Certain Aluminum Plate From South Africa

Investigation No. 731-TA-1056 (Preliminary)

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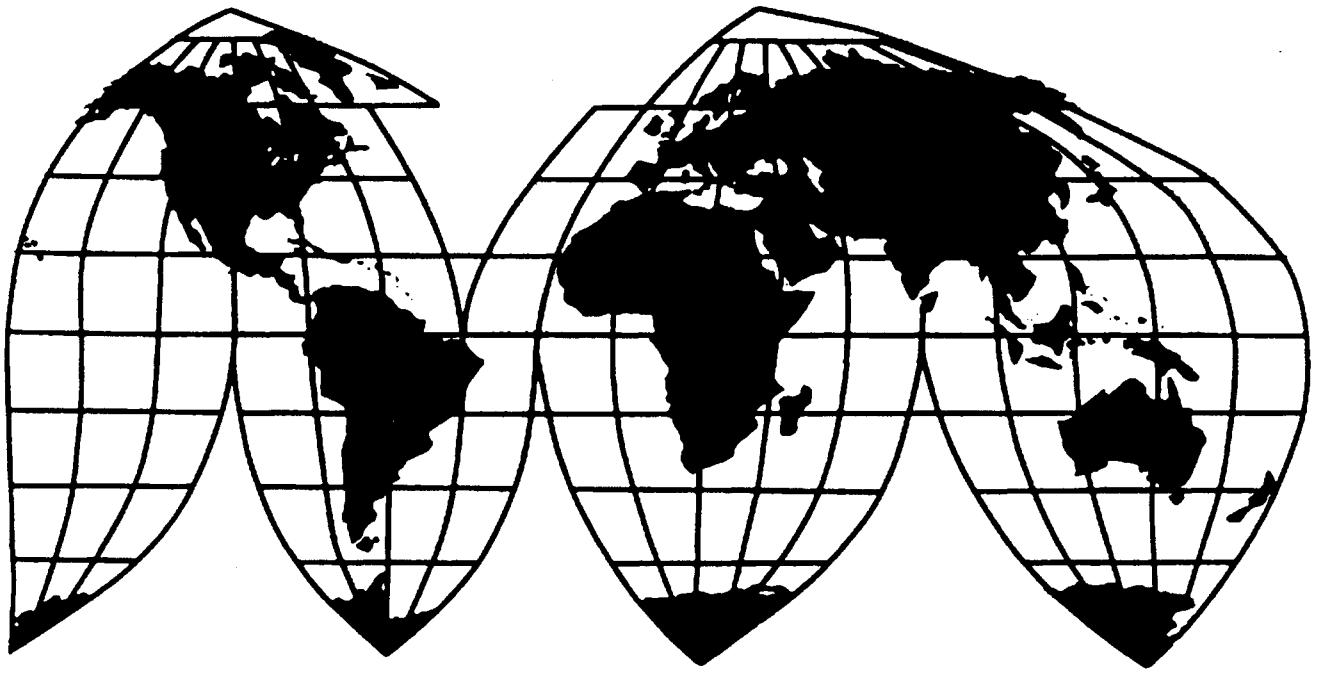
U.S. International Trade Commission



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1056 (Preliminary)

CERTAIN ALUMINUM PLATE FROM SOUTH AFRICA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from South Africa of certain aluminum plate, provided for in subheading 7606.12.30 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATION

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in that investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

BACKGROUND

On October 16, 2003, a petition was filed with the Commission and Commerce by Alcoa, Inc., Pittsburgh, PA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain aluminum plate from South Africa. Accordingly, effective October 16, 2003, the Commission instituted antidumping duty investigation No. 731-TA-1056 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of October 24, 2003 (68 FR 61012). The conference was held in Washington, DC, on November 6, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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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)).

VIEWS OF THE COMMISSION

Based on the record in this investigation, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of 6000 series aluminum rolled plate from South Africa that are allegedly sold in the United States at less than fair value ("LTFV").

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2] [3]

II. BACKGROUND

Certain aluminum plate is a 6000 series aluminum alloy flat-surfaced, rolled product that is .250 inch (6.3 mm) or more[4] in thickness and rectangular in cross section with or without rounded corners, whether in coils or cut-to-length plate forms.[5] Strong and corrosion resistant, certain aluminum plate has a variety of end-use applications including tooling plate, jigs/fixtures, mold plate, semiconductor equipment, and miscellaneous machined parts.[6] Ninety percent of the certain aluminum plate market is accounted for by 6061 aluminum alloy, although there are many different alloys within the 6000 series.[7]

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[1] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354-55 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

[2] American Lamb, 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] In this investigation, Alcoa, Inc. is the sole petitioner (hereinafter "petitioner"). Respondents in this case are Hulett Aluminum (Pty) Ltd. and Empire Resources, Inc.

[4] The petition described the subject product as having a "thickness not less than .250 inch (6.3 millimeters)." Petition at 4. This distinction of .250 inch or more between plate and sheet tracks the Aluminum Association's definition of aluminum plate. Confidential Staff Report ("CR") at I-9; Public Report ("PR") at I-4. A thickness of .250 inch equates to a thickness of 6.35 mm. Commerce's scope language, however, describes subject product to have "a thickness of more than 6.3 millimeters" and this would technically include some product defined by the Aluminum Association as sheet. CR and PR at I-4, n.9. Petitioner has requested that Commerce redefine the subject product to track the "not less than .250 [inch]" language of the Aluminum Association definition and the petition. Letter filed on behalf of Petitioner, November 24, 2003.

[5] CR at I-5, PR at I-4; 68 FR 64081, 64082, November 12, 2003. 6000 series aluminum rolled plate is defined by the Aluminum Association, Inc. Extruded aluminum products and tread plate are excluded from the scope of this investigation. Id.

[6] CR at I-6, I-8, II-4; PR at I-5-6, II-3; petitioner's postconference brief at 20; petition at 12.

[7] CR at I-8; PR at I-6.

Most 6000 series aluminum plate is sold in standard sizes through distributors with few sales directly to end users.[8]

The petition was filed on behalf of Alcoa, Inc. ("Alcoa"), which together with Kaiser Aluminum and Chemical Corp. ("Kaiser") and Pechiney Rolled Products, LLC, ("Pechiney") make up the current domestic industry for certain aluminum plate. All three producers provided questionnaire responses to the Commission.[9] Production facilities for certain aluminum plate produced by Alcoa, Kaiser, and Pechiney are located in Iowa, Washington, and West Virginia, respectively.[10]

During the period examined, demand declined for the first three years and then increased somewhat during the first nine months of 2003.[11] Domestic production accounted for more than half of the U.S. market for certain aluminum plate over the period examined; the U.S. producers' share of consumption was 79.4 percent in 2000, and has since ranged between 53.4 percent and 56.7 percent.[12] Subject imports from South Africa and nonsubject imports from Russia, *** foreign suppliers, each increased throughout the period examined and accounted for *** percent and *** percent, respectively, of total U.S. imports of certain aluminum plate during the period examined.[13] Other sources of imports were ***.[14]

III. DOMESTIC LIKE PRODUCT

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[15] Section 771(4)(A) of the Tariff Act of 1930, as amended (the Act), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[16] In turn, the Act defines

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[8] CR at I-14, II-1; PR at I-9, II-1.

[9] CR at I-3 and III-1, PR at I-3 and III-1. These three firms account for most of the U.S. production of certain aluminum plate in the period examined. A fourth firm, McCook Metals, LLC, filed for bankruptcy on August 6, 2001; its manufacturing facility was subsequently closed and its assets liquidated, most purchased but not yet used by Pechiney. CR/PR at III-1, n.1. Although no data were received from McCook, petitioner estimated McCook's domestic shipments, indicating that McCook accounted for *** percent of total industry (including McCook) domestic shipments in 2000, *** percent in 2001 when McCook declared bankruptcy and began liquidating its assets, *** percent in 2002, *** percent in January-September 2002, and *** percent in January-September 2003. Compare CR/PR at table III-3 with CR/PR at III-1, n.1.

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

[11] CR at II-4; PR at II-3.

[12] CR/PR at Table IV-4.

[13] Compare CR at Table IV-2 with CR at IV-3, nn.4 and 5; compare PR at Table IV-2 with PR at IV-1, nn.4 and 5.

[14] CR at IV-3, n.4; PR at IV-1, n.4.

[15] 19 U.S.C. § 1677(4)(A).

[16] Id.

"domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation ... ."[17]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[18] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[19] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[20] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[21] The Commission must base its domestic like product determination on the record in this investigation. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.[22]

B. Product Description

In its notice of initiation Commerce defined the imported merchandise within the scope of this investigation as:

> 6000 series aluminum alloy, flat surface, rolled plate, whether in coils or cut-to-length forms, that is rectangular in cross section with or without rounded corners and with a thickness of more than

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[17] 19 U.S.C. § 1677(10).

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

[19] See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess., at 90-91 (1979).

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

[21] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single domestic like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission's determination of six domestic like products in investigations where Commerce found five classes or kinds).

[22] See Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp.2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

6.3 millimeters. 6000 Series Aluminum Rolled Plate is defined by the Aluminum Association, Inc.[23]

The Aluminum Association defines 6000 series rolled aluminum plate ("6000 series plate") as an aluminum plate alloy containing silicon and magnesium to form magnesium silicide, thus making it heat-treatable.[24] 6000 series plate is one of the strongest of the aluminum alloys and is characterized as possessing good formability and corrosion resistance.[25] 6000 series plate is primarily used in machined parts, semiconductor equipment, and other tool and mold applications.[26] The Aluminum Association defines plate as a quarter inch thick or more, as opposed to sheet (.249 to .006 inch thick) and foil (less than .006 inch thick).[27]

C. Domestic Like Product

Petitioner contends that the Commission should define the domestic like product coextensive with the scope, "that is, . . . 6000 Series Aluminum Rolled Plate."[28] Respondents have made three alternative proposals to expand the domestic like product beyond Commerce's scope including (1) all aluminum plate and sheet products; (2) all heat-treatable and non-heat treatable aluminum plate; and (3) all heat-treatable plate (series 2000, 6000, and 7000).[29]

Accordingly, we consider whether the domestic like product should be broadened beyond Commerce's scope as follows: all aluminum sheet and plate, or all heat-treatable and non-heat-treatable aluminum plate, or all heat-treatable aluminum plate. For the reasons discussed below, for purposes of this preliminary determination, we find a single domestic like product consisting of all domestically produced 6000 series aluminum plate.

1. Whether the domestic like product should be expanded to include all aluminum sheet and plate[30]

a. Arguments of the Parties

Respondents argue that nonsubject aluminum plate and all aluminum sheet products should be included in the domestic like product, so that the product is defined as all aluminum plate and sheet.

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[23] 68 Fed. Reg. 64801, 64802 (November 12, 2003). Specifically excluded from the scope are extruded aluminum products and tread plate. Id.

[24] CR at I-6-7; PR at I-4; Petition at 4-5.

[25] CR at I-7-8; PR at I-5-6.

[26] CR at I-6, II-4; PR at I-5, II-3; Petitioner's Postconference Brief at 20. The most common aluminum alloy in the 6000 series plate is 6061, which has a variety of applications including aircraft fittings, camera lens mounts, couplings, marine fittings and hardware, electrical fittings and connectors, decorative or miscellaneous hardware, hinge pins, brake pistons, hydraulic pistons, appliance fittings, and valves and valve parts. CR at I-8; PR at I-6.

[27] CR and PR at I-4, n.9.

[28] Petitioner's Postconference Brief at 1-33

[29] Respondents' Postconference Brief at 3-25.

[30] Parties' arguments and analysis on the inclusion of nonsubject aluminum plate are discussed below in the section on whether the domestic like product should be expanded to include all heat-treatable and non-heat-treatable aluminum plate and in the section on whether the domestic like product should be expanded to include heat-treatable 2000 and 7000 series plate.

Respondents maintain that aluminum sheet and plate comprise a continuum of products and suggest that the only demarcation between aluminum sheet and plate is thickness, and that even the quarter inch standard does not create a clear dividing line because all aluminum sheet and plate products, regardless of thickness, or alloy, are produced on the same machinery, are used for similar or identical end uses, and are similarly priced.[31]

Petitioner responds that the domestic like product should not be expanded to include all aluminum plate and sheet products.[32] In this investigation, petitioner stresses that the industry standard, HTS numbers, and customers distinguish between plate and sheet on the basis of thickness.[33] It further contends that the end uses of aluminum plate are very different from the end uses of sheet, and that there is virtually no interchangeability between sheet and plate given that thickness dimensions are critical to various applications.[34]

b. Analysis

We first observe that due to the imprecision of converting to the metric system from the English system of measurement, the scope as announced by Commerce may be read to encompass 6000 series sheet products at .249 inch thickness. That is, plate is defined by the Aluminum Association as .25 inch, i.e., 6.35 millimeters or greater in thickness, but Commerce announced the scope as product "with thickness of more than 6.3 millimeters" although Commerce did refer to the Aluminum Association definition.[35] Petitioner has requested Commerce to correct the scope by letter of November 24, 2003. However, even if 6000 series sheet at .249 inch thickness is included, it does not necessarily mean that the domestic like product would be defined as including 6000 series sheet at .249 inch thickness because it is uncertain as to whether there is any domestic production of this sheet product.[36] Where there is no domestic production of an article described in the scope, the Commission must include "the most similar"

[31] Respondents' Postconference Brief at 22.

[32] Petitioner's Postconference Brief at 2.

[33] Petitioner's Postconference Brief at 7-8.

[34] Petitioner's Postconference Brief at 8-9.

[35] 68 Fed. Reg. 64801, 64802 (November 12, 2003)

[36] ***. CR and PR at I-4, n.9.

article that is domestically produced in the like product.[37] In this instance, the product most similar to the subject merchandise would be 6000 series aluminum plate.[38]

We therefore consider whether the definition of the like product should be expanded to include aluminum sheet.

Physical Characteristics and Uses

Aluminum plate and aluminum sheet are flat-rolled, aluminum products. The Aluminum Association has developed industry standards that distinguish between plate and sheet. According to these standards, plate is 0.25 inch or more in thickness while sheet is defined in thicknesses of .249 inch to .006 inch.[39] Aluminum sheet and plate may be sold either in coil form or as flat, rectangular shapes. However, virtually all plate is sold in rectangular form, while approximately 50 percent of sheet products are sold in coil form.[40]

There may be some overlap in end uses between sheet and plate at the highest thicknesses of sheet and lowest thicknesses of plate.[41] However, to a large extent, the differences in thickness appear to dictate different end uses. Aluminum plate is primarily used for heavy-duty applications such as liquid natural gas tanks, marine applications, rail cars, military armored personnel carriers, bulk heads, machined tooling plate, jigs/fixtures, molds, and electronic base assemblies. On the other hand, sheet is used in a wide variety of consumer and industrial applications where its thinner gauge is suitable. For example, some typical end uses for sheet include automotive body panels, bumpers, boat sheet, cable wrap, beverage can stock, rigid container stock, truck and trailer sheet, Venetian blind sheet, and aerospace fuselage skins.[42]

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[37] See, e.g., Certain Cold-Rolled Steel Products from Argentina, Australia, Belgium, Brazil, China, France, Germany, India, Japan, Korea, the Netherlands, New Zealand, Russia, South Africa, Spain, Sweden, Taiwan, Thailand, Turkey, and Venezuela, Inv. Nos. 701-TA-422-425 (Preliminary) and 731-TA-964-983 (Preliminary), USITC Pub. 3471 (November 2001) at 5-6, n. 21; Silicomanganese from India, Kazakhstan, and Venezuela, Inv. Nos. 731-TA-929-931 (Preliminary), USITC Pub. 3427 (May 2001) at 4-5 & n. 15; Synthetic Indigo from China, Inv. No. 731-TA-851 (Preliminary), USITC Pub. 3222 at 7 (Aug. 1999)("[S]ince indigo slurry is within the scope of the investigation, and there is no domestic production of indigo slurry for domestic sales, the "domestic like product" is the product 'most similar in characteristics and uses with' the subject imports"); Extruded Rubber Thread from Malaysia, Inv. No. 753-TA-34, USITC Pub. 3112 at 5 (June 1998) (Since domestic production of food-grade ERT product "d[id] not exist in any practical sense," the Commission concluded it could not be considered a domestic like product); Professional Electric Cutting and Sanding/Grinding Tools from Japan, Inv. No. 731-TA-571 (Preliminary), USITC Pub. 2536 at 17 (July 1992) ("The Commission has rejected 'the notion that a like product could be defined as a product not produced by a U.S. industry.' Such proposals ignore our obligation under the statute to determine which U.S.-made products are like or most similar to the imports under investigation"); Nepheline Syenite from Canada, Inv. No. 731-TA-525 (Final), USITC Pub. 2502 at 7 (April 1992) (Since nepheline syenite was not produced in the United States, the Commission defined the domestic like product to include two similar products, feldspar and aplite.), aff'd, Feldspar Corp. v. United States, 825 F. Supp. 1095 (Ct. Int'l Trade 1993).

[38] We may revisit this issue in the final phase of the investigation if Commerce clarifies that the scope includes 6000 series aluminum articles at .249 inch thickness.

[39] CR and PR at I-4, n.9.

[40] CR at I-12, n.32; PR at I-9, n.32; Petitioner's Postconference Brief at Ex. I-3.

[41] Conference Transcript ("Tr.") at 177-178.

[42] CR at I-11; PR at I-8-9; Petitioner's Postconference Brief at 8.

Interchangeability

The interchangeability between plate and sheet is limited by the thickness, width, and chemical specifications needed for the particular end use. There is some interchangeability between plate and sheet, but only at the upper end of sheet thicknesses and lower end of plate thicknesses.[43] According to petitioner, "end product design engineers determine the product performance requirements and specify the appropriate alloy, temper and size (gauge/width/length) of the aluminum product to be used to meet the desired performance criteria."[44] As noted above, plate is used in heavy duty applications in aerospace, machinery and transportation market sectors. Additionally, "plate is typically machined to form specific parts, many of which have very intricate cross sections."[45] In contrast, sheet is the most widely used form of aluminum, is sold to major market sectors and is typically used in applications "where the aluminum sheet is formed, bent, or stamped."[46]

Channels of Distribution

Both aluminum plate and sheet are sold to distributors.[47] The record indicates, however, that because of the differences in gauge and size, distributors need different cutting equipment to perform certain finishing processes before the plate or sheet is sold to the end-user.[48]

Customer Perceptions

As noted above, industry standards explicitly distinguish between plate and sheet.[49] Petitioner indicated that its customers view sheet as distinct from plate in light of the additional processing entailed in finishing plate and sheet and differences in end uses.[50] Moreover, it appears that plate and sheet are marketed to customers in the United States as distinct products.[51]

Common Manufacturing Processes, Facilities, and Employees

Aluminum plate and sheet share some similar manufacturing processes. Production for each begins with the rolling of large ingots of alloyed aluminum. When aluminum is passed between rollers under pressure, it becomes thinner until it reaches the desired thickness or gauge. After hot-rolling, the aluminum may be annealed to soften the alloy and permit further reduction in thickness.[52]

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[43] Tr. at 177-178.

