue Management,
United States Steel Corporation

Jeffrey D. Gerrish)
) – OF COUNSEL
Nathaniel B. Bolin)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Morris Manning & Martin LLP
Washington, DC
on behalf of

Korea Iron and Steel Association
Hyundai Steel Co., Ltd.
POSCO (collectively "Korean Producers")

Charles Chung, Manager, POSCO America

Jung Sik Kim, General Manager (Sales), POSCO America

Won Kim, Manager, Hyundai Steel Trade Affairs & Planning Team

Y. S. Bin, Vice President, Ohio Coatings Company

Ken Kinyo, General Manager, Black Plate Procurement,
Ohio Coatings Company

Lori Clark, General Manager, Marketing & Quality Control,
Ohio Coatings Company

James P. Dougan, Vice President, Economic Consulting Services, LLC

Emma Peterson, Staff Economist, Economic Consulting Services, LLC

Donald B. Cameron)
R. Will Planert)
) – OF COUNSEL
Julie C. Mendoza)
Mary S. Hodgins)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Morris Manning & Martin LLP
Washington, DC
on behalf of

Companhia Siderurgica Nacional
CSN LLC (collectively "CSN")

Julie C. Mendoza)
Donald B. Cameron)
) – OF COUNSEL
R. Will Planert)
Mary S. Hodgins)

Sidley Austin LLP
Washington, DC
on behalf of

Nippon Steel & Sumitomo Metal; JFE Steel Corporation;
Kobe Steel Ltd. and Nisshin Steel Co., Ltd.
(collectively "Japanese Mills")

Tadaaki Yamaguchi, President, JFE Steel Americas, Inc.

Scott Davidson, Vice President *and* General Manager, Nippon Steel & Sumikin Bussan Americas, Inc.

Donald T. Cassiday, Purchasing Manager, American Nickeloid Company

Hideki Hara, General Manager, Trade Administration Division, Nippon Steel & Sumitomo Metal Corporation

Jun Akiba, Manager, Marketing, Nippon Steel & Sumitomo Metal U.S.A., Inc.

Takeshi Esumi, Staff General Manager, JFE Steel Corporation

Manabu Anada, Deputy General Manager, Kobe Steel, Ltd.

Richard Weiner)
Neil R. Ellis)
) – OF COUNSEL
Brenda A. Jacobs)
Rajib Pal)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Husch Blackwell LLP
Washington, DC
on behalf of

Chinese Respondents

Jeffrey S. Neeley)
) – OF COUNSEL
Cortney O. Morgan)

Steptoe & Johnson LLP
Washington, DC
on behalf of

Tata Steel IJmuiden BV
Tata Steel UK Ltd.

Chris McCarthy, Tata Steel International (Americas), Inc.

Bruce Malashevich, President, Economic Consulting Services, LLC

Richard O. Cunningham)
) – OF COUNSEL
Joel D. Kaufman)

Crowell & Moring LLP
Washington, DC
on behalf of

Severstal Export GmbH
PAO (collectively "Severstal")

Daniel J. Cannistra)
) – OF COUNSEL
Benjamin Caryl)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Cameron LLP
Washington, DC
on behalf of

Liberty Performance Steels Ltd. ("Liberty")

Alexander W. Sierck)
) – OF COUNSEL
Galina Gurok)

Davis & Leiman P.C.
Washington, DC
on behalf of

JSW Steel Ltd. ("JSW Steel")
JSW Steel Coated Products Ltd. ("JSW Coated Products")

James P. Dougan, Vice President, Economic Consulting Services, LLC

Vorys, Sater, Seymour and Pease LLP
Washington, DC
on behalf of

Stemcor USA, Inc.

