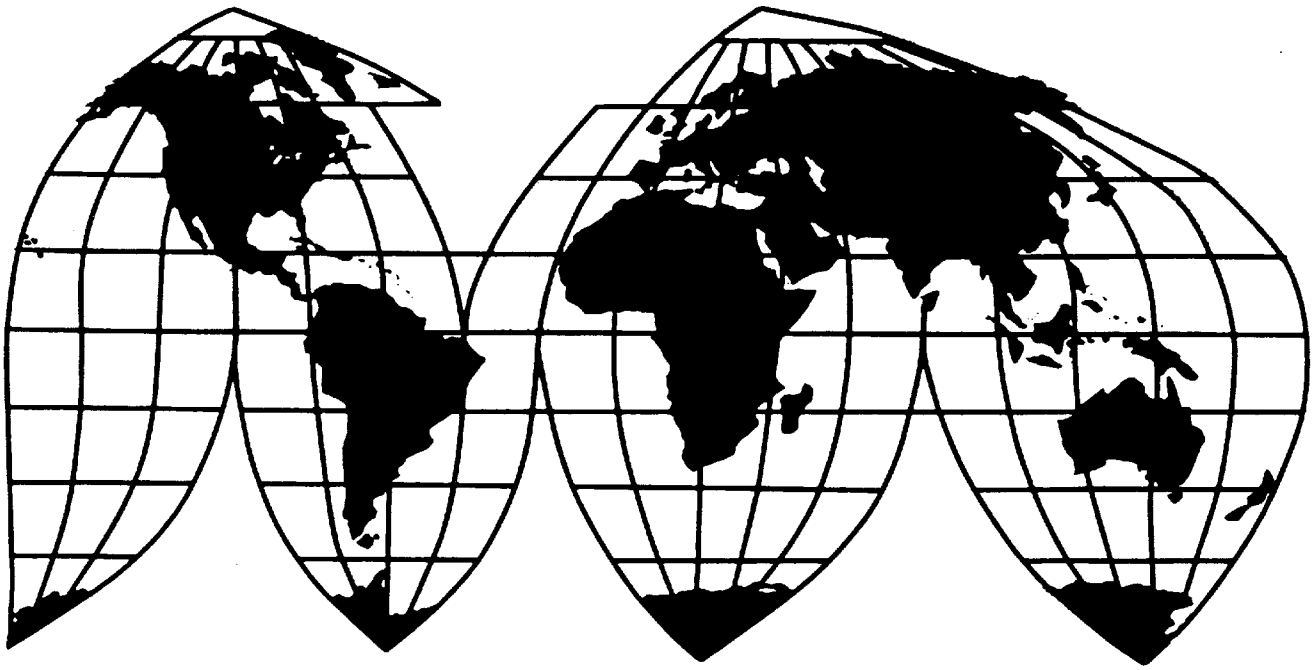
Structural Steel Beams From Japan and Korea

Investigation Nos. 701-TA-401 and 731-TA-853-854 (Review)

Publication 3840 **March 2006**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Stephen Koplan, Chairman
Deanna Tanner Okun, Vice Chairman
Jennifer A. Hillman
Charlotte R. Lane
Daniel R. Pearson
Shara L. Aranoff

Robert A. Rogowsky
Director of Operations

Staff assigned

Joann Tortorice Peterson, *Investigator*
Karl Tsuji, *Industry Analyst*
Alan Treat, *Industry Analyst*
Steven Trost, *Economist*
John Ascienzo, *Accountant*
Marc Bernstein, *Attorney*
Steven Hudgens, *Statistician*

Douglas Corkran, *Supervisory Investigator*

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Structural Steel Beams From Japan and Korea

Investigation Nos. 701-TA-401 and 731-TA-853-854 (Review)

Publication 3840

March 2006

CONTENTS

CONTENTS–*Continued*

Appendixes

Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted in the public version of the report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-401 and 731-TA-853-854 (Review)
Structural Steel Beams from Japan and Korea

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping order on structural steel beams from Japan and revocation of the antidumping and countervailing duty orders on structural steel beams from Korea would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

BACKGROUND

The Commission instituted these reviews on May 2, 2005 (70 F.R. 22696) and determined on August 5, 2005 that it would conduct full reviews (70 F.R. 48440, August 17, 2005). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on September 19, 2005 (70 F.R. 54962).[3] The hearing was held in Washington, DC, on January 12, 2006, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioner Charlotte R. Lane dissenting.

[3] The revised schedule for the subject reviews was published on November 4, 2005 (70 F.R. 67193).

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty orders on structural steel beams from Japan and Korea and revocation of the countervailing duty order on structural steel beams from Korea would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] [2]

I. SUMMARY[3]

At the time of the Commission's original investigations that are the subject of these reviews, the global structural steel beams market was affected greatly by what has come to be known as the Asian financial crisis. This crisis resulted in a decline in demand for steel beams in the previously expanding Asian markets. The disruption in the Asian markets particularly affected producers in countries such as Japan and Korea, both of which experienced declining home market demand and declining exports to that region. At the same time, demand for steel beams in the United States was increasing significantly and the domestic industry had difficulty supplying the market. Consequently, the U.S. market served as a destination for steel beams from the subject countries. U.S. imports surged in 1998 and remained high in 1999.

The Commission's original determinations focused on evidence that the domestic industry had been materially injured or was threatened with material injury by reason of the significant volume of steel beams from Japan and Korea, the high import penetration of subject product, the consistent pattern of underselling by those imports, and the declining operating margins of the domestic industry.

The domestic industry began to restructure toward the end of the original period of investigation and underwent further restructuring during the period of review. Several smaller mills either ceased production or were acquired by other producers. Chaparral Steel Corp. began production of structural steel beams at a new mill in Petersburg, Virginia, in 1999 and Steel Dynamics, Inc. ("SDI") opened a new mill in Columbia City, Indiana, in 2002. With the addition of this more efficient capacity, the domestic industry supplied a predominant and sharply increasing share of the U.S. market, rising from a low of 65.4 percent during the original period of investigation to 95 percent or more from 2003 until present. By contrast, market penetration of cumulated subject imports fell from its peak of 22.0 percent in 1998 to less than 0.5 percent since 2003. The industry was profitable throughout the period of review. Although operating margins were at relatively low levels during the middle of the period of review, the industry recorded solid operating profits during the last full year and nine months of the period. The domestic industry now is well equipped to supply growing U.S. demand.

---

[1] Commissioner Lane determines that revocation of the antidumping duty orders on structural steel beams from Japan and Korea and revocation of the countervailing duty order on structural steel beams from Korea would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Dissenting Views of Commissioner Charlotte R. Lane. She joins sections II, III, IV, and V.A. of these views.

[2] We have determined that the Korean Producers' Final Comments contain new factual information, specifically the detailed Canadian import licensing data for December 2005 referenced in footnote 28. Accordingly, pursuant to 19 U.S.C. § 1677m(g) and 19 C.F.R. § 207.68(b), we have disregarded the second, third, and sixth sentences of the second paragraph of footnote 28; the January-December 2005 and percentage change figures referenced in the final bullet point of the text on page 6, and the December 2005 and total 2005 figures provided in the table on the final page.

[3] Commissioner Lane does not join this section of the opinion.

We find that revoking the orders will not result in a significant volume of subject imports from Japan and Korea. While the industries in the subject countries have some ability to increase exports to the United States by increasing production or by shifting exports from other markets to the United States, we find that a significant increase in exports is not likely. We summarize here several of the main reasons for this conclusion.

First, the Asian financial crisis, which decimated demand in Asian markets, no longer exists and is unlikely to recur. Second, although there have been some recent reports of tightness in domestic supply, there are no current or anticipated shortages of domestically produced product. This contrasts with the situation during the original investigations (specifically, the end of 1997 and early 1998) and early in this period of review (2000) when the domestic industry had difficulty supplying market demand. This lessens the likelihood that purchasers would turn to imports to be assured of continued supply. The fact that imports from all sources are currently near their lowest level during a time of rising apparent U.S. consumption confirms that the market is not inadequately supplied.

Third, both Japanese and Korean producers have focused their sales first on their respective home markets and second on the Asian market in general, and we do not find that this situation would change substantially if the orders were revoked. While China moved from being a net importer to a net exporter of structural long products during 2004, this transition has had little effect on the behavior of subject producers. The transition in China is not likely to cause any significant change in supply and demand in either China or to other markets in East and Southeast Asia in the reasonably foreseeable future. The surplus of production over consumption for both China individually and East and Southeast Asia (including China, Japan, and Korea) generally is forecast to decline in 2006 and then increase *** in 2007. Thus, conditions in Asia likely will not cause any significant change to the subject producers' behavior in the reasonably foreseeable future.

Fourth, any price disparities between the U.S. market and markets in those countries currently served by the subject producers do not suggest any likely significant increase in exports to the United States upon revocation of the orders. As an initial matter, U.S. prices have not been consistently higher than prices in Japan and Korea. Moreover, price disparities in the structural steel beams market have not significantly influenced export patterns. Responding Japanese producers reported that home market shipments accounted for at least *** percent of total shipments in each calendar year and interim period throughout the period of review. Korean producers' home market shipments accounted for between *** percent and *** percent of total shipments during the review period. Notwithstanding the growing disparity between U.S. prices and those in China and certain other world markets since China became a net exporter of structural long products in 2004, there has not been an influx of imports from any source into the U.S. market since that time. Indeed, the domestic industry's share of apparent U.S. consumption was above 95 percent in 2005, near a period high during a time of rising U.S. consumption.

Significant price effects are not likely should the orders be revoked, because pricing patterns after revocation are not likely to differ significantly from those prevailing during the period of review. Any underselling will not likely be significant in light of pricing premiums domestic producers receive, and subject imports will likely continue to have insufficient presence in the market to be a cause of significant price depression or suppression. While price is important, some purchasers prefer to buy domestically produced product for non-price reasons. Factors such as the superior availability and faster delivery of domestic product allow domestic producers to obtain a price premium for their products. The substantial volatility of the price of scrap – which is the main raw material for beams – since the beginning of 2004 has made purchasing domestic product less risky than purchasing imports. This is because market conditions may change between the time of order, when price and raw material surcharges are set, and the time of delivery. Moreover, scrap prices are projected to decline in the reasonably foreseeable future, making it less likely that purchasers will increase inventories by buying more imports. Given the dominant presence of the domestic industry in the U.S. market, we find it unlikely that, absent the orders, any resulting Japanese or Korean subject imports would be sold at prices likely to have significant adverse effects on the domestic industry.

We find that the domestic industry is not vulnerable to material industry in the event of revocation, given the industry's consistent profitability and overwhelming market share, and purchasers' preference for domestically produced product for non-price reasons. In the absence of significant likely volume or price effects by subject imports, we find that revocation of the orders is not likely to have a significant impact on the domestic industry.

II. BACKGROUND

In June 2000, the Commission made an affirmative determination in an antidumping duty investigation concerning structural steel beams from Japan. Three Commissioners found that the domestic industry was materially injured by reason of the subject imports.[4] Three Commissioners found that the domestic industry was threatened with material injury by reason of the subject imports.[5] The U.S. Department of Commerce issued an antidumping duty order on structural steel beams from Japan on June 19, 2000.[6]

In August 2000, the Commission made affirmative determinations in antidumping and countervailing duty investigations concerning structural steel beams from Korea. Because the Commission cumulated subject imports from Japan and Korea in the Japan investigation, the Commission's opinion in the Korea investigations incorporated by reference the views published in the Japan investigation.[7] Thus, as in the Japan investigation, three Commissioners' affirmative determinations were predicated on current material injury and the other three Commissioners' affirmative determinations were predicated on threat. Commerce issued antidumping and countervailing duty orders on structural steel beams from Korea in August 2000.[8] There was no litigation concerning the Commission's final determinations in its investigations of structural steel beams from Japan and Korea.

On May 2, 2005, the Commission instituted these five-year reviews pursuant to section 751(c) of the Act to determine whether revocation of the countervailing and antidumping duty orders on structural steel beams from Japan and Korea would likely lead to continuation or recurrence of material injury.[9] The Committee for Fair Beam Imports ("the Committee") and Korean Producers filed responses to the Notice of Institution.[10] On August 5, 2005, the Commission found that each of the individual responses to the Notice of Institution was adequate, that the domestic interested party group response was adequate, that the respondent interested party group response was adequate in the reviews concerning imports from Korea, and that the respondent interested party group response was inadequate in the review concerning imports from Japan. The Commission decided to conduct full reviews concerning imports from Korea in light of the adequate domestic interested party and respondent interested party group responses. It

---

[4] Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final), USITC Pub. 3308 at 11-15 (June 2000) (views of Commissioners Miller, Hillman, and Okun) ("Original Determination").

[5] Original Determination, USITC Pub. 3308 at 16-19 (views of Commissioners Bragg, Koplan, and Askey).

[6] 65 Fed. Reg. 37960 (June 19, 2000).

[7] Certain Structural Steel Beams from Korea, Inv. Nos. 701-TA-401, 731-TA-854 (Final), USITC Pub. 3326 (Aug. 2000). The Commission acknowledged Commerce's final dumping margins and subsidy rates for Korea, but stated that these did not alter the analyses used in the Japan investigation. Id. at 3. Consequently, this opinion's citations to the original determination will be to the original Japan determination.

[8] 65 Fed. Reg. 49542 (Aug. 14, 2000) (CVD order); 65 Fed. Reg. 50502 (Aug. 18, 2000) (AD order).

[9] 70 Fed. Reg. 22696 (May 2, 2005).

[10] The four individual members of the Committee are Chaparral Steel Corp., Nucor Corp., Nucor-Yamato Steel Co., and SDI. These four domestic producers accounted for nearly *** short tons or more than *** of all domestic production of structural steel beams in 2004. Confidential Report (CR) at I-24, I-25, Public Report (PR) at I-21.

The "Korean Producers" are INI Steel Co. ("INI") and Dongkuk Steel Mill Co., Ltd. ("Dongkuk"), producers and exporters of subject merchandise from Korea.

decided to conduct a full review concerning imports from Japan, notwithstanding the inadequate respondent interested party response, to promote administrative efficiency.[11]

III. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry."[12] 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 subtitle."[13] The Commission's practice in five-year reviews is to look to the like product definition from the original determination and any previous reviews and consider whether the record indicates any reason to revisit that definition.[14]

> Commerce has defined the imported product subject to the orders under review as: doubly-symmetric shapes, whether hot- or cold-rolled, drawn, extruded, formed or finished, having at least one dimension of at least 80 mm (3.2 inches or more), whether of carbon or alloy (other than stainless) steel, and whether or not drilled, punched, notched, painted, coated, or clad. These products ("Structural Steel Beams") include, but are not limited to, wide-flange beams (W shapes), bearing piles (HP shapes), standard beams (S or I shapes), and M-shapes. All products that meet the physical and metallurgical descriptions provided above are within the scope of this order unless otherwise excluded. The following products are outside and/or specifically excluded from the scope of this order: Structural steel beams greater than 400 pounds per linear foot or with a web or section height (also known as depth) over 40 inches.[15]

In the original investigations, the Commission defined a single domestic like product coextensive with Commerce's scope description.[16] In their responses to the notice of institution, the parties indicated that they agree with the manner in which the Commission defined the domestic like product in the original investigations.[17]

---

[11] See Explanation of Commission Determination on Adequacy in Structural Steel Beams from Japan and Korea, reprinted in CR/PR, Appendix A.

[12] 19 U.S.C. § 1677(4)(A).

[13] 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[14] See Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, Inv. Nos. 701-TA-380-382 and 731-TA-797-804 (Review), USITC Pub. 3788 at 6 (July 2005); Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); Steel Concrete Reinforcing Bar from Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

[15] 70 Fed. Reg. 53167 (Sept. 7, 2005) (Korea CVD order), 53633 (Sept. 9, 2005) (Japan and Korea AD orders).

[16] Original Determination, USITC Pub. 3308 at 4-5. There were no domestic like product issues raised in either the preliminary or final phases of the original investigations. See id.; Certain Structural Steel Beams from Germany, Japan, Korea, and Spain, Inv. Nos. 701-TA-401, 731-TA-852-855 (Preliminary), USITC Pub. 3225 at 5 (Sept. 1999).

[17] Committee Response to Notice of Institution at 29; Korean Producers Response to Notice of Institution at 7.

The record contains no information indicating that the characteristics of structural steel beams have changed since the time of the original investigations.[18] In light of this and the lack of any contrary argument by the parties, we define the domestic like product in the same manner as in the original investigations. Consequently, the domestic like product encompasses those domestically produced structural steel beams described by Commerce's scope definition.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[19]

The Commission's original determinations defined the domestic industry as encompassing all U.S. producers of structural steel beams.[20] In these five-year reviews, the parties stated in their responses to the Notice of Institution that they agree with the manner in which the Commission defined the domestic industry in the original investigations.[21] We define the domestic industry in these reviews to encompass all U.S. producers of structural steel beams.[22]

---

[18] See CR at I-18-24, PR at I-16-20.

[19] 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[20] Original Determination, USITC Pub. 3308 at 5-6.

[21] Committee Response to Notice of Institution at 29; Korean Producers Response to Notice of Institution at 7.

[22] There is an issue whether any producer should be excluded under the related parties provision codified at 19 U.S.C. § 1677(4)(B). This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or which are themselves importers.

These reviews present an issue concerning the potential related party status of domestic producer Nucor-Yamato. Nucor-Yamato is a joint venture owned 51 percent by Nucor and 49 percent by Yamato Kogyo Co., Ltd. ("Yamato Kogyo"). CR/PR, Table I-3; *http://www.yamatokogyo.co.jp/english/company3.html* (visited and printed January 23, 2006); *http://www.hoovers.com/nucor-yamato-steel/ --ID__111629--/free-co-factsheet.xhtml* (visited and printed January 23, 2006). Yamato Steel Co. ("Yamato Steel"), which is 100 percent owned by Yamato Kogyo, exported *** tons of subject merchandise to the United States ***.
http://www.yamatokogyo.co.jp/english/company3.html; Yamato Steel Foreign Producers' Questionnaire Response (response to question II-16A).

The statute states that a domestic producer and an exporter of subject merchandise "shall be considered to be related parties, if . . . a third party directly or indirectly controls the producer and the exporter or importer." 19 U.S.C. § 1677(4)(B)(ii)(III). It further specifies that "a party shall be considered to directly or indirectly control another party if the party is legally or operationally in a position to exercise restraint or direction over the other party." 19 U.S.C. § 1677(4)(B)(ii).