[44] Petitioner's Postconference Brief at 9.

[45] Petitioner's Postconference Brief at 9.

[46] Petitioner's Postconference Brief at 9.

[47] Petitioner's Postconference Brief at 9-10.

[48] Petitioner's Postconference Brief at 9-10.

[49] Respondents contend that because the scope refers to products of 6.3 millimeters in thickness, the industry standard of .250 inch is not relevant. However, respondents are not merely seeking to include 6000 series sheet of .249 inch thickness but all aluminum sheet products. As such, how and if the industry distinguishes sheet and plate is relevant in our analysis.

[50] Petitioner's Postconference Brief at 10.

[51] CR and PR at I-4, n.9.

[52] CR at I-9; PR at I-7.

While the front-end processing of plate and sheet share common manufacturing processes and employees, the similarities and/or commonality in the production process for plate and sheet generally end once the product is annealed. At that point, plate that does not require heat treatment may be leveled, stretched and/or sawed and sold as a finished product while heat-treatable plate must undergo further heat-treatment prior to the finishing steps. By comparison, sheet undergoes the process of cold rolling to further reduce thickness before it is suitable for end use.[53] Cold rolling requires the use of different machinery. In fact, the cold mill is specifically designed to produce "light gauge heat-treatable products (sheet)."[54] Cold rolling may add to the cost of sheet. Moreover, cold rolling significantly reduces the thickness of the product, thereby further distinguishing finished sheet from plate in terms of thickness and consequent acceptable end uses.[55]

We note that 6000 series sheet and plate differ in terms of heat-treatment before being sold to the customer. Ninety-nine percent of 6061 plate, the most common 6000 alloy, is sold as a heat-treated finished product. However, a significant percentage of 6061 sheet is sold as heat-treatable, whereby the customer purchases the sheet (most likely in coils), shapes it and then heat treats it.[56]

Price

According to petitioner, pricing for aluminum plate differs from sheet, even within the 6000 series, as a result of the different manufacturing or finishing processes.[57] Respondents claim that there is no material price difference between sheet and plate products within the same alloy and temper.[58]

c. Conclusion

In sum, although all aluminum sheet and plate products, particularly within a specific series of alloys, may share similar chemical compositions and properties, the industry has established a specific thickness-based distinction between sheet and plate. To a large degree, the distinction results in different end uses, marketing, and limited interchangeability between plate on the one hand and sheet on the other. Aluminum plate is primarily used for heavy-duty applications, whereas sheet is used in applications where thinner gauge is important. Whether the product is plate or sheet may also play a role in distribution, as a distributor needs different equipment to finish sheet and plate before sale to the end-user. While plate and sheet are produced by similar and sometimes common front-end manufacturing processes and equipment, sheet undergoes the additional process of cold rolling. Indeed, the cold-mill is specifically designed for finishing sheet products. However, it is uncertain whether there are different prices for plate and sheet.

Therefore, we do not find that plate and sheet are a continuum of products and we decline to expand the like product beyond the scope of the investigation to include all aluminum sheet.[59]

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[53] CR at I-8-10, I-12, PR at I-7-8, I-10; Petitioner's Postconference Brief at 11-13.

[54] CR at I-9; PR at I-7.

[55] CR at I-9 and n.22; PR at I-7 and n.22.

[56] CR at I-9, n.23; PR at I-7, n.23.

[57] Petitioner's Postconference Brief at 14.

[58] Respondents' Postconference Brief at 24.

[59] Underlying all of respondents' arguments concerning like product is the contention that the domestic like product, 6000 series aluminum plate, is too narrowly drawn as it is just one product among a range or continuum of products. They emphasize that in other investigations, the Commission has followed the general principle that

(continued...)

2. Whether the domestic like product should be expanded to include all heat-treatable and non-heat-treatable plate.

a. Arguments of the Parties

As an alternative to a domestic like product including all aluminum sheet and plate, respondents propose a smaller expansion of the like product to include all plate –i.e., all heat-treatable (2000, 6000 and 7000 series) and non-heat-treatable plate (1000, 3000, 4000, and 5000 series). According to respondents, heat-treatable and non-heat-treatable plate comprise a continuum of products and there is no clear dividing line between these types of plate. They maintain that although alloys "have

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[59] (...continued)
"where the domestically manufactured merchandise consists of a broad continuum of products, the Commission does not consider each item of merchandise to be a separate domestic like product . . .but considers the continuum itself to comprise the domestic like product." Carbon and Certain Alloy Steel Wire Rod Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey and Ukraine, Inv. Nos. 701-417-421 and 731-952, 954, 956-59, 961, and 962 (Final), USITC Pub. No. 3546 (Oct. 2002)("Steel Wire Rod") cited in Respondents' Postconference Brief at 7. They point out that in addition to Steel Wire Rod, the Commission has found the domestic like product to comprise a continuum of products in a number of cases, primarily Certain Softwood Lumber Products From Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Final), USITC Pub. 3509 (May 2002), USITC Pub. No. 3546 (Oct. 2001)("Softwood Lumber"); and Certain Cold-Rolled Steel Products from Australia, India, Japan, and Thailand, Inv. Nos. 731-TA-965, 971-72, 979, and 981 (Final), USITC Pub. No. 3536 (Sept. 2002)("Cold-Rolled Steel") and Silicon Metal from Russia, Inv. No. 731-T-991 (Final), USITC Pub. 3584 (Mar. 2003)("Silicon Metal"). However, the Commission takes Commerce's scope as its departure point in determining the domestic like product in those cases involving a broad product scope.

Even with respect to cases involving precisely the same scope, Congress intended that the Commission make its determinations based on the record of each case, including the arguments made by the parties. See Nippon Steel Corp. v. United States, 19 CIT 450, 454-55 (1995); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075,1087-88 (CIT 1988); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1669 n.5 (1988). Thus, respondents' references to determinations defining the like product in other investigations of differing products has little utility. Moreover, even in cases cited by respondents, where the Commission has articulated its analysis in terms of a "continuum" of products, the analysis made by the Commission does not persuade us to broaden the like product in this investigation. In Softwood Lumber, Cold-Rolled Steel, and Silicon Metal, the issue before the Commission was not whether the definition of the domestic like product should be expanded beyond the scope but whether the *continuum* of products within the scope of the investigation should be divided into separate domestic like products. Where the domestic like product corresponding to the scope already consists of a continuum of products, the Commission's practice is to define the like product as the continuum rather than to divide the like product into separate products. See e.g., Ball Bearings from China, Inv. No. 731-TA-989 (Final), USITC it Pub. 3593 (Apr. 2003). In contrast, the inquiry here is whether the domestic like product should be expanded to include products outside the scope. When considering a continuum issue which involves expanding the like product beyond the scope, the Commission is faced with determining where the continuum line ends. As the Commission stated in Minivans from Japan, Inv. No. 731-TA-522 (Final), USITC Pub. 2529 at 6 (July 1992) "there is no clearer dividing line if the like product were defined to include minivans plus any other category of vehicles. If we broadened the like product to include, for example station wagons, it is not clear that a rational basis would exist for excluding passenger automobiles from the like product."

Respondents point to Steel Wire Rod as instructive on whether the Commission should expand the like product beyond the scope, stressing that the Commission expanded the like product to include certain wire products such as tire wire rod. However, in Steel Wire Rod, the Commission effectively filled in gaps in the continuum of products created by certain exclusions from the scope.

In Cold-Rolled Steel and Silicon Metal, unlike here, the Commission found a significant overlap in end uses and distribution. In Softwood Lumber, the Commission found, although there were some differences as to the six like product factors, they did not provide a clear dividing line and did not outweigh the significant similarities.

different physical properties that render them suitable for different ranges of applications this does not detract from the fact that all such products are aluminum plate and a single like product."[60] They stress that all alloy series are essentially interchangeable, produced on the same equipment by essentially the same workers.[61]

Petitioner counters that non-heat treatable and heat-treatable plate are very distinct products. It stresses that non-heat-treatable alloys are called "soft or common" alloys and, with the exception of the 5000 series, they are seldom used for plate applications because of their low strengths.[62] Additionally, petitioner maintains that the characteristics of the various alloy series vary considerably and differ in terms of their strengths, weaknesses, durability and formability which in turn determine their particular end use.[63] Finally, petitioner argues that because of the higher level of technology, different equipment, and different required technical expertise, heat-treatable plate is more costly to manufacture and translates into higher prices than for non-heat-treatable plate.[64]

b. Analysis

We therefore consider whether all heat-treatable and non-heat-treatable plate should be considered a single like product.

Physical Characteristics and End Uses

The chemical composition of an aluminum alloy determines whether an aluminum alloy is heat-treatable or non-heat-treatable.[65] Non-heat-treatable plate can only be strengthened by cold-working and does not reach the strengths that are achievable with heat-treatable alloys.[66] Heat-treatable alloys become significantly stronger when subjected to further elevated temperature processing or thermal treatment.[67] As a result of thermal treatment, some heat-treatable alloys become up to four times stronger than pure aluminum (1000 series, non-heat-treatable) and within the strength range of structural steel.[68] The three heat-treatable series, the 2000 series, 6000 series, and 7000 series are the strongest of the aluminum alloys.[69]

Non-heat-treatable type aluminum alloys, the "soft or common" alloys, with the exception of the 5000 series, are seldom used for general plate applications because of their low strengths.[70] Moreover, heat-treatable alloys are used in circumstances where strength is required while non-heat-treatable alloys are generally used for applications requiring stiffness and rigidity.[71]

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[60] Respondents' Postconference Brief at 18.

[61] Respondents' Postconference Brief at 12.

[62] Petitioner's Postconference Brief at 15.

[63] Petitioner's Postconference Brief at 16-21.

[64] Petitioner's Postconference Brief at 25.

[65] CR at I-5; PR at I-5; Tr. at 72-73.

[66] CR at I-5-6; PR at I-5.

[67] CR at I-6; PR at I-5.

[68] CR at I-6; PR at I-5

[69] CR at I-7; PR at I-6.

[70] Petitioner's Postconference Brief at 15.

[71] Tr. at 74-76.

Interchangeability

Interchangeability between heat-treatable and non-heat-treatable plate appears to be limited by physical characteristics, in particular, strength.[72] With the exception of the 5000 series, non-heat treatable alloys are seldom used for plate applications because of their low strengths.[73] While respondents contend that all alloy series are interchangeable, the specific examples they cite are limited to comparisons between the 5000 and 6000 series.[74]

Channels of Distribution

Both heat-treatable and non-heat-treatable alloys are sold to distributors. However, petitioner indicates that since distributors specialize in distinct products and end-use markets, heat-treatable and non-heat-treatable alloys differ in that they are seldom sold to the same distributors.[75]

Customer Perceptions

The aluminum industry classifies aluminum alloys according to chemical composition through a numbering system, thereby incorporating far narrower dividing lines than simply heat-treatable and non-heat-treatable alloy plate.[76] The record also indicates that customers perceive each plate alloy as very distinct given their very different characteristics and end-uses.[77]

Common Manufacturing Processes, Facilities and Employees

With the exception of heat-treatment, all aluminum alloys undergo the same basic processes. However, each alloy requires a separate melting furnace, as the furnace is lined with ceramic materials that typically become contaminated by the elements used in a specific alloy. Rebuilding the furnace to accommodate a different alloy appears to be a costly and lengthy process.[78] Additionally, while many of the manufacturing processes are the same, there are differences in fabrication steps between heat-treated and non-heat-treatable plate.[79]

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[72] CR at I-5-7; PR at I-5-6; Petitioner's Postconference Brief at 21-22.

[73] Petitioner's Postconference Brief at 15.

[74] Respondents' Postconference Brief at 19-20. Several examples of interchangeability cited by respondents pertain to European aluminum products. Where there are domestically produced articles corresponding to the scope, the like product determination examines the differences or similarities between those domestic articles only. See, e.g., Torrington Co. v. United States, 747 F. Supp. 744, 749 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991); Certain Structural Steel Beams from China, Germany, Italy, Luxembourg, Russia, South Africa, Spain, and Taiwan, Inv. Nos. 731-TA-935-942 (Preliminary), USITC Pub. 3438 (July 2001) at 5, n.15 ("Hoesch's information regarding practices in Germany is not relevant to the Commission's definition of the U.S.-produced product."); Certain Stainless Steel Butt-Weld Pipe Fittings from Germany, Italy, Malaysia and the Philippines, Inv. Nos. 731-TA-864 to 867 (Preliminary), USITC Pub. 3281 at 5, n. 3 (Feb. 2000).

[75] Petitioner' Postconference Brief at 23.

[76] CR at I-5-6; PR at I-4-5.

[77] Petitioner's Postconference Brief at 23.

[78] Tr. at 59-60.

[79] Petitioner's Postconference Brief at 25.

Price

Due to required capital investment and higher production costs, the heat-treatment process adds to the final price of heat-treatable products.[80]

c. Conclusion

Heat-treatable and non-heat-treatable alloy plate differ in chemical compositions. This chemical composition determines whether the series or alloy has the ability to be heat-treated and thereby be further strengthened. There appears to be only limited interchangeability among the heat-treatable and non-heat-treatable alloy plate. The three heat-treatable series, the 2000 series, 6000 series, and 7000 series, are the strongest of the aluminum alloys. Non-heat treatable alloys (the so-called soft or common alloys), with the exception of the 5000 series, are seldom used for plate applications because of their low strengths. Both heat-treatable and non-heat-treatable plate have similar and common manufacturing processes and equipment, but only heat-treatable alloy plate undergoes heat treatment or further thermal processes to achieve its distinguishing physical characteristics. In addition, each alloy requires a separate melting furnace, and rebuilding the furnace to accommodate a different alloy appears to be a costly and lengthy process. The aluminum industry classifies aluminum alloys according to chemical composition through a numbering system, incorporating far narrower dividing lines than simply heat-treatable and non-heat-treatable alloy plate. As for pricing practices, the evidence in the record is very limited but suggests that pricing differs among the non-heat-treatable and heat-treatable alloys.

The limited record in the preliminary phase of this investigation indicates that there are differences as well as some similarities between heat-treatable and non-heat-treatable plate with respect to each of the six factors. Based on the current record, we do not define the domestic like product to include non-heat-treatable plate and all heat-treatable plate. In any final phase investigation, we intend to collect additional information and to revisit the issue as to whether heat-treatable and non-heat-treatable plate should be characterized as a continuum of products without clear dividing lines.

3. Whether the domestic like product definition should be expanded only to include heat-treatable 2000 and 7000 series plate

a. Arguments of the Parties

Finally, respondents argue that at least all heat-treatable alloy plate, 2000, 6000, and 7000 series, should be included in the domestic like product. Respondents again claim that there is no "clear dividing line" between 2000, 6000 and 7000 series plate. Respondents insist that all three series plate can be used for "machined parts" and "tool and mold applications" and that all three series are sold to distributors.[81]

Petitioner argues that 6000 series plate is clearly a distinct domestic like product from the other forms of heat-treatable aluminum plate, the 2000 and 7000 series. Specifically, petitioner contends that as a result of different chemical compositions in these series, each series has distinct physical characteristics and mechanical properties. As a result of these physical characteristics, petitioner maintains the 2000, 6000, and 7000 series are used in different end-use applications. 6000 series is used in a wide range of products, while the 2000 and 7000 series are used almost exclusively by the aerospace industry. Petitioner also maintains that the 2000 and 7000 series product are sold to distributors for pre-determined customers in the aerospace industry, unlike the 6000 series, which is sold to distributors for

[80] CR at I-7, n.16; PR at I-6, n.16.

[81] Respondents' Postconference Brief at 15-19.

inventory. Finally, petitioner argues that the 2000 and 7000 series plate require more capability to produce than the 6000 series and that the prices of the 2000 and 7000 series plate are higher due to the more stringent testing requirements.[82]

b. Analysis

We therefore consider whether the domestic like product should be expanded beyond 6000 series plate to include 2000 and 7000 series aluminum plate.

Physical Characteristics and End Uses

As with all aluminum alloys, the aluminum industry classifies 2000, 6000 and 7000 series plate by chemical composition.[83] While each of these series contains aluminum, each contains different alloying elements which determine its physical characteristics and end uses.[84] The 6000 series plate alloy elements are magnesium and silicon, and as such, this series has better corrosion resistance and weldability than the 2000 and 7000 series. Thus, 6000 series plate may be used long-term in more corrosive environments.[85] Series 2000 plate (which contains copper) and series 7000 plate (which contains zinc) are far stronger than 6000 series plate.[86]

6000 series, given its formability or weldability and corrosion resistance, is used primarily in machined parts and semiconductor parts. 6061, the most commonly used 6000 series plate product, has a variety of applications including use in camera lens mounts, couplings, marine fittings and hardware, electrical fittings and connectors, decorative or miscellaneous hardware, hinge pins, brake pistons, appliance fittings, aircraft fittings,[87] and valves and valve parts.[88] Given their much higher strength, both 2000 and 7000 series plate are primarily supplied to the aerospace industry for commercial aircraft or space applications.[89] 2000 series plate is typically used for the lower wing cover on most commercial craft and for fuel tanks on rockets, while 7000 series is typically used for the upper wing covers, wing spars or bulkheads on most commercial aircraft.[90] [91]

Interchangeability

6000 series plate, due to its physical characteristics, has limited if any interchangeability with 2000 and 7000 series plate. 6000 series plate is also a more standardized product than 2000 or 7000 series plate with a broader range of applications. 2000 and 7000 series plate are generally made to order

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[82] Petitioner's Postconference Brief at 26-33; Petition at 9-13.

[83] CR at I-5-7; PR at I-5-6.

[84] CR at I-6-7, I-13-14; PR at I-5-6, I-9-10.

[85] CR at I-6-7, I-13-14; PR at I-5-6, I-9-10.

[86] CR at I-6-7, I-13-14; PR at I-5-6, I-9-10.

[87] Unlike bulkheads and wing spans, aircraft fittings are not structural in nature.

[88] CR at I-6, I-8; PR at I-6, I-9-10.

[89] CR at I-6-7, I-13-14; PR at I-5-6, I-9-10; Petitioner's Postconference Brief at 27-28.

[90] Respondents' Postconference Brief at 20; Petitioner's Postconference Brief at 28.