Frederick P. Waite)
) – OF COUNSEL
Kimberly R. Young)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Paul C. Rosenthal** and **Kathleen W. Cannon**, Kelley Drye & Warren LLP)
Respondents (**Neil R. Ellis**, Sidley Austin LLP and **Donald B. Cameron**, Morris Manning & Martin LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Cold rolled steel: Summary data concerning the U.S. merchant market, 2013-15
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2013	2014	2015	2013-15	2013-14	2014-15
U.S. consumption quantity:						
Amount	12,376,004	13,363,973	12,254,585	-1.0	8.0	-8.3
Producers' share (fn1)	89.9	80.8	81.0	(8.9)	(9.1)	0.3
Importers' share (fn1):						
Brazil	0.3	0.7	2.0	1.7	0.5	1.2
China	2.2	6.6	4.4	2.2	4.4	(2.2)
India	0.1	0.7	0.6	0.5	0.5	(0.0)
Japan	1.1	1.0	1.2	0.1	(0.2)	0.3
Korea	***	***	***	***	***	***
Russia	0.0	0.7	0.8	0.8	0.7	0.1
United Kingdom	***	***	***	***	***	***
Subject sources	4.7	11.6	11.4	6.7	6.9	(0.2)
Canada	***	***	***	***	***	***
All others sources	***	***	***	***	***	***
Nonsubject sources	5.4	7.6	7.5	2.2	2.3	(0.1)
Total imports	10.1	19.2	19.0	8.9	9.1	(0.3)
U.S. consumption value:						
Amount	9,309,392	10,497,464	8,405,722	-9.7	12.8	-19.9
Producers' share (fn1)	88.8	80.7	80.8	(8.0)	(8.1)	0.1
Importers' share (fn1):						
Brazil	0.2	0.6	1.5	1.3	0.4	0.8
China	1.8	5.3	3.5	1.7	3.5	(1.8)
India	0.2	0.6	0.6	0.4	0.4	0.0
Japan	1.6	1.3	1.6	0.1	(0.2)	0.3
Korea	***	***	***	***	***	***
Russia	0.0	0.6	0.6	0.6	0.6	0.1
United Kingdom	***	***	***	***	***	***
Subject sources	5.0	10.6	10.7	5.7	5.6	0.1
Canada	***	***	***	***	***	***
All others sources	***	***	***	***	***	***
Nonsubject sources	6.2	8.6	8.5	2.3	2.5	(0.2)
Total imports	11.2	19.3	19.2	8.0	8.1	(0.1)
Imports from:						
Brazil:						
Quantity	32,953	98,755	240,796	630.7	199.7	143.8
Value	20,925	68,100	124,388	494.4	225.4	82.7
Unit value	$635	$690	$517	(18.7)	8.6	(25.1)
Ending inventory quantity	***	***	***	***	***	***
China:						
Quantity	268,090	879,006	540,287	101.5	227.9	(38.5)
Value	167,724	554,207	295,705	76.3	230.4	(46.6)
Unit value	$626	$630	$547	(12.5)	0.8	(13.2)
Ending inventory quantity	***	***	***	***	***	***
India						
Quantity	18,350	87,312	76,188	315.2	375.8	(12.7)
Value	16,892	64,348	52,133	208.6	280.9	(19.0)
Unit value	$921	$737	$684	(25.7)	(19.9)	(7.2)
Ending inventory quantity	***	***	***	***	***	***
Japan:						
Quantity	140,097	129,856	150,966	7.8	(7.3)	16.3
Value	144,332	139,120	135,834	(5.9)	(3.6)	(2.4)
Unit value	$1,030	$1,071	$900	(12.7)	4.0	(16.0)
Ending inventory quantity	***	***	***	***	***	***
Korea:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Russia:						
Quantity	222	89,385	94,109	42,368.6	40,236.6	5.3
Value	127	58,969	51,831	40,617.6	46,224.8	(12.1)
Unit value	$574	$660	$551	(4.1)	14.8	(16.5)
Ending inventory quantity	***	***	***	***	***	***
United Kingdom:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subject sources:						
Quantity	585,033	1,553,294	1,400,836	139.4	165.5	(9.8)
Value	468,533	1,117,051	899,333	91.9	138.4	(19.5)
Unit value	$801	$719	$642	(19.8)	(10.2)	(10.7)
Ending inventory quantity	69,984	204,649	142,426	103.5	192.4	(30.4)

Table continued on next page.