The parties did not address the potential related party status of Nucor-Yamato. Assuming arguendo that Nucor-Yamato is a related party because Yamato Kogyo (which clearly controls Yamato Steel) exerts direct or indirect control over Nucor-Yamato by virtue of its minority ownership of that firm and its ability to appoint *** of Nucor-Yamato's six board members, see CR/PR, Table I-3 n.5, we conclude that appropriate circumstances do not exist for excluding Nucor-Yamato from the domestic industry.

Yamato Steel exported *** subject merchandise during the period of review. ***. Yamato Steel Foreign Producers' Questionnaire Response (Response to Question II-16). By contrast, Nucor-Yamato is *** producer of the domestic like product, with 2004 U.S. sales of *** short tons. CR/PR, Tables I-3, III-7. Nucor-Yamato supports

(continued...)

IV. CUMULATION

A. Framework

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[23]

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[24] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[25] With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.[26]

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as Commerce initiated all reviews on May 2, 2005.[27]

The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[28] Only a

---

[22] (...continued)
continuation of the orders and was a member of the petitioning entity in the original investigations. CR/PR at I-2 n.2, Table I-3. While Nucor-Yamato displayed *** operating performance throughout the period of review, CR/PR, Table III-7, Yamato Kogyo's relationship with Nucor-Yamato does not appear to us to have had any discernible effect on Nucor-Yamato's financial performance.

[23] 19 U.S.C. § 1675a(a)(7).

[24] 19 U.S.C. § 1675a(a)(7).

[25] SAA, H.R. Rep. No. 103-316, vol. I (1994).

[26] For a discussion of the analytical framework of Chairman Koplan and Commissioner Hillman regarding the application of the "no discernible adverse impact" provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review), USITC Pub. 3274 (Feb. 2000). For a further discussion of Chairman Koplan's analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review), USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

[27] 70 Fed. Reg. 22632 (May 2, 2005).

[28] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical (continued...)

"reasonable overlap" of competition is required.[29] In five-year reviews, the relevant inquiry is whether there likely would be a reasonable overlap of competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are terminated. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[30]

In the original investigations, the Commission cumulated subject imports from Japan and Korea for purposes of material injury analysis. The parties did not dispute the appropriateness of cumulation. The Commission found that structural steel beams from both subject and domestic sources were commodity-like products produced to standard specifications, were sold throughout the United States, were sold to distributors, and were simultaneously present in the market.[31] In these reviews, the Committee argues that the Commission should exercise its discretion to cumulate subject imports from Japan and Korea. Korean Producers contend that the Commission should exercise its discretion not to cumulate subject imports from Japan and Korea. They maintain that revocation of the orders on subject imports from Korea will likely have no discernible adverse impact on the domestic industry. They also argue that likely conditions of competition differ with respect to subject imports from Korea, on the one hand, and subject imports from Japan, on the other.

B. Likelihood of No Discernible Adverse Impact

We do not find that revocation of either the antidumping duty order on subject imports from Japan, on the one hand, or the antidumping and countervailing duty orders on subject imports from Korea, on the other hand, would be likely to have no discernible adverse impact on the domestic industry.

---

[28] (...continued)
markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[29] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (Ct. Int'l Trade 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[30] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

[31] Original Determination, USITC Pub. 3308 at 7-8. Additionally, the three Commissioners who reached the issue of threat of material injury exercised their discretion to cumulate subject imports from Japan and Korea because they found "no significant differences in the conditions of competition or trends in the volume or prices of imports from Japan and Korea." Id. at 16-17.

Subject imports from each subject country fell precipitously from 1998 and 1999 levels in 2000, the year the orders under review were issued.[32] During the period of review, which encompasses January 2000 through September 2005, subject imports have remained in the U.S. market at very low levels. Subject imports from Japan have never accounted for more than 0.1 percent of the quantity of apparent U.S. consumption and subject imports from Korea have never accounted for more than 0.9 percent of the quantity of apparent U.S. consumption during any calendar year or interim period within the period of review. The market penetration of subject imports from Korea has not exceeded 0.4 percent since 2003.[33]

The record indicates that capacity utilization in Japan ranged from *** percent to *** percent during the period of review.[34] Capacity utilization in Korea has been higher, and since 2002 has been at least *** percent.[35] The record indicates that Korea exports an appreciable share of its production; moreover, during the period of review its exports to Canada, which fluctuated widely on an annual basis, exceeded those to the United States.[36] Canada and the United States, in contrast to markets outside North America, use beams in imperial (as opposed to metric) measurements.[37]

In light of the restraining effects of the orders on imports from both subject countries during the period of review, the existence of substantial unused capacity in Japan, and Korean producers' apparent ability to shift exports that are physically interchangeable between North American markets, revocation of the orders will likely result in some increase in imports from each subject country.[38] In light of this, we cannot conclude that revocation of either the antidumping duty order on subject imports from Japan, on the one hand, or the antidumping and countervailing duty orders on subject imports from Korea, on the other hand, would likely have no discernible adverse impact on the domestic industry.

C. Likelihood of a Reasonable Overlap of Competition

We have referred to four factors in considering whether subject imports will likely compete with each other and with the domestic like products: (1) fungibility; (2) sales or offers in the same geographic markets; (3) common or similar channels of distribution; and (4) simultaneous presence. We find a likely reasonable overlap of competition among subject imports from Japan and Korea and between these imports and the domestic like product if the orders were to be revoked.

Fungibility. In the original determination, the Commission found that the imports from each subject country were generally considered substitutable with each other and with the domestic like product. The majority of all types of market participants characterized the domestic like product and the subject imports as always or frequently interchangeable.[39]

The questionnaire responses in these five-year reviews indicate a high degree of homogeneity in structural steel beams of a particular size or specification regardless of country of manufacture.[40] As in the original investigations, market participants generally found the subject imports and the domestic like product to be interchangeable. All U.S. producers found the domestic like product to be at least frequently interchangeable with imports from each subject country. A significant majority of purchasers

---

[32] CR/PR, Table I-1.

[33] CR/PR, Tables I-7, I-8.

[34] CR/PR, Table IV-6.

[35] CR/PR, Table IV-7.

[36] CR/PR, Table IV-7; Korean Producers Posthearing Brief, ex. 1.

[37] See CR at II-13, PR at II-9; Tr. at 161 (Stratman).

[38] As all Commissioners except Commissioner Lane conclude in section V.C. below, any increase in import volumes is likely to be modest at best.

[39] Original Determination, USITC Pub. 3308 at 7.

[40] CR at II-29, PR at II-19.

found the domestic like product to be always interchangeable with imports from each subject country. A majority of reporting importers found the domestic like product to be at least frequently interchangeable with subject imports from Japan and a plurality of reporting importers found the domestic like product to be at least frequently interchangeable with subject imports from Korea.[41] A majority or plurality of purchasers found the domestic like product and subject imports from Japan comparable in 10 of 13 non-price-related characteristics and a majority of purchasers found the domestic like product and subject imports from Korea comparable in eight of 13 non-price-related characteristics.[42]

Geographic Overlap. In the original investigations, the Commission found that the domestic like product and subject imports from Japan and Korea were sold throughout the United States.[43] The domestic like product continued to be sold nationwide during the period of review.[44] Purchasers of the subject imports that responded to the Commission's questionnaires were located in numerous different U.S. regions.[45]

Channels of Distribution. In the original investigations, the Commission found a reasonable overlap of channels of distribution because distributors were a significant channel of distribution for the domestic like product, subject imports from Japan, and subject imports from Korea.[46] During the period of review, 61.2 percent of domestically produced structural steel beams and nearly all subject imports from Korea were shipped to distributors.[47] Several purchasers of subject imports from Japan during the period of review were distributors.[48]

Simultaneous Presence. During the 69 months encompassed by the period of review, subject imports from Japan entered in 37 months, and subject imports from Korea entered in 67 months.[49]

Conclusion. No party has argued that there will not be a likely reasonable overlap of competition between subject imports from Japan and subject imports from Korea should the orders under review be revoked. The record indicates that the domestic like product, subject imports from Japan, and subject imports from Korea are all fungible, are currently distributed nationwide, and are currently shipped to distributors, as in the original investigations. While subject imports from Japan were not present in the U.S. market on the same regular monthly basis during the period of review as subject imports from Korea, this appears to be a function of these imports largely exiting the U.S. market after imposition of the orders. Because we have concluded that subject imports from Japan will likely enter the U.S. market in sufficient quantities to have a discernible adverse impact on the domestic industry, it follows that such imports are likely to enter the United States on a continuous basis, as they did during the original

---

[41] CR/PR, Table II-5.

[42] CR/PR, Table II-4. A majority of purchasers deemed the domestic like product superior to imports from each subject country in the categories of product availability, delivery time, and product range. A majority of purchasers also deemed the domestic like product superior to subject imports from Korea in the categories of reliability of supply and technical support/service.

[43] Original Determination, USITC Pub. 3308 at 7.

[44] CR at IV-5, PR at IV-4.

[45] Purchasers of subject imports from Japan were located in Alabama, California, Colorado, North Carolina, and Texas. Purchasers of subject imports from Korea were located in California, Colorado, Georgia, North Carolina, Texas, and Washington. CR/PR, Table I-6.

[46] Original Determination, USITC Pub. 3308 at 8.

[47] CR at II-4, PR at II-3.

[48] See CR/PR, Table I-6. While the questionnaire data indicate that *** subject imports from Japan during the period of review were shipped to end users, this appears to be because the importers' questionnaire provided very limited information about shipments of subject imports from Japan. See CR/PR, Table II-1.

[49] CR/PR, Tables IV-3, IV-4.

investigations. We find that the subject imports from Japan and Korea will likely compete with each other and with the domestic like product should the orders under review be revoked.

D. Other Considerations

In determining whether to exercise our discretion to cumulate subject imports from Japan and Korea, we assess whether the subject imports from each country are likely to compete under similar or different conditions of competition in the U.S. market.

Korean Producers have pointed to several considerations that they maintain support a conclusion that subject imports from Japan and Korea will likely compete under different conditions of competition. They first assert that subject imports from Japan and Korea have displayed different volume trends. This is not correct: imports from both sources increased sharply during the original period of investigation and declined sharply after imposition of the orders.[50] It is true, as Korean Producers observe, that reported capacity utilization during the period of review has been appreciably higher for Korean producers than for Japanese producers.[51] However, capacity reported in the foreign producers' questionnaires declined in both countries during the period of review.[52] The divergence in capacity utilization trends noted by Korean Producers does not provide a sufficient basis not to cumulate the subject imports, given the general homogeneity of structural steel beams from subject and domestic sources, and the lack of any other significant difference in historic or likely trends. We consequently exercise our discretion to cumulate subject imports from Japan and Korea.

V. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE COUNTERVAILING AND ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standard in a Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[53] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[54] Thus, the likelihood standard is prospective in

---

[50] CR/PR, Table I-1.

[51] CR/PR, Tables IV-6, IV-7. The Committee claims that the Korean Producers' foreign questionnaire responses understated capacity and thereby overstated capacity utilization. For the reasons stated in the Commission Report, we accept the Korean Producers' reported capacity data. See CR at IV-18 n.25, PR at IV-11 n.25.

[52] CR/PR, Tables IV-6, IV-7. While the Japanese firms that responded to the Commission's foreign producer questionnaire accounted for approximately *** percent of estimated total structural steel beam production in that country in 2004, CR at IV-8, PR at IV-7, published estimates of total structural steel beams production capacity in Japan similarly indicate that there has been a decline in capacity since 2000. CR at IV-9 n.8, PR at IV-7 n.8.

[53] 19 U.S.C. § 1675a(a).

[54] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

nature.[55] The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[56] [57] [58]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[59] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[60] [61]

---

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

[56] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), aff'd without opinion, 05-1019 (Fed. Cir. August 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int'l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int'l Trade July 19, 2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[57] Vice Chairman Okun notes that, consistent with her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade's interpretation of "likely" to mean "probable." See Usinor Industeel, S.A. et. al. v. United States, No. 01-00006, Slip Op. 02-39 at 13 (Ct. Int'l Trade April 29, 2002). However, she will apply the Court's standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue. See also Additional Views of Vice Chairman Deanna Tanner Okun Concerning the "Likely" Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

[58] Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade's interpretation of "likely" but she will apply the Court's standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

[59] 19 U.S.C. § 1675a(a)(5).

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

[61] In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define "reasonably foreseeable time" by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may

(continued...)

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[62] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[63] [64]

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[65] The following conditions of competition are relevant to our determination.

1. U.S. Demand

Structural steel beams are designed specifically to be load-bearing support members in a wide range of structural applications such as buildings, bridges, towers, pre-manufactured homes, railroad rolling stock, ships, and original equipment manufacturing applications.[66] The demand for structural steel beams depends primarily on the level of demand for downstream products using beams, which in turn is largely a function of construction demand.[67] During the period of review, apparent U.S. consumption of beams peaked during 2000, when it was 6.2 million short tons. Apparent consumption then fell in 2001 and 2002, when it reached a period low of 4.4 million short tons, and rose the next two years, reaching 4.8 million tons in 2004. Apparent U.S. consumption was higher in interim 2005, when it was 3.80 million short tons, than in interim 2004, when it was 3.78 million short tons.[68] Consumption of structural steel beams in the United States is projected to rise modestly in the reasonably foreseeable future.[69]

---

[61] (...continued)
occur in predicting events into the more distant future.

[62] 19 U.S.C. § 1675a(a)(1).

[63] 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-14 n.35, PR at I-11 n.35. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[64] Commissioner Lane does not join the remainder of this opinion. See Dissenting Views of Commissioner Charlotte R. Lane.

[65] 19 U.S.C. § 1675a(a)(4).

[66] CR at I-18, PR at I-16.

[67] CR at II-14, PR at II-9; see Tr. at 17-18 (Wright).

[68] CR/PR, Table I-7. Committee witnesses testified at the hearing that U.S. demand during the period of review did not follow any discernible cycle. Tr. at 18 (Wright), 149 (Rossi).

[69] Committee Prehearing Brief at 42; ex. 6A, Table S2. The latter table contains projections ***, of U.S. consumption of "structural long products." Although "structural long products" are not coextensive with the
(continued...)

During the period of review, the majority of the domestic like product, cumulated subject imports, and imports from other sources were purchased by distributors.[70] Demand from distributors depends in part on expected future prices. Distributors tend to increase inventories when they perceive that prices are likely to rise and tend to decrease inventories when they perceive that prices are likely to decline.[71] Because distributors' purchasing patterns may reflect their desire to manage inventory levels, trends in apparent consumption over particular periods of time may not directly reflect trends in underlying construction demand.[72]

The next largest group of purchasers after distributors are steel fabricators, which during the period of review accounted for 29.8 percent of purchases of the domestic like product and a smaller percentage of purchases of imports. Direct purchases by end users accounted for 9.0 percent of purchases of the domestic like product during the period of review, and generally a very small percentage of the purchases of imports.[73]

2. U.S. Supply

There have been several changes in the composition of the domestic industry since the original investigations.[74] SDI began production of structural steel beams at a new mill in Columbia City, Indiana in 2002.[75] Two firms (Northwestern and J&L) which produced structural steel beams during the original period of investigation filed for bankruptcy protection and their production facilities were subsequently shut down.[76] Another firm (North Star) sold its rolling mill to a new purchaser which *** upon its acquisition.[77] Additionally, in December 2001 Gerdau Ameristeel purchased a structural steel beams production facility previously owned by Birmingham Steel Corp.[78]

---

[69] (...continued)
domestic like product we have defined, the parties agree that the *** provide useful surrogates for data concerning the domestic like product and the subject imports.

The Commission questionnaires asked market participants about the likely effect of the Safe, Accountable, Flexible, Efficient Transportation Equity Act of 2005 and major hurricanes of 2005 on demand for structural steel beams. The responses to these questions indicate that market participants project these developments will have at most a minor effect on demand. See CR at II-15-16, PR at II-10.

[70] CR/PR, Table II-5; see also CR at II-4 & n.9, PR at II-3 & n.9.

[71] CR at II-14, PR at II-9.

[72] CR at II-14, PR at II-9. In the original investigations, the Commission observed that apparent consumption trends did not always mirror underlying trends in construction demand because of distributors' inventory management practices. See Original Determination, USITC Pub. 3308 at 9.

[73] CR/PR, Table II-1; CR at II-4, PR at II-3.

[74] Information presented in these reviews concerning the domestic industry is based on questionnaire responses of 11 current and former U.S. producers of structural steel beams that accounted for nearly all U.S. production during the period for which data were collected. In addition to the four members of the Committee, the Commission received complete questionnaire responses from Gerdau Ameristeel, SMI Steel, and Steel of West Virginia. In addition, *** provided an incomplete response. For Birmingham Steel, J&L Structural, and Northwestern Steel & Wire, the Commission Report uses historical information from a structural steel beams investigation completed in 2002. Because these firms are no longer in operation, staff was unable to issue questionnaires to them. See CR at III-1, PR at III-1.

[75] CR at I-31, PR at I-26.

[76] CR at I-30-31, PR at I-25-26.

[77] CR at I-30, PR at I-26.

[78] CR at I-29-30, PR at I-25.

As a result of the combination of openings, shutdowns, and acquisitions, the domestic industry's capacity fluctuated on an annual basis during the period of review. Capacity rose from 6.4 million short tons in 2000 to 6.6 million short tons in 2004, but was lower in interim 2005, when it was 4.6 million short tons, than in interim 2004, when it was 4.8 million short tons.[79] The relatively small increase in capacity from 2000 to 2004 reflects the fact that the capacity of each of the individual shuttered facilities was relatively small in comparison to that of new entrant SDI.[80] A domestic industry representative characterized the production facilities that opened during or shortly prior to the period of review as being much more efficient than the production facilities that closed during the period.[81]

All current U.S. producers manufacture structural steel beams at minimills that melt steel scrap in electric arc furnaces.[82] Steel scrap is the principal raw material used to produce structural steel beams. Scrap costs generally declined at the beginning of the period of review, reaching a period low of $78 per gross ton in late 2001, began to rise in 2002, and rose sharply in 2004, reaching a period high of $302 per ton in November 2004. During the latter portion of 2004 and throughout 2005, steel scrap costs fluctuated erratically on a monthly basis.[83] Steel scrap costs are projected to decline in 2006.[84] U.S. producers began to institute scrap surcharges on their sales beginning in January 2004 and such surcharges persisted through the end of the period of review.[85]

The domestic industry's capacity utilization was well under 100 percent throughout the period of review. Its peak capacity utilization for any calendar year was 80.5 percent in 2004.[86] Domestic industry representatives testified at the Commission hearing that achieving full capacity utilization would require use of less efficient production facilities and thereby increase marginal production costs.[87] Inventories fluctuated from 2000 to 2003, increased noticeably in 2004, and then fell sharply in 2005. Inventories were 42.6 percent lower in interim 2005 than in interim 2004 and the ratios of inventories to production, U.S. shipments, and total shipments were at period lows during interim 2005.[88] Data U.S. producers provided to the Commission indicate mixed trends in lead times during 2005, although there were press reports during late 2005 of order backlogs and increases in lead times.[89] Additionally, nine of 21 purchasers reported being placed on allocation or "controlled order entry" during the period of review.[90] At the hearing, however, several U.S. producers stated that they had not put any purchasers on allocations for any reason other than creditworthiness.[91]

---

[79] CR/PR, Table III-2. The Commission's database includes information concerning those firms and facilities that exited the industry since the original period of investigation. See CR at III-1 n.2, PR at III-1 n.2.