[91] While respondents claim that 6000 series is used in aerospace applications, the examples they provided were meal-trays and service carts used by flight attendants. Respondents' Postconference Brief at 20.

for specific end-use applications and customer specifications.[92] Respondents acknowledged that because of 2000 and 7000 series plate's aerospace applications, these two series require far more stringent testing and lengthy qualification procedures than 6000 series and that these qualification procedures limit the 2000 and 7000 series interchangeability with the 6000 series plate.[93] Moreover, given the further strengthening processes and testing procedures required for 2000 and 7000 series plate, prices for these series are much higher than the 6000 series and further limit the interchangeability of these alloys.[94]

Channels of Distribution

All three series are sold through similar channels of distribution. However, petitioner indicates that 95 percent of 6000 series plate is sold in standard sizes through distributors for inventory whereas the majority of 2000 and 7000 series plate is sold through distributers to pre-determined customers in the aerospace industry.[95]

Customer Perceptions

The aluminum industry differentiates between aluminum alloys according to chemical composition through a numbering system.[96] Because of the differing physical characteristics of 2000, 6000, and 7000 series plate, these products have few overlapping uses and as such are perceived to be significantly different by customers.[97]

Common Manufacturing Processes, Facilities and Employees

As noted above, the production process is basically the same for all series but each requires a separate melting furnace, the rebuilding of which can be both a costly and time-consuming process. With regard to the heat-treatable alloys, fabrication controls and requirements for the 6000 series plate are less stringent than for the 2000 and 7000 series plate. 6000 series plate tolerates a wider range of temperatures for its solution treatment and age hardening phases and needs a shorter treatment time than either 2000 or 7000 series plate. As a result, 6000 series plate production is less costly than production of 2000 and 7000 series plate.[98]

Price

Both 2000 and 7000 series plate are more expensive than the 6000 series. 2000 series plate is approximately two to three times more expensive than 6000 series, and 7000 series plate is less than twice as expensive as 6000 series plate.[99]

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[92] Petitioner's Postconference Brief at 30, 32.

[93] Tr. at 188-189, 204.

[94] Petitioner's Postconference Brief at 32.

[95] CR at I-14; PR at I-10; Petitioner's Postconference Brief at 29.

[96] CR at I-5-6; PR at I-4-5.

[97] Petitioner's Postconference Brief at 30.

[98] CR at I-9-10; PR at I-10; Petitioner's Postconference Brief at 31-32.

[99] CR and PR at Tables C-1 through C-3; Petitioner's Postconference Brief at Ex. I-4.

c. Conclusion

2000, 6000, and 7000 series plate, as do all aluminum alloys, differ in chemical compositions and properties, and the industry has established a numbering classification system based on those differences. To a large degree, these distinctions result in different end uses and limited interchangeability and somewhat different channels of distribution. While generally produced by similar manufacturing processes and equipment, 2000 and 7000 series plate undergo far more extensive and expensive fabrication/finishing processes and lengthy qualification procedures than the 6000 series and as a result are far more costly than the 6000 series.

On balance, and based on the record in this preliminary phase, we do not expand the definition of the domestic like product to include 2000 and 7000 series plate.

Accordingly, for purposes of this preliminary determination, based on the reasons detailed above, we find a single domestic like product consisting of all domestically produced 6000 series aluminum plate.

IV. DOMESTIC INDUSTRY

The domestic industry is defined as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[100] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[101]

Based on our finding that the domestic like product is all domestically produced 6000 series aluminum rolled plate consistent with the scope of this investigation, we find that the domestic industry consists of all domestic producers of 6000 series aluminum plate.

V. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LESS THAN FAIR VALUE IMPORTS[102]

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[103] 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.[104] The statute defines "material injury" as "harm which is not inconsequential,

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[100] 19 U.S.C. § 1677(4)(A).

[101] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[102] 19 U.S.C. § 1677(24)(A)(I)(I). In this investigation, subject imports from South Africa accounted for more than three percent of the volume of all 6000 series aluminum plate imported into the United States in the most recent 12-month period for which data are available preceding the filing of the petition. CR and PR at Table IV-2. As such, we find that subject imports from South Africa are not negligible under 19 U.S. C. § 1677(24).

[103] 19 U.S.C. §§ 1671b(a) and 1673b(a).

[104] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

immaterial, or unimportant."[105] In assessing whether there is a reasonable indication that 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.[106] 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."[107]

Based on an evaluation of the relevant statutory factors, we find that there is a reasonable indication that the domestic industry producing 6000 series aluminum plate is materially injured by reason of subject imports from South Africa.

A. Conditions of Competition

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

Demand for 6000 series aluminum plate is derived from the demand for the products that it is used to produce, including tooling plate, mold plate, jigs and fixtures, semiconductor equipment, and miscellaneous tooling parts.[108] Demand for 6000 series plate has declined since 2000 due to the downturn in the economy, but there is evidence that demand started to increase towards the end of the period examined.[109] U.S. apparent consumption of 6000 series plate decreased from 71,066 short tons in 2000 to 43,604 short tons in 2001, but increased to 57,458 short tons in 2002.[110] U.S. apparent consumption increased from 43,325 short tons in interim 2002 to 46,115 short tons in interim 2003.[111]

Within the 6000 series of aluminum plate, there are 68 different alloys, but 90 percent of the market is comprised of 6061 aluminum alloy, of which there are six types, depending on the temper. The 6061 product is widely available, as it is sold in standard sizes through distributers and has a variety of applications.[112]

There are currently three producers of 6000 series aluminum plate in the United States; Alcoa, Kaiser, and Pechiney.[113] While ***. McCook Metals, another U.S. producer, filed for bankruptcy in 2001 and shortly thereafter closed its manufacturing facility and liquidated its assets.[114]

In 2002, domestic production capacity was slightly less than total U.S. apparent consumption.[115] U.S. 6000 series aluminum plate production capacity remained steady at 52,069 short tons in 2000 and 2001, but increased to 56,569 short tons in 2002. U.S. production capacity for both interim 2002 and 2003 was 42,427 short tons.[116]

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[105] 19 U.S.C. § 1677(7)(A).

[106] 19 U.S.C. § 1677(7)(C)(iii).

[107] 19 U.S.C. § 1677(7)(C)(iii).

[108] CR at II-4; PR at II-3.

[109] CR at II-4; PR at II-3.

[110] CR and PR at Table IV-3.

[111] CR and PR at Table IV-3.

[112] CR at I-8; PR at I-6.

[113] CR and PR at III-1, n.1.

[114] CR and PR at III-1 and n.1 and VI-1 and n.3.

[115] CR and PR at Table C-1.

[116] CR and PR at Table III-2

Non-subject imports were present throughout the period examined. Non-subject import market share fluctuated from *** percent in 2000 to *** percent in 2001 to *** percent in 2002.[117] Non-subject imports' market share was *** higher at *** percent in interim 2003 compared to *** percent in interim 2002.[118]

Subject and domestic 6000 series plate are highly interchangeable.[119] In their questionnaire responses, *** indicated that domestic product and subject imports of 6000 series plate are "always" used interchangeably.[120] The *** stated that the domestic product and subject imports are "frequently" used interchangeably, while *** was unable to make a comparison.[121] Accordingly, price is considered an important factor in purchasing decisions. Other factors include quality and conditions of sale such as customer service and lead times.[122]

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[123]

Subject import volume increased over the period examined by significant levels both absolutely and relative to domestic consumption and production. Subject import volume increased by *** from 2000 to 2002, from *** short tons in 2000 to *** short tons in 2001 and to *** short tons in 2002.[124] Subject import volume was *** percent higher in interim 2003, at *** short tons, compared with *** short tons in interim 2002.[125] Subject import market share *** increased from 2000 to 2002. Shipments of subject imports accounted for *** percent of apparent U.S. consumption (by volume) in 2000, *** percent in 2001, and *** percent in 2002.[126] Subject import shipments' share of apparent consumption was lower, however, in interim 2003, at *** percent, compared with *** percent in 2002.[127] Subject imports were equivalent to *** percent of U.S. production (by volume) in 2000, *** percent in 2001, and *** percent in 2002.[128] In interim 2003, subject imports were equivalent to *** percent of U.S. production compared with *** percent in interim 2002.[129]

We find for purposes of the preliminary phase of this investigation that subject import volume was significant during the period examined both in absolute terms and relative to apparent U.S. consumption and production.

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[117] CR and PR at Table C-1.

[118] CR and PR at Table C-1.

[119] CR at II-6, PR at II-4.

[120] CR at II-7, PR at II-5.

[121] CR at II-7, PR at II-5.

[122] CR at II-6; PR at II-5.

[123] 19 U.S.C. § 1677(7)(C)(i).

[124] CR and PR at Table IV-2.

[125] CR and PR at Table IV-2.

[126] CR and PR at Table C-1.

[127] CR and PR at Table IV-4.

[128] CR and PR at Table IV-5.

[129] CR and PR at Table IV-5.

C. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act[130] provides that, in evaluating the price effects of 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.

As noted above, subject imports and the domestic like product are highly interchangeable and price is an important factor in purchasing decisions. Respondents emphasize that factors such as lead times and customer service are also important in purchasing decisions.[131]

According to price data collected in this investigation, there was significant underselling by subject imports during the period examined. Subject imports undersold the domestic like product in 56 of the 60 calendar quarters in which comparisons between subject imports and the domestic product were possible.[132] Margins of underselling by subject imports averaged 11.1 percent, ranging from 2.9 percent to 32.0 percent.[133] We find the underselling to be significant for purposes of this preliminary determination, particularly in light of the high level of interchangeability between the domestic product and subject imports.

Domestic prices for 6000 series aluminum plate fell overall during the period examined, despite evidence of an increase in demand towards the end of the period examined.[134] The weighted-average sales prices of U.S. produced products 1-4 all increased by *** percent in 2000 and the first quarter of 2001, but then fell by amounts ranging from *** to *** percent between the first quarter of 2001 and the third quarter of 2003. Subject import prices also declined overall during the period examined, increasing during 2000 and then falling from 2001 to the third quarter of 2003.[135] The weighted average sales prices of subject products 1-4 increased by amounts ranging from *** percent to *** percent between the first quarter of 2000 and the first quarter of 2001, but the prices for subject products 1-4 fell by amounts ranging from *** percent to *** percent between the first quarter of 2001 and the third quarter of 2003. We find that there is a reasonable indication that subject imports significantly depressed prices for the domestic like product, especially in the latter half of 2002 and first half of 2003.

The domestic industry faced rising costs during most of the period examined, but was unable to pass on those costs through higher prices, even as demand for 6000 series aluminum plate increased. The ratio of the industry's cost of goods sold ("COGS") to net sales rose from 86.7 percent in 2000 to 88.9 percent in 2001 and 100.7 percent in 2002; it was 101.0 percent in interim 2002 and 102.8 percent in interim 2003.[136] [137] Although apparent consumption was higher in 2002 than in 2001, and higher in

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[130] 19 U.S.C. § 1677(7)(C)(ii).

[131] CR at II-6; PR at II-4.

[132] CR at V-11; PR at V-4; CR and PR at Tables V-1-V-4.

[133] CR at V-11; PR at V-3.

[134] CR and PR at Tables V-1-V-4; CR at II-4; PR at II-3.

[135] CR and PR at Tables V-1-V-4.

[136] CR and PR at Table VI-1.

[137] Respondents argue that Alcoa's questionnaire data must be adjusted to reflect the transfer of aluminum metal at cost. The record in this preliminary phase of the investigation indicates that Alcoa has already made such an adjustment. CR and PR at Table VI-1, n.1. However, in the final phase of this investigation, we intend to seek additional information on this matter.

interim 2003 compared with interim 2002,[138] prices and average unit values fell, as the market share of subject imports increased.[139] We also note that, in 2002 and 2003, the domestic industry experienced a significant amount of both lost sales and lost revenues as a result of low-priced subject imports.[140] [141]

Based on the record in the preliminary phase of this investigation, and in light of our finding of a significant volume of subject imports, the high level of substitutability of the subject imports and domestic product, the parallel declines in domestic and subject import prices, particularly in 2002 and the first three quarters of 2003 when apparent consumption increased, the evidence of a cost-price squeeze and the significant underselling by subject imports, we find that there is a reasonable indication that subject imports have depressed domestic prices to a significant degree.

D. Impact of the Subject Imports[142]

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[143] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. 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."[144]

By most measures, the domestic industry's condition worsened over the period examined. The quantity and total value of domestic shipments decreased overall during the period examined but were higher in 2002 than 2001 and again in interim 2003 than in interim 2002.[145] The domestic producers' shipments, which declined by 43.1 percent between 2000 and 2002, outpaced the 19.1 percent decline in U.S. apparent consumption and as a result the domestic producers' market share decreased by 23.5 percentage points from 2000 to 2002.[146] The domestic industry's share of U.S. apparent consumption did not rise between the interim periods despite an increase in U.S. producers' domestic shipments of 6.4

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[138] CR and PR at Table IV-3.

[139] CR and PR at Tables V-1-4, VI-1, and C-1.

[140] CR and PR at Tables V-5 and V-6.

[141] Respondents argue that non-subject imports from Russia undersold both subject imports and the domestic product and that when Russian underselling increased relative to both domestic and subject import prices, domestic prices experienced their largest decline. Respondents' Postconference Brief at 43-44. However, even if the Russian product is priced lower than both subject imports and the domestic product as measured by average unit values, it is generally perceived to be of inferior quality compared to both the South African and the domestic product and therefore does not appear to compete directly with the domestic product. CR at II-8, IV-3-4, n.5; PR at II-5, IV-1-2, n.5. We will, however, explore this issue more fully in any final phase of the investigation.

[142] In its notice of initiation, Commerce estimated that dumping margins for imports of aluminum plate range from 80.19 to 106.77 percent. 68 Fed. Reg. 64081, 64083 (Nov. 12, 2003).

[143] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.") SAA at 885.

[144] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 25, n.148 (Feb. 1999).

[145] CR and PR at Table C-1.

[146] CR and PR at Table C-1.

percent between the two periods.[147] Domestic capacity was 52,069 shorts tons in 2000 and 2001, increasing slightly to 56,569 short tons in 2002, but remained unchanged between the interim periods.[148] Domestic capacity utilization fell sharply from 112.4 percent in 2000 to 50.6 percent in 2001 as shipments of subject import volumes ***, and increased slightly to 53.5 percent in 2002. However, capacity utilization was higher in interim 2003 compared with interim 2002.[149] The number of workers fell from 2000 to 2002, and was lower in interim 2003 than in 2002.[150] Wages declined from 2000 to 2002 but increased slightly between the interim periods, and unit labor costs were higher in 2002 than in 2000, but decreased in interim 2003 compared with interim 2002.[151]

The domestic industry's financial indicators worsened substantially over the period examined. Net sales value fell between 2000 and 2002, falling by 55.1 percent from 2000 to 2001 and then increasing by 21.3 percent from 2001 to 2002 but to a level far below that of 2000; net sales value was slightly higher in interim 2003 than in interim 2002.[152] As noted above, the steadily rising cost of goods sold relative to net sales indicates a cost-price squeeze as the domestic industry was unable to pass on those costs through higher prices, even as demand for 6000 series aluminum plate increased. The domestic industry experienced deteriorating profitability from 2000 to 2002; operating income fell from $23.1 million in 2000 to $7.4 million in 2001 and became a loss of $3.5 million in 2002.[153] In the interim periods, operating losses were slightly higher in 2003 (a $5.2 million loss) than in 2002 (a $3.1 million loss).[154] The domestic industry's operating margin fell from 11.0 percent in 2000, to 7.8 percent in 2001, and to a loss of 3.1 percent in 2002.[155] The domestic industry's operating loss margin was 5.7 percent in interim 2003 compared with 3.6 percent loss margin in interim 2002.[156] The domestic industry's capital expenditures decreased from $*** in 2000 to $*** in 2001, but increased to $*** in 2002. In interim 2003 capital expenditures were $*** compared to $*** in interim 2002.[157] Research and development expenses fell from $*** in 2000 to $*** in 2001 and then increased to $*** (which was below the 2000 level) in 2002. Research and development expenses, which fell between the interim periods, were $*** in interim 2002 compared to $*** in interim 2003.[158]

For purposes of this preliminary determination, we find a reasonable indication that subject imports had a significant negative impact on the condition of the domestic industry during the period examined. As discussed above, we find both the volume of subject imports and the negative price effects of the subject imports to be significant. In light of the negative volume and price effects of subject imports and the worsening condition of the domestic industry, and in particular its worsening financial performance, we find that subject imports adversely affected the performance of the domestic industry during the period examined.

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[147] CR and PR at Table C-1.

[148] CR and PR at Table C-1.

[149] CR and PR at Table C-1.

[150] CR and PR at Table C-1.

[151] CR and PR at Table C-1.

[152] CR and PR at Table C-1.

[153] CR and PR at Table C-1.

[154] CR and PR at Table C-1.

[155] CR and PR at Table C-1.

[156] CR and PR at Table C-1

[157] CR and PR at Table VI-4.

[158] CR and PR at Table VI-4.

CONCLUSION

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of certain aluminum plate from South Africa allegedly sold in the United States at less than fair value.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed on October 16, 2003, by Alcoa, Inc. ("Alcoa"), Pittsburgh, PA, alleging that an industry in the United States is materially injured and threatened with further material injury by reason of less-than-fair-value ("LTFV") imports of certain aluminum plate[1] from South Africa. Information relating to the background of this investigation is provided below.[2]

Effective date	Action	*Federal Register* citation
October 16, 2003	Petition filed with Commerce and the Commission; Commission institutes investigation	68 FR 61012, October 24, 2003
November 6, 2003	Commission's conference[1]	NA
November 12, 2003	Initiation of investigation by Commerce	68 FR 64081, November 12, 2003
December 1, 2003	Commission's vote	NA
December 1, 2003	Commission's determination transmitted to Commerce	NA
December 8, 2003	Commission's views transmitted to Commerce	NA

[1] A list of witnesses that appeared at the conference is presented in app. B.

ORGANIZATION OF REPORT

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

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

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[1] A complete description of the imported product subject to this investigation is presented in *The Subject Product* section located in Part I of this report. The merchandise subject to this investigation is classified in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 7606.12.30 (statistical reporting number 7606.12.3030). The normal trade relations tariff rate imposed on this product is 3.0 percent *ad valorem*. Imports under this subheading that are products of South Africa are eligible to receive duty-free entry under the Generalized System of Preferences ("GSP").

[2] *Federal Register* notices cited in the tabulation are presented in app. A.

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

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.*
> . . .
> *In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.*
> . . .
> *In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to*
> *. . . (I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

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

MAJOR FIRMS INVOLVED IN THE U.S. CERTAIN ALUMINUM PLATE MARKET

There are three U.S. producers of certain aluminum plate: Alcoa, Inc.; Kaiser Aluminum and Chemical Corp. ("Kaiser"), and Pechiney Rolled Products, LLC ("Pechiney").[3] Hulett Aluminum (Pty) Ltd. is the sole South African producer of certain aluminum plate.[4] Empire Resources, Inc. ("Empire Resources") is *** U.S. importer of certain aluminum plate from South Africa.[5]

SUMMARY DATA

A summary of data collected in this investigation for the U.S. market of certain aluminum plate (the subject 6000 series aluminum plate) is presented in appendix C, table C-1. Table C-2 presents data regarding the U.S. market of series 2000 aluminum plate[6] while table C-3 presents data regarding the U.S. market of series 7000 aluminum plate.[7] Finally, table C-4 presents a summation of tables C-1 through C-3 (series 2000, 6000, and 7000 aluminum plate).