Table C-1 -- Continued
Cold rolled steel: Summary data concerning the U.S. merchant market, 2013-15
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2013	2014	2015	2013-15	2013-14	2014-15
Canada:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All other source:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources:						
Quantity	663,912	1,017,680	923,644	39.1	53.3	(9.2)
Value	575,638	907,838	712,005	23.7	57.7	(21.6)
Unit value	$867	$892	$771	(11.1)	2.9	(13.6)
Ending inventory quantity	6,282	17,931	36,046	473.8	185.4	101.0
Total imports:						
Quantity	1,248,945	2,570,974	2,324,480	86.1	105.9	(9.6)
Value	1,044,170	2,024,889	1,611,337	54.3	93.9	(20.4)
Unit value	$836	$788	$693	(17.1)	(5.8)	(12.0)
Ending inventory quantity	76,266	222,580	178,472	134.0	191.8	(19.8)
U.S. producers':						
Commercial U.S. shipments:						
Quantity	11,127,059	10,792,999	9,930,105	(10.8)	(3.0)	(8.0)
Value	8,265,222	8,472,575	6,794,385	(17.8)	2.5	(19.8)
Unit value	$743	$785	$684	(7.9)	5.7	(12.8)
Commercial net sales:						
Quantity	11,721,931	11,277,392	10,455,781	(10.8)	(3.8)	(7.3)
Value	8,784,598	8,911,088	7,243,732	(17.5)	1.4	(18.7)
Unit value	$749	$790	$693	(7.6)	5.4	(12.3)
Cost of goods sold (COGS)	8,473,004	8,297,995	6,922,748	(18.3)	(2.1)	(16.6)
Gross profit or (loss)	311,594	613,093	320,984	3.0	96.8	(47.6)
SG&A expenses	248,991	272,519	278,385	11.8	9.4	2.2
Operating income or (loss)	62,603	340,574	42,599	(32.0)	444.0	(87.5)
Net income or (loss)	155	257,017	(162,438)	fn2	165,717.4	fn2
Unit COGS	$723	$736	$662	(8.4)	1.8	(10.0)
Unit SG&A expenses	$21	$24	$27	25.3	13.8	10.2
Unit operating income or (loss)	$5	$30	$4	(23.7)	465.5	(86.5)
Unit net income or (loss)	$0.01	$23	$(16)	fn2	172,253.7	fn2
COGS/sales (fn1)	96.5	93.1	95.6	(0.9)	(3.3)	2.4
Operating income or (loss)/sales (fn1)	0.7	3.8	0.6	(0.1)	3.1	(3.2)
Net income or (loss)/sales (fn1)	0.002	2.9	(2.2)	(2.2)	2.9	(5.1)

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of the U.S. Department of Commerce.