[80] See CR at I-30-31, PR at I-25-26.

[81] Tr. at 94 (Kaplan).

[82] CR at I-20, PR at I-17.

[83] CR/PR at V-1, Figure V-1.

[84] Committee Prehearing Brief, ex. 6A at 9.

[85] CR at V-1-2, PR at V-1.

[86] CR/PR, Table III-2. In interim 2004, capacity utilization reached 87.1 percent. By contrast, capacity utilization was 79.4 percent in interim 2005. Id.

[87] Tr. at 132 (Kaplan).

[88] CR/PR, Table III-4.

[89] CR at II-23-24, III-7, PR at II-16, III-6.

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

[91] Tr. at 122 (Nolan), 126-27 (Stratman), 130 (Ambrose).

During the period of review, the domestic industry supplied a predominant and sharply increasing share of the U.S. market. Its market share, which had fallen as low as 65.4 percent during the original period of investigation, rose to 79.2 percent in 2000, 89.5 percent in 2001, 93.1 percent in 2002, and 95.6 percent in 2003.[92] The domestic industry's market share remained at or above 95 percent in 2004, interim 2004, and interim 2005.[93] Imports from nonsubject sources accounted for 20.4 percent of apparent U.S. consumption in 2000, 10.0 percent in 2001, and 5.9 percent or less thereafter.[94] The cumulated subject imports accounted for no more than 1.0 percent of apparent U.S. consumption throughout the period of review.[95]

3. Global Demand

Global consumption of structural long products (a product category which is not identical to structural steel beams, but which the parties have agreed provides a useful surrogate for analysis of certain conditions of competition) declined from 2000 to 2001, but increased every year thereafter.[96] Further increases in global consumption are projected in 2006 and 2007.[97]

In the original determination, the Commission found a pertinent condition of competition to be what is now known as the "Asian financial crisis" – extreme difficulties in the financial and construction sectors of Pacific Rim countries including Japan and Korea, which depressed steel beam demand in those countries.[98] Indeed, in East and Southeast Asia, including China, consumption of structural long products declined *** from 1997 to 1998.[99] During the period of review, consumption in this region increased ***.[100] Further growth in consumption in this region is forecast for 2006 and 2007.[101]

---

[92] CR/PR, Table I-1.

[93] CR/PR, Table I-8.

[94] CR/PR, Table I-8. Sources of nonsubject imports during the period of review include Brazil, China, Germany, Ireland, Italy, Luxembourg, Poland, Russia, Spain, South Africa, Taiwan, and the United Kingdom. CR/PR, Table I-5.

[95] CR/PR, Table I-8.

[96] CR/PR, Table IV-12.

[97] CR/PR, Table IV-13.

[98] Original Determination, USITC Pub. 3308 at 11.

[99] Between 1997 and 1998, consumption in this region declined by *** percent. In Japan, consumption of structural long products declined *** percent between 1997 and 1998. In Korea, consumption of structural long products declined *** between 1997 and 1998. Committee Prehearing Brief, ex. 6A, Table S5.

After the record in these reviews closed, we determined that there was an isolated error in the transcription of *** data used to create Table IV-11 of the Commission Report, resulting in the understatement of consumption in East and Southeast Asia, excluding China, and in total consumption, for the year 1997. We have consequently relied on the underlying *** data.

[100] Committee Prehearing Brief, ex. 6A, Table S5. The individual subject countries showed distinct trends. In Korea, consumption of structural long products rebounded ***. Since 2003, consumption in Korea has declined ***, but in 2005 consumption was still *** above the 1997 level. Id. Korean Producers provided information concerning apparent Korean consumption of structural steel beams from 2001 through interim 2005. This information indicates that apparent Korean consumption increased *** from 2001 to 2003, and then declined in 2004 to a level *** above the 2001 level. Apparent Korean consumption was *** lower in interim 2005 than in interim 2004. Korean Producers Posthearing Brief at Q-2

Japan, by contrast, generally showed a decline in consumption from its 1997 level. Japanese consumption rose in 2000, declined the next three years, increased in 2004, and declined in 2005. Committee Prehearing Brief, ex. 6A, Table S5. While Japanese consumption declined during the period of review, production in Japan declined

(continued...)

Consumption in China has risen each year since 1995, with *** growth occurring during the period of review. Consumption in China is projected to increase further in 2006 and 2007.[102]

4. Global Supply

Global production of structural long products declined from 2000 to 2001, but then increased through 2005.[103] It is also projected to increase in 2006 and 2007.[104] China is the largest source of both actual increases during the period of review and projected increases thereafter.[105]

During the period of review, in East and Southeast Asia generally (including China), production of structural long products exceeded consumption. The surplus of production over consumption was at its *** in 2000, declined each year until 2003, and increased thereafter. This surplus is forecast to decline in 2006 and then increase to a level *** in 2007.[106]

During the period of review, Chinese production increased more rapidly than Chinese consumption. China shifted from being a net importer of structural long products (in the sense that consumption exceeded production) to being a net exporter (in the sense that production exceeded consumption) during the third quarter of 2004.[107] The surplus of production over consumption in China is expected to decline in 2006 and increase only *** from the 2006 level in 2007.[108]

Available questionnaire data indicate that Japanese production of subject merchandise fluctuated within a relatively narrow range during the period of review. Production declined from 2000 to 2004 and was lower in interim 2005 than in interim 2004.[109] Questionnaire data for Korea, which cover the entire industry, indicate that production of the subject merchandise in that country increased every year during the period of review, although it was lower in interim 2005 than in interim 2004.[110]

A final pertinent condition of competition concerning global supply concerns Canada. There has been no producer of structural steel beams in Canada during the entire period of review.[111] Accordingly, the Canadian market has been dependent on imports of this product. The United States is now the predominant supplier of structural steel beams to Canada, and the presence of U.S. exports in the Canadian market increased substantially during the period of review.[112]

---

[100] (...continued)
as well. Consequently, the ratio of Japanese consumption and production levels has remained generally consistent. See Committee Prehearing Brief, ex. 6A, Table S18.

[101] Committee Prehearing Brief, ex. 6A, Table S5. Consumption of structural long products in both Japan and Korea is projected to be above the 2005 level in 2006 and 2007. Id.

[102] Committee Prehearing Brief, ex. 6A, Table S5.

[103] CR/PR, Table IV-9.

[104] CR/PR, Table IV-10.

[105] CR/PR, Tables IV-9-10.

[106] Committee Posthearing Brief, ex. 16A , Table S18.

[107] Committee Posthearing Brief, ex. 16A, Tables S5, S12. See also Tr. at 23 (Wright) (contending that shift in status occurred during the second quarter of 2004).

[108] Committee Posthearing Brief, ex. 16A, Tables S5, S12.

[109] CR/PR, Table IV-6.

[110] CR/PR, Table IV-7.

[111] The last Canadian structural steel beams producer ceased production of the product in ***. CR at III-6 n.8, PR at III-4 n.8.

[112] CR at III-6 n.8, PR at III-4 n.8.

5. Substitutability

As discussed in section IV.C. above, market participants generally found that both the domestic like product and the subject imports can be used for the same applications. Beams sold in the United States, regardless of source, generally meet the specifications published by the American Society for Testing and Materials (ASTM).[113] Nevertheless, distributors typically identify each beam in inventory by country of origin.[114]

Notwithstanding that they both meet common specifications, purchasers did discern some differences between the domestic like product and the subject imports. A majority of purchasers found the domestic like product superior to imports from each subject country in the characteristics of product availability and delivery time.[115] Lead times for domestically produced product generally do not exceed two months.[116] By contrast, the witness for Korean producer INI stated that the time between its receipt of an order and delivery to a customer can exceed three months.[117] A domestic industry witness testified that, because of considerations such as faster and more reliable delivery, domestic producers are able to charge price premiums of $20 to $40 per ton.[118]

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[119] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[120]

1. The Original Determination

In the original investigations, the quantity of cumulated subject imports from Japan and Korea increased from 54,704 short tons in 1997 to 1.2 million short tons in 1998, and then declined to 452,838 short tons in 1999. The share of U.S. apparent consumption represented by the shipments of subject

---

[113] CR at I-18-19, II-21, PR at I-16-17, II-14. Beams sold outside North America, however, are produced to other specifications. European and Asian markets each have distinct specifications, which, in contrast to the North American specifications, are based on metric measurements. Tr. at 161 (Stratman), 237 (Cameron).

[114] Tr. at 175 (Goncalves), 177 (Stratman). Information in the record about the significance of "Buy American" provisions is mixed, with a substantial minority of responding purchasers indicating that some percentage of their purchases are subject to such provisions, CR at II-22, PR at II-15, and distributors testifying that such purchasers constitute an insignificant percentage of their total sales. Tr. at 42 (Goncalves), 47 (Cooper), 175 (Grossi).

[115] CR/PR, Table II-4.

[116] CR at II-23, PR at II-16.

[117] Tr. at 222 (Lee).

[118] Tr. at 123-24 (Nolan). While the Committee subsequently contended that the premium is in some instances lower, see Committee Posthearing Brief, ex. 3, it did not maintain that Mr. Nolan's hearing testimony was in error.

[119] 19 U.S.C. § 1675a(a)(2).

[120] 19 U.S.C. § 1675a(a)(2)(A-D).

imports increased from 1.2 percent in 1997 to 22.0 percent in 1998 and then declined to 9.7 percent in 1999. Those Commissioners who made affirmative present material injury determinations found the volume of subject imports, in absolute terms and relative to U.S. consumption, to be significant. They gave "somewhat less weight" to the 1999 data on the grounds that the filing of the petition affected subject import volumes during the second half of 1999.[121] Those Commissioners who made affirmative threat determinations found a likelihood of substantially increased imports from the subject countries given their industries' ability to increase exports to the United States enormously in a very short period of time, their levels of excess capacity, and the attractiveness of the U.S. market, where prices had recovered to levels prevailing in 1997.[122]

2. Developments During the Period of Review

The volume and market penetration of the cumulated subject imports declined sharply after imposition of the orders and remained at very low levels throughout the period of review. The quantity of cumulated subject imports, which peaked at 1.2 million short tons in 1998, declined to 29,483 short tons in 2000 and then to 25,056 short tons in 2001, before rising to 43,553 short tons in 2002. Cumulated subject imports then again fell to a period low of 1,445 short tons in 2003. In 2004, cumulated subject import volume remained low at 2,107 short tons. The 14,360 short tons of cumulated subject imports in interim 2005 was greater than the 1,326 short tons in interim 2004.[123] The market penetration of cumulated subject imports, which peaked at 22.0 percent in 1998, declined to 0.5 percent in 2000, remained at that level in 2001, increased to 1.0 percent in 2002, and declined to less than 0.05 percent in 2003 and 2004. Cumulated subject import penetration was 0.4 percent in interim 2005, as compared to less than 0.05 percent in interim 2004.[124]

There is unused capacity in the subject countries. The questionnaire data, which likely understate unused capacity because a significant proportion of Japanese production did not respond to the foreign producers' questionnaires, indicate that capacity in the subject countries exceeded production by at least *** short tons in 2004 and *** short tons in interim 2005.[125] Moreover, Korean producers have demonstrated the ability to shift between different export markets during the period of review.[126] Because the subject producers have unused capacity and the ability to shift export shipments between different markets, we acknowledge that they have the capability to increase their exports to the United States significantly. It does not necessarily follow from this proposition, however, that exports are likely to increase significantly.

We have examined several factors to ascertain whether the subject producers will likely exploit their capabilities to increase their exports to the United States to a significant level.[127] These include: (1) whether the record supports a finding that the conditions that led to the surge in subject imports observed in the original investigations will likely recur upon revocation; (2) whether current or likely

---

[121] Original Determination, USITC Pub. 3308 at 12-13.

[122] Original Determination, USITC Pub. 3308 at 17.

[123] CR/PR, Tables I-1, I-7.

[124] CR/PR, Tables I-1, I-8.

[125] CR/PR, Tables IV-6, IV-7. As previously stated, capacity utilization during the latter portion of the period of review was much higher in Korea than in Japan. Consequently, the bulk of the unused capacity is in Japan.

[126] See Korean Producers Prehearing Brief, ex. 3.

[127] We found in section IV.B. above that the existence of unused capacity, together with the ability of Korean producers to shift exports between North American markets, will likely lead to some increase in subject import volumes absent the restraining effects of the order. For the reasons provided below, we find that this increase will be at most modest.

developments in Asian markets will likely spur the subject producers to increase exports to the United States to significant levels; and (3) whether differences in prices between the United States and other markets will likely motivate the subject producers to increase exports to the United States to significant levels. As we explain below, none of these factors makes a significant increase in exports to the United States likely.

3. Changes in Conditions of Competition

Initially, the record does not support a presumption that the type of subject import surge that occurred during the original investigations would likely recur upon revocation of the orders. During the original period of investigation, the share of apparent U.S. consumption held by cumulated subject imports soared from 1.2 percent in 1997 to 22.0 percent in 1998 and then declined to 9.7 percent in 1999, a level well above that of 1997.[128] The record of the original investigations suggests that there were two principal reasons for the 1998 import surge. The first, previously referenced, was the Asian financial crisis, which decimated demand in Asian markets.[129] The second was a shortage in the supply of domestically produced structural steel beams during the fourth quarter of 1997 and the first two quarters of 1998.[130]

Neither of these particular conditions of competition is present now or is likely to be present in the reasonably foreseeable future. There are no current or anticipated declines in Asian demand. To the contrary, as discussed above in section V.B.3., since the time of Asian financial crisis, demand has increased *** in both East and Southeast Asia generally and in China. Demand is anticipated to grow further in these areas in the foreseeable future. The increase in demand in East and Southeast Asia, including China, is projected to be roughly commensurate with the increase in supply.

With respect to domestic supply, although there has been some recent reported tightness in the domestic supply situation, we agree with the Committee that no shortages in U.S. supply currently exist or are likely in the reasonably foreseeable future. We observe in this respect that the record in these reviews, which contains import data from 1997, indicates only two instances when there was a sharp increase in the supply of imports from any source. The first was the surge from subject sources in 1998, which was coincident with a domestic supply shortage. The second was a sharp increase in imports from nonsubject sources in 2000.[131] The Commission discussed this surge in some detail in its determination in 2002 antidumping duty investigations concerning structural steel beams from China, Germany, Luxembourg, Russia, South Africa, Spain, and Taiwan, which resulted from a petition the Committee filed. In those investigations, in which the Commission made negative determinations, it found that the imports from countries subject to investigation entered the U.S. market at a time when domestic supply shortages became apparent and left the U.S. market once the shortages abated.[132]

---

[128] CR/PR, Table I-1.

[129] Original Determination, USITC Pub. 3308 at 11.

[130] Original Determination, USITC Pub. 3308 at 10-11.

[131] CR/PR, Tables I-7, I-8.

[132] Certain Structural Steel Beams from China, Germany, Luxembourg, Russia, South Africa, Spain, and Taiwan, Inv. Nos. 731-TA-935-936, 938-942 (Final), USITC Pub. 3522 at 14-15 (June 2002) ("2002 Beams Determination"), aff'd sub nom., Committee for Fair Beam Imports v. United States, Slip Op. 03-73 (Ct. Int'l Trade June 27, 2003), aff'd without opinion, 2004 WL 843085 (Fed. Cir. Apr 12, 2004). While the 2002 Beams Determination is technically not a part of the record of this case, it is a public document that was cited both in the Commission Report and the parties' briefs.

The fact that imports from all sources were lower in interim 2005 than in interim 2004, both on an absolute and relative basis, during a time of rising apparent U.S. consumption,[133] has two important implications. On the one hand, it supports the Committee's contention that any current tightness in the domestic supply situation is not tantamount to a shortage in which purchasers would turn to other sources to be assured of continued supplies.[134] On the other hand, it indicates that a condition of competition which we find was partially responsible for the import surge in the original investigations is not present in these reviews. The absence of a current shortage in domestic supply makes it less likely that there would be a significant increase in subject imports upon revocation of the orders under review.

4. Likely Developments in Asian Markets

We have also examined whether recent and likely developments in Asian markets would provide subject producers the motivation to increase exports to the United States to significant levels should the orders be revoked. We have particularly focused on the transition in China, Asia's largest market, from a "net importer" to a "net exporter" of beams. As previously explained, based on available data concerning structural long products, this transition occurred during the third quarter of 2004. Thus, to the extent that this transition had any effect on the behavior of the subject producers, or other market participants, it should be reflected in the interim 2005 data on the record, and perhaps the 2004 data as well.

The record does not indicate that the transition in China has caused any significant change to the behavior of the subject producers. We initially observe that during the period of review, Japanese producers were overwhelmingly focused on their home market; at least *** percent of reported shipments were directed to the home market during each calendar year or interim period.[135] Similarly, during the original period of investigation, the only calendar year in which Japanese producers' home market shipments were less than *** percent of their total shipments was 1998, when home market demand had plummeted due to the Asian financial crisis.[136] We observe that Japanese producers' reported exports to Asia peaked in ***, well before the Chinese transition. The Japanese producers did not attempt to recoup declining Asian export shipments by attempting to enter other markets; to the extent that they were not able to increase home market shipments, they simply operated at lower capacity utilization levels.[137] Consequently, the record does not indicate that the Chinese transition has resulted in any changes to Japanese producers' likely behavior. Instead, it indicates that the overwhelming focus of these producers is on their home market and on other Asian markets. Because we do not perceive any major changes in conditions of competition in these markets to be likely in light of projected supply and demand trends, we do not perceive that conditions in Asia will likely cause any significant change to the Japanese producers' behavior in the reasonably foreseeable future.[138]

---

[133] CR/PR, Tables I-7-8.