Producer data are based on questionnaire responses of three firms, Alcoa, Kaiser, and Pechiney, that accounted for nearly all U.S. production of certain aluminum plate during the period examined. U.S. import data from South Africa were compiled using data submitted to the Commission by U.S. importers. U.S. import data from nonsubject countries are compiled in part from questionnaire responses and in part from official Commerce import statistics, as adjusted (see part IV).

PREVIOUS AND RELATED INVESTIGATIONS

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

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On November 12, 2003, Commerce published a notice in the *Federal Register* of the initiation of the antidumping investigation on certain aluminum plate from South Africa. The estimated weighted-

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[3] *See* p. III-1 for information regarding the U.S. producers.

[4] *See* part VII for information regarding Hulett's South African operations.

[5] *See* p. IV-1 for information regarding the U.S. importers.

[6] 2000 series aluminum plate is T-tempered (heat-treatable) aluminum alloy, flat surface, rolled plate, whether in coiled or cut-to-length plate form, that is rectangular in cross section with or without rounded corners and with thickness not less than 0.250 inch (6.3 millimeters). 2000 series plate is defined by the Aluminum Association, Inc. Aluminum alloys in the 2000 series contain copper as their primary alloying element. *See infra*, for more information regarding series 2000 aluminum plate. Table C-2 is compiled solely from questionnaire responses of responding U.S. producers and U.S. importers. Therefore, U.S. imports from nonsubject countries may be underreported. There are no reported U.S. imports of series 2000 aluminum plate from South Africa.

[7] 7000 series aluminum plate is T-tempered (heat-treatable) aluminum alloy, flat surface, rolled plate, whether in coiled or cut-to-length plate form, that is rectangular in cross section with or without rounded corners and with thickness not less than 0.250 inch (6.3 millimeters). 7000 series plate is defined by the Aluminum Association, Inc. Aluminum alloys in the 7000 series contain zinc as their primary alloying element. *See infra*, for more information regarding series 7000 aluminum plate. Table C-3 is compiled solely from questionnaire responses of responding U.S. producers and U.S. importers. Therefore, U.S. imports from nonsubject countries may be underreported. There are no reported U.S. imports of series 7000 aluminum plate from South Africa.

average dumping margins (in percent *ad valorem*), as reported by Commerce (based on petitioners' comparison of the export price and normal value) ranged from 80.19 percent to 106.77 percent.[8]

THE PRODUCT

The Subject Product

Commerce has defined the scope of this investigation as follows:[9]

> 6000 series aluminum alloy, flat surface, rolled plate, whether in coils or cut-to-length forms, that is rectangular in cross section with or without rounded corners and with a thickness of more than 6.3 millimeters. 6000 Series Aluminum Rolled Plate is defined by the Aluminum Association, Inc. Excluded from the scope of this investigation are extruded aluminum products and tread plate.

Physical Characteristics and Uses

The Aluminum Association has developed industry standards which define aluminum plate as flat-surfaced, rolled product, whether in coils or cut-to-length forms, that is rectangular in cross section, with or without rounded corners, and with a thickness not less than 0.250 inch (6.35 millimeters).[10] Aluminum plate has numerous end uses, particularly heavy-duty ones in the aerospace, machinery, and transportation markets. Aluminum plate forms the skins of jets and spacecraft fuel tanks. It is used for storage tanks and containers in many industries, and because aluminum is actually stronger at cold temperatures, it is especially useful in holding cryogenic materials. In addition, aluminum plate provides structural sections for rail cars and large ships, and armor protection for military vehicles.[11]

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[8] *Notice of Initiation of Antidumping Duty Investigation: Certain Aluminum Plate from South Africa; 68 FR 64081, 64083, November 12, 2003.* The export price was based on the price for alloy 6061 T651 aluminum plate and the normal value was based on the price of alloy 6082 T6 aluminum plate. Commerce stated that the petition "alleged that, while Hulett does not sell identical grades of merchandise to the United States and home markets, grade Alloy 6082 T6 sold to the home market, and grade Alloy 6061 T651, sold to the United States, are functionally equivalent, have minimal differences in chemistry, and have no meaningful differences in production costs." *Id.*

[9] Commerce did not include the equivalent English unit of measure in its notice of initiation. The petition, however, includes the 0.25 inch unit of measure to describe the product as does the industry definition of aluminum plate. Petition, p. 4. The HTS provisions which cover aluminum flat products, including 7606.12.3030, do not contain English units of measure in their product descriptions. Respondents argue that this suggests that there is no "clear dividing line" between sheet and plate because 6.3 mm equates to 0.248 inch rather than 0.25 inch. Respondents' postconference brief, p. 11. The Aluminum Association, Inc. defines sheet and plate as follows:

> Where the rolling process is stopped determines whether the final product will be plate (a quarter-inch thick or more), sheet (0.249 to 0.006 inch), or foil (less than 0.006 inch). *http://www.aluminum.org/Content/NavigationMenu/The_Industry/-Sheet,_Plate/-Sheet,_Plate.htm.*

Also, Empire Resources, ***, defines sheet and plate as defined above on its on-line catalog of rolled aluminum products. *http://www.empireresources.com/products.htm.*

Petitioner stated that ***.

[10] For historical reasons, the domestic industry's line for distinguishing sheet from plate has been 0.250 inch.

[11] "Sheet and Plate: Products and Applications," The Aluminum Association, 2003, found at *http://www.aluminum.org/Content/NavigationMenu/The_Industry/-Sheet,_Plate/-Sheet,_Plate.htm*, retrieved

(continued...)

Aluminum can be combined with other elements such as copper or magnesium to form alloys, and these additional elements provide varying mechanical, electrical, and thermal properties. Aluminum alloys are categorized by a numbering system that broadly describes their chemical composition.[12] Each alloy is assigned a four digit number. The first number denotes the alloy series or principal non-aluminum element. The second digit indicates modification of the original alloy or impurity limits. The third and fourth digits identify the exact alloy composition in the series.[13]

Aluminum alloys are heat-treatable or non-heat-treatable, depending on their chemical composition. Non-heat-treatable plate can only be strengthened by strain (through cold-work) applied to the plate, either by rolling or pulling. Heat-treatable alloys become significantly stronger when subjected to further elevated temperature processing. For example, commercially pure aluminum has a tensile strength of about 13,000 psi; this can be doubled by rolling or other cold-working processes. However, some alloys become up to four times stronger than pure aluminum (within the strength range of structural steel)[14] through heat treatment. Heat-treatable aluminum alloys are stronger than those that are non-heat-treatable. Heat-treated alloys are further denoted by their metallurgical condition or the sequence of basic treatments used to produce various tempers.[15] The key characteristics and uses of the various aluminum alloy series are shown in the tabulation below:

Alloying designation	Major alloying elements	Key characteristics	Key uses
1000	Pure > 99% Aluminum	• high corrosion resistance • high thermal/electrical conductivity • excellent workability	• chemical equipment • electrical conductors • railroad tank cars
2000 **heat-treatable**	Copper	• good machinability • good surface finish	• truck wheels • aircraft engines
3000	Manganese	• good workability	• general purpose
4000	Silicon	• low thermal expansion • high wear resistance	• pistons • brake cylinders
5000	Magnesium	• good welding characteristics • good corrosion resistance	• marine applications • appliances
6000 **heat-treatable**	Magnesium and silicon	• good formability • good corrosion resistance	• machined parts • semiconductor equipment
7000 **heat-treatable**	Zinc	• highest strength alloy	• airframe structures • highly stressed parts

[11] (...continued)
November 7, 2003.

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

[13] Aluminum: Profile of the Industry, Rhea Berk, Howard Lax, William Prast, and Jack Scott of Atlantis, Inc., published by Metals Week, 1982.

[14] "Aluminum and Aluminum Alloys," *http://www.tpub.com/air/1-24.htm*, retrieved November 7, 2003.

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

The three heat-treatable series, 2000 series aluminum plate, 6000 series aluminum plate (the subject product), and 7000 series aluminum plate, are the strongest of the aluminum alloys.[16] These alloys vary as to their major alloying elements and, in addition, the amount of other minor alloying elements have substantial effects on the alloy's properties, especially strength, corrosion resistance, machinability, and response to heat treatment. The addition of minor alloying elements typically involves a trade-off — one property may be improved at the expense of another. For example, the main alloying elements of 6000 series aluminum plate are magnesium and silicon; the addition of other elements such as copper or zinc improves the strength without substantial loss of corrosion resistance, and lead and bismuth are sometimes added to improve machinability.[17] The 2000 series aluminum plate alloy contains 5 percent to 6 percent copper and often small amounts of manganese, silicon, cadmium, bismuth, tin, lithium, vanadium and zirconium. Lead, bismuth, and cadmium improve the machinability of the 2000 series alloys.[18] For 7000 series aluminum plate, zinc is the main alloying element, which combined with magnesium, produces an alloy with the highest strength and response to heat treatment. There is some susceptibility to stress corrosion if the level of magnesium is too high; however, the addition of copper to the alloy helps to reduce the stress corrosion susceptibility while only slightly limiting the strengthening effect. The total amount of zinc, magnesium, and copper has a significant effect on the properties of the 7000 series alloy and consequently the uses. When this total is above 9 percent, high strength is achieved, but corrosion resistance, formability, and weldability are not as optimal. When this ranges from 6 percent to 8 percent, strength is still high, but formability and weldability are much improved.[19]

While there are 68 different alloys within the 6000 series, 90 percent of the market for 6000 series aluminum plate is comprised of the 6061 aluminum alloy of which there are six types, depending on the temper. 6061 is known for its brazeability (meaning it readily accepts applied coating). Additionally, 6061 is stronger than other 6000 series aluminum alloys, it is workable, and it has a high resistance to corrosion. 6061 is widely available, as it is sold in standard sizes through distributors. 6061 has a variety of applications including aircraft fittings, camera lens mounts, couplings, marine fittings and hardware, electrical fittings and connectors, decorative or miscellaneous hardware, hinge pins, brake pistons, hydraulic pistons, appliance fittings, and valves and valve parts.

The Production Process

The production process begins with the melting of pure aluminum and/or aluminum scrap in furnaces (which can be powered by natural gas or electricity).[20] Alloying elements are added and the

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

[17] "Aluminum-Magnesium-Silicon (6000) Alloys," Key to Metals, *http://www.key-to-metals.com/Article74.htm*, retrieved November 14, 2003.

[18] "Aluminum–Copper Alloys," Key to Metals, found at *http://www.key-to-metals.com/Article73.htm*, retrieved November 13, 2003.

[19] "Aluminum-Zinc-Magnesium Alloys," Key to Metals, found at *http://www.key-to-metals.com/Article77.htm*, retrieved November 13, 2003.

[20] Ninety-nine percent of metallic aluminum is derived from bauxite. Bauxite is first processed into alumina (aluminum oxide) which is then shipped to smelters where alumina is processed into aluminum through an electrolytic process. Major bauxite producing countries include Australia, Guinea, Brazil, and Jamaica. All three U.S. producers of certain aluminum plate are fully integrated from mining of ore stage through the plate production stage. Aluminum and Bauxite, Mineral Information Institute, found at *http://www.mii.org/Minerals/photoal.html*, retrieved November 17, 2003, and "Mining and Primary Processing: Process Description," found at *http://www.energysolutionscenter.org/HeatTreat/MetalsAdvisor/aluminum/mining_and_primary_processing/mining*

(continued...)

metal is treated to remove impurities. The molten aluminum is then transferred to molds where it solidifies into a rolling ingot (a typical ingot is about six feet wide, 20 feet long, and more than two feet thick). The surface of the rolling ingot typically forms oxides from its exposure to the atmosphere during solidification. These impurities are removed mechanically by shaving off this outside skin in a process, called scalping, which results in a smooth, blemish-free surface. After scalping, the ingots are prepared for further shaping by heating to temperatures as high as 1,100 degrees Fahrenheit in large furnaces called soaking pits.

The hot ingot is then fed into a breakdown mill where it is rolled back and forth, reversing between the rolls until the thickness has been reduced down to a few inches. When aluminum is passed between rolls under pressure, it becomes thinner, and longer in the direction in which it is moving. This simple process is the basis for producing aluminum's most widely used forms: plate, sheet, and foil. Aluminum can be flat-rolled and re-rolled until it reaches the desired thickness or gauge. Where the rolling process is stopped determines whether the final product will be plate (a quarter-inch thick or more), sheet (0.006 to 0.249 inch), or foil (less than 0.006 inch).[21]

After hot rolling, certain metals may be reheated (annealed) to soften the alloy and permit further reduction in thickness. The metal is heated at varying temperatures and cycle times depending on the alloy and end use. Partial annealing is often used in the fabrication process to relieve internal stresses that build up during rolling and also to achieve desired metallurgical properties. Coils are brought to the cold mill after annealing (or in some cases directly from the hot line) for further rolling to even thinner gauges. The cold mill is primarily designed to produce light-gauge heat-treatable products (sheet).[22] After cold rolling, the aluminum sheet may be heat-treated, stretched to maximize flatness and to relieve tension, stenciled, slit, or sheared to various widths, lengths, or shapes depending on customer requirements.

The heat treatment process used to increase the strength of series 2000, 6000, and 7000 aluminum alloys occurs in three-steps – solution heat treatment, quenching, and age hardening.[23] The first step, solution heat treatment at an elevated temperature, is designed to strengthen the alloy by evenly dispersing the alloying elements throughout the plate. This is followed by a rapid quenching, usually in water, which momentarily "freezes" the structure and for a short time renders the alloy very workable. Finally, by heating the alloy for a controlled time period at slightly elevated temperatures, even further strengthening is possible and properties of the alloy are stabilized. This is age hardening. With a proper combination of solution heat treatment, quenching, and age hardening, the highest strength aluminum alloys can be obtained.[24]

Except for heat treatment, the production process for aluminum plate is basically the same for all series. However, each alloy requires a separate melting furnace. These furnaces are lined with ceramic materials that typically become contaminated by the elements used in a specific alloy. In order to switch

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[20] (...continued)
_and_primary_process_description.htm, retrieved November 17, 2003.

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

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

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

[24] "Heat Treatable Aluminum Alloys," Key to Metals, found at *http://www.key-to-metals.com/PrintArticle.asp?ID=39*, retrieved November 13, 2003.

from one alloy series to another you would have to rebuild that furnace.[25] Of the heat-treatable aluminum plates, fabrication controls and requirements for the 6000 series would be less stringent than for the 2000 and 7000 series because the 6000 series alloys tolerate a wider range of temperatures for the solution treatment and age hardening phases and need a shorter treatment time than 2000 and 7000 series alloys; therefore, production is less costly for the 6000 series alloys than for the 2000 and 7000 series alloys.[26]

DOMESTIC LIKE PRODUCT ISSUES[27]

Respondents argued that the aluminum rolled products represent a "continuum of similar products" where no clear dividing lines between products exist.[28] Therefore, respondents argued that the appropriate domestic like product is all aluminum sheet and plate. This category of products would include both sheet (0.06 inch to 0.249 inch products) and plate (0.25 inch and above products) as well as all heat-treatable (series 2000, 6000, and 7000) and non-heat-treatable alloys of aluminum. Petitioner stated that certain aluminum plate (series 6000 aluminum plate) is the appropriate domestic like product and that the industry has drawn clear dividing lines between "the various aluminum alloys and their basic shapes."[29] The following issues regarding the domestic like product will be discussed below: (1) aluminum sheet vs. aluminum plate; (2) non-heat-treatable vs. heat-treatable aluminum plate; and (3) other heat-treatable alloys (series 2000 and series 7000 aluminum plate).

Aluminum Sheet vs. Aluminum Plate

As a component of its "continuum of similar products" argument, respondents maintained that there is no clear dividing line between aluminum sheet products and aluminum plate products. Respondents argued that there is no clear dividing line between sheet and plate as evidenced by the fact that there is a 0.001 inch difference between the two products (i.e., 0.249 inch sheet and 0.250 inch plate) and that the manufacturing process, the manufacturing equipment, and the channels of distribution are identical except for the thickness of the product.

As mentioned above, the universally cited industry product definitions are that plate is a quarter-inch or more in thickness, sheet is 0.006 to 0.249 inch in thickness, and foil is less than 0.006 inch in thickness. Petitioner also stated that the typical end uses for aluminum sheet and plate differ dramatically. For example, petitioner cited typical end uses for sheet as: automotive body panels, bumpers, brazing, stampings, boat sheet, cable wrap, beverage can stock, lamp base stock, residential siding sheet, rigid container stock, truck and trailer sheet, Venetian blind sheet, aerospace fuselage skins, stringers, and ribs.[30] For typical end uses of aluminum plate, petitioner cited more heavy-duty

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[25] Conference transcript, p. 59.

[26] Petitioner indicated that due to higher research and development costs along with more complex processing and testing requirements, production costs for 2000 and 7000 series are higher; therefore, prices are correspondingly higher for 2000 and 7000 series plate. As a result, even if it might be possible to use either a 2000 and 7000 series product or a 6000 series product for a particular application, the pricing differences would make it unlikely that an end user would select 2000 or 7000 series product when a 6000 series product would be sufficient. Conference transcript, p. 34.

[27] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products 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.

[28] Respondents' postconference brief, pp. 3-25.

[29] Petitioner's postconference brief, pp. 2-33.

[30] Petitioner's postconference brief, p. 8.

applications such as: liquid natural gas tanks, marine applications, rail cars, military armored personnel carriers, tanks, aircraft structure, wings, spars, bulkheads, space fuel tanks, general engineering machined tooling plate, jigs/fixtures, molds, automotive parts, electronic base assemblies, and medical devices.[31] Petitioner further argued that while both aluminum sheet and plate may be sold through distributors, the distributors would need different cutting equipment to serve customers of sheet and customers of plate because of the difference in gauge.[32] Petitioner stated that although both plate and sheet are produced identically to a certain point in the production process (i.e., same alloys, ingot starting sizes), the size limitations of hot-rolling, cold-rolling, and heat treatment equipment force the two products to diverge later in the production process and use different manufacturing equipment.