Table C-2
Cold rolled steel: Summary data concerning the total U.S. market, 2013-15
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2013	2014	2015	2013-15	2013-14	2014-15
U.S. consumption quantity:						
Amount	29,738,704	31,628,636	30,272,278	1.8	6.4	(4.3)
Producers' share (fn1)	95.8	91.9	92.3	(3.5)	(3.9)	0.5
Importers' share (fn1):						
Brazil	0.1	0.3	0.8	0.7	0.2	0.5
China	0.9	2.8	1.8	0.9	1.9	(1.0)
India	0.1	0.3	0.3	0.2	0.2	(0.0)
Japan	0.5	0.4	0.5	0.0	(0.1)	0.1
Korea	***	***	***	***	***	***
Russia	0.0	0.3	0.3	0.3	0.3	0.0
United Kingdom	***	***	***	***	***	***
Subject sources	2.0	4.9	4.6	2.7	2.9	(0.3)
Canada	***	***	***	***	***	***
All others sources	***	***	***	***	***	***
Nonsubject sources	2.2	3.2	3.1	0.8	1.0	(0.2)
Total imports	4.2	8.1	7.7	3.5	3.9	(0.5)
U.S. consumption value:						
Amount	21,544,386	24,245,396	19,922,292	(7.5)	12.5	(17.8)
Producers' share (fn1)	95.2	91.6	91.9	(3.2)	(3.5)	0.3
Importers' share (fn1):						
Brazil	0.1	0.3	0.6	0.5	0.2	0.3
China	0.8	2.3	1.5	0.7	1.5	(0.8)
India	0.1	0.3	0.3	0.2	0.2	(0.0)
Japan	0.7	0.6	0.7	0.0	(0.1)	0.1
Korea	***	***	***	***	***	***
Russia	0.0	0.2	0.3	0.3	0.2	0.0
United Kingdom	***	***	***	***	***	***
Subject sources	2.2	4.6	4.5	2.3	2.4	(0.1)
Canada	***	***	***	***	***	***
All others sources	***	***	***	***	***	***
Nonsubject sources	2.7	3.7	3.6	0.9	1.1	(0.2)
Total imports	4.8	8.4	8.1	3.2	3.5	(0.3)
Imports from:						
Brazil:						
Quantity	32,953	98,755	240,796	630.7	199.7	143.8
Value	20,925	68,100	124,388	494.4	225.4	82.7
Unit value	$635	$690	$517	(18.7)	8.6	(25.1)
Ending inventory quantity	***	***	***	***	***	***
China:						
Quantity	268,090	879,006	540,287	101.5	227.9	(38.5)
Value	167,724	554,207	295,705	76.3	230.4	(46.6)
Unit value	$626	$630	$547	(12.5)	0.8	(13.2)
Ending inventory quantity	***	***	***	***	***	***
India						
Quantity	18,350	87,312	76,188	315.2	375.8	(12.7)
Value	16,892	64,348	52,133	208.6	280.9	(19.0)
Unit value	$921	$737	$684	(25.7)	(19.9)	(7.2)
Ending inventory quantity	***	***	***	***	***	***
Japan:						
Quantity	140,097	129,856	150,966	7.8	(7.3)	16.3
Value	144,332	139,120	135,834	(5.9)	(3.6)	(2.4)
Unit value	$1,030	$1,071	$900	(12.7)	4.0	(16.0)
Ending inventory quantity	***	***	***	***	***	***
Korea:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Russia:						
Quantity	222	89,385	94,109	42,368.6	40,236.6	5.3
Value	127	58,969	51,831	40,617.6	46,224.8	(12.1)
Unit value	$574	$660	$551	(4.1)	14.8	(16.5)
Ending inventory quantity	***	***	***	***	***	***
United Kingdom:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subject sources:						
Quantity	585,033	1,553,294	1,400,836	139.4	165.5	(9.8)
Value	468,533	1,117,051	899,333	91.9	138.4	(19.5)
Unit value	$801	$719	$642	(19.8)	(10.2)	(10.7)
Ending inventory quantity	69,984	204,649	142,426	103.5	192.4	(30.4)

Table continued on next page.