[134] See Tr. at 121 (Price).

[135] CR/PR, Table IV-6.

[136] INV-X-109, Table VII-2 (May 18, 2000). We acknowledge that, because of differences in questionnaire coverage, data collected in the original investigations concerning the Japanese industry may not be directly comparable with the data collected in these reviews.

[137] CR/PR, Table IV-6.

[138] We observe that *** indicated in its questionnaire response that it would likely ***. CR at IV-13, PR at IV-9. However, as previously discussed, *** exports to the United States were minimal during the period of review. This is notwithstanding the fact that ***. CR at I-12, PR at I-10. Moreover, a Nucor-Yamato official testified at the hearing that the Yamato companies' behavior is influenced by their participation in the Nucor-Yamato joint venture. Tr. at 184-85 (Stratman).

Korean producers' exports to Asian markets reached a ***. While these producers' exports to Asian markets were *** lower in interim 2005 than in interim 2004, their total exports were higher.[139] Consequently, the data on the record indicate that the Chinese transition has not reduced Korean producers' ability to export subject merchandise. Nor have increased Chinese exports to Korea had any significant effect on Korean producers' ability to supply their home market. While Korean producers' shipments to their home market were lower in interim 2005 than in interim 2004,[140] Korean producers' share of their home market in interim 2005 was *** percent, a figure only *** percentage points lower than the peak market share the Korean producers reached during ***.[141] Thus, the Chinese transition to net exporter status does not appear to have significantly dislocated the Korea producers, who displayed very high capacity utilization during the latter portion of the period of review, from either their home market, their Asian export markets, or their export markets generally. Because we do not perceive any major changes in conditions of competition in Asian markets to be likely in light of projected supply and demand trends, we do not perceive that conditions in Asia will likely cause any significant change to the Korean producers' behavior in the reasonably foreseeable future.[142]

Finally, we observe that the record indicates that the transition in China is not likely to cause any significant change in supply and demand in either China or to the region in the reasonably foreseeable future. During the period of review, Chinese production increased more rapidly than Chinese consumption. China shifted from being a net importer of structural long products to being a next exporter during the third quarter of 2004.[143] The surplus of production over consumption is expected to decline in 2006 and increase *** from the 2006 level in 2007.[144] The surplus of production over consumption for East and Southeast Asia generally (including China) is forecast to decline in 2006 and increase *** in 2007.[145] Because we do not perceive any major changes in conditions of competition in these markets to be likely in light of projected supply and demand trends, we do not perceive that conditions in Asia will likely cause any significant change to the subject producers' behavior in the reasonably foreseeable future.

5. Price Differentials between National Markets

We next examine whether any price disparities between the U.S. market and markets in those countries currently served by the subject producers render any significant increase in exports to the United States likely upon revocation of the orders. We first observe that the record does not support the Committee's contention that U.S. prices during 2005 are substantially higher than those in the Asian markets principally served by the subject producers. In fact, during 2005, prices for medium sections and

---

[139] This was mainly because Korean exports to the European Union were higher in interim 2005 than in interim 2004. CR/PR, Table IV-7.

[140] CR/PR, Table IV-7.

[141] Korean Producers Posthearing Brief at Q-2.

[142] Although we have found that Korean producers may be likely to shift exports between North American markets, this would not constitute a significant change in behavior because recent levels of Korean exports into Canada are quite modest in relation to the size of the U.S. market. Korean exports to Canada in 2004 were equivalent to only 1.6 percent of U.S. apparent consumption that year and Korean exports to Canada in interim 2005 were equivalent to 0.9 percent of U.S. apparent consumption during that period. Derived from Korean Producers' Posthearing Brief, ex. 1; CR/PR, Table I-7.

[143] Committee Posthearing Brief, ex. 16A, Tables S5, S12.

[144] Committee Posthearing Brief, ex. 16A, Tables S5, S12.

[145] Committee Posthearing Brief, ex. 16A, Table S18.

beams were frequently higher in Japan and occasionally higher in Korea than in the United States.[146] Thus, even assuming arguendo that the subject producers would switch shipments to markets with higher prices if the orders were revoked, the record does not indicate that this factor would create an incentive for them to withdraw from their home markets in favor of the United States.[147]

It is true that throughout 2005, prices for medium sections and beams were considerably higher in the United States than they were in China.[148] Additionally, the Committee introduced a chart showing that prices for beams in the United States were higher than those in several foreign country markets during 2005.[149] However, the record in these reviews does not support the concept that pricing disparities between different national markets significantly affect exporter behavior in the market for structural steel beams.[150] Notwithstanding the growing disparity between U.S. prices and those for China and certain other world markets since China became a net exporter of structural long products in 2004, there has not been an influx of imports from any source into the U.S. market since that time. The domestic industry's share of apparent U.S. consumption was 95.4 percent in interim 2005, only two-tenths of a percentage point below the peak market penetration observed during the period of review.[151] The information the Committee introduced indicates that there was also a large disparity between prices in the United States and those in China and other markets from 2000 through the first half of 2002. However, total import penetration into the United States decreased sharply after 2000.[152]

We have also examined information the parties have introduced concerning exports into Canada, although we believe it to be of somewhat limited relevance.[153] This information indicates that neither the 2004 transition of China from a net importer to a net exporter of structural long products nor any

---

[146] CR/PR, Table IV-14.

[147] Moreover, other factors, such as difference in ocean freight rates, will reduce the subject producers' incentives to shift exports to the United States based on small differences in price. Current ocean freight rates from Korea to the United States are ***, while rates from Korea to Japan are ***. Korean Producers Posthearing Brief at Q-28.

[148] CR/PR, Table IV-14.

[149] Committee Posthearing Brief, ex. 16D at 23.

[150] The Committee points to other reviews where the Commission found the existence of price differentials between the United States and other markets created an incentive for increased exports. See Committee Prehearing Brief, ex. 1 at 6. While price disparities may influence export patterns for some products, this has not been the case for structural steel beams, as explained below.

[151] CR/PR, Table I-8.

[152] CR/PR, Table I-1. Consequently, the record supports the proposition that the domestic supply situation has historically provided a more useful explanation of exporter behavior than do price disparities. We observe that, although our finding that pricing disparities do not significantly affect exporter behavior in the market for structural steel beams is made on the basis of the record compiled in these reviews, it is consistent with findings the Commission has made in prior investigations of structural steel beams. See 2002 Beams Determination, USITC Pub. 3522 at 23 n.140.

[153] Our determination in a five-year review focuses on likely conditions in the U.S. market. See, e.g., 19 U.S.C. § 1675a(a)(2) (likely import volume analysis focuses on volume in the United States), 1675a(a)(3) (likely price effects analysis focuses on prices at which imports of subject merchandise "are likely to enter the United States"), 1675a(a)(4) (impact analysis focuses on "the state of the industry in the United States"). Evaluation of conditions in a foreign market, such as Canada, can only be pertinent to the statutory inquiry if conditions of competition in that market resemble conditions of competition in the United States. The Commission does not typically collect extensive data concerning conditions of competition in markets other than the United States or the subject countries. It did not collect such data concerning Canada in these investigations. While the Committee, in its submissions, appears to assume that Canadian conditions of competition closely parallel those in the United States, it did not submit any information that would permit us to evaluate this assumption. Moreover, there is information in the record suggesting that there may be conditions of competition relating to demand in Canada that are unique to that country. See Tr. at 262 (Lee).

purported price disparities between North American markets and those in Asia have affected U.S. producers' status as the dominant supplier of structural steel beams to Canada, which has no domestic structural steel beams industry. Although Korean exports to Canada increased on both an absolute and relative basis in 2004, U.S. exporters increased their market share that year by eight percentage points.[154] In 2005, despite increased Korean exports during the latter portion of the year, U.S. market penetration was higher, and Korean market penetration was lower, than in 2004.[155] Consequently, the available information concerning Canada does not support the contention advanced by the Committee that price differences between U.S. and Asian markets are likely to provide an incentive for the subject producers to increase exports to the United States at such a rate as to cause the domestic industry to lose significant market share if the orders are revoked.

6. Other Statutory Factors

We have also examined the other factors the statute sets forth as pertinent to an analysis of likely subject import volume. There were no inventories of the subject merchandise in the United States during the period of review.[156] Inventories in the subject countries generally were stable to declining as a share of production.[157] Moreover, inventories held in the subject countries are not necessarily of merchandise that can be exported to the United States, as much of the production of subject merchandise in Japan and Korea is to specifications other than the ASTM specification used in the United States.[158] Consequently, record information concerning inventories of the subject merchandise does not support a conclusion that an increase in subject imports to significant levels is likely.

We have also considered the ability of producers to produce subject merchandise on facilities currently used to produce nonsubject products. Several of the subject producers do produce nonsubject products using the same production equipment that they use to produce structural steel beams. The amount of total capacity on the common production equipment devoted to producing nonsubject products ranges from *** percent per individual producer.[159] Nevertheless, the record indicates that it is questionable that producers would be motivated to switch production on these facilities from nonsubject products to subject beams.[160] Moreover, in light of our finding that it is not likely that the subject producers will use their existing unused capacity to increase exports to the United States to a significant level, it is also unlikely that they would shift production to create even more capacity to produce structural steel beams.

---

[154] Korean Producers Posthearing Brief, ex. 1. Japanese exports to Canada have essentially been non-existent (accounting for less than 0.05 percent of total imports into Canada) since 2003. Id.

[155] Compare Korean Producers Posthearing Brief, ex. 1 with Committee Posthearing Brief, ex. 11, table 1. We have used the Committee's data for November and December 2005 although they include exports of products other than structural steel beams. See CR at III-6 n.8, PR at III-4 n.8. The Committee also directs our attention to Canadian import licensing data for the first 21 days of 2006. The record indicates that Korean exports to Canada varied enormously on a month to month basis during 2004 and 2005. See Korean Producers Posthearing Brief, ex. 1. We consequently do not find partial data for a single month to be a meaningful indicator of longer-term trends.

[156] CR at IV-4, PR at IV-3.

[157] CR/PR, Tables IV-6, IV-7.

[158] Tr. at 237 (Cameron). See also *** Foreign Producer Questionnaire Response (Response to Question III-9); *** Foreign Producer Questionnaire Response (Response to Question III-9); *** Foreign Producer Questionnaire Response (Response to Question III-10).

[159] CR at II-11, II-13, PR at II-8-9.

[160] See Korean Producers Prehearing Brief at 35 (Korean producers have well-developed markets for nonsubject products); Korean Producers Posthearing Brief at Q-41 (overall capacity utilization extremely high for mills at which subject beams produced); CR at IV-10 n.14, PR at IV-8 n.14 (Nippon Steel reports that ***).

Subject merchandise from Japan is not subject to restrictions in any other market.[161] Subject merchandise from Korea is subject to an antidumping duty order in Australia, although the current dumping margin for INI is zero.[162]

We consequently find that, should the orders be revoked, the volume of subject imports will not likely be significant, either in absolute terms or relative to production or consumption in the United States.

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the price of the domestic like product.[163]

In the original investigations, all Commissioners found the domestic like product and the subject imports substitutable.[164] Those Commissioners who made affirmative material injury determinations found that the cumulated subject imports undersold the domestic like product in a large majority of price comparisons, by margins that greatly exceeded the price premium domestically produced beams would normally receive. They also found that, at the time subject import levels increased, domestic producers reduced their prices drastically. Consequently, these Commissioners found significant underselling by the subject imports and concluded that the subject imports had significant price-depressing effects.[165] Those Commissioners who made affirmative threat determinations stated that, in light of the pervasive underselling during the period of investigation, additional volumes of subject imports would likely be priced aggressively and would consequently likely have significant price-depressing or -suppressing effects.[166]

The record in these reviews indicates that price is an important consideration in purchasing decisions. Price is one of four factors that purchasers most frequently listed as "very important."[167] It was also the factor purchasers second most frequently listed as either the first or second most important factor in selecting a supplier.[168]

Nevertheless, the record also indicates that purchasers may prefer to purchase domestically produced product for non-price reasons. Purchasers most frequently listed availability as both the first and second most important factors in selecting a supplier.[169] This is also a factor where the great majority

---

[161] In March 2005, Taiwan revoked an antidumping order on structural steel beams from Japan. CR at IV-14, PR at IV-9.

[162] CR at IV-20 n.33, PR at IV-12 n.33.

[163] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[164] Original Determination, USITC Pub. 3308 at 8-9.

[165] Original Determination, USITC Pub. 3308 at 13-14.

[166] Original Determination, USITC Pub. 3308 at 18.

[167] CR/PR, Table II-3.

[168] CR/PR, Table II-2.

[169] CR/PR, Table II-2.

of purchasers found the domestic like product to be superior to the imports from each subject country.[170] As previously discussed, domestic producers are able to obtain a price premium for their products because of their superior availability and faster delivery.

Volatility of scrap prices can also affect purchasing decisions between the domestic like product and the subject imports. As discussed in section V.B.1. above, distributors, the principal purchasers in the marketplace, use expected future prices as a basis for purchasing decisions. Prices are typically set at the time of order.[171] Consequently, should beam prices fall between the time of order and time of delivery because of a change in scrap costs, the purchaser's product will be worth less upon delivery than what the purchaser paid for it. The longer the gap between order and delivery, the less foreseeable future price trends will be, and the greater the risk the purchaser runs. This is particularly true in an environment where, in the words of one Committee witness, "[t]he scrap market has been so bizarre I can't even begin to predict what that might do."[172] Indeed, one purchaser appearing on behalf of the Committee testified that his firm has stayed with domestic sources because it was not worth the risk of purchasing imports.[173] As scrap prices are projected to decline in the reasonably foreseeable future, purchasers will be less likely to purchase imports.

During the period of review, the cumulated subject imports undersold the domestic like product in 27 of 43 quarterly observations.[174] We observe, however, that in eight of the 27 underselling observations, the magnitude of underselling was less than the $20 per ton that the domestic industry witness testified at the hearing was the lower bound of the price premium the domestic industry typically receives for its products.[175] When the price premium is taken into account, the pricing observations indicate a mixed pattern of overselling and underselling.

Prices for domestically produced products for which the Commission collected data generally declined gradually during the initial portion of the period of review, rose sharply in 2004, and fluctuated downwards in 2005.[176] Many of the broader price movements paralleled movements in steel scrap costs, although prices increased more rapidly than scrap costs in 2004, the year in which domestic producers first instituted scrap surcharges.[177] This is reflected by the fact that the "metal margin" – the amount by which unit sales value exceed unit raw materials costs – reached $268 in 2004, the peak value for any calendar year in the period of review. The interim 2005 metals margin of $289 was higher than the interim 2004 margin of $259.[178]

Should the orders be revoked, we do not believe that subject import pricing patterns are likely to differ significantly from those prevailing during the period of review. As discussed above, we do not find that subject imports volumes are likely to increase to significant levels upon revocation. Because there is no incentive for the subject producers to significantly increase their presence in the U.S. market, a recurrence of the situation observed during the original investigations where subject merchandise price was cut to gain or retain market share is unlikely. In the original investigations, the subject producers needed access to the U.S. market to replace Asian markets where demand had fallen due to the Asian

---

[170] CR/PR, Table II-4.

[171] Tr. at 222 (Lee).

[172] Tr. at 73 (Nolan).

[173] Tr. at 140 (Harrington).

[174] CR/PR, Tables V-1-6. All pricing observations involved subject imports from Korea.

[175] Compare CR/PR, Table V-1-6 with Tr. at 123-24 (Nolan).

[176] CR/PR, Figures V-5-9.

[177] CR/PR at V-1, Figure V-4.

[178] CR/PR, Table III-8. Because producers' metal margins were higher in interim 2005 than in interim 2004, their net sales values recovered to a large extent increases in per unit conversion costs. These increases appear principally to reflect increases in energy costs that occurred during 2005. Id.; see also CR at III-14, PR at III-10.

financial crisis. By contrast, in the foreseeable future the subject producers are likely to continue to focus on their markets outside the United States, particularly given U.S. purchasers' preference for the domestic like product.

If pricing patterns after revocation will not differ significantly from those prevailing during the period of review, any underselling will not likely be significant in light of pricing premiums domestic producers receive because purchasers prefer their products for non-price-related reasons.[179] Moreover, at the likely prevailing import volume levels, subject imports will likely continue to have insufficient presence in the market to be a cause of significant price-suppression or depression.[180] We consequently find that the subject imports will not be likely to have significant price effects in the event of revocation.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[181] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[182] As instructed by the statute, we have considered the

---

[179] The Committee has presented documentation of sales U.S. producers allegedly lost in Canada due to lower prices offered by Korean producers. As previously stated, because the record does not contain information that conditions of competition in Canada are the same as those in the United States, we believe information about specific transactions in Canada is of limited value in assessing likely price effects in the U.S. market. We further observe that since 2000, U.S. producers of structural steel beams have increased their market penetration into Canada while Korean producers' market penetration has declined. This is notwithstanding that the average unit values of the U.S.-produced product have consistently been substantially higher than the average unit values of the product from Korea. See Korean Producers Posthearing Brief, ex. 1.

[180] The Committee has submitted a ***. Committee Prehearing Brief, ex. 6A at 9-10. *** does not purport to address the question pertinent to this proceeding, which is the extent any projected decline in prices is related to revocation of the orders under review.

The Committee has also cited a MEPS projection that prices for steel products will likely decline in 2006 because of Asian oversupply. The projection concerns a much broader product category than structural steel beams. See Committee Prehearing Brief, ex. 13D. As explained above, the data we have collected specifically pertaining to structural steel beams do not support the proposition that relative price levels between the United States and other countries significantly influence export patterns.

[181] 19 U.S.C. § 1675a(a)(4).