Non-Heat-Treatable Aluminum Plate vs. Heat-Treatable Aluminum Plate

Another component of respondents' "continuum of similar products" argument is that there is no clear dividing line between non-heat-treatable aluminum plate and heat-treatable aluminum plate; thus, all alloying series (series 1000 through series 7000) should be included in the domestic like product. Respondents argued that all alloy series are produced using essentially the same manufacturing equipment and workers and that to produce a heat-treatable series all that is necessary is to pass the product through one additional furnace.[33] Respondents cited examples of series 5000 interchangeability with series 6000 aluminum plate.[34]

Petitioner argued that non-heat-treatable aluminum plate products are very different from heat-treatable products starting with the chemical composition of the alloy.[35] Petitioner maintained that non-heat-treatable alloys (e.g., 1000, 3000, and 5000 series aluminum plate) gain their strength through cold-working and lose strength through heat treatment whereas heat-treated products gain their strength through heat-treatment or a combination of heat-treatment and cold-working.[36] As the strength of heat-treatable aluminum plate is greater, petitioner argued that the products have different end uses and interchangeability of the two products is uncommon. Also, petitioner maintained that because distributors tend to specialize on distinct products and end use markets, the distributors that purchase and sell non-heat-treatable aluminum plate are different than those that deal in heat-treatable aluminum plate.[37]

Heat-Treatable Series 2000 and Series 7000 Aluminum Plate

The properties of 2000 series aluminum plate, 6000 series aluminum plate, and 7000 series aluminum plate determine their end uses. The strengths of 2000 series aluminum plate and 7000 series

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[31] *Id.*

[32] *Id.* at 9; Petitioner also stated that while virtually all plate is sold in rectangular form, approximately *** percent of sheet products are sold in coil form. *Id.* at exh. I-3; *see also* conference transcript, pp. 113-114.

[33] Respondents' postconference brief, p. 12. Respondents also noted that the scope does not even require the product to pass through the solution heat treatment furnace because the scope covers "heat-treatable" aluminum plate as opposed to "heat-treated." *Id.* at 11.

[34] *Id.* at pp. 19-20.

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

[36] *Id.* at 15.

[37] *Id.* at 23. For these reasons, petitioner stated that the two product types are priced separately in the market. Heat-treated product, with its tighter manufacturing controls and additional heat-treated processing step, is generally priced higher than non-heat-treated product. *Id.* at 25.

aluminum plate are higher than subject 6000 series; therefore, the high strength makes 2000 and 7000 series best for use in the aerospace industry for commercial aircraft or space applications. 2000 series alloys are strongest at elevated and cryogenic temperatures, giving those alloys an advantage for storage tanks or space applications. Although the machinability of 6000 series alloys is less than that of the 2000 and 7000 series, the 6000 series aluminum plate alloys have better corrosion resistance and weldability when compared to the 2000 or 7000 series aluminum plate alloys, which enables 6000 series aluminum plate to be used long-term in more corrosive environments.

Respondents argued that all the heat-treatable alloys (i.e., series 2000, 6000, and 7000 aluminum plate) are appropriately included in the domestic like product. Again, respondents argued that there is no "clear dividing line" between series 2000, series 6000, and series 7000 aluminum plate and that the mere presence of a different alloying element does not create such a clear line.[38] With regard to end use interchangeability, respondents pointed to the petition's listing of "machined parts" and "tool and mold applications" as end uses for all three series of aluminum plate.[39] Respondents maintained that at least 50 percent of aluminum plate is sold through distributors and that many of those distributors sell 2000, 6000, and 7000 series aluminum plate.[40]

Petitioner argued that series 2000 and 7000 are very different from series 6000 aluminum plate because: (1) physical characteristics are different (different alloying elements); (2) the products have different end uses (series 2000 and 7000 used almost exclusively by the aerospace industry whereas series 6000 has a wider range of end uses); the products have different channels of distribution (95 percent of series 6000 aluminum plate is sold in standard sizes through distributors for inventory whereas most series 2000 and 7000 plate is sold to pre-determined customers in the aerospace industry);[41] series 2000 and 7000 aluminum plate production requires more technical capability to produce than series 6000 plate;[42] and the price of series 2000 and 7000 aluminum plate is higher than that of series 6000 aluminum plate because of the more stringent specifications, testing requirements, and research and development costs.[43]

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[38] Respondents' postconference brief, pp. 15-16, 18. Respondents cited the fact that the Aluminum Association identifies approximately 80 distinct aluminum alloys (in both heat-treatable and non-heat-treatable series). *Id.* at 15.

[39] *Id.* at 19. Respondents also cited the industry overlap in end use applications such as in aerospace where 2000 and 7000 series aluminum plate are used for aircraft wing construction and series 6000 plate is used for interior tray table construction. *Id.* at 20.

[40] *Id.* at 17.

[41] ***. *** questionnaire responses. Four of the seven responding U.S. importers reported that series 2000/7000 series aluminum plate was not interchangeable with series 6000 aluminum plate because of different physical properties. Importer's questionnaire responses of ***. One U.S. importer reported that in limited situations where corrosion was not a concern, 2000 series aluminum plate could be used in series 6000 applications, but the price of 2000 is much greater. *** questionnaire response.

[42] Petitioner stated that because of metallurgical differences and economic considerations, heat-treatment furnaces that produce 2000 and 7000 series aluminum plate are configured differently than those that produce series 6000 aluminum plate. Petitioner cited the fact that Hulett's aluminum plate rolling mill in South Africa does not produce series 2000 and series 7000 aluminum plate nor does Empire Resources import it. Petitioner's postconference brief, pp. 26 and 32.

[43] *Id.* at 32.; Petitioner reported that ***.

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

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Both U.S. producers and importers sell certain aluminum plate mostly to distributors.[1] One U.S. producer, Alcoa, reported selling over 95 percent of its certain aluminum plate to distributors.[2] Alcoa also limits its sales to distributors which it feels are committed to the market and have the equipment capable of servicing downstream customers to the level it feels is necessary to support the market for certain aluminum plate.[3] While *** reporting U.S. producers and some importers sell certain aluminum plate nationally, some importers sell certain aluminum plate only to specific regions of the U.S. market.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

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

Industry capacity

U.S. producers' reported capacity utilization for certain aluminum plate fell from 112.4 percent to 53.5 percent between 2000 and 2002. This level of capacity utilization would indicate that U.S. producers have some unused capacity with which they could increase production of certain aluminum plate in the event of a price change.

Alternative markets

U.S. producers' exports of certain aluminum plate increased from *** percent of shipments in 2000 to *** percent of shipments in 2002. These data indicate that U.S. producers have some ability to divert shipments to or from alternative markets in response to changes in the price of certain aluminum plate.

Inventory levels

U.S. producers' inventories as a percentage of total shipments fluctuated and increased *** between 2000 and 2002, increasing from *** percent of their shipments in 2000 to *** percent in 2001

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[1] Robert Wetherbee, President, Alcoa, conference transcript, pp. 21-22; Leighton Cooper, Marketing Manager of Consumer and Industrial Products, conference transcript, p. 32; Nathan Kahn, President, Empire Resources, conference transcript, p. 141.

[2] Leighton Cooper, conference transcript, p. 32.

[3] Leighton Cooper, conference transcript, pp. 87-89.

and declining to *** percent in 2002. These data indicate that U.S. producers have some ability to use inventories as a means of increasing shipments of certain aluminum plate to the U.S. market.

Production alternatives

U.S. producers have a limited ability to use the equipment used to produce certain aluminum plate to produce other products. While the machinery used to roll certain aluminum plate can be used to roll other aluminum plate products, equipment used for heat treating certain aluminum plate would have to be upgraded and go through the product qualification process before it could be used to heat treat other products, such as series 2000 and series 7000 aluminum plate.[4] Also, the melting furnace used for certain aluminum plate cannot be used to melt aluminum plate made from other aluminum alloys.

Subject Imports

Based on available information, the South African producer is likely to respond to changes in demand with moderate changes in the quantity of shipments of certain aluminum plate to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are existence of alternate markets and inventories moderated by the unavailability of unused capacity[5] and limited ability to produce alternate products.

Industry capacity

The South African producer's reported capacity utilization for certain aluminum plate increased from *** percent to *** percent between 2000 and 2002 and from *** percent to *** percent between interim 2002 and interim 2003. This level of capacity utilization would indicate that the South African producer has little unused capacity with which it could increase production of certain aluminum plate in the event of a price change.

Alternative markets

The South African producer's shipments of certain aluminum plate to markets other than the United States increased from *** percent of shipments in 2000 to *** percent of shipments in 2002 and from *** percent of shipments to *** percent of shipments between interim 2002 and interim 2003. These data indicate that the South African producer has the ability to divert shipments to or from alternative markets in response to changes in the price of certain aluminum plate.

Inventory levels

The South African producer's inventories as a percentage of shipments fluctuated, but were *** between 2000 and 2002, increasing from *** percent of its shipments in 2000 to *** percent in 2001 and declining to *** percent in 2002. These data indicate that the South African producer has some ability to use inventories as a means of increasing shipments of certain aluminum plate to the U.S. market.

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[4] Gregory Venema, Metallurgical Engineering Aerospace Tech Specialist, Alcoa, conference transcript, pp. 78-79.

[5] See, e.g., conference transcript, pp. 164, 166, and 171.

Production alternatives

Just as was the case with U.S. producers, the South African producer has a limited ability to use the equipment used to produce certain aluminum plate to produce other products. While it could use this equipment to produce series 2000 and 7000 aluminum plate in about a year, it would not be commercially viable until after a long qualifying process.[6]

U.S. Demand

Based on available information, certain aluminum plate consumers are likely to respond to changes in price with small changes in their purchases of certain aluminum plate. The main contributing factors to the low degree of responsiveness of demand are the limited substitutability of other products for certain aluminum plate and the low-to-moderate cost share of end uses.

Demand Characteristics

Demand for certain aluminum plate depends on the demand for the products it is used to produce. End uses of certain aluminum plate include tooling plate, mold plate, jigs and fixtures, semiconductor equipment, and miscellaneous machine parts.

All responding producers and importers indicate that demand for certain aluminum plate has decreased since 2000.[7] However, one producer and one importer indicated that demand has recently been increasing. Most responding producers and importers indicated that the principal factor affecting demand was the economy.

Respondents indicated that while demand follows the business cycle, it has been particularly sensitive to changes in demand for semiconductor equipment.[8] Although they are unable to estimate what share of sales of certain aluminum plate are purchased by the semiconductor industry, they indicated that Empire's customers identified the semiconductor industry as one of the most important end uses of the certain aluminum plate they sell.[9] They also cite industry sources which indicate that changes in demand for general engineering plate have been impacted by changes in the vacuum chamber business for the semiconductor market.[10] However, the petitioner indicates that the principal factor affecting demand was the economy,[11] and that while some certain aluminum plate is purchased by the semiconductor industry, there is little, if any, link between declining activity in the semiconductor industry and aluminum plate pricing.[12] It indicates that evidence of there being little or no link is that the price trend of cast plate, which is used by the semiconductor industry, remained flat between 2000 and 2003.[13]

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[6] Frank Bradford, Director, Sheet and Metal Products, Hulett, conference transcript, pp. 188-189.

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

[8] Seth Kaplan, Economist, Charles River Associates, conference transcript, p. 152.

[9] Respondents' postconference brief, exhs. 1 and 3.

[10] See excerpts from the CRU Monitor in respondents' postconference brief, exh. 17.

[11] Robert Wetherbee, conference transcript, p. 45.

[12] Petitioner's postconference brief, pp. 41-42.

[13] *Ibid.*

Substitute Products

Two of three responding importers and two of three responding producers indicated that there are substitutes for certain aluminum plate. Two producers and one importer indicated that tool steel was a substitute; one importer indicated that extruded aluminum plate, 2000 and 7000 series aluminum plate, and other alloys were substitutes; and one producer indicated that molds were a substitute. However, only one responding importer and no responding producer indicated that changes in the prices of these substitute products affect the price of certain aluminum plate. Both the petitioner and respondents indicate that there are substitute products for certain aluminum plate, but that they do not take prices of substitute goods into account when determining the price they charge for certain aluminum plate.[14]

Cost Share

According to the only responding producer, the proportion of the total cost accounted for by certain aluminum plate varies by the type of end use, but in most cases it makes up less than 30 percent of cost. This producer indicated that cost shares of various end use products accounted for by certain aluminum plate were 20 percent for tooling plate, 20 percent for mold plate, 5 percent for semiconductor equipment, 15 percent for aerospace applications, and 30 percent for automotive goods.

SUBSTITUTABILITY ISSUES

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

Factors Affecting Purchasing Decisions

The petitioner indicates that if certain aluminum plate is of high enough quality to pass specification, it competes almost exclusively on the basis of price.[15] However, respondents indicate that sales also depend on factors such as customer service and lead times.[16] Hulett indicates that it typically discounts the certain aluminum plate it sells by 3 percent to 5 percent off the price sold by domestic producers because its lead times are usually longer.[17] ***.[18] ***.[19]

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[14] Leighton Cooper, conference transcript, p. 81; Seth Kaplan, conference transcript, p. 185; Nathan Kahn, conference transcript, p. 185.

[15] Robert Wetherbee, conference transcript, p. 22.

[16] Nathan Kahn, conference transcript, pp. 186-188.

[17] Nathan Kahn, conference transcript, p. 187.

[18] Phone conversation, November 19, 2003, with ***.

[19] *Ibid.*

Comparisons of Domestic Products and Subject Imports

In their questionnaire responses, *** indicated that U.S.-produced and South African imports of certain aluminum plate are "always" used interchangeably. The *** indicated that U.S.-produced and South African imports of certain aluminum plate are "frequently" used interchangeably, while *** was unable to make a comparison.

*** indicated that differences in product characteristics or sales conditions between U.S.-produced and South African imports of certain aluminum plate are "sometimes" a significant factor in their firm's sales of certain aluminum plate. The *** indicated that differences in product characteristics or sales conditions between U.S.-produced and South African imports of certain aluminum plate are "frequently" a significant factor in their firm's sales, while *** was unable to make a comparison. One producer indicated that U.S. companies have greater product size capabilities than South Africa or others, sometimes have better availability for standard and non-standard sizes, and sometimes have better quality than other companies. One importer indicated that technical support, reliability of delivery and general availability were superior for imports from South Africa. It also indicated that although lead times on product from South Africa may be longer, its lead times have often been more reliable, particularly in the last year (2003). It also noted that there are some products that it currently cannot provide to the market from South Africa such as plate wider than 2 inches.

Comparisons of Domestic Products and Nonsubject Imports

In their questionnaire responses, *** indicated that U.S.-produced and nonsubject imports of certain aluminum plate are "frequently" used interchangeably. The *** indicated that U.S.-produced and nonsubject imports of certain aluminum plate are "sometimes" used interchangeably and *** were unable to make a comparison.

*** indicated that differences in product characteristics or sales conditions between U.S.-produced and nonsubject imports of certain aluminum plate are "sometimes" a significant factor in their firm's sales of certain aluminum plate. *** indicated that differences in product characteristics or sales conditions between U.S.-produced and nonsubject imports of certain aluminum plate are "frequently" a significant factor in its firm's sales, the other remaining responding producer indicated that these differences were "never" a significant factor in its firm's sales, and the one remaining responding importer was unable to make a comparison.

The petitioner indicated that certain aluminum plate from Russia has not achieved a high enough quality level to compete with U.S. produced or South African produced certain aluminum plate.[20] It claimed that this is demonstrated by the fact that while all of its customers have purchased South African product, none have purchased Russian material.[21] It also indicated that Russian imports have inconsistent quality.[22] Respondents indicate that based on market feedback that they received from their customers, Russian imports of certain aluminum plate are adequate in quality, but are often sold at a discount because of the unreliability of delivery.[23]

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[20] Leighton Cooper, conference transcript, p. 35.

[21] *Ibid.*

[22] Robert Wetherbee, conference transcript, p. 64.

[23] Nathan Kahn, conference transcript, p. 175.

Comparisons of Subject Imports and Nonsubject Imports

In their questionnaire responses, two of five responding importers indicated that imports from South Africa and nonsubject imports of certain aluminum plate are "frequently" used interchangeably. *** indicated that imports from South Africa and nonsubject imports of certain aluminum plate are "sometimes" used interchangeably and *** were unable to make a comparison.

*** responding domestic producers and two of four responding importers indicated that differences in product characteristics or sales conditions between imports from South Africa and nonsubject imports of certain aluminum plate are "sometimes" a significant factor in their firm's sales of certain aluminum plate. *** and the two remaining responding importers were unable to make a comparison.

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

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

U.S. PRODUCERS

The Commission sent producers' questionnaires to all three firms identified as U.S. producers of certain aluminum plate in the petition. Table III-1 presents the list of U.S. producers with each company's U.S. production location, share of U.S. production in 2002, and position on the petition.

Table III-1
Certain aluminum plate: U.S. producers, U.S. production locations, shares of U.S. production in 2002, and positions on the petition

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

[1] Alcoa, headquartered in Pittsburgh, PA, is the global leader in the production of primary aluminum, fabricated aluminum, and alumina and is active in all major aspects of the industry including mining, refining, smelting, fabricating, and recycling of aluminum. ***.

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

[3] Pechiney is a wholly owned subsidiary of Pechiney Metals Corp. of Stamford, CT, which is the wholly owned U.S. subsidiary of Pechiney, S.A. of Paris, France. On September 12, 2003, Alcan, Inc., a Canadian producer of aluminum products, and Pechiney agreed to merge, which based on total revenue, would make it the largest aluminum producer in the world. On September 29, 2003, the U.S. Department of Justice, Antitrust Division, approved the Alcan-Pechiney merger, but required the newly merged corporation to divest its aluminum rolling mill located in Ravenswood, WV. Alcan press release, September 29, 2003. Therefore, the mill which produces certain aluminum plate subject to this investigation will not be owned by Alcan post-merger and its assets are currently for sale. ***.

Source: Compiled from data submitted in response to Commission questionnaires, unless otherwise specified.

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[1] McCook Metals, LLC ("McCook") of Chicago, IL, a U.S. producer of certain aluminum plate, filed for bankruptcy on August 6, 2001. Subsequently, the McCook aluminum plate manufacturing facility was closed and its assets liquidated. The majority of McCook's assets were purchased, however, not yet utilized, by Pechiney. Conference transcript, p. 95. Petitioner estimated McCook's U.S. commercial shipments of certain aluminum plate during the period examined to be: ***. Petitioner's postconference brief, exh. II-3. The Commission did not receive data directly from McCook.