Table C-2 -- Continued
Cold rolled steel: Summary data concerning the total U.S. market, 2013-15
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2013	2014	2015	2013-15	2013-14	2014-15
Canada:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All other source:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources:						
Quantity	663,912	1,017,680	923,644	39.1	53.3	(9.2)
Value	575,638	907,838	712,005	23.7	57.7	(21.6)
Unit value	$867	$892	$771	(11.1)	2.9	(13.6)
Ending inventory quantity	6,282	17,931	36,046	473.8	185.4	101.0
Total imports:						
Quantity	1,248,945	2,570,974	2,324,480	86.1	105.9	(9.6)
Value	1,044,170	2,024,889	1,611,337	54.3	93.9	(20.4)
Unit value	$836	$788	$693	(17.1)	(5.8)	(12.0)
Ending inventory quantity	76,266	222,580	178,472	134.0	191.8	(19.8)
U.S. producers':						
Average capacity quantity	43,284,702	43,258,349	43,463,587	0.4	(0.1)	0.5
Production quantity	29,047,905	29,557,653	28,376,978	(2.3)	1.8	(4.0)
Capacity utilization (fn1)	67.1	68.3	65.3	(1.8)	1.2	(3.0)
U.S. shipments:						
Quantity	28,489,759	29,057,662	27,947,798	(1.9)	2.0	(3.8)
Value	20,500,216	22,220,507	18,310,955	(10.7)	8.4	(17.6)
Unit value	$720	$765	$655	(8.9)	6.3	(14.3)
Export shipments:						
Quantity	604,000	491,211	535,926	(11.3)	(18.7)	9.1
Value	522,560	451,936	443,079	(15.2)	(13.5)	(2.0)
Unit value	$865	$920	$827	(4.4)	6.3	(10.1)
Ending inventory quantity	1,175,055	1,183,334	1,076,587	(8.4)	0.7	(9.0)
Inventories/total shipments (fn1)	4.0	4.0	3.8	(0.3)	(0.0)	(0.2)
Production workers	11,235	11,070	11,218	(0.2)	(1.5)	1.3
Hours worked (1,000s)	25,556	25,207	25,090	(1.8)	(1.4)	(0.5)
Wages paid ($1,000)	940,071	968,779	951,500	1.2	3.1	(1.8)
Hourly wages (dollars)	36.78	38.43	37.92	3.1	4.5	(1.3)
Productivity (short tons per 1,000 hours)	1,137	1,173	1,131	(0.5)	3.2	(3.5)
Unit labor costs	32.36	32.78	33.53	3.6	1.3	2.3
Total net sales:						
Quantity	29,086,877	29,544,698	28,465,149	(2.1)	1.6	(3.7)
Value	21,021,912	22,661,546	18,742,352	(10.8)	7.8	(17.3)
Unit value	723	767	658	(8.9)	6.1	(14.2)
Cost of goods sold (COGS)	20,673,370	21,519,152	18,186,048	(12.0)	4.1	(15.5)
Gross profit or (loss)	348,542	1,142,394	556,304	59.6	227.8	(51.3)
SG&A expenses	574,185	663,599	708,296	23.4	15.6	6.7
Operating income or (loss)	(225,643)	478,795	(151,992)	32.6	fn2	fn2
Net income or (loss)	(363,952)	278,464	(590,395)	(62.2)	fn2	fn2
Capital expenditures	***	***	***	***	***	***
Unit COGS	$711	$728	$639	(10.1)	2.5	(12.3)
Unit SG&A expenses	$20	$22	$25	26.1	13.8	10.8
Unit operating income or (loss)	$(8)	$16	$(5)	31.2	fn2	fn2
Unit net income or (loss)	$(13)	$9	$(21)	(65.8)	fn2	fn2
COGS/sales (fn1)	98.3	95.0	97.0	(1.3)	(3.4)	2.1
Operating income or (loss)/sales (fn1)	(1.1)	2.1	(0.8)	0.3	3.2	(2.9)
Net income or (loss)/sales (fn1)	(1.7)	1.2	(3.2)	(1.4)	3.0	(4.4)

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of the U.S. Department of Commerce.

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

Two importers reported price data for Canada for products 1-3. Price data reported by these firms accounted for *** percent of reported U.S. commercial shipments of product from Canada. These price items and accompanying data are comparable to those presented in tables V-4 to V-10. Price and quantity data for Canada are shown in table D-1 and in figures D-1 to D-3 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from Canada were lower than prices for U.S.-produced product in 3 instances and higher in 29 instances. In comparing nonsubject country pricing data with subject country pricing data, prices for product imported from Canada were lower than prices for product imported from subject countries in 21 instances and higher in 88 instances. A summary of price differentials is presented in table D-2.