[182] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In its expedited sunset review of the antidumping duty order from Japan, Commerce found a likely dumping margin of 65.21 percent for six named exporters and an all others rate of 31.98 percent. 70 Fed. Reg. at 53634. In its expedited sunset review of the antidumping duty order for Korea, Commerce found a likely dumping margin of 25.31 percent for INI and of 37.25 percent for all others. Id. In its expedited sunset review of the countervailing duty order for Korea, Commerce found a likely net countervailable subsidy rate of 1.34 percent for Dongkuk, 3.88 percent for Kangwon Industries, and 3.87 percent for all others. 70 Fed. Reg. at 53168. Commerce also concluded

(continued...)

extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.[183]

In the original determinations, those Commissioners who made affirmative material injury determinations found that the negative impact of the subject imports in 1998 was manifested in reduced shipments and market share. In 1999, the negative impact was reflected in significantly reduced profitability (as the domestic industry's operating margins declined from 20.0 percent in 1998 to 10.1 percent in 1999) and lower sales revenues.[184] Those Commissioners who made affirmative threat determinations concluded that, while the domestic industry was currently profitable, significantly increasing imports of the subject merchandise would accelerate the declines in operating performance that occurred during the period of investigation and would adversely impact the industry's performance in the imminent future absent issuance of orders.[185]

As previously indicated, the domestic industry's market penetration increased during the period of review and has been at least 95 percent since 2003.[186] The industry's production declined from 2000 to 2002, but rose steadily after 2002, reaching a period high in 2004.[187] U.S. shipments declined from 2000 to 2002, but increased from 2002 to 2004 and were higher in interim 2005 than in interim 2004. Export shipments were more than 10 times greater in 2004 than in 2000, largely because of increased U.S. market penetration into Canada.[188] The number of production and related workers also increased from 2002 to 2004, although employment levels in 2004 were lower than those in 2000. By contrast, productivity was at its period high in 2004.[189] The industry showed consistent profitability throughout the period of review, although operating margins fluctuated considerably on an annual basis. Operating performance was strong during the latter portion of the period of review, as the industry obtained operating margins of 13.9 percent in 2004, 15.3 percent in interim 2004, and 12.8 percent in interim 2005.[190] We observe that most of the improvements in the domestic industry's condition occurred after

---

[182] (...continued)
that three of the countervailable subsidies were export subsidies described in Article 3 of the WTO Agreement on Subsidies and Countervailing Measures. See Memorandum from Barbara E. Tillman to Joseph A. Spetrini (Aug. 30, 2005), referenced in 70 Fed. Reg. at 53168.

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

[184] Original Determination, USITC Pub. 3308 at 15.

[185] Original Determination, USITC Pub. 3308 at 18-19.

[186] CR/PR, Table I-8.

[187] CR/PR, Table III-2. Production was lower in interim 2005 than in interim 2004. Id.

[188] CR/PR, Table III-3; see CR at II-8, PR at II-6. Export shipments were lower in interim 2005 than in interim 2004. CR/PR, Table III-3.

[189] CR/PR, Table III-5. Both productivity and employment were lower in interim 2005 than in interim 2004.

[190] CR/PR, Table III-6. The Committee contends that the operating performance data would look considerably less favorable if we discounted the performance of ***. We do not find that such an analysis would be appropriate. The Committee does not suggest that anything is anomalous about *** except that it is apparently a more successful producer than its U.S. competitors. Because *** domestic producer, accounting for *** percent of 2004 U.S. production of structural steel beams, CR/PR, Table I-3, we do not believe that an analysis of the industry's financial performance excluding *** would provide an accurate depiction of the condition of the domestic structural steel beams industry as a whole.

The Committee further contends that the Commission has made affirmative determinations in other five-
(continued...)

2002, which was well after subject imports largely exited the U.S. market in response to the orders. This indicates that the improvements in the industry's conditions are substantially a function of considerations unrelated to the orders under review.

We do not find the domestic industry to be vulnerable to material injury if the orders under review are revoked. The domestic industry's consistent profitability and overwhelming market share and purchasers' preference for domestically produced product for non-price reasons are all factors that militate against a finding of vulnerability. That the domestic industry restructured during the period of review by replacing less efficient capacity with modern production facilities also supports our conclusion that the domestic industry is not vulnerable.[191]

While we have found that revocation of the orders will likely result in at most a modest increase in subject import volumes, this increase should largely be absorbed by projected growth in the U.S. structural steel beams market. Because revocation will likely result in neither an increase in subject import volume to a significant level nor significant price effects, we find that significant declines in the domestic industry's output, market share, profits, productivity, return on investment, and capacity utilization are not likely.[192] Nor will revocation result in significant likely effects on the domestic industry's cash flow, inventories, employment, wages, growth, ability to raise capital, investment, or development or production efforts. We consequently conclude that revocation of the orders is not likely to have a significant impact on the domestic industry.

---

[190] (...continued)
year reviews where the domestic industry had higher operating margins than the beams industry does here. The Committee overlooks that findings in other reviews are not precedential, in light of the many factors the Commission considers in its analysis and the differences in conditions of competition and data between different reviews. See Committee for Fair Beam Imports v. United States, Slip Op. 03-73 at 20 (Ct. Int'l Trade June 27, 2003), aff'd without opinion, 2004 WL 843085 (Fed. Cir. Apr. 12, 2004). We further observe that in the reviews the Committee cites involving steel products, recent high levels of profitability followed years of operating losses. See Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384, 731-TA-806-808 (Review), USITC Pub. 3767 at 39 & n.244 (Apr. 2005); Cut-to-Length Carbon-Quality Steel Plate from France, India, Indonesia, Italy, Japan, and Korea, Inv. Nos. 701-TA-388-391, 731-TA-816-821 (Review), USITC Pub. 3816 at 33 (Nov. 2005). By contrast, the structural steel beams industry has displayed consistent profitability.

[191] The Committee contends that one consideration supporting a finding of vulnerability is that the domestic industry purportedly could not recover its cost of capital during the period of review. The materials the Committee has submitted do not establish that the structural steel beams industry cannot recover its cost of capital. These materials are based on a standard industrial classification encompassing the steel industry generally. See Tr. at 153-55 (Kaplan); CR at III-23-24, PR at III-13-14. This classification does not conform to the domestic like product. Moreover, because it encompasses the production of many diverse steel products, encompassing a range from pig iron to stainless steel products, it is far too broad to be useful as a proxy for the structural steel beams industry, in contrast to the "structural long products" data that we have referenced elsewhere in these views. Furthermore, there are internal inconsistencies in the data presented by the Committee, insofar as they indicate that the industries within the standard classification, notwithstanding that they had a lower operating margin than the domestic structural steel beams industry, *** increased their capital within the pertinent period. CR at III-25, PR at III-14-15.

[192] The Committee's economists have submitted models in which they compute that, absent the orders, the industry's operating performance would have been significantly worse during much of the period of review. We agree with the staff that these models are premised on assumptions that are unrealistic. See CR at II-30, PR at II-20. We hence have not accorded any weight to the models.

CONCLUSION

For the foregoing reasons, we have determined that revocation of the antidumping duty orders on structural steel beams from Japan and Korea and that revocation of the countervailing duty order on structural steel beams from Korea would not be likely to result in continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

DISSENTING VIEWS OF COMMISSIONER CHARLOTTE R. LANE

Based on the record in these five-year reviews, I determine under section 751(c) of the Tariff Act of 1930, as amended (the Act), that revocation of the antidumping duty order on structural steel beams from Japan and the antidumping and countervailing duty orders on structural steel beams from Korea would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I join my colleagues' discussion regarding domestic like product, domestic industry, and cumulation. I write separately with regard to the conditions of competition and the likely impact of the subject imports on the domestic industry in the United States if the orders are revoked.

Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors within the context of the business cycle and conditions of competition that are distinctive to the industry.[1]

In the original investigations, the Commission highlighted several conditions of competition pertinent to its analysis of the domestic structural steel beam market. The Commission found that structural steel beams were principally used in constructing residential and non-residential buildings and were also used in bridges, towers, railroad rolling stock, ships, and various original equipment manufacturing (OEM) applications.[2] The Commission also noted that the subject imports and the domestic like product generally conformed to American Society for Testing and Materials (ASTM) specifications and were substitutable for each other.[3]

The Commission found that a majority of shipments of the domestic like product and virtually all shipments of the subject imports were to distributors during the period of investigation.[4] The Commission further noted that apparent U.S. consumption of structural steel beams declined from 1998 to 1999 despite the fact that construction activity rose during each year of the period of investigation, and that concrete was a potential substitute for subject merchandise in many construction projects.[5] The Commission also found that domestic producers' average production capacity increased while production and capacity utilization declined over the original period of investigation.[6]

The domestic industry experienced restructuring during the original investigations and throughout the period of review. Closures and exits from the industry did not always reduce capacity levels because mills were often sold to producers who continued operations and new mills were opened. Eight domestic producers were identified in the original investigations.[7] Since the original investigations, three producers exited the domestic industry, one producer entered and then exited the industry, and three producers entered the domestic industry.[8]

Many of the conditions of competition that existed in the original investigations still exist in the current structural steel beam market. Domestic producer capacity fluctuated, but rose overall in the

---

[1] 19 U.S.C. § 1675a(a)(4).

[2] Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final), USITC Pub. 3308 at 10 (June 2000) ("Original Determination").

[3] Original Determination at 10.

[4] Original Determination at 8.

[5] Original Determination at 11.

[6] Original Determination at 12.

[7] CR at I-24; PR at I-20.

[8] CR & PR at Table I-3.

original investigations, going from 4.7 million short tons ("tons") in 1997 to 4.6 million tons in 1998 and 5.4 million tons in 1999.[9] Domestic producer capacity also fluctuated over the period of review, going from 6.4 million tons in 2000, to 6.2 million tons in 2001, 6.1 million tons in 2002, 6.5 million tons in 2003, and 6.6 million tons in 2004.[10] Domestic industry capacity levels remained sufficient to satisfy demand, evidenced by significant unused capacity throughout the period of review.[11]

Structural steel beams continue to be used primarily in constructing buildings and are also used in bridges, towers, pre-manufactured homes, railroad rolling stock, ships, and various OEM applications.[12] Most beams within the scope of these proceedings are produced to meet ASTM specifications and are accordingly standardized, fungible products.[13]

During the period of review, 61.2 percent of domestically produced structural steel beams were shipped to distributors, while nearly all of the cumulated subject imports were shipped to distributors over the same period.[14] Apparent domestic consumption in the United States declined consistently from 2000-2002, but increased in both 2003 and 2004.[15]

As was the case in the original investigation, the record indicates that concrete is a potential substitute for structural steel beams.[16] Steel tubing, lumber, welded wide-flange beams, fabricated joints and composites also serve as substitutes for structural steel beams.[17]

Rapidly increasing raw material and energy costs significantly affected the domestic industry over the over the period of review, limiting its ability to benefit from the imposition of the orders in these investigations. Steel (ferrous) scrap, natural gas and electricity are the raw material and energy inputs used in the production of structural steel beams in the United States.[18] Primarily due to rising ferrous scrap prices, raw material costs as a percentage of cost of goods sold (COGS) increased from 43.3 percent in 2000 to 58.4 percent in 2004, before falling to 54.0 percent in January-September 2005.[19] Natural gas prices increased by 80 percent between 2000 and January-October 2005, while electricity prices increased by 19 percent over the same period.[20]

According to data compiled by ***, global production of structural products increased from *** tons in 1994 to *** tons in 1999, an increase of *** percent.[21] Global production of structural products increased to *** tons in 2005, an increase of *** percent between 1999 and 2005.[22] China is responsible for the greatest production increases in both periods and is projected to lead global production for the coming years. The total increase in global production from 1999 to 2005 was *** tons and China

---

[9] CR & PR at Table I-1.

[10] CR & PR at Table I-1.

[11] CR & PR at Table III-2.

[12] CR at I-18; PR at I-16.

[13] CR at I-18-19; PR at I-16-17.

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

[15] Apparent domestic consumption of structural steel beams declined from 6.2 million tons in 2000, to 4.8 million tons in 2001, and 4.4 million tons in 2002, before rising to 4.6 million tons in 2003 and 4.8 million tons in 2004. CR & PR at Table I-1.

[16] CR at II-16; PR at II-11

[17] CR at II-16-17; PR at II-11.

[18] CR & PR at V-1.

[19] CR & PR at V-1.

[20] CR & PR at V-1.

[21] Derived from CR at Table IV-8.

[22] Derived from CR at Tables IV-8 and IV-9.

accounted for *** tons, or *** of the global increase.[23] Increases in global production through 2010 are expected to be *** tons, with China accounting for *** tons, or *** percent of that increase.[24] The increase in global consumption of structural products is projected to continue to be driven principally by growth in China.[25]

I find that these conditions of competition in the structural steel beam market provide me with a reasonable basis on which to assess the effects of revocation of the orders.

Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if orders are revoked the Commission is directed by statute to consider whether such volume would be significant, either in absolute terms or relative to domestic production or consumption. The Commission must consider all relevant economic factors, including: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) inventories of subject merchandise; (3) barriers to subject merchandise in countries other than the United States; and (4) the potential for product-shifting between the production of non-subject and subject merchandise.

In the original investigations, the Commission found that the volume and market share of cumulated subject imports from Japan and Korea had increased significantly over the period examined. Subject import volume increased rapidly between 1997 and 1999, and subject import market share increased from 1.2 percent of apparent U.S. consumption in 1997 to 22.0 percent in 1998 and 9.7 percent in 1999.[26] The Commission gave "somewhat less weight" to the 1999 data on the grounds that the filing of the petition affected subject import volumes during the second half of 1999.[27] The Commission further noted that although nonsubject import volume increased between 1997 and 1998, subject import volume increased at a far greater rate.[28]

Many factors indicate that subject producers from Japan and Korea have the ability and incentive to increase exports to the United States to significant levels if the orders are revoked. In the original investigations the volume of cumulated subject imports increased from 54,704 tons in 1997, to 1,241,108 tons in 1998, and 452,838 tons in 1999. These volumes represent a 2,169 percent increase between 1997 and 1998 and a 728 percent increase between 1997 and 1999.[29] Through their actions in the original period of investigation subject import producers demonstrated their ability to rapidly increase exports to the United States.

In 2000, when the Department of Commerce's orders went into effect, and the first year for which the Commission collected data in these reviews, cumulated subject import volume dropped by over 90 percent to 29,483 tons.[30] Subject import volume fell to 25,056 tons in 2001 before rising to 43,445 tons in 2002, and then declining to only 1,445 tons in 2003 and 2,107 tons in 2004.[31] Subject import market share, as measured by quantity, fell from 22.0 percent in 1998 to 0.5 percent in 2000 and 2001, and 1.0

[23] Derived from CR at Tables IV-8 and IV-9.

[24] Derived from CR at Table IV-10.

[25] CR at IV-23; PR at IV-14.

[26] Original Determination at 15.

[27] Original Determination at 16.

[28] Original Determination at 16.

[29] Original Determination at 15.

[30] CR & PR at Table I-1.

[31] CR & PR at Table I-1.

percent in 2002.[32] Cumulated subject imports thus declined significantly following imposition of the orders, indicating that the orders effectively restrained unfairly traded imports from Japan and Korea from entering the United States market.

Inventories reported by subject producers that responded to the Commission's questionnaire decreased slightly over the period of review.[33] Cumulated inventories dropped from *** tons to *** tons from 2000 to 2004. I do not base my findings of likely volume of subject imports on significant or unusual inventory levels available for sale into the U.S. market. Neither do I find evidence of institutional or non-market barriers to exports of subject merchandise into countries other than the United States.

I have considered the available evidence on the capability of subject producers to shift production between non-subject and subject steel products. Producers of subject merchandise in both Japan and Korea have the ability to manufacture non-subject steel products using the same equipment, machinery and workforce that are used for the manufacture of subject merchandise.[34] While product shifting capabilities do exist, the evidence on this issue is limited, and I do not base my decision on likely volume of subject imports on such product shifting capabilities.

However, the record clearly supports a finding that subject producers retain the ability, which was demonstrated in the past, to increase production, shift markets and export substantial increased volumes to the United States if the orders are revoked. Data collected by the Commission show that the Japanese and Korean producers that provided data through questionnaire responses maintained approximately *** tons of unused production capacity in 2004, when U.S. consumption totaled approximately 4.8 million tons.[35] Thus, the unused capacity of only those responding subject producers equals a *** percent of U.S. domestic consumption.[36] As discussed above, in 1998, the peak subject import year of the original period of investigation, subject import volumes totaled more than 1.24 million tons. This volume, which was found to be significant in the original investigation, represents just *** of the reported 2004 unused production capacity of only those Japanese and Korean producers who provided capacity data through their questionnaire responses. Therefore, the data clearly indicate that subject import producers have a significant amount of unused capacity which could be used to increase the production of structural steel beams for export to the United States in the reasonably foreseeable future.

Even without the excess capacity, Japanese and Korean producers have been impacted by the increase in global production of structural steel beams in recent years and could easily divert historic levels of production to the U.S. market. As previously noted, *** data shows that global production of structural steel products increased by *** percent between 1994 and 1999, and by *** percent between 1999 and 2005. China accounted for the greatest global increase in the production of structural products over the period of review, and is forecasted to lead global production in the coming years as well.[37] In many instances subject imports have been displaced by Chinese structural steel beams in their home market as well as their traditional export markets. This increased competition faced by subject import producers contributes to the likelihood that these producers must find new markets simply to maintain existing output levels and they will divert shipments of structural steel beams from their traditional markets to the United States.

---

[32] CR & PR at Table I-1.

[33] CR at Tables IV-6 and IV-7.

[34] CR at II-11 and II-13; PR at II-7 and II-9.

[35] CR at Tables IV-6 and IV-7.

[36] Japanese producers responding to the questionnaire accounted for only *** percent of Japanese production of structural steel beams in 2004. (CR at IV-8; PR at IV-7). Thus, the actual amount of unused production capacity in Japan is likely to be significantly higher than reflected in the questionnaire responses and the total unused capacity available to respond to revocation of the orders is likely to be significantly greater than *** percent of 2004 total U.S. domestic consumption.

[37] CR at Table IV-8, IV-9, and IV-10.

One Japanese producer acknowledged that ***.[38] Thus, as global production of structural steel beams increases, so does the likelihood that subject import producers will divert significant volumes of subject merchandise to the United States.

Accordingly, based on the demonstrated ability of the subject producers in Japan and Korea to rapidly increase exports to the United States, their levels of unused capacity and ability to increase production, their ability to divert shipments from other export markets and their home market, and their incentive to increase exports to the United States in light of increased Chinese and global competition, I find that the likely volume of subject imports would be significant if the orders are revoked.

Likely Price Effects of Subject Imports

I find that, if the orders are revoked, significant volumes of subject imports from Japan and Korea would likely have significant depressing or suppressing effects on the price of the domestic like product.