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

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' capacity, production, and capacity utilization are presented in table III-2. Total U.S. capacity increased from 2000 to 2002 by 8.6 percent. The capacity volume of the U.S. industry was slightly lower than apparent U.S. consumption of certain aluminum plate in 2002. Total U.S. production of certain aluminum plate decreased by 48.3 percent from 2000 to 2002. Capacity utilization decreased by 59 percentage points from 2000 to 2002.[2]

Table III-2
Certain aluminum plate: U.S. producers' capacity, production, and capacity utilization, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
Capacity *(short tons)*:					
Alcoa	***	***	***	***	***
Kaiser	***	***	***	***	***
Pechiney	***	***	***	***	***
Total	52,069	52,069	56,569	42,427	42,427
Production *(short tons)*:					
Alcoa	***	***	***	***	***
Kaiser	***	***	***	***	***
Pechiney	***	***	***	***	***
Total	58,538	26,372	30,242	22,733	28,844
Capacity utilization *(percent)*:					
Alcoa	***	***	***	***	***
Kaiser	***	***	***	***	***
Pechiney	***	***	***	***	***
Average	112.4	50.6	53.5	53.6	68.0

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

[2] Petitioner maintained that the decrease in production and U.S. shipments during the period examined is a result of U.S. imports from South Africa and is evidence of material injury. Petitioner's postconference brief, pp. 38-39. Respondents' argued that such a decline is explained in large part by the general economic downturn and the events of September 11, 2001, that occurred during the period examined. Respondents' postconference brief, pp. 28-29.

*** capacity to produce certain aluminum plate during the period examined.[3] *** reported a *** short ton or *** percent increase in capacity from 2001 to 2002 as a result of ***. *** reported that capacity to produce certain aluminum plate is constrained by production equipment, specifically the furnaces used to heat-treat the aluminum plate. ***.

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

*** reported producing products other than certain aluminum plate (series 6000) on the same production machinery and by the same production workers. ***[4] ***.[5]

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

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

As detailed in table III-3, the volume of U.S. producers' U.S. shipments of certain aluminum plate decreased by 43.1 percent from 2000 to 2002.[6] The value of their U.S. shipments also decreased by 46.0 percent during the same time period. *** reported internal consumption or transfers to related firms of certain aluminum plate. *** reported export shipments, which were made to ***. ***.

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

[4] ***.

[5] ***. Petitioner argued that ***. See petitioner's postconference brief, p. 38 and exh. II-18.

[6] Respondents argue that the U.S. decline in commercial shipments is explained in large part by the general economic downturn or a trough in the general business cycle during the period examined. Respondents' postconference brief, pp. 28-29 (citing several statements from Alcoa's and Pechiney's SEC filings regarding the general economic climate in the aluminum industry).

Table III-3
Certain aluminum plate: U.S. producers' shipments, by type, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
			Quantity (*short tons*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	56,460	23,306	32,131	24,579	26,147
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
			Value (*$1,000*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	199,438	89,265	107,714	82,642	83,122
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
			Unit value (*per short ton*)		
Commercial shipments	$***	$***	$***	$***	$***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	3,532	3,830	3,352	3,362	3,179
Export shipments	***	***	***	***	***
Average	***	***	***	***	***

[1] ***.

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

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS

*** reported that it directly imported certain aluminum plate during the period examined. Table III-4 presents *** direct imports of certain aluminum plate ***,[7] along with its U.S. production. *** reported non-import purchases by any U.S. producer.

Table III-4
Certain aluminum plate: * production and imports, 2000-2002, January-September 2002, and January-September 2003**

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Quantity *(short tons)*				
Imports from ***	***	***	***	***	***
U.S. production	***	***	***	***	***
	Ratios to production *(percent)*				
Imports from ***	***	***	***	***	***

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

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of certain aluminum plate for the period examined are presented in table III-5. From 2000 to 2002, U.S. producers' end-of-period inventories decreased by 32.9 percent.

Table III-5
Certain aluminum plate: U.S. producers' end-of-period inventories, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
Inventories (*short tons*)	7,648	9,187	5,134	5,878	5,517
Ratio to production (*percent*)	13.1	34.8	17.0	19.4	14.3
Ratio to U.S. shipments (*percent*)	13.5	39.4	16.0	17.9	15.8
Ratio to total shipments (*percent*)	***	***	***	***	***

Note.--January-September ratios are calculated using annualized production and shipment data.

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

[7] ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of certain aluminum plate, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in this investigation are presented in table III-6. From 2000 to 2002, the number of PRWs decreased by 32.3 percent, hours worked decreased by 33.1 percent, wages paid decreased by 8.2 percent, hourly wages increased by 37.3 percent, productivity decreased by 22.7 percent, and unit labor costs increased by 77.7 percent.

Table III-6
Certain aluminum plate: Average number of production and related workers producing certain aluminum plate, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
PRWs (*number*)	337	263	228	224	199
Hours worked (*1,000*)	706	569	472	391	344
Wages paid (*$1,000*)	19,949	19,588	18,312	13,775	14,551
Hourly wages	$28.26	$34.43	$38.80	$35.23	$42.30
Productivity *(short tons per 1,000 hours)*	82.9	46.3	64.1	58.1	83.8
Unit labor costs (*per short ton*)	$340.79	$742.77	$605.52	$605.96	$504.47

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

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

U.S. IMPORTERS

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

Data for U.S. imports from South Africa are compiled using the questionnaire responses of ***.[3] Data for U.S. imports from nonsubject countries are compiled using modified Commerce statistics.[4] The Commission staff elected to compile U.S. import data from nonsubject sources in this regard in order to increase import data coverage and accuracy given the apparent low response rate to the Commission's questionnaire among U.S. importers of certain aluminum plate from nonsubject countries.

*** U.S. importers entered the subject product into or withdrew it from foreign trade zones or bonded warehouses. Table IV-1 lists all responding U.S. importers of certain aluminum plate and their quantity of imports, by source, in 2002.

Table IV-1
Certain aluminum plate: Reported U.S. imports, by importer and by source of imports, 2002

* * * * * * *

U.S. IMPORTS

Table IV-2 shows that the volume of U.S. imports of certain aluminum plate from South Africa increased by *** percent from 2000 to 2002. The value of U.S. imports from South Africa increased by *** percent from 2000 to 2002. The volume of U.S. imports from nonsubject countries increased by *** percent from 2000 to 2002.[5] The largest annual increase in U.S. imports of certain aluminum plate

---

[1] The Commission sent questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by the Bureau of Customs and Border Protection ("Customs") (formerly the U.S. Customs Service), may have imported certain aluminum plate since 2000.

[2] In addition to the seven usable responses (those respondents are shown in table IV-1), the Commission received responses from *** indicating that they did not import series 2000, 6000, or 7000 aluminum plate during the period examined. ***.

*** were sent importers' questionnaires by the Commission but did not respond.

***.

[3] Empire Resources reported that ***. Official Commerce data regarding imports from South Africa under statistical reporting number 7606.12.3030 are as follows: 1,325 short tons in 2000; 1,483 short tons in 2001; 3,126 short tons in 2002; 692 short tons in January-September 2002; and 8,951 short tons in January-September 2003. As seen in table IV-2, ***.

[4] The methodology used to compile U.S. imports from nonsubject countries ***.

[5] Respondents argued that the volume of U.S. imports from nonsubject countries has exceeded that of imports from South Africa during the period examined and that specifically, U.S. import volumes from Russia are significant. Respondents' postconference brief, pp. 43-44.

Based on Commerce data, most of which is believed to be subject product, U.S. imports of certain

(continued...)

occurred from 2000 to 2001 with U.S. imports from South Africa increasing by *** percent and imports from nonsubject countries increasing by *** percent.

Table IV-2
Certain aluminum plate: U.S. imports, by source, 2000-2002, January-September 2002, and January-September 2003

Source	Calendar year			January-September	
	2000	2001	2002	2002	2003
			Quantity (*short tons*)		
South Africa	***	***	***	***	***
All others	***	***	***	***	***
Total	16,297	21,382	25,173	18,346	19,850
			Value (*$1,000*)[1]		
South Africa	***	***	***	***	***
All others	***	***	***	***	***
Total	58,724	68,145	73,002	54,241	55,182
			Unit value (*per short ton*)		
South Africa	$***	$***	$***	$***	$***
All others	***	***	***	***	***
Average	3,603	3,187	2,900	2,957	2,780
			Share of quantity (*percent*)		
South Africa	***	***	***	***	***
All others	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
South Africa	***	***	***	***	***
All others	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

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

[5] (...continued)
aluminum plate from Russia during the period examined are as follows: 1,882 short tons in 2000; 7,111 short tons in 2001; 8,541 short tons in 2002; 6,729 short tons in January-September 2002; and 6,926 short tons in January-September 2003.

Alcoa maintained that it does not know where the U.S. imports from Russia have gone in the U.S. market and who the end users are. It did state that there is a perception in the marketplace that Russian plate is of inferior quality. Conference transcript, pp. 61-62. ***. However, ***, a U.S. importer of certain aluminum plate from Russia and a ***, reported in its questionnaire response that "Russian aluminum plate is not as high a quality level as that of South African and/or U.S. production."

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of certain aluminum plate are presented in table IV-3. From 2000 to 2002, the quantity of apparent U.S. consumption of certain aluminum plate decreased by 19.1 percent and increased by 6.4 percent between the interim periods. From 2000 to 2002, the value of apparent U.S. consumption decreased by 26.8 percent and remained steady between the interim periods.

Table IV-3
Certain aluminum plate: U.S. shipments of domestic product, U.S. imports by source, and apparent U.S. consumption, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Quantity (*short tons*)				
U.S. producers' U.S. shipments	56,460	23,306	32,131	24,579	26,147
U.S. imports from--					
South Africa[1]	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	14,606	20,299	25,327	18,746	19,969
Apparent U.S. consumption[2]	71,066	43,604	57,458	43,325	46,115
	Value (*$1,000*)				
U.S. producers' U.S. shipments	199,438	89,265	107,714	82,642	83,122
U.S. imports from--					
South Africa[1]	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	55,463	69,438	78,785	59,443	59,143
Apparent U.S. consumption[2]	254,901	158,703	186,499	142,085	142,265

[1] The data shown are for U.S. shipments of imports from South Africa as opposed to U.S. imports from South Africa.

[2] Apparent U.S. consumption has been computed using U.S. shipments from South Africa and U.S. imports from nonsubject countries.

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

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

U.S. MARKET SHARES

Data on U.S. market shares for certain aluminum plate are presented in table IV-4. From 2000 to 2002, the U.S. producers lost 23.5 percentage points of market share based on quantity and 20.5 percentage points based on value. U.S. imports from South Africa captured an increased *** of U.S. market share during this period based on quantity. U.S. imports from nonsubject sources captured and increased *** of U.S. market share based on quantity.

Table IV-4
Certain aluminum plate: Apparent U.S. consumption and market shares, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
			Quantity (*short tons*)		
Apparent U.S. consumption[1]	71,066	43,604	57,458	43,325	46,115
			Value (*$1,000*)		
Apparent U.S. consumption[1]	254,901	158,703	186,499	142,085	142,265
			Share of quantity (*percent*)		
U.S. producers' U.S. shipments	79.4	53.4	55.9	56.7	56.7
U.S. imports from--					
South Africa	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	20.6	46.6	44.1	43.3	43.3
			Share of value (*percent*)		
U.S. producers' U.S. shipments	78.2	56.2	57.8	58.2	58.4
U.S. imports from--					
South Africa	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	21.8	43.8	42.2	41.8	41.6

[1] Apparent U.S. consumption has been computed using U.S. shipments from South Africa and U.S. imports from nonsubject countries.

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

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

RATIO OF IMPORTS TO U.S. PRODUCTION

Data on the ratio of imports to U.S. production of certain aluminum plate are presented in table IV-5.

Table IV-5
Certain aluminum plate: U.S. production, U.S. imports, and ratios of imports to production, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
			Quantity (*short tons*)		
U.S. production	58,538	26,372	30,242	22,733	28,844
U.S. imports from--					
South Africa	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	16,297	21,382	25,173	18,346	19,850
			Ratio of imports to U.S. production (*percent*)		
U.S. imports from--					
South Africa	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	27.8	81.1	83.2	80.7	68.8

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

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw materials made up about *** percent of the cost of goods sold for domestic producers of certain aluminum plate in 2002. Pure aluminum is the main raw material for producing certain aluminum plate. The average price of pure aluminum as measured by the London Monetary Exchange (LME) fell from $0.71 per pound on average in 2000 to $0.62 per pound on average in 2002 and then rose to $0.64 per pound on average during January 2003 and October 2003.

Transportation Costs to the U.S. Market

Transportation costs for certain aluminum plate from South Africa to the United States in 2002 (excluding U.S. inland costs) are estimated to be approximately 5.8 percent of the total cost for certain aluminum plate. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

U.S. inland transportation costs for certain aluminum plate comprise a small portion of the cost of both the U.S. and imported product. Producers and importers report that transportation costs make up about 3 percent of the total cost of certain aluminum plate on average.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal and real values of the South African rand generally depreciated relative to the U.S. dollar from the first quarter of 2000 to the first quarter of 2002 and then appreciated through the third quarter of 2003. Overall, the nominal value of the South Africa rand appreciated 4.7 percent relative to the U.S. dollar from first quarter of 2000 to third quarter of 2003 (figure V-1). The real value of the South Africa rand appreciated 26.4 percent vis-a-vis the US dollar in that time period.

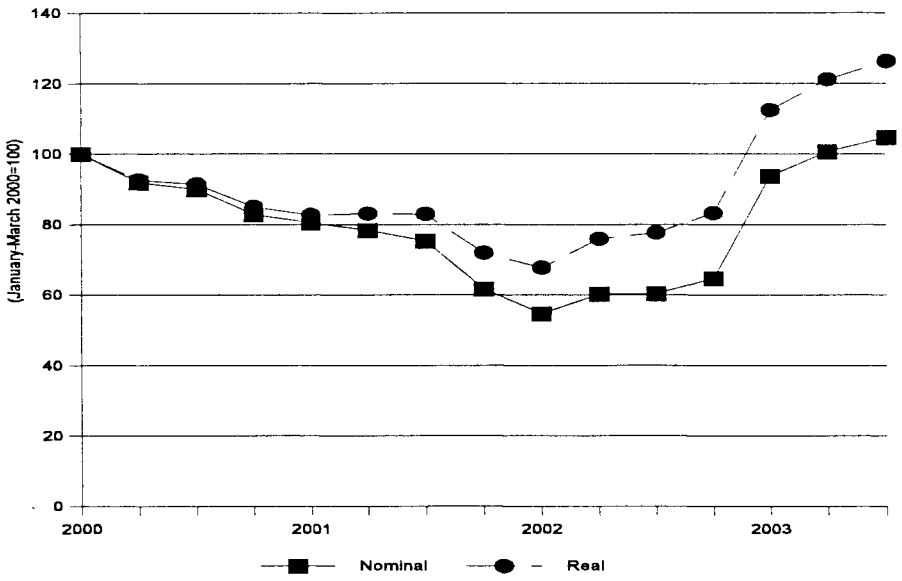
PRICING PRACTICES

Producers and importers reported using transaction-by-transaction negotiation, contracts for multiple shipments, or a combination of these methods. *** indicated they mostly sell certain aluminum plate through spot sales, while *** reported mostly selling through short term contacts of about 3 months in duration with both quantity and price fixed.

*** reporting producers and importers sell certain aluminum plate on a delivered basis. *** reporting importers and *** reporting producers indicated that the seller usually arranges for transportation. While *** reporting U.S. producers and some importers sell certain aluminum plate nationally, some importers sell certain aluminum plate only to specific regions of the U.S. market.

*** reporting importers and *** reporting producers indicated that most of their sales were produced to order, while the remaining reporting producers and importers indicated that most of their sales were from inventory. Producers reported lead times ranging from 1 to 30 days from inventory and ranging from 8 to 12 weeks produced to order, while importers reported lead times ranging from 2 to 14 days from inventory and ranging from 10 to 14 weeks produced to order.

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates between the South African rand and the U.S. dollar, by quarters, January 2000-September 2003



Note: Third quarter data are based on July and August data only, September data were not available.

Source: International Monetary Fund, *International Financial Statistics*, October 2003.

Alcoa indicated while it can immediately ship many types of certain aluminum plate from inventory to existing customers, new customers may have to wait 8 to 12 weeks for their orders to be shipped.[1] It also indicated that its lead times increased in mid-2002 and early 2003 due to lower productivity and morale issues at their Davenport facility.[2] Empire indicated that importers of certain aluminum plate typically have longer lead times than domestic producers.[3] It indicated that its lead times are usually 10 to 12 weeks.[4]

Sales Terms and Discounts

*** reporting producers and importers report selling on a net 30 basis. *** reporting producers and *** reporting importers indicated that they offered quantity discounts, often in the form of a rebate. Empire indicates that it typically discounts the certain aluminum plate it sells by 3 percent to 5 percent off the price sold by domestic producers because of its longer lead times.[5]

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[1] Robert Wetherbee, conference transcript, pp. 84-85.

[2] Robert Wetherbee, conference transcript, pp. 83-87.

[3] Nathan Kahn, conference transcript, pp. 149-150.

[4] Nathan Kahn, conference transcript, p. 150.

[5] Nathan Kahn, conference transcript, p. 187.

PRICE DATA

The Commission requested U.S. producers and importers of certain aluminum plate to provide quarterly data for the total quantity and value of certain aluminum plate that was shipped to unrelated customers in the U.S. market. Data were requested for the period January 2000 to September 2003. The products for which pricing data were requested are as follows:

Product 1.–0.25" x 48.5" x 144.5" 6061-T651 finished tooling plate
Product 2.--0.375" x 48.5" x 144.5" 6061-T651 finished tooling plate
Product 3.--0.5" x 48.5" x 144.5" 6061-T651 finished tooling plate
Product 4.--0.75" x 48.5" x 144.5" 6061-T651 finished tooling plate

Two U.S. producers and three importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. These prices are presented below (tables V-1 through V-4 and figure V-2). Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' reported shipments of certain aluminum plate and *** percent of U.S. shipments of subject imports from South Africa in 2002.

Table V-1
Certain aluminum plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-2
Certain aluminum plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-3
Certain aluminum plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-4
Certain aluminum plate: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Figure V-2
Certain aluminum plate: Weighted-average f.o.b. prices of domestic and imported products 1-4, by quarters, January 2000-September 2003

* * * * * * *

Price trends for both U.S.-produced certain aluminum plate and subject imported certain aluminum plate from South Africa fell overall, increasing during 2000 and then falling from 2001 to the third quarter of 2003.

The weighted-average sales prices of the four U.S.-produced products fell by amounts ranging from *** percent to *** percent between the first quarter of 2000 and the third quarter of 2003, while the weighted-average sales price of subject South African products 2-4 fell by amounts ranging from *** to *** percent and the weighted-average sales price of subject South African product 1 increased by *** during the same period.[6] The weighted-average sales prices of U.S.-produced products 1-4 all increased by *** percent between the first quarter of 2000 and the first quarter of 2001, but then fell by amounts ranging from *** percent to *** percent between the first quarter of 2001 and the third quarter of 2003.[7] The weighted-average sales price of subject South African products 1-4 increased by amounts ranging from *** percent to *** percent between the first quarter of 2000 and the first quarter of 2001, but the prices for products 1-4 fell by amounts ranging from *** percent to *** percent between the first quarter of 2001 and the third quarter of 2003.[8]

Price Comparisons

Overall there were 60 instances where prices for domestic certain aluminum plate and imported subject South African certain aluminum plate could be compared. Of these 60 comparisons, there were 56 instances where the subject imported product was priced below the domestic product. Margins of underselling averaged 11.1 percent, ranging from 2.9 percent to 32.0 percent. In the remaining four instances, the subject imported product was priced above the comparable domestic product by margins ranging from 1.7 percent to 6.9 percent.