Table D-1

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported products 1-3 and margins of underselling/(overselling), by quarters, January 2013-December 2015

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Figure D-1

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 2013-December 2015

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Figure D-2

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 2013-December 2015

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Figure D-3

Cold-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters, January 2013-December 2015

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Table D-2

Cold-rolled steel: Summary of price differentials, by country, January 2013-December 2015

Comparison	Total number of comparisons	Nonsubject lower than the comparison source		Nonsubject higher than the comparison source	
		Number of quarters	Quantity (short tons)	Number of quarters	Quantity (short tons)
Nonsubject vs United States.--					
Canada vs. United States	32	3	***	29	***
Nonsubject vs Subject.--					
Canada vs. Brazil	20	4	***	16	***
Canada vs. China	29	3	***	26	***
Canada vs. India	20	4	***	16	***
Canada vs. Japan	0	0	0	0	0
Canada vs. Korea	24	10	***	14	***
Canada vs. Russia	16	0	0	16	
Canada vs. United Kingdom	0	0	0	0	0

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

APPENDIX E

LOST SALES AND LOST REVENUE ALLEGATIONS FROM THE PRELIMINARY PHASE OF THE INVESTIGATIONS

Effective October 1, 2015, the Commission changed its rules associated with domestic industry provision of allegations of lost sales and lost revenue. The Commission rules were changed to ask petitioners to provide a list of purchasers where they lost sales or revenue, instead of transaction-specific incidents. This appendix contains the information from the preliminary phase related to lost sales and lost revenue allegations under the prior Commission rules as provided in the preliminary phase staff report.

The Commission requested U.S. producers of cold-rolled steel to report any instances of lost sales or revenue they experienced due to competition from imports of cold-rolled steel from subject countries since January 1, 2012. Of the 12 responding U.S. producers, seven reported that they had to either reduce prices or roll back announced price increases, and seven firms reported that they had lost sales. Five of these producers provided usable lost sales and/or lost revenue information.[1]

Seventeen lost sales allegations were made against imports from China, four against imports from Brazil, one against imports from Russia, and one against imports from both China and Russia. Four lost revenue allegations were made against imports from China and two against imports from Brazil. The 23 lost sales allegations totaled $52.3 million and involved 80,805 tons of cold-rolled steel, and the six lost revenue allegations totaled $1.1 million and involved 19,150 tons of cold-rolled steel. Staff contacted 16 purchasers, and a summary of the information obtained follows in tables E-1 and E-2.

Table E-1
Cold-rolled steel: U.S. producers' lost sales allegations

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Table E-2
Cold-rolled steel: U.S. producers' lost revenue allegations

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Purchasers responding to the lost sales allegations were also asked whether they shifted their purchases of cold-rolled steel from U.S. producers to suppliers of cold-rolled steel from subject countries since January 1, 2012. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of cold-rolled steel from subject countries (table E-3). One of the two responding purchasers reported that it had shifted purchases of cold-rolled steel from U.S. producers to subject imports since January 1, 2012 and reported that price was the reason for the shift. One purchaser reported that U.S. producers had reduced their prices in order to compete with the prices of subject imports since 2012.

[1] Four of these firms also provided eight lost sales allegations and one lost revenue allegations that contained missing values or numerical errors.

Table E-3
Cold-rolled steel: Purchasers' responses regarding shifting supply and price reductions

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APPENDIX F

FINANCIAL DATA OF U.S. PRODUCERS

This section presents selected financial information of U.S. producers. Table F-1 presents data on sales and costs by firm in the merchant market and total market (including internal consumption and transfers) side-by-side. The data in the columns under "merchant market" correspond to table VI-1, while the data in the columns under "total market" correspond to table VI-2.[1]

Table F-1
Cold-rolled steel: Results of operations of U.S. producers, by firm, 2013-15

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[1] The Commission's questionnaire asked U.S. producers to report the value of internal consumption and transfers to related firms at the same per-unit values as the firm's commercial sales. Firms were instructed to adjust the per-unit-values if their internal consumption and transfers differed from their commercial sales because of factors like product mix, or physical, or quality differences. This adjustment for differences in value was labeled "operations on cold-rolled steel with internal consumption and transfers to related parties valued based upon differences in cost (constructed fair market value)." *See* section III-9 of the U.S. producers' questionnaire.