In the original investigations the Commission found that "the increasing volumes of subject imports in 1998 were accompanied by low and falling prices, and that the subject imports undersold the domestic like product in a large majority of price comparisons."[39] The Commission also found that domestic producers "drastically reduced their prices" in response to the influx of highly substitutable subject imports, noting that domestic producers dropped prices by over $100 per ton from the third quarter 1998 to the first quarter 1999 on their highest volume, wide-flange beam products.[40]

Domestic purchasers indicated that price and availability are the most important factors considered by their firm in deciding where to purchase structural steel beams.[41] Sixteen out of 22 responding domestic purchasers also indicated that they either "always" or "usually" purchased the lowest priced structural steel beams.[42]

There is limited pricing data available in these review investigations and there are no direct price comparisons for subject imports from Japan. Overall, subject imports from Korea undersold the domestic like product in 27 out of 43 comparable instances, even with the antidumping and countervailing duty orders in place.[43]

There is evidence in the record to indicate that increasing worldwide capacity and decreasing demand will put severe pressure on pricing, which will be reflected in Japanese and Korean marketing of their product in the United States if the orders are revoked. One Japanese producer's questionnaire response reported that "***"[44] It further noted that "***"[45] This is not a resounding endorsement for continuation of strong markets and strong prices for structural steel beams. Nor is it supportive of any impact arguments that would lead to a negative determination in this case.

Given the likely significant volume of subject imports, the importance of price in the structural steel beam market, the effects of low priced imports in the original investigations, and the continued underselling by subject imports during the period of review, I find a likelihood of significant negative price effects as a direct result of increased subject imports if the orders are revoked.

---

[38] CR at IV-13; PR at IV-9.

[39] Original Determination at 17.

[40] Original Determination at 17-18.

[41] CR at II-17; PR at II-11.

[42] CR at II-18; PR at II-12.

[43] CR at V-8; PR at V-7.

[44] Questionnaire Response ***.

[45] Questionnaire Response ***.

Likely Impact of Subject Imports

In the original investigations the Commission found that the negative impact of the volume and price effects on the performance of the United States structural steel beam industry "primarily took the form of significantly reduced shipments and market share."[46] The Commission pointed to the decline in domestic industry market share, which fell from 89.9 percent in 1997 to 65.4 percent in 1998.[47] When analyzing the domestic industry's reduced profitability, the Commission noted that domestic industry operating income and operating income as a percentage of net sales both declined between 1998 and 1999.[48] The Commission also found that the "numerous instances in which domestic producers lost sales or revenues as a result of the subject imports represent further evidence of the negative effects of subject imports."[49]

The data shows that in 2000, after the filing of the original petitions in these cases and the imposition of antidumping and countervailing duty orders, the domestic industry's performance improved slightly.[50] While the improvements in sales, employment and profit levels were to some degree attributable to a significant increase in demand in 2000, the imposition of the orders, which significantly reduced subject imports, likewise was a contributing factor to the improvements for the domestic industry. However, declining demand and prices in 2001 and 2002 and increasing costs in 2003 resulted in a return to declining profits for the domestic industry until 2004.

The data in these reviews show that the domestic industry increased its market share, capacity and capacity utilization over the period of review. Despite these improvements, and despite the imposition of the antidumping and countervailing duty orders, the domestic industry's financial performance declined steadily from 2000 through 2003, before returning to barely above 2000 levels in 2004. The domestic industry's operating income, as a percentage of sales, fell from 13.6 percent in 2000, to 9.6 percent in 2001, 2.3 percent in 2002, and 0.8 percent in 2004, before rebounding to 13.9 percent in 2005.[51] Return on investment showed a similar pattern, going from 14.3 percent in 2000, to 9.9 percent in 2001, 1.7 percent in 2002, 0.8 percent in 2003 and 18.3 percent in 2004.[52] In the original investigation the weighted average ratio of operating income to sales for the period 1997 through 1999 was 16.8 percent. In these reviews, even though the financial condition of the industry has exhibited an upturn in 2004 from what had been a clear downward trend from 2000 through 2003, the weighted average ratio of operating income to sales for the period 2000 through 2004 is only 8.9 percent.[53] I do not find these levels of profitability to be so remarkable that the domestic industry could absorb the volume and price impact of renewed dumping of subject imports without incurring material injury. Neither do I find the profitability upturn in 2004 as support for such a finding. I find that the low profit margins achieved by the domestic industry during most of the period of review make it vulnerable to material injury if the orders are revoked.

---

[46] Original Determination at 19.

[47] Original Determination at 19.

[48] Original Determination at 19.

[49] Original Determination at 20.

[50] Domestic production increased by 1.2 million tons, or 29 percent. Domestic production and production related employees increased by 794, or 34 percent. Operating income increased from 1999 levels with the ratio of operating income to sales increasing by 3.5 percentage points, thereby temporarily reversing the downward trend experienced from 1997 through 1999.

[51] CR & PR at Table C-1.

[52] CR & PR at Table III-11.

[53] Derived from CR & PR Table I-1.

Conclusion

I find that the volume and price effects of the subject imports would have a significant adverse impact on the production, shipments, sales, market share, revenues and profitability of a vulnerable domestic structural steel beam industry if the orders are revoked. I do not find the financial condition of the industry to be capable of absorbing the likely adverse volume and price impacts without incurring material injury. Accordingly, I conclude that, if the orders on structural steel beams from Japan and Korea are revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On May 2, 2005, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930 ("the Act"), that it had instituted reviews to determine whether revocation of the countervailing duty order on structural steel beams from Korea, and the antidumping duty orders on structural steel beams from Japan and Korea, would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective August 5, 2005, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of these reviews is provided in the following tabulation.[1]

Effective date	Action
June 19, 2000	Commerce's antidumping duty order on Japan (65 FR 37960)
August 14, 2000	Commerce's countervailing duty order on Korea (65 FR 49542)
August 18, 2000	Commerce's antidumping duty order on Korea (65 FR 50502)
May 2, 2005	Commission's institution of reviews (70 FR 22696)
August 5, 2005	Commission's decision to conduct full reviews (70 FR 48440, August 17, 2005)
September 7, 2005	Commerce's final results of expedited review of countervailing duty order on Korea (70 FR 53167)
September 9, 2005	Commerce's final results of expedited reviews of antidumping duty orders on Japan and Korea (70 FR 53633)
September 9, 2005	Commission's scheduling of the reviews (70 FR 54962, September 19, 2005)
October 19, 2005	Commission's revised schedule (70 FR 67193, November 4, 2005)
January 12, 2006	Commission's hearing
February 23, 2006	Commission's vote
March 9, 2006	Commission's determination transmitted to Commerce

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

THE ORIGINAL INVESTIGATIONS

On July 7, 1999, petitions were filed with the U.S. Department of Commerce ("Commerce") and the Commission[2] alleging that an industry in the United States was materially injured by reason of imports of allegedly subsidized structural steel beams from Korea and by reason of imports of structural steel beams from Germany, Japan, Korea, and Spain that were allegedly sold in the U.S. market at less than fair value ("LTFV").[3] In its preliminary determinations, the Commission determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of subject imports from Germany and Spain. The Commission also determined that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of allegedly subsidized subject imports from Korea and allegedly LTFV subject imports from Japan and Korea.[4]

On April 25, 2000, Commerce made a final affirmative determination of sales at LTFV concerning subject imports from Japan, with margins as follows:

Manufacturer/producer/exporter	Weighted-average margin (*percent*)[5]
Kawasaki Steel Corp	65.21
Nippon Steel Corp	65.21
NKK Corp./Toa Steel Co. Ltd	65.21
Sumitomo Metals Industries Ltd	65.21
Tokyo Steel Manufacturing Co. Ltd	.65.21
Topy Industries Ltd	65.21
All Others	31.98

The Commission made a final affirmative injury determination with respect to LTFV imports of structural steel beams from Japan effective June 9, 2000.[6] The Commission was evenly divided, with three Commissioners determining that the U.S. industry was materially injured by reason of LTFV imports of structural steel beams from Japan and three Commissioners determining that the U.S. industry

---

[2] The petitions were filed by the Committee for Fair Beam Imports (CFBI) and its individual members, including Northwestern Steel & Wire Co. ("Northwestern"), Sterling, IL; Nucor-Yamato Steel Co. ("Nucor-Yamato"), Blytheville, AR; TXI-Chaparral Steel Co. ("TXI"), Midlothian, TX; and The United Steelworkers of America AFL-CIO, Pittsburgh, PA.

[3] Commerce defined the subject merchandise as "doubly-symmetric shapes, whether hot- or cold-rolled, drawn, extruded, formed or finished, having at least one dimension of at least 80 mm (3.2 inches) or more, whether of carbon or alloy (other than stainless) steel, and whether or not drilled, punched, notched, painted, coated, or clad. These products ("structural steel beams") include, but are not limited to, wide-flange beams ("W" shapes), bearing piles ("HP" shapes), standard beams ("S" or "I" shapes), and M-shapes."

"All products that meet the physical and metallurgical descriptions provided above are within the scope of this review unless otherwise excluded. The following products are outside and/or specifically excluded from the scope of this review: structural steel beams greater than 400 pounds per linear foot or with a web or section height (also known as depth) over 40 inches." In this report, "certain structural steel beams" and "structural steel beams" are used interchangeably.

[4] *Certain Structural Steel Beams From Germany, Japan, Korea, and Spain, Determinations*, 64 FR 47866 (September 1, 1999); and *Certain Structural Steel Beams From Germany, Japan, Korea, and Spain, Investigations Nos. 701-TA-401 (Preliminary) and 731-TA-852-855 (Preliminary)*, USITC Publication 3225, September 1999.

[5] *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams From Japan*, 65 FR 24182 (April 25, 2000).

[6] *Certain Structural Steel Beams from Japan, Determination*, 65 FR 38000 (June 19, 2000).

was threatened with material injury by reason of subject imports.[7] On June 19, 2000, Commerce issued an antidumping duty order on subject imports from Japan.[8]

On July 3, 2000, Commerce made a final affirmative determination of countervailable subsidies with respect to Korea, with margins as follows:

Manufacturer/producer/exporter	Net subsidy rate (*percent*)[9]
Inchon Iron & Steel	0.15
Kangwon Industries	3.88
Dongkuk Steel Mill (DSM)	1.34
All Others	3.87

In addition, on July 5, 2000, Commerce made a final affirmative determination of sales at LTFV concerning subject imports from Korea, with margins as follows:

Manufacturer/producer/exporter	Weighted-average margin (*percent*)[10]
Inchon Iron & Steel	25.51
Kangwon Industries	49.73
All Others	37.72

The Commission made final affirmative injury determinations with respect to both subsidized and LTFV imports of structural steel beams from Korea effective August 4, 2000.[11] The Commission again was evenly divided, with three Commissioners determining that the U.S. industry was materially injured by reason of subsidized and LTFV imports of structural steel beams from Korea and three Commissioners determining that the U.S. industry was threatened with material injury by reason of subject imports.[12] Subsequently, Commerce issued countervailing duty and antidumping duty orders on August 14, 2000, and August 18, 2000, respectively, with regard to subject imports from Korea.[13] In response to new information, on August 18, 2000, Commerce issued minor amendments to its final determination with respect to antidumping duty margins as follows:

---

[7] Vice Chairman Marcia A. Miller, Commissioner Jennifer A. Hillman, and Commissioner Deanna Tanner Okun found that the U.S. industry was materially injured by LTFV imports of structural steel beams from Japan, whereas Chairman Lynn M. Bragg, Commissioner Stephen Koplan, and Commissoner Thelma J. Askey found that the U.S. industry was threatened with material injury by reason of such imports. *Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final),* USITC Publication 3308, June 2000, p. 3.

[8] *Structural Steel Beams from Japan: Notice of Antidumping Duty Order*, 65 FR 37960 (June 19, 2000).

[9] *Final Affirmative Countervailing Duty Determination: Structural Steel Beams From the Republic of Korea*, 65 FR 41051 (July 3, 2000).

[10] *Notice of Final Determination of Sales at Less Than Fair Value: Structural Steel Beams From South Korea*, 65 FR 41437 (July 5, 2000).

[11] *Certain Structural Steel Beams From Korea, Determinations*, 65 FR 49595 (August 14, 2000).

[12] Vice Chairman Okun, Commissioner Miller, and Commissioner Hillman found that the U.S. industry was materially injured by subsidized and LTFV imports of structural steel beams from Korea, while Chairman Koplan, Commissioner Bragg, and Commissioner Askey found that the U.S. industry was threatened with material injury by reason of such imports of structural steel beams from Korea. *Certain Structural Steel Beams from Korea, Inv. Nos. 701-TA-401 (Final) and 731-TA-854 (Final),* USITC Publication 3326, August 2000, p. 1.

[13] *Notice of Countervailing Duty Order: Structural Steel Beams From the Republic of Korea*, 65 FR 49542 (August 14, 2000), and *Structural Steel Beams From South Korea: Notice of Antidumping Duty Order*, 65 FR 50502 (August 18, 2000).

Manufacturer/producer/exporter	Weighted-average margin (*percent*)[14]
Inchon Iron & Steel	25.31
Kangwon Industries	49.01
All Others	37.25

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations and from these reviews; figure I-1 shows U.S. imports of structural steel beams from Japan and Korea since 2000. Unless otherwise stated, data for the domestic industry are based on complete questionnaire responses from seven operating U.S. beams producers, a partial questionnaire response from one company with limited beam operations, and historical data from three companies that no longer exist as independent entities. Altogether, these companies accounted for nearly 100 percent of U.S. production during the period for which the data were collected.[15] U.S. import data are based on official Commerce statistics. With respect to U.S. imports, official Commerce statistics are compiled from subheadings 7216.32.00 and 7216.33.00 of the Harmonized Tariff Schedule (HTS).[16]

[14] *Notice of Amended Final Determination of Sales at Less Than Fair Value: Structural Steel Beams From South Korea,* 65 FR 50501 (August 18, 2000).

[15] As discussed in greater detail later in part I of this report, Northwestern ceased producing structural steel beams in May 2001 and J&L Structural, Inc. (J&L) halted production in August 2002. Gerdau Ameristeel acquired Birmingham Steel's structural steel beam operation in late 2001 but provided no data on this operation prior to its acquisition. For comparison purposes, staff obtained data for Northwestern, J&L, and Birmingham Steel from questionnaires filed in previous investigations. *See Certain Structural Steel Beams from China, Germany, Luxembourg, Russia, South Africa, Spain, and Taiwan, Investigations Nos. 931-TA-935-936 and 938-942 (Final),* USITC Publication 3522, June 2002 (hereinafter, "USITC Publication 3522"). Each of the three companies signed waivers permitting the use of its data in subsequent proceedings. Nonetheless, staff resorted to this approach only because it could not obtain information directly from the companies.

The scopes and domestic like products in the original investigations and in Investigation Nos. 731-TA-935-936 and 938-942 (Final) share the same basic definition. The scope and domestic like product in the latter investigations, moreover, share both exclusions from the original investigations currently subject to review. They further exclude "structural steel beams that have additional weldments, connectors, and attachments to I-sections, H-sections, or pilings." *See* USITC Publication 3522, pages 4 (scope) and 7 (single domestic like product constituting all structural beams meeting the specifications of the scope definition). However, Staff does not believe that this additional exclusion results in a materially different dataset.

[16] In the original investigations, the Commission relied on questionnaire data in some instances but on official Commerce statistics for monthly and geographic comparisons.

Table I-1
Structural steel beams: Summary data from the original investigations and current reviews, 1997-2004

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

Item	1997	1998	1999	2000	2001	2002	2003	2004
U.S. consumption quantity:								
Amount	4,539,822	5,634,054	4,646,749	6,168,761	4,787,651	4,392,340	4,575,412	4,807,663
U.S. producers' share:	89.9	65.4	83.2	79.2	89.5	93.1	95.6	95.3
U.S. importers' share:[1]								
Japan	1.2	16.2	4.3	0.1	0.1	0.1	(2)	(2)
Korea	0.0	5.8	5.4	0.4	0.5	0.9	(2)	(2)
Subtotal, subject imports	1.2	22.0	9.7	0.5	0.5	1.0	(2)	(2)
All other sources	8.9	12.7	7.1	20.4	10.0	5.9	4.4	4.7
Total imports	10.1	34.6	16.8	20.8	10.5	6.9	4.4	4.7
U.S. imports from:								
Japan:								
Quantity	54,704	916,419	200,642	3,986	3,264	5,593	213	30
Value	20,423	306,807	56,095	2,108	1,951	2,198	129	27
Unit value[3]	$373.33	$334.79	$279.58	$528.77	$597.73	$392.95	$605.14	$885.92
Korea:								
Quantity	0	324,689	252,196	25,497	21,791	37,960	1,232	2,077
Value	0	94,882	67,412	9,257	6,522	10,099	504	1,155
Unit value[3]	(4)	$292.22	$267.30	$363.06	$299.28	$266.05	$409.36	$556.31
Subtotal:								
Quantity	54,704	1,241,108	452,838	29,483	25,056	43,553	1,445	2,107
Value	20,423	401,689	123,507	11,365	8,473	12,297	633	1,182
Unit value[3]	$373.33	$323.65	$272.74	$385.46	$338.17	$282.34	$438.21	$561.02
All other sources:								
Quantity	428,532	699,954	358,967	1,256,636	476,389	259,711	200,600	224,212
Value	154,240	254,124	117,414	465,130	157,586	84,648	68,832	104,540
Unit value[3]	$359.93	$363.06	$327.09	$370.14	$330.79	$325.93	$343.13	$466.26
Total:								
Quantity	483,237	1,941,062	811,805	1,286,119	501,444	303,264	202,046	226,318
Value	174,663	655,813	240,921	476,495	166,059	96,945	69,465	105,722
Unit value[3]	$361.44	$337.86	$296.77	$370.49	$331.16	$319.67	$343.81	$467.14

Table continued on next page.