As discussed in Part II, respondents indicate that demand for certain aluminum plate has been particularly sensitive to changes in demand for semiconductor equipment. They indicate that demand for semiconductor equipment can be represented by semiconductor equipment billings and an eight month lag of a semiconductor stock price index (SOXX index). Figure V-3 compares the prices of U.S.-produced products 1-4, semiconductor billings and an eight month lag of the SOXX index. Correlations between the price of U.S.-produced product 1-4 and semiconductor billings ranged from 0.61 to 0.66,[9] while correlations between the four pricing products and an eight month lag of the SOXX index ranged from 0.54 to 0.83.[10]

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[6] The overall increase in the weighted-average sales price of South African produced product 1 reflects a *** percent increase between the first quarter of 2000 and the second quarter of 2000 and a *** percent decrease between the second quarter of 2000 and the third quarter of 2003.

[7] Note that the percentage changes in price measured between the first quarter of 2000 and the first quarter of 2001 will represent smaller changes in magnitude than equally sized percentage changes measured between the first quarter of 2001 and the third quarter of 2003 because they are calculated using smaller bases.

[8] Correlations between prices for domestic products 1, 2, 3, and 4 and their corresponding subject South African pricing products were 0.81, 0.86, 0.93, and 0.76, respectively. These correlations do not necessarily imply causation and these price trends may track one another for reasons having nothing to do with each other's prices, such as macroeconomic trends or prices of other substitute or downstream goods.

[9] Respondents estimated a 0.8 correlation between a monthly publically available pricing series of 6061 aluminum plate and monthly values of semiconductor equipment billings. Respondents' postconference brief, p. 37, fn. 39.

[10] The estimated correlation between the prices for U.S. produced products 1-4 and the current value (with no lag) of the SOXX index ranged from 0.35 to 0.60.

Figure V-3
Certain aluminum plate: Price indices of weighted-average f.o.b. prices of domestic and imported product 1-4, semiconductor equipment billings, and SOXX index lagged 8 months, by quarters, January 2000-September 2003

* * * * * * *

Respondents also suggested that nonsubject imports of certain aluminum plate from Russia may have impacted the U.S. market for certain aluminum plate. Figure V-4 compares the prices of U.S.-produced products 1-4 and the price of Russian imports of certain aluminum plate. Correlations between the price of U.S.-produced products 1-4 and the price of certain aluminum plate imported from Russia range from 0.57 to 0.61.

Figure V-4
Certain aluminum plate: Price indices of weighted-average f.o.b. prices of domestic and imported product 1-4 and price of Russian imports of 6061 plate, by quarters, January 2000-September 2003

* * * * * * *

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of certain aluminum plate to report any instances of lost sales or revenues they experienced due to competition from imports of certain aluminum plate from South Africa during January 2000 to September 2003. Of the two responding non-petitioning U.S. producers, *** reported that prices had either been reduced or price increases had been rolled back. The *** usable lost sales allegations totaled $*** and *** pounds of certain aluminum plate and *** lost revenues allegations of unknown total value and total quantity.[11] Staff attempted to contact all purchasers named in allegations and received responses from 10 purchasers; and a summary of the information obtained follows (tables V-5 and V-6).

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

* * * * * * *

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

* * * * * * *

***.[12] ***.[13] ***.

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[11] Petitioner did not provide quantities for any of its lost revenue allegations. It indicated that, "Petitioner was unable to provide all of the details of a number of transactions listed due to the informal manner in which the industry operates and the fact that many price negotiations are concluded over the phone rather than in writing." Petition, pp. 30-31. ***.

[12] Phone conversation, November 4, 2003, with ***.

[13] Phone conversation, October 24, 2003, with ***. ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Three firms[1] provided usable financial data on their U.S. operations producing certain aluminum plate.[2] [3] These reported data are believed to represent nearly all of U.S. certain aluminum plate production in the period examined.

The responding U.S. firms reported that they made aluminum plate in other series, including 2000, 5000, and 7000; they also produce other types of aluminum rolled products, such as sheet, in the same facilities.[4] These other products accounted for the majority of the firms' production and sales.[5]

OPERATIONS ON CERTAIN ALUMINUM PLATE

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

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[1] The firms are: Alcoa, Kaiser, and Pechiney. Each has a ***. No firm reported ***.

[2] Petitioners' counsel stated that the Commission's aggregated data may reflect a survivor bias, citing the bankruptcy filing and liquidation of McCook Metals. Conference transcript, pp. 99 (Mr. Leibowitz) and 39 (Mr. Malashevich).

[3] Alcan, a Canadian corporation, announced its intention to purchase Pechiney, a French corporation with a plant producing subject product at Ravenswood, WV, on July 7, 2003, and announced that it expects the purchase to be completed by December 31, 2003. Alcan form 8-K (Current Report), October 22, 2003, p. 14 (as filed). As a condition of approving the merger, the U.S. Department of Justice has mandated the spin-off of the Ravenswood plant by the combined Alcan-Pechiney entity. Alcan press release, September 29, 2003.

Kaiser filed for bankruptcy protection during the first quarter of 2002, attributing it to the firm's liquidity and cash flow problems arising in late 2001 and early 2002. It stated that it was "facing significant near-term debt maturities at a time of unusually weak aluminum industry business conditions, depressed aluminum prices and a broad economic slowdown that was further exacerbated by the events of September 11, 2001." Also, Kaiser stated that it "had become increasingly burdened by asbestos litigation and growing legacy obligations for retiree medical and pension costs. The confluence of these factors created the prospect of continuing operating losses and negative cash flow, resulting in lower credit ratings and an inability to access the capital markets." Kaiser is operating as debtor-in-possession. Kaiser, 2002 Form 10-K, "Reorganization Proceedings", and note 1 to Consolidated Financial Statements.

McCook Metals, with operations in Chicago, IL, purchased a primary aluminum plant at Longview, WA, from Alcoa in February 2001, but filed for bankruptcy protection in August 2001; reportedly the firm has been liquidated and the equipment sold. Conference transcript, p. 23 (Mr. Wetherbee).

[4] Alcoa stated that it produces a very small quantity of tread plate, and that this type of plate is typically a cold-rolled sheet product that is cut to specific dimensions for customer order. Conference transcript, p. 123 (Mr. Wetherbee). Reportedly, Alcoa produces some production of extruded plate at its plant in Pennsylvania; the production of extruded plate differs significantly from that of certain aluminum plate, and the measurements, marketing channels, and uses of extruded plate differ as well from those of certain aluminum plate. Conference transcript, pp. 121-122 (Mr. Wetherbee and Mr. Leibowitz).

[5] *** stated it does not maintain a product-line income statement solely for 6000 series aluminum plate, and, therefore, allocated most of the costs of producing certain aluminum plate from its total operations that include other products. Costs, such as labor, factory overhead, depreciation, and selling, general, and administrative (SG&A) expenses are shared with other products. As certain aluminum plate varies relative to total volume and/or revenue or to other products that share the firm's cost pool, it may result in a change in costs allocated to it. This is the case also with respect to the original cost and book value of property, plant, and equipment.

Table VI-1
Certain aluminum plate: Results of operations of U.S. producers, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Quantity (*short tons*)				
Total net sales	59,964	24,833	34,295	26,040	28,460
	Value (*$1,000*)				
Total net sales	210,788	94,663	114,828	87,428	90,428
COGS:					
Raw materials[1] [2]	88,221	34,037	48,580	36,549	37,733
Direct labor[3]	22,442	13,813	18,445	14,240	17,345
Other factory costs[4]	72,183	36,269	48,559	37,506	37,858
Total COGS	182,846	84,119	115,584	88,295	92,936
Gross profit or (loss)	27,942	10,544	(756)	(867)	(2,508)
SG&A expenses[5]	4,853	3,139	2,787	2,273	2,654
Operating income or (loss)	23,089	7,405	(3,543)	(3,140)	(5,162)
Interest expense	1,250	673	1,000	765	658
Other expense	3,694	4,529	3,825	1,519	288
Other income	530	545	466	288	327
Net income or (loss)	18,675	2,748	(7,902)	(5,136)	(5,781)
Depreciation	10,458	9,030	11,472	8,933	7,148
Cash flow	29,133	11,778	3,570	3,797	1,367

See footnotes at end of table.

Table VI-1--*Continued*
Certain aluminum plate: Results of operations of U.S. producers, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-September	
	2000	2001	2002	2002	2003
	Ratio to total net sales (*percent*)				
COGS:					
Raw materials	41.9	36.0	42.3	41.8	41.7
Direct labor	10.6	14.6	16.1	16.3	19.2
Other factory costs	34.2	38.3	42.3	42.9	41.9
Total COGS	86.7	88.9	100.7	101.0	102.8
Gross profit or (loss)	13.3	11.1	(0.7)	(1.0)	(2.8)
SG&A expenses	2.3	3.3	2.4	2.6	2.9
Operating income or (loss)	11.0	7.8	(3.1)	(3.6)	(5.7)
	Unit value (*per short ton*)				
Total net sales	$3,515	$3,812	$3,348	$3,357	$3,177
COGS:					
Raw materials	1,471	1,371	1,417	1,404	1,326
Direct labor	374	556	538	547	609
Other factory costs[6]	1,204	1,461	1,416	1,440	1,330
Total COGS	3,049	3,387	3,370	3,391	3,266
Gross profit or (loss)	466	425	(22)	(33)	(88)
SG&A expenses	81	126	81	87	93
Operating income or (loss)	385	298	(103)	(121)	(181)
	Number of firms reporting				
Operating losses	***	***	***	***	***
Data	3	3	3	3	3

See footnotes at end of table.

[1] In response to a question from staff regarding whether its raw materials were based on actual cost or at a transfer value, Alcoa stated, "***." November 5, 2003, e-mail from Lynn Kamarck, counsel to Alcoa. At the staff conference, Alcoa stated that raw materials were based on market prices for P1020 grade metal (conference transcript, pp. 96-98, Mr. Wetherbee), and stated that its Davenport plant receives metal from outside because it is not vertically integrated (conference transcript, p. 99, Mr. Leibowitz). Alcoa also promised to restate its raw material costs to "cost" (i.e., the cost to produce and ship the raw material to its related party, and subtract the profit on sales from one segment to another segment within Alcoa).

***. Commission staff received further clarification from Alcoa regarding its raw material costs in a telephone interview with *** on November 17, 2003. ***. Staff reviewed supporting cost documentation for raw materials on November 18, 2003 at counsel's office as well as the calculations that support such data in Alcoa's questionnaire response.

Respondents claim that the Commission must adjust Alcoa's questionnaire data to reflect the transfer of aluminum metal at cost, and respondents provided their own restatement based on segment-by-segment reporting in Alcoa's financial statements filed with the SEC. Respondents' postconference brief, pp. 30-32 and exh. 4. According to Alcoa's 2002 form 10-K, its segment that produces aluminum ingot that is used by other Alcoa segments, transfers that ingot at prevailing market prices. This segment recorded after-tax operating income (ATOI) in each period examined. Alcoa, 2002 Form 10-K, pp. 6-8 (as filed), and Form 10-Q for the quarter ended September 30, 2003, pp. 12-13 (as filed). However, as noted earlier, each of Alcoa's segments includes the worldwide operations within the segment. Hence, the ATOI of Alcoa's primary metal operations is a composite of the firm's high and low cost plants in its four geographic regions, and may not reflect the actual cost of the raw materials used at Davenport for the production of certain aluminum plate. Moreover, any intersegment transfer to Davenport, generally, and for production of series 6000 aluminum plate, specifically, would represent a tiny fraction of the total. Hence, respondents' methodology, which uses the average of all operations, would not be appropriate ***. ***.

[2] ***.

[3] ***.

[4] ***.

[5] ***.

[6] ***.

Source: Compiled from data submitted in response to Commission questionnaires, unless otherwise noted.

The quantity and value of sales fell by more than half between 2000 and 2001 and increased between 2001 and 2002, but were considerably below 2000 levels. The quantity and value of sales increased slightly between January-September 2002 and the same period in 2003. The average unit value of sales increased between 2000 and 2001, partially offsetting the decrease in quantity sold, and decreased between 2001 and 2002. It fell again between January-September 2002 and the same period in 2003. Kaiser attributed the ***, as well as a decline in overall demand for series 6000 plate.[6] Similarly, Alcoa attributed *** to ***; Alcoa also stated that its ***.[7]

The total value of cost of goods sold (COGS) for reporting producers fell between 2000 and 2001 and increased between 2001 and 2002 as well as between January-September 2002 and January-September 2003, reflecting changes in sales volume. The average unit value of COGS increased between 2000 and 2001 and remained near the 2001 level during 2002 although it decreased somewhat during January-September 2003. Between 2000 and 2001, increases in the average unit values in the categories of direct labor and other factory costs[8] (which accounted for an increasing percentage of total COGS as

[6] Kaiser stated, "***." November 4, 2003, e-mail from *** at Kaiser. Also, Kaiser's 2002 Form 10-K attributes the decline in the profitability of its segment producing sheet and plate to the fall in U.S. demand, particularly after September 11, 2001, and increased operating costs due to a lag in the ability to scale back costs to reflect a revised product mix.

[7] November 5, 2003, e-mail from Lynn Kamarck, counsel to Alcoa.

[8] Also, see note 3 in table VI-1. Also, the curtailment of smelting in the U.S. Pacific Northwest that started in 2001, affected the operations of Kaiser, whose primary aluminum was smelted at Trentwood, WA (this unit was sold to the Port of Tacoma, WA, in February of 2003). Curtailment resulted in Kaiser purchasing primary aluminum

(continued...)

well as a larger ratio to total net sales) offset a decrease in the average unit value of raw materials. These changes led to an increase in the ratio of COGS to total net sales by 2.2 percentage points between 2000 and 2001 even though unit sales value increased considerably between the two years. The ratio of COGS to total net sales increased by 11.8 percentage points between 2001 and 2002, as the average unit value of the components of COGS remained near 2001 levels but the average unit value of sales fell considerably. Unit SG&A expenses increased between 2000 and 2001 and declined between 2001 and 2002 to the same level as in 2000; they increased between January-September 2002 and the same period in 2003, resulting in a slightly higher ratio of SG&A expenses to total net sales.

Operating income fell between 2000 and 2001, and fell again between 2001 and 2002, as the industry recorded an operating loss in 2002. The operating loss increased between January-September 2002 and the same period in 2003, and *** on its operations during January-September 2003. Between 2000 and 2001, changes in operating income mainly were driven by the fall in volume and the increase in unit costs that exceeded the increase in unit sales value. Although sales volume increased between 2001 and 2002, unit sales value fell considerably more than did unit COGS and unit SG&A expenses. Between January-September 2002 and the same period in 2003, sales volume increased but unit sales value fell by a greater amount than the decrease in unit COGS, although unit SG&A expenses increased.

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

Table VI-2
Certain aluminum plate: Results of operations of U.S. producers, by firms, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

Changes in the operating income of these firms are further evidenced by a variance analysis that shows the effects of prices and volume on net sales and of costs and volume on their total costs (table VI-3). A variance analysis is more effective when the product involved is a homogeneous product with no variation in product mix; moreover, the usefulness of this analysis may be diminished by increasing costs of certain aluminum plate due to allocation (discussed in note 5 earlier).

[8] (...continued)
from independent third parties at higher cost while increasing overhead costs as well. See, Kaiser's 2002 Form 10-K, "Properties" and "Management's Discussion and Analysis."

Table VI-3
Certain aluminum plate: Variance analysis on results of operations, 2000-2002, and January-September 2002-2003

Item	Calendar year			January-September
	2000-2002	2000-2001	2001-2002	2002-2003
	Value *($1,000)*			
Total net sales:				
Price variance	(5,728)	7,370	(15,907)	(5,123)
Volume variance	(90,232)	(123,495)	36,072	8,123
Total net sales variance	(95,960)	(116,125)	20,165	3,000
Cost of goods sold:				
Cost variance	(11,009)	(8,398)	589	3,563
Volume variance	78,271	107,125	(32,054)	(8,204)
Total cost of goods variance	67,262	98,727	(31,465)	(4,641)
Gross profit variance	(28,698)	(17,398)	(11,300)	(1,641)
SG&A expenses:				
Expense variance	(11)	(1,129)	1,548	(170)
Volume variance	2,077	2,843	(1,196)	(211)
Total SG&A variance	2,066	1,714	352	(381)
Operating income variance	(26,632)	(15,684)	(10,948)	(2,022)
Summarized as:				
Price variance	(5,728)	7,370	(15,907)	(5,123)
Net cost/expense variance	(11,020)	(9,527)	2,137	3,393
Net volume variance	(9,884)	(13,527)	2,822	(292)

Note.–Unfavorable variances are shown in parenthesis; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1.

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

This analysis shows that the decrease in operating income between 2000 and 2002 of $26.6 million was attributable to combined unfavorable variances of price, net cost/expense, and volume. However, the mix of favorable and unfavorable variances shifted between the full calendar years, with a favorable price variance between 2000 and 2001 that was less than the combined unfavorable variances on net cost/expense and volume. An unfavorable price variance between 2001 and 2002 was less than the combined favorable variances on net cost/expense and volume. The decrease in operating income between interim 2002 and interim 2003 was mainly due to an unfavorable variance on price that was greater than a favorable variance on net cost/expense, although the variance on volume was also unfavorable.

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

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

Table VI-4
Certain aluminum plate: Value of assets, capital expenditures, and R&D expenses of U.S. producers, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

Most of the change in original cost and book values of fixed assets are related to values being allocated to certain aluminum plate from overall operations that produce a broader range of products, and to capital expenditures made by the producers in their plant, property, and equipment to increase production capacity or production efficiency.

CAPITAL AND INVESTMENT

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

Alcoa

***.

Kaiser

***.

Pechiney

***.

PART VII: THREAT CONSIDERATIONS

This part of the report contains information on the foreign producer's operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets.

THE INDUSTRY IN SOUTH AFRICA

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

Hulett reported that *** percent of its total sales in the most recent fiscal year were sales of certain aluminum plate.[1] In 2002, *** percent of Hulett's total shipments of certain aluminum plate were exported to the United States, while *** percent of its shipments of certain aluminum plate were to other export markets such as ***.[2] From 2000 to 2002, Hulett's volume of shipments exported to the United States increased by *** percent, and its volume of shipments exported to other world markets also rose by *** percent. Between the interim (January through September) periods of 2002 and 2003, Hulett's exports to the United States ***, while exports to other world markets increased *** percent. Hulett's volume of home market shipments of certain aluminum plate *** throughout the period examined.