Table I-1--*Continued*
Structural steel beams: Summary data from the original investigations and current reviews, 1997-2004

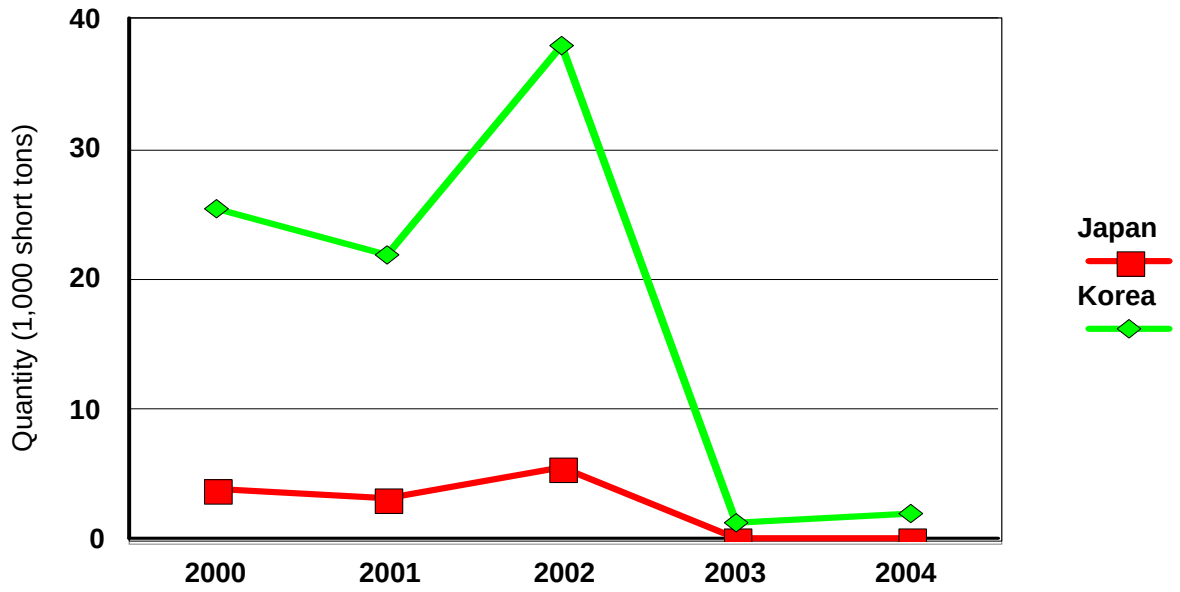
(Quantity= *short tons*; value= *1,000 dollars*; unit values= *dollars per short ton*; shares/ratios *in percent*)

Item	1997	1998	1999	2000	2001	2002	2003	2004
U.S. producers':								
Capacity	4,719,000	4,567,000	5,383,667	6,437,350	6,150,783	6,076,870	6,472,976	6,648,941
Production	4,077,606	3,852,961	3,951,500	5,102,715	4,374,346	4,294,276	4,759,032	5,355,312
Capacity utilization	86.4	84.4	73.4	79.3	71.1	70.7	73.5	80.5
U.S. shipments:								
Quantity	4,081,046	3,683,958	3,864,505	4,882,642	4,286,207	4,089,076	4,373,366	4,581,345
Value	1,616,390	1,494,136	1,295,087	1,916,272	1,475,637	1,391,331	1,426,825	2,362,551
Unit value[3]	$396.07	$405.58	$335.12	$392.47	$344.28	$340.26	$326.25	$515.69
Export shipments:								
Quantity	121,536	52,437	110,050	53,533	100,973	119,686	409,858	543,653
Value	47,853	21,024	35,201	22,209	34,323	40,017	126,948	274,215
Unit value[3]	$393.74	$400.94	$319.86	$414.87	$339.92	$334.35	$309.74	$504.39
Production and related workers	2,213	2,086	2,341	3,135	2,837	2,517	2,555	2,736
Hours worked (*1,000*)	4,720	4,461	4,933	7,032	6,074	5,322	5,985	6,316
Hourly wages	$22.50	$22.91	$22.34	$26.26	$26.91	$29.42	$28.41	$29.83
Net sales (*value*)	1,665,862	1,518,316	1,345,512	1,873,383	1,541,365	1,408,961	1,705,789	2,614,838
Operating income or (loss) (*value*)	319,028	304,065	136,005	254,482	148,355	32,157	14,044	362,919
Ratio operating income or (loss)/sales	19.2	20.0	10.1	13.6	9.6	2.3	0.8	13.9

[1] Importers' share is calculated from U.S. shipments of imports for the period 1997-99 and from U.S. imports for the period 2000-04.
[2] Less than 0.05 percent.
[3] Average unit value.
[4] Not applicable.

Source: Data for 1997-99 are from the Commission's staff report in the original investigations: *Certain Structural Steel Beams From Japan, Inv. No. 731-TA-853 (Final)*, USITC Publication 3308, June 2000, tables IV-2, IV-3, IV-4, and C-1. Data for 2000-04 are compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Figure I-1
Structural steel beams: U.S. imports from Japan and Korea, 2000-04



Note: Based on HTS statistical reporting numbers 7216.32.0000, 7216.33.0030, 7216.33.0060, and 7216.33.0090.

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

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

Following a petition filed on May 23, 2001, by counsel on behalf of the Committee for Fair Beam Imports and its members, the Commission conducted antidumping duty investigations on certain structural steel beams from China, Germany, Italy, Luxembourg, Russia, South Africa, Spain and Taiwan, which were allegedly sold at LTFV in the United States. On May 20, 2002, Commerce made a final determination on imports from Italy, finding that such imports were not sold at LTFV. Subsequently, the Commission terminated its investigation with respect to Italy. Although Commerce made final affirmative determinations with respect to LTFV sales in the United States of structural steel beams from China, Germany, Luxembourg, Russia, South Africa, Spain, and Taiwan, the Commission found that subject imports from these countries did not materially injure or threaten material injury to the U.S. industry.[17]

[17] *Certain Structural Steel Beams From China, Germany, Luxembourg, Russia, South Africa, Spain, and Taiwan, Inv. Nos. 731-TA-935-936 and 938-942 (Final*), USITC Publication 3522, June 2002. Commissioner Lynn M. Bragg dissented from this determination, concluding instead that the domestic industry was threatened with material injury by reason of the subject imports from the remaining seven countries.

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

Following receipt of a request from the Office of the United States Trade Representative ("USTR") on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974[18] to determine whether certain steel products, including structural steel beams,[19] were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like or directly competitive with the imported article.[20] On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate ("Senate Finance Committee" or "Committee") requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.[21] Consistent with the Senate Finance Committee's resolution, the Commission consolidated the investigation requested by the Committee with the Commission's previously instituted investigation No. TA-201-73.[22] On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission made a negative determination[23] with respect to structural shapes, including beams.[24]

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

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

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

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*

---

[18] 19 U.S.C. § 2252.

[19] Products related to structural steel beams, a 'like or directly competitive product' encompassing structural steel beams that were covered under investigation No. TA-201-73 included "{c}arbon and alloy heavy structural shapes and sheet piling ("shapes") {which}are angles, shapes, and sections (such as U, I, or H sections) of a height equal to or more than 80 mm." *Steel, Inv. No. TA-201-73, Volume I: Determinations and Views of Commissioners*, USITC Publication 3479, December 2001, p. 12.

[20] *Institution and Scheduling of an Investigation under Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) (the Act)*, 66 FR 35267 (July 3, 2001).

[21] 19 U.S.C. § 2251.

[22] *Consolidation of Senate Finance Committee Resolution Requesting a Section 201 Investigation with the Investigation Requested by the United States Trade Representative on June 22, 2001*, 66 FR 44158 (August 22, 2001).

[23] Negative determinations with respect to structural shapes were issued by Commissioners Koplan, Hillman, Miller, and Okun; whereas Commissioners Bragg and Devaney issued affirmative determinations with respect to these products. *Steel, Inv. No. TA-20-73*, USITC Publication 3479, December 2001, pp. 17-18.

[24] *Steel; Import Investigations*, 66 FR 67304 (December 28, 2001).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix C. U.S. industry data are based on questionnaire responses of eight current and three former producers that accounted for nearly all of U.S. beams production during 2000-05.[25] U.S. import data are based on official statistics of Commerce and questionnaire responses of 16 importers.[26]

COMMERCE'S CHANGED CIRCUMSTANCES AND ADMINISTRATIVE REVIEWS

Japan

Commerce completed two review proceedings related to the antidumping duty order on structural steel beams from Japan. On December 27, 2000, Commerce received a request from Yamato Kogyo Co. Ltd., a producer and exporter of structural steel beams, to conduct a new shipper review. The period of the review was February 11, 2000, through November 30, 2000. Commerce determined that the margin for Yamato Kogyo's imports was 0.0 percent.[27] On November 17, 2003, Yamato Kogyo and Yamato Steel requested Commerce to conduct a changed circumstances review to determine if Yamato Steel was a successor-in-interest to Yamato Kogyo with respect to liabilities resulting from antidumping and countervailing duty orders. In its final determination, Commerce concluded that Yamato Steel was responsible for the antidumping duty margin assigned to Yamato Kogyo during Commerce's most recent administrative review, which was 0.0 percent.[28]

Korea

Commerce completed several review proceedings related to the antidumping duty orders on structural steel beams from Korea. The first review, initiated in response to a letter from petitioners in the original investigations to Commerce on August 30, 2000, was conducted to determine the successor-in-interest of the merger between Inchon Iron and Steel Co. Ltd. ("Inchon") and Kangwon Industries Co. Ltd. Commerce's final determination stated that post-merger Inchon was the successor-in-interest to Inchon Iron & Steel and Kangwon Industries, and was therefore responsible for the latter's antidumping

[25] *** did not provide complete data in its response to the Commission's questionnaire.

[26] Importers' questionnaire responses accounted for 92.3 percent of imports of structural steel beams from Japan and essentially all subject imports from Korea during the period for which data were collected.

[27] *Notice of Final Results of Antidumping Duty New Shipper Review: Structural Steel Beams From Japan*, 67 FR 9440 (March 1, 2002).

[28] *Structural Steel Beams From Japan: Notice of Final Results of Changed Circumstances Antidumping Duty Administrative Review*, 69 FR 56039 (September 17, 2004).

duty obligations.[29] On October 1, 2001, Commerce initiated a changed circumstances review with respect to the corporate name change of Inchon Iron and Steel Co. Ltd. to INI Steel Co. Ltd. ("INI"). Commerce determined that INI was the successor-in-interest to Inchon for the purposes of antidumping duty liability.[30]

In October 2001, Commerce published a notice of initiation for the administrative review of the antidumping duty order of structural steel beams from Korea.[31] The period of the review was February 11, 2000, through July 31, 2001. In its final determination, Commerce established the weighted-average antidumping margin with respect to Korean producer INI at 1.87 percent for the period of the review.[32] Commerce conducted a second administrative review of the antidumping duty order on Korea for the period of August 1, 2001, through July 31, 2002. As a result of the review, the antidumping margin was adjusted to 4.15 percent for INI and 0.04 percent for Dongkuk Steel Mill ("DSM").[33] Finally, Commerce's third administrative review of the antidumping duty order on Korea, conducted for the period August 1, 2002 though July 31, 2003, resulted in an antidumping margin of 16.62 percent for INI and 4.39 percent for DSM.[34]

RESULTS OF COMMERCE'S EXPEDITED REVIEWS[35]

On September 7, 2005, Commerce found that revocation of the countervailing duty order on structural steel beams from Korea would likely lead to continuation or recurrence of subsidies as follows:[36]

Manufacturer/producer/exporter	Net countervailable subsidy (*percent*)
Kangwon Industries	3.88
Dongkuk Steel Mill (DSM)	1.34
All Others	3.87

On September 9, 2005, Commerce found that revocation of the antidumping duty orders with respect to structural steel beams from Japan and Korea would likely lead to continuation or recurrence of dumping as follows:[37]

---

[29] *Structural Steel Beams from Korea: Final Results of Changed Circumstances Review*, 66 FR 34615 (June 29, 2001).

[30] *Structural Steel Beams From the Republic of Korea: Notice of Final Results of Changed Circumstances Antidumping Duty Administrative Review*, 67 FR 11980 (March 18, 2002).

[31] *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 66 FR 49924 (October 1, 2001).

[32] *Structural Steel Beams from the Republic of Korea; Final Results of Antidumping Duty Administrative Review*, 68 FR 2499 (January 17, 2003).

[33] *Structural Steel Beams from Korea; Final Results of Antidumping Duty Administrative Review*, 69 FR 7200 (February 13, 2004).

[34] *Structural Steel Beams from Korea; Notice of Final Results of Antidumping Duty Administrative Review*, 70 FR 6837 (February 9, 2005).

[35] Commerce has not issued a duty absorption determination with respect to these orders.

[36] *Final Results of Expedited Sunset Review of the Countervailing Duty Order: Structural Steel Beams from South Korea*, 70 FR 53167 (September 7, 2005).

[37] *Structural Steel Beams from Japan and South Korea; Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders*, 70 FR 53633 (September 9, 2005).

Manufacturer/producer/exporter	Weighted-average margin (*percent*)
Japan:	
Kawasaki Steel Corp.	65.21
Nippon Steel Corp.	65.21
NKK Corp./Toa Steel Co. Ltd.	65.21
Sumitomo Metals Industries Ltd.	65.21
Tokyo Steel Manufacturing Co. Ltd.	65.21
Topy Industries Ltd.	65.21
All Others	31.98

Manufacturer/producer/exporter	Weighted-average margin (*percent*)
Korea:	
INI Steel Co. Ltd.[38]	25.31
All Others	37.25

CONTINUED DUMPING AND SUBSIDY OFFSET ACT

Qualified U.S. producers of structural steel beams are eligible to receive disbursements from the U.S. Customs and Border Protection ("Customs") under the Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA"), also known as the Byrd Amendment. Between 2002 and 2005, two firms, Chaparral Steel Corp. ("Chaparral")[39] and Nucor Corp. ("Nucor"), received such funds. Table I-2 presents CDSOA claims and disbursements for Federal fiscal years 2002-05.

[38] INI Steel Co. Ltd. (INI) was formed through the merger of Inchon Iron & Steel Co. Ltd. ("Inchon") and Kangwon Industries Co. Ltd. ("Kangwon Industries") in March 2000. In 2001, Commerce determined through administrative reviews that INI was the successor-in-interest to Inchon and Kangwon Industries. *See* previous section entitled "Commerce's Changed Circumstances and Administrative Reviews."

[39] Chaparral is an independent steel firm, formerly the subsidiary of TXI-Chaparral. *See* section entitled "Restructuring of the U.S. industry."

Table I-2
Structural steel beams: CDSOA claims and disbursements, Federal fiscal years 2002-05[1]

Year	Order	Claimant	Share of yearly allocation	Certification amount	Amount disbursed
			Percent	*Dollars*	
2002	A-580-841 (Korea)	Nucor	69.6	2,702,946,541.00	0.00
		TXI-Chaparral	30.4	1,180,925,033.00	0.00
		Subtotal		3,883,871,574.00	0.00
	A-588-852 (Japan)	Nucor	68.2	2,702,946,541.00	49,247.73
		TXI-Chaparral	31.8	1,262,770,594.00	23,007.70
		Subtotal		3,965,717,135.00	72,255.43
	C-580-842 (Korea)	Nucor	69.5	2,702,946,541.00	0.00
		TXI-Chaparral	30.5	1,186,383,165.00	0.00
		Subtotal		3,889,329,706.00	0.00
2003	A-580-841 (Korea)	Nucor	66.3	3,410,928,633.00	138,634.00
		TXI-Chaparral	33.7	1,736,714,583.00	70,587.14
		Subtotal		5,147,643,216.00	209,221.14
	A-588-852 (Japan)	Nucor	65.2	3,410,928,633.00	15,674.15
		TXI-Chaparral	34.8	1,820,137,574.00	8,364.03
		Subtotal		5,231,066,207.00	24,038.18
2003	C-580-842 (Korea)	Nucor	66.2	3,410,928,633.00	11.19
		TXI-Chaparral	33.8	1,742,279,411.00	5.72
		Subtotal		5,153,208,044.00	16.91
2004	A-580-841 (Korea)	Nucor	64.2	4,277,187,506.00	344,277.82
		TXI-Chaparral	35.8	2,380,289,503.00	191,593.39
		Subtotal		6,657,477,009.00	535,871.21
	A-588-852 (Japan)	Chaparral	36.5	2,463,633,537.00	4,668.52
		Nucor	63.5	4,277,187,506.00	8,105.17
		Subtotal		6,740,821,043.00	121,773.69
	C-580-842 (Korea)	Chaparral	35.8	2,385,854,331.00	994.36
		Nucor	64.2	4,277,187,506.00	1,782.62
		Subtotal		6,663,041,837.00	2,776.98

Table continued on next page.

Table I-2--*Continued*
Structural steel beams: CDSOA claims and disbursements, Federal fiscal years 2002-05[1]

Year	Order	Claimant	Share of yearly allocation	Certification amount	Amount disbursed
			Percent	***Dollars***	
2005	A-580-841 (Korea)	Chaparral	35.7	3,170,036,171.00	195,274.11
		Nucor	64.3	5,712,890,886.00	351,913.87
		Subtotal		8,882,927,057.00	547,187.98
	A-588-852 (Japan)	Chaparral	35.7	3,175,862,179.00	888.68
		Nucor	64.3	5,712,890,886.00	1,598.61
		Subtotal		8,888,753,065.00	2,487.29
	C-580-842 (Korea)	Chaparral	36.3	3,253,708,309.00	9,723.26
		Nucor	63.7	5,712,890,886.00	17,072.18
		Subtotal		8,966,599,195.00	26,795.44

[1] The Federal fiscal year is October 1-September 30.

Source: Customs' *CDSOA Annual Reports FY 2000-2005*, found at http://www.cbp.gov/xp/cgov/import/add_cvd/cont_dump/.

THE SUBJECT MERCHANDISE

Commerce's Scope

The imported products subject to these reviews are structural steel beams,[40] principally load-bearing components in structures and in certain other applications. The subject steel beams are doubly symmetric shapes, having at least one cross-sectional dimension of 80 mm (3.2 inches)[41] or more,[42] whether hot- or cold-rolled, drawn, extruded, formed, or finished; whether of carbon or alloy (but not stainless) steel; and whether or not drilled, punched, notched, painted, coated, or clad. These products include, but are not limited to, wide-flange shapes (W shapes), bearing or H-piles (HP shapes), standard beams (S or I shapes), and M-sections (M shapes).[43] Specifically excluded are structural steel beams of stainless steel and structural steel beams with weights greater than 400 pounds per linear foot (597 kg per linear meter) or with a cross-section height (web depth) over 40 inches (1,016 mm). Structural steel shapes are considered to be within the scope to the extent that they meet the above description.

Tariff Treatment

The subject products can be imported free of duty from normal trade relations countries, with such rate applicable to imports from Japan and Korea. U.S. tariffs on structural steel beams ranged as high as 2.6 percent ad valorem in 1999 but were eliminated in stages pursuant to Uruguay Round concessions. Over the period for which data were collected, imports of the subject merchandise have been reported under the following HTS statistical reporting numbers: 7216.32.0000, 7216.33.0030, 7216.33.0060, 7216.33.0090, 7216.50.0000, 7216.61.0000, 7216.69.0000, 7216.91.0000, 7216.91.0010, 7216.91.0090, 7216.99.0000, 7216.99.0010, 7216.99.0090, 7228.70.3010, 7228.70.3040, 7228.70.3041, and 7228.70.6000.

---

[40] In this report, "certain structural steel beams" and "structural steel beams" are used interchangeably.

[41] These inch/mm equivalents reported in the scope imply an apparent conversion factor of 25 mm per inch, although the unrounded conversion factor would be 25.4 mm per inch. Otherwise, inch/mm equivalents will be based on the unrounded conversion factor. However, an inch/mm conversion factor would not apply to industry unit designations that are to be regarded as separate standards. Hence, the inch-pound/SI equivalents provided in parentheses should not be interpreted as implying any equivalence between the separate inch-pound and metric units designations of the American Society for Testing and Materials (ASTM) Designation A6/A6M. *See* footnote to ASTM Designation A6/A6M under "Physical Characteristics and Uses."

[42] Steel structural shapes, including beams, with cross-sectional dimensions exceeding 3.2 inches (80 mm) are described as "heavy structural shapes" or "structural-size shapes," whereas those with cross-sectional dimensions less than 3.2 inches (80 mm) are described as "light shapes" or "bar-size shapes." Bar-size shapes generally are consumed in different end-use applications. *Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final),* USITC Publication 3308, June 2000, p. I-3.

[43] The letter designations refer to specific ASTM classifications rather than to the literal cross-sectional shape. These four classifications are described further under "Physical Characteristics and Uses."

THE DOMESTIC LIKE PRODUCT

Physical Characteristics and Uses

Structural steel beams are designed specifically to be load-bearing support members in a wide range of structural applications. Principal end uses are buildings,[44] bridges, towers, pre-manufactured homes, railroad rolling stock, ships, and original equipment manufacturing (OEM) applications. Structural steel beams are available in a range of overlapping sizes and cross-sectional profiles. Four standard categories for structural steel beams, with profile shape indicated by a letter designation, are listed in American Society for Testing and Materials (ASTM) Designation A6 (inch-pound units)/A6M(metric units),[45] which provides for each nominal size (based on web depth) the corresponding cross-sectional dimensions of the flanges and adjoining web:[46]

- "W" shapes–wide-flange shapes with straight flanges, where the flange thickness differs from that of the adjoining web, with specifications for nominal web depths ranging from 4 to 44 inches (ASTM Designation A6) or from 100 to 1,100 mm (ASTM Designation A6M);

- "HP" shapes–bearings or H piles with straight flanges, where the flange thickness is the same as that of the adjoining web, with specifications for nominal web depths ranging from 8 to 14 inches (ASTM Designation A6) or from 200 to 360 mm (ASTM Designation A6M);

- "S" shapes–standard beams or I-beams, characterized by flanges with sloping inner surfaces but straight outer surfaces, with specifications for nominal web depths ranging from 3 to 24 inches (ASTM Designation A6) or from 75 to 610 mm (ASTM Designation A6M); and

- "M" shapes–miscellaneous shapes or M-sections, which are any flanged structural shapes that are not classified as W, S, or HP shapes, and with specifications for nominal web depths ranging from 5 to 12 inches (ASTM Designation A6) or from 130 to 310 mm (ASTM Designation A6M).

---

[44] According to Chaparral's marketing director, non-residential construction is the major end-use "driver," with roughly 70 percent of the market demand for structural steel beams. Hearing transcript, pp. 17-18 (Wright).

[45] "ASTM Designation A6/A6M-99, Standard Specification for General Requirements for Rolled Structural Steel Bars, Plates, Shapes, and Sheet Piling," *2000 Annual Book of ASTM Standards, Section 1, Iron and Steel Products, Vol. 01.04, Steel-Structural, Reinforcing, Pressure Vessel, Railway* (West Conshohocken, PA: ASTM, 2000), pp. 13-71. According to the ASTM, "1.12 The values stated in either inch-pound units or SI units are to be regarded separately as standard...The values stated in each system are not exact equivalents; therefore each system is to be used independently of the other, without combining values in any way." Ibid., p. 14; and "A2.1 ...The values stated in inch-pound units are independent of the values stated in SI units, and the values from the two systems are not to be combined in any way..." Ibid., p. 54.

[46] In ASTM Designation A6, the nominal depth of the web is indicated in inches, and weight is specified in pounds per linear foot. In ASTM Designation A6M, the nominal depth of the web is indicated in mm, and weight is specified in kg per linear meter. For example, a structural steel beam of size designated W40 x 297 and meeting ASTM Designation A6, is a "W" shape (wide-flange shape), with a nominal web depth (cross-section height when the beam is viewed on-end and standing on the outer surface of one flange) of 40 inches (although the actual web depth is 39.84 inches), and weighs 297 pounds per linear foot of its length.

These structural steel beams are produced to both the general requirements of ASTM Designation A6/A6M,[47] common to a number of structural steel products,[48] and to certain ASTM Designations for metallurgical (chemical) compositions of steel for structural applications.[49] Structural steel beams are dedicated almost exclusively for steel structure construction, and are sold either as-is or in various degrees of partial fabrication. Assembly of structural steel beams into partial or complete structural units is by relatively straightforward operations such as joining by welding or bolting to assemble the structure.

Manufacturing Process[50]

The manufacturing process for structural steel beams consists of the three stages of (1) melting and refining raw steel, (2) casting raw steel into semifinished forms, and (3) hot-rolling semifinished forms into structural steel beams.

Melting Stage

In the United States, steel for structural steel beams is produced by minimills that melt steel scrap in electric arc furnaces. Korean and Japanese producers also utilize the minimill process, although some Japanese producers also rely on basic-oxygen-furnaces to convert molten pig iron into steel.[51] Once molten steel is produced, through either process, it is poured from the furnace into a refractory-lined ladle, where its composition can be refined by addition of any necessary alloys to effect the required chemical and physical properties.

[47] In June 2005, a proposal was voted upon and approved at ASTM to update certain sizes of Wide Flange Shapes in ASTM A6/A6M. In particular, the approved change to ASTM A6-05^{e1} respecifies the distance between flanges in the W36x16 series to the same as in the W36x12 series (36-inch nominal web depth and 16-inch nominal flange width) of wide flange beams, which is 33.97 inches. Wide flange beams produced to the new standard are scheduled to be rolled the week of February 19, 2006. *See* Nucor-Yamato, "Memorandum on Summary of Changes," found at http://www.nucoryamato.com/staticdata/36memo.pdf, retrieved October 5, 2005, and news release, December 6, 2005, found at http:nucoryamato.com/staticdata/news.htm, posted December 7, 2005, retrieved January 26, 2006.

[48] General requirements for structural steel products provided by ASTM Designation A6/A6M include requirements for manufacture, metallurgical and physical properties, weldability, product quality, testing, and marking.

[49] Metallurgical standard specifications for structural steel beams (among other structural shapes and plates) include ASTM Designation A36/A36M (carbon steel), ASTM Designation A131/A131M (structural steel for ships), ASTM Designation A242/A242M (high strength low-alloy (HSLA) structural steel), ASTM Designation A572/A572M (HSLA columbium-vanadium structural steel), ASTM Designation A690/A690M (HSLA steel H-piles and sheet piling for use in marine environments), and ASTM Designation A709/A709M (structural steel for bridges). *2000 Annual Book of ASTM Standards, Section 1, Iron and Steel Products, Vol. 01.04.*

[50] The information in this section of the report is derived from the original investigations. *See Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final),* USITC Publication 3308, June 2000; and *Certain Structural Steel Beams from Korea, Invs. Nos. 701-TA-401 (Final) and 731-TA-854 (Final),* USITC Publication 3326, August 2000.

[51] *See, e.g.,* hearing transcript, p. 268 (Cameron).

Casting Stage

Molten steel must be cast into a semifinished form of the size and shape suitable for the rolling process. In continuous (strand) casting, molten steel is poured from the ladle into a tundish (reservoir dam), which controls the rate of flow into the molds at the top of the continuous caster. A solid "skin" forms around the molten steel in the molds, and as the columns of partially solidified steel descend through the caster, water sprays rapidly cool the cast steel (which helps minimize compositional segregation) to the point that strands are completely solidified when they emerge at the bottom of the caster. Lengths of continually cast semifinished steel are flame cut at intervals, after which they may either be sent directly for further processing or be cooled on a cooling bed and subsequently stored for later use. Semifinished forms can also be produced by the traditional, multi-step, ingot-teeming method.[52] Most structural shapes producers now continuously cast steel into beam blanks, rather than thetraditional square or rectangular cross-sectioned blooms or billets.[53] A beam blank's cross section approximates the final shape of the beam, and is sometimes referred to as a "dogbone." A further advancement is near-net-shape casting, pioneered by Chaparral, that produces blanks with a thinner web than those of conventional beam blanks.[54]

Hot-Rolling Stage

Prior to rolling, the semifinished steel is sent through a reheat furnace to increase its malleability and to reduce wear on the rolling mill. In the rolling mill, the steel form is reduced to the desired cross-sectional profile and dimensions of the final structural steel beam by sequential passes through roughing, intermediate, and finishing stands. Mill configuration varies among individual producers,[55] with the steel passed several times between the rolls of each stand of a reversing mill, or continuously through successive stands of an in-line mill. Mills for rolling the wide flanges of structural steel shapes are distinguished by both horizontally and vertically mounted rolls that lack grooves,[56] in contrast to mills for rolling angles, channels, and standard I-beams, which consist of horizontally mounted, grooved rolls. Because structural steel beams have similar cross-sectional shapes, different types can be produced on

---

[52] In the ingot teeming process, molten steel is poured into individual molds, where it solidifies. The ingots are subsequently heated in soaking pits until they reach uniform temperature to ensure uniform metallurgical structure. To be suitable for rolling, the ingots must be reduced in size to smaller semifinished forms in a breakdown mill.

[53] Square or rectangular cross-sectioned blooms or billets must also be reheated and reduced in cross-sectional dimension on a break-down mill to a smaller size suitable for hot rolling.

[54] Chaparral entirely casts near net-shapes at its Petersburg, VA, facility, whereas its Midlothian, TX, facility has two mills, one which utilizes near net-shape castings and the other that utilizes beam blanks. By contrast, Nucor-Yamato and Steel Dynamics utilize only beam blanks. Hearing transcript, p. 76 (Wright, Stratman, and Nolan).

[55] Rolling mill configurations depend on the individual producer's operating strategy, e.g., the degree that semifinished steel is cast to approximate shape of the finished product, desired flexibility to produce different shapes, desired size ranges of products, etc.

[56] Roll marks are inversely cut into the vertically mounted rolls to impart the producer's name, brand, or trademark as raised letters at intervals along the web to meet the marking requirements of ASTM A6/A6M. This specification also requires, but does not specify how, the heat number, size, and length are to be marked on an individual beam. The ASTM product specification number and grade are required to be marked with specified color(s) on one cut end or on the flange adjacent to the cut end (sect. 5.6.2. Shapes). For beams with the greatest cross-sectional dimension not exceeding 6 inches, the producer or processor has the option of marking or tagging a bundle of such beams with the above information (sect. 5.2 Shapes). "ASTM Designation A6/A6M-99, Standard Specification for General Requirements for Rolled Structural Steel Bars, Plates, Shapes, and Sheet Piling," *2000 Annual Book of ASTM Standards, Section 1, Iron and Steel Products, Vol. 01.04,* pp. 16-17.

the same equipment by substituting rolls and making other necessary changes to the configuration of the production process. Likewise, a limited size range of the same cross-sectional shape can be produced by spreading or narrowing the spacing between the rolls. The range of sizes and shapes produced on a mill depends on the economics of the production process for the mill design, and the mill's line of products are produced on a rotating basis to a regular schedule. After rolling, structural steel beams are allowed to cool on a cooling bed, then straightened on a rotary straightener. Finally, they are cut to specified lengths, inspected for imperfections, tested for specified metallurgical properties, and prepared for inventorying or shipment.

Interchangeability[57] [58]

There is some degree of interchangeability among various cross sections and sizes of structural steel beams, especially at the design stage for a given structure. In the original investigations, petitioners asserted that once a structure is designed, there is still some flexibility to substitute one type of structural steel beam for another by making adjustments to the overall project design. On the other hand, it appears that each of the cross-sectional profiles has a fairly specialized use, limiting overall interchangeability. Selection of a particular profile is determined largely by the architect or engineer, and interchangeability is limited by the dimensions and load-bearing capabilities required to meet a project's precise engineering specifications.

Marketing

All configurations and compositions of structural steel beams are sold by U.S. producers to distributors (service centers), fabricators, and end users (builders and original equipment manufacturers (OEMs)). Distributors accounted for 61.9 percent of the volume of U.S. producers' shipments of structural steel beams in 2004, and for *** percent of shipments of subject imported beams in that year.[59]

Builders purchase structural steel beams from steel fabricators who process the beams to order for each project. Fabricators, not normally carrying significant inventory volumes, prefer to order structural steel beams for each job directly from domestic mills, and turn to the service centers as a second choice when a specific product is not available from the mill. As domestic mills sell to the fabricators and the steel service centers at the same price, fabricators must pay more in the form of a "middleman's" mark-up when purchasing from service centers. Further, structural steel beams can be purchased cut-to-size

[57] Changes in specification requirements (i.e., ASTM A6/A6M) have allowed producers of certain hot-rolled shapes to use the same rolls on different shape groups with the same section depths, reducing the cost of rolls as well as the time the mills are down to replace the rolls. Nucor-Yamato, "Memorandum on Summary of Changes," found at http://www.nucoryamato.com/staticdata/36memo.pdf, retrieved October 5, 2005.

[58] The information in this section of the report is derived from the original investigations. *See Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final),* USITC Publication 3308, June 2000; and *Certain Structural Steel Beams from Korea, Invs. Nos. 701-TA-401 (Final) and 731-TA-854 (Final),* USITC Publication 3326, August 2000.

[59] A representative of a domestic interested party characterized structural steel beams as a commodity product, being produced to standardized specifications. Further, according to this representative, from the buyer's standpoint a Korean-produced beam would not be different from a domestically produced beam, as long as they both meet ASTM specifications. Hearing transcript, p. 33 (Nolan).

directly from the mill, whereas products from service centers must be purchased in set lengths, which is less economical due to the "drop" or wasted portion beyond the desired length.[60]

DOMESTIC LIKE PRODUCT ISSUES[61]

In its original determination, the Commission found one domestic like product consisting of all structural steel beams, including all variants of doubly symmetric structural shapes coextensive with Commerce's scope.[62] The Commission noted that none of the parties contested the Commission's finding in the preliminary determinations of a single domestic like product and no new information emerged in the final phase of the original investigation to call into question its earlier finding.[63] In their respective responses to the Commission's May 2, 2005, notice of institution of the five-year sunset review of Structural Steel Beams from Japan and Korea, both the domestic interested parties[64] and the Korean respondent interested parties[65] stated their agreement with the Commission's definitions of the domestic like product and the domestic industry. The Commission received no response to its notice of institution from any potentially interested Japanese parties.

U.S. MARKET PARTICIPANTS

U.S. Producers

The eight domestic producers of structural steel beams identified in the original investigations were: Chaparral, J&L, North Star Steel-Kentucky ("North Star"), Northwestern, Nucor Corp. ("Nucor"), Nucor-Yamato Corp. ("Nucor-Yamato"), SMI Steel Inc. ("SMI"), and Steel of West Virginia Inc. Since the original investigations, J&L, North Star, and Northwestern exited the domestic industry; Birmingham Steel entered and exited; and Bayou Steel Corp. ("Bayou Steel"), Gerdau Ameristeel U.S. Inc. ("Gerdau Ameristeel"), and Steel Dynamics Inc. ("Steel Dynamics") entered into production of structural steel beams (table I-3).[66] The range and number of sizes of structural steel beams listed as available from the domestic producers are shown in table I-4. The four domestic interested parties that responded to the

---

[60] *See Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final),* USITC Publication 3308, June 2000; and *Certain Structural Steel Beams from Korea, Invs. Nos. 701-TA-401 (Final) and 731-TA-854 (Final),* USITC Publication 3326, August 2000.

[61] The Commission's determination 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 where appropriate, (6) price.

[62] *Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final),* USITC Publication 3308, June 2000, pp. 4 and 5. Noting that the record for the investigations of the subject product from Korea was identical to that in the investigation of imports from Japan, the Commission adopted the findings and analyses of that investigation in its determination and view regarding the domestic like product for imports from Korea. *Certain Structural Steel Beams from Korea, Invs. Nos. 701-TA-401 (Final) and 731-TA-854 (Final),* USITC Publication 3326, August 2000, p. 3.

[63] *Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final),* USITC Publication 3308, June 2000, pp. 4 and 5.

[64] Domestic interested parties' response to the notice of institution, p. 29.

[65] Korean interested parties' response to the notice of institution, p. 7.

[66] Bankruptcies, shutdowns and startups, and entries and exits among domestic producers of structural steel beams are discussed further in the next section, "Restructuring of the U.S. Industry."

notice of institution, Chaparral, Nucor, Nucor-Yamato, and Steel Dynamics,[67] accounted for nearly *** short tons or more than *** of all domestic production in 2004.[68]

Table I-3
Structural steel beams: U.S. mills, locations, parent companies, and positions on the orders

Firm	Mill location(s)	Share of production, 2004	Parent company	Position on orders
Bayou Steel	LaPlace, LA	([1])	Bayou Steel Corp. (U.S.)	***
Chaparral Steel	Midlothian, TX Petersburg, VA	***	Chaparral Steel Corp. (U.S.)	Supports
Gerdau Ameristeel	Cartersville, GA[2] Calvert City, KY[2]	***	Gerdau AmeriSteel Corp. (Canada), Gerdau S.A. (Brazil)[3]	***
Nucor	Mt. Pleasant, SC Jewett, TX[4]	***	Nucor Corp. (U.S.)	Supports
Nucor-Yamato	Armorel, AR	***	Nucor Corp. (U.S.) *** and Yamato Kogyo Co. Ltd. (Japan) ***[5]	Supports
SMI Steel	Birmingham, AL[6]	***	CMC Steel Group, Commercial Metals Co. (U.S.)[7]	***
Steel Dynamics	Columbia City, IN	***	Steel Dynamics