Table VII-1
Certain aluminum plate: South Africa's reported production capacity, production, shipments, and inventories, 2000-2002, January-September 2002, January-September 2003, and projections for 2003 and 2004

* * * * * * *

Hulett's reported capacity *** from 2000 to 2002 and is projected to *** in 2003 and 2004.[3] Hulett reported that its capacity is constrained by its solution heat treatment furnace ("SHTF") and it has no plans to install additional SHTFs or otherwise expand its capacity.[4] Its production increased from

[1] Hulett reported that it produces certain aluminum plate (6061 and 6082 series aluminum plate) ***.

[2] Hulett stated that it is planning on expanding its Asian and European market share of certain aluminum plate and thus decrease its reliance on the U.S. market due in part to the decline of the U.S. dollar and to diversify market risk. Respondents' postconference brief, pp. 47-48. It also states that because of its full capacity utilization it would be required to decrease shipments of certain aluminum plate to the United States to fulfil its Asian and European strategy. *Id.* and conference transcript, p. 140.

[3] Hulett reported that its capacity data are based upon ***. Hulett reported that ***.

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

2000 to 2002 by *** percent, and is projected to further increase in 2003 by an additional *** percent.[5] *** is Hulett's *** U.S. importer of certain aluminum plate.[6]

Hullet reported that ***.[7]

U.S. IMPORTERS' INVENTORIES

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

Table VII-2
Certain aluminum plate: U.S. importers' end-of-period inventories of subject imports, by source, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO SEPTEMBER 30, 2003

The Commission requested importers to indicate whether they imported or arranged for the importation of certain aluminum plate from South Africa after September 30, 2003. *** reported that it had arranged for the importation of *** short tons of certain aluminum plate from South Africa subsequent to September 30, 2003.

NO DUMPING IN THIRD-COUNTRY MARKETS

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

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[5] Hulett reported that ***.

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

[6] ***.

[7] Respondents' postconference brief, exh. 2 (***).

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1056 (Preliminary)]

Certain Aluminum Plate From South Africa

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731–TA–1056 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from South Africa of certain aluminum plate, provided for in subheading 7606.12.30 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by December 1, 2003. The Commission's views are due at Commerce within five business days thereafter, or by December 8, 2003.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: October 16, 20003.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202–708–5408), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on October 16, 2003, by Alcoa, Inc., Pittsburgh, PA.

Participation in the investigation and public service list.—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on November 6, 2003, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Christopher J. Cassise (202–708–5408) not later than November 4, 2003, to arrange for their appearance. Parties

in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before November 12, 2003, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

Issued: October 20, 2003.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 03–26881 Filed 10–23–03; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-791-819]

Notice of Initiation of Antidumping Duty Investigation: Certain Aluminum Plate From South Africa

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

ACTION: Initiation of Antidumping Duty Investigation.

EFFECTIVE DATE: November 12, 2003.

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

Initiation of Investigation

The Petition

On October 16, 2003, the Department of Commerce (the Department) received a petition filed in proper form by Alcoa Inc. (the petitioner). The Department received supplements to the petition on October 29, and November 3, 2003.

In accordance with section 732(b)(1) of the Tariff Act of 1930 (the Act), as amended, the petitioner alleges that imports of certain aluminum plate from South Africa are being, or are likely to be, sold in the United States at less-than-fair-value (LTFV) within the meaning of section 731 of the Act, and that imports from South Africa are materially injuring, or are threatening to materially injure, an industry in the United States.

The Department finds that the petitioner filed this petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and it has demonstrated sufficient industry support with respect to the antidumping investigation that it is requesting the Department to initiate. *See infra*, "Determination of Industry Support for the Petition."

Scope of Investigation

The merchandise covered by this investigation is 6000 series aluminum alloy, flat surface, rolled plate, whether in coils or cut-to-length forms, that is rectangular in cross section with or without rounded corners and with a thickness of more than 6.3 millimeters. 6000 Series Aluminum Rolled Plate is defined by the Aluminum Association, Inc.

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

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

As discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments within 20 calendar days of publication of this notice. Comments should be addressed to Import Administration's Central Records Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

Period of Investigation

The anticipated period of investigation is October 1, 2002, through September 30, 2003.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination, which is to be made before the initiation of the investigation, be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission ("ITC"), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[1]

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

With regard to the definition of domestic like product, the petitioner does not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information presented by the petitioner, we have determined that there is a single domestic like product, aluminum plate, which is defined in the "Scope of Investigation" section above, and we have analyzed industry support in terms of this domestic like product.

The petition identifies additional U.S. companies engaged in the production of aluminum plate. In the October 29, 2003, supplemental petition submission, one of these companies, Kaiser Aluminum and Chemical Corporation, provides a letter indicating its support of the petition. In addition, the petitioner's November 3, 2003 supplemental petition submission contains a letter in support of the petition from the United Steelworkers of America, which claims to represent virtually all the workers engaged in the production of the domestic like product.

Our review of the data provided in the petition indicates that the petitioner has established industry support representing over 50 percent of total production of the domestic like product, requiring no further action by the Department pursuant to section 732(c)(4)(D) of the Act. In addition, the Department received no opposition to the petition from the remaining domestic producer of the like product. Therefore, the domestic producers or workers who support the petition account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) of the Act are met.

[1] *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (Ct. Int'l Trade 2001), *citing Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 642–44 (Ct. Int'l Trade 1988) ("the ITC does not look behind ITA's determination, but accepts ITA's determination as to which merchandise is in the class of merchandise sold at LTFV").

Furthermore, the domestic producers or workers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. Thus, the requirements of section 732(c)(4)(A)(ii) of the Act also are met. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *See* also Import Administration AD/CVD Enforcement Initiation Checklist ("Initiation Checklist"), Industry Support section, dated November 5, 2003, on file in the Central Records Unit of the main Department of Commerce building.

Export Price and Normal Value

The following is a description of the allegation of sales at LTFV upon which the Department based its decision to initiate this investigation. The sources of data for the deductions and adjustments relating to U.S. price and normal value (NV) are discussed in greater detail in the Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determination, we may re-examine the information and revise the margin calculations, if appropriate.

Export Price

The petitioner alleged that the subject aluminum plate produced in South Africa by Hulett Aluminum (Pty) Limited (Hulett) (*i.e.*, the only company that has exported subject merchandise to the United States from South Africa during the most recent twelve months) was sold to Empire Resources, Inc., an unaffiliated U.S. trading company, prior to importation of the merchandise into the United States. Therefore, the petitioner based U.S. price on export price (EP). The petitioner based EP prices for aluminum plate on a price quote for Alloy 6061 T651 aluminum plate adjusted for inland freight charges from Hulett's plant in Pietermaritzburg, South Africa to the port of Durban, international freight expenses from Durban, South Africa to U.S. East Coast ports, as well as a U.S. importer/distributor markup and a U.S. reseller markup.

Normal Value

The petitioner based NV on two price quotes for Alloy 6082 T6 from a South African distributor of aluminum products. The petitioner alleged that, while Hulett does not sell identical grades of merchandise to the United States and home markets, grade Alloy 6082 T6, sold to the home market, and grade Alloy 6061 T651, sold to the United States, are functionally equivalent, have minimal differences in chemistry, and have no meaningful differences in production costs. The petitioner adjusted the NV for movement charges in the home market and differences in direct selling expenses (imputed credit) between the United States and the home market. The petitioner did not adjust NV for packing expenses because it is the petitioner's understanding that the packing form and materials are the same in both markets.

The estimated dumping margins in the petition based on a comparison between EP and NV range from 80.19 percent to 106.77 percent.

Fair Value Comparisons

Based on the data provided by the petitioner, there is reason to believe that imports of certain aluminum plate from South Africa are being, or are likely to be, sold at LTFV.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of imports from South Africa of the subject merchandise sold at less than NV.

The petitioner contends that the industry's injured condition is evident in the sales volume and market share lost to unfair imports, as well as rapidly declining and depressed U.S. prices. The allegations of injury and causation are supported by relevant evidence including U.S. import data, lost sales, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* the Initiation Checklist.

Initiation of Antidumping Investigation

Based upon our examination of the petition on certain aluminum plate from South Africa, we have found that it meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of certain aluminum plate from South Africa are being, or are likely to be, sold in the United States at LTFV. Unless this deadline is extended pursuant to section 733(b)(1)(A) of the Act, we will make our preliminary determination no later than 140 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the Government of South Africa. We will attempt to provide a copy of the public version of the petition to each exporter named in the petition, as provided for under 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine no later than December 1, 2003, whether there is a reasonable indication that imports of certain aluminum plate from South Africa are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated, otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: November 5, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 03–28340 Filed 11–10–03; 8:45 am]

BILLING CODE 3510–DS–P

APPENDIX B

LIST OF CONFERENCE WITNESSES

CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Subject:	Certain Aluminum Plate from South Africa
Inv. No.:	731-TA-1056 (Preliminary)
Date and Time:	November 6, 2003 - 9:30 a.m.

The conference was held in connection with this investigation in Courtroom A, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Hogan & Hartson L.L.P.
Washington, DC
on behalf of

Alcoa, Inc.

Robert Wetherbee, President, Alcoa Mill Products

John Holsinger, Senior Counsel, Alcoa Inc.

Gregory Venema, Metallurgical Engineering Aerospace Tech Specialist, Alcoa Inc.

Leighton Cooper, Marketing Manager of Consumer and Industrial Products, Alcoa Inc.

Bruce Malashevich, President, Economic Consulting Services, L.L.C.

Lewis Leibowitz)–OF COUNSEL
Lynn Kamarck)

In Opposition to the Imposition of Antidumping Duties:

Arnold & Porter
Washington, DC
on behalf of

Hullet Aluminum (Pty) Ltd.
Empire Resources, Inc.

In Opposition to the Imposition of Antidumping Duties:–*Continued*

Frank Bradford, Director, Sheet and Plate Products, Hulett Aluminium (Pty) Ltd.

Nathan Kahn, President, Empire Resources, Inc.

Seth Kaplan, Economist, Charles River Associates

Michael T. Shor)–OF COUNSEL
Susan G. Lee)

APPENDIX C

SUMMARY DATA

Table C-1
Certain aluminum plate: Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			January-September		Period changes			
	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	Jan.-Sept. 2002-2003
U.S. consumption quantity:									
Amount	71,066	43,604	57,458	43,325	46,115	-19.1	-38.6	31.8	6.4
Producers' share (1)	79.4	53.4	55.9	56.7	56.7	-23.5	-26.0	2.5	-0.0
Importers' share (1):									
South Africa	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	20.6	46.6	44.1	43.3	43.3	23.5	26.0	-2.5	0.0
U.S. consumption value:									
Amount	254,901	158,703	186,499	142,085	142,265	-26.8	-37.7	17.5	0.1
Producers' share (1)	78.2	56.2	57.8	58.2	58.4	-20.5	-22.0	1.5	0.3
Importers' share (1):									
South Africa	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	21.8	43.8	42.2	41.8	41.6	20.5	22.0	-1.5	-0.3
U.S. imports from--									
South Africa: (2)									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	14,606	20,299	25,327	18,746	19,969	73.4	39.0	24.8	6.5
Value	55,463	69,438	78,785	59,443	59,143	42.1	25.2	13.5	-0.5
Unit value	$3,797	$3,421	$3,111	$3,171	$2,962	-18.1	-9.9	-9.1	-6.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	52,069	52,069	56,569	42,427	42,427	8.6	0.0	8.6	0.0
Production quantity	58,538	26,372	30,242	22,733	28,844	-48.3	-54.9	14.7	26.9
Capacity utilization (1)	112.4	50.6	53.5	53.6	68.0	-59.0	-61.8	2.8	14.4
U.S. shipments:									
Quantity	56,460	23,306	32,131	24,579	26,147	-43.1	-58.7	37.9	6.4
Value	199,438	89,265	107,714	82,642	83,122	-46.0	-55.2	20.7	0.6
Unit value	$3,532	$3,830	$3,352	$3,362	$3,179	-5.1	8.4	-12.5	-5.4
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	7,648	9,187	5,134	5,878	5,517	-32.9	20.1	-44.1	-6.1
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	337	263	228	224	199	-32.3	-22.0	-13.3	-11.2
Hours worked (1,000s)	706	569	472	391	344	-33.1	-19.4	-17.0	-12.0
Wages paid ($1,000s)	19,949	19,588	18,312	13,775	14,551	-8.2	-1.8	-6.5	5.6
Hourly wages	$28.26	$34.43	$38.80	$35.23	$42.30	37.3	21.8	12.7	20.1
Productivity (tons/1,000 hours)	82.9	46.3	64.1	58.1	83.8	-22.7	-44.1	38.2	44.2
Unit labor costs	$340.79	$742.77	$605.52	$605.96	$504.47	77.7	118.0	-18.5	-16.7
Net sales:									
Quantity	59,964	24,833	34,295	26,040	28,460	-42.8	-58.6	38.1	9.3
Value	210,788	94,663	114,828	87,428	90,428	-45.5	-55.1	21.3	3.4
Unit value	$3,515	$3,812	$3,348	$3,357	$3,177	-4.8	8.4	-12.2	-5.4
Cost of goods sold (COGS)	182,846	84,119	115,584	88,295	92,936	-36.8	-54.0	37.4	5.3
Gross profit or (loss)	27,942	10,544	(756)	(867)	(2,508)	(3)	-62.3	(3)	-189.3
SG&A expenses	4,853	3,139	2,787	2,273	2,654	-42.6	-35.3	-11.2	16.8
Operating income or (loss)	23,089	7,405	(3,543)	(3,140)	(5,162)	(3)	-67.9	(3)	-64.4
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	$3,049	$3,387	$3,370	$3,391	$3,266	10.5	11.1	-0.5	-3.7
Unit SG&A expenses	$81	$126	$81	$87	$93	0.4	56.2	-35.7	6.8
Unit operating income or (loss)	$385	$298	($103)	($121)	($181)	(3)	-22.6	(3)	-50.4
COGS/sales (1)	86.7	88.9	100.7	101.0	102.8	13.9	2.1	11.8	1.8
Operating income or (loss)/ sales (1)	11.0	7.8	(3.1)	(3.6)	(5.7)	-14.0	-3.1	-10.9	-2.1

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) U.S. shipment of imports rather than imports, per se, are shown.
(3) Not defined.

Note.-- Apparent U.S. consumption was computed using U.S. shipment of imports South Africa and because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-2: Series 2000 aluminum plate: Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

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Table C-3: Series 7000 aluminum plate: Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

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Table C-4

Series 2000, 6000, 7000 aluminum plate: Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			January-September		Period changes			Jan.-Sept.
	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. consumption quantity:									
Amount	113,646	94,208	97,193	73,568	83,638	-14.5	-17.1	3.2	13.7
Producers' share (1)	84.1	74.0	68.8	69.7	70.0	-15.2	-10.0	-5.2	0.4
Importers' share (1):									
South Africa	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	15.9	26.0	31.2	30.3	30.0	15.2	10.0	5.2	-0.4
U.S. consumption value:									
Amount	519,314	454,942	415,529	319,888	336,406	-20.0	-12.4	-8.7	5.2
Producers' share (1)	85.9	80.2	75.1	75.5	75.7	-10.8	-5.7	-5.1	0.3
Importers' share (1):									
South Africa	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	14.1	19.8	24.9	24.5	24.3	10.8	5.7	5.1	-0.3
U.S. shipments of imports from--									
South Africa:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources: (2)									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	18,119	24,461	30,295	22,317	25,066	67.2	35.0	23.9	12.3
Value	73,262	90,246	103,527	78,432	81,632	41.3	23.2	14.7	4.1
Unit value	$4,043	$3,689	$3,417	$3,514	$3,257	-15.5	-8.8	-7.4	-7.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	149,209	149,209	153,709	115,282	115,282	3.0	0.0	3.0	0.0
Production quantity	120,957	100,864	74,639	55,492	65,829	-38.3	-16.6	-26.0	18.6
Capacity utilization (1)	81.1	67.6	48.6	48.1	57.1	-32.5	-13.5	-19.0	9.0
U.S. shipments:									
Quantity	95,527	69,747	66,898	51,251	58,573	-30.0	-27.0	-4.1	14.3
Value	446,052	364,696	312,002	241,456	254,774	-30.1	-18.2	-14.4	5.5
Unit value	$4,669	$5,229	$4,664	$4,711	$4,350	-0.1	12.0	-10.8	-7.7
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	16,962	24,047	17,577	17,907	12,299	3.6	41.8	-26.9	-31.3
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	855	798	640	545	563	-25.1	-6.7	-19.8	3.3
Hours worked (1,000s)	1,944	1,841	1,403	1,068	1,005	-27.8	-5.3	-23.8	-5.9
Wages paid ($1,000s)	58,209	60,915	50,752	38,308	40,962	-12.8	4.6	-16.7	6.9
Hourly wages	$29.94	$33.09	$36.17	$35.87	$40.76	20.8	10.5	9.3	13.6
Productivity (tons/1,000 hours)	62.2	54.8	53.2	52.0	65.5	-14.5	-11.9	-2.9	26.1
Unit labor costs	$481.24	$603.93	$679.97	$690.33	$622.25	41.3	25.5	12.6	-9.9
Net sales:									
Quantity	121,325	93,779	81,109	61,632	71,107	-33.1	-22.7	-13.5	15.4
Value	570,105	486,396	396,861	302,632	330,651	-30.4	-14.7	-18.4	9.3
Unit value	$4,699	$5,187	$4,890	$4,910	$4,650	4.1	10.4	-5.7	-5.3
Cost of goods sold (COGS)	442,960	387,301	344,343	262,892	296,373	-22.3	-12.6	-11.1	12.7
Gross profit or (loss)	127,145	99,095	52,318	39,740	34,278	-58.9	-22.1	-47.2	-13.7
SG&A expenses	12,854	13,996	10,380	8,376	8,830	-19.2	8.9	-25.8	5.4
Operating income or (loss)	114,291	85,099	41,938	31,364	25,448	-63.3	-25.5	-50.7	-18.9
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	$3,651	$4,130	$4,245	$4,266	$4,168	16.3	13.1	2.8	-2.3
Unit SG&A expenses	$106	$149	$128	$136	$124	20.8	40.9	-14.3	-8.6
Unit operating income or (loss)	$942	$907	$517	$509	$358	-45.1	-3.7	-43.0	-29.7
COGS/sales (1)	77.7	79.6	86.8	86.9	89.6	9.1	1.9	7.2	2.8
Operating income or (loss)/ sales (1)	20.0	17.5	10.6	10.4	7.7	-9.5	-2.6	-6.9	-2.7

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Includes shipments of imports for series 2000 and 7000 product and imports, per se for series 6000 product.

Note.--Because of rounding figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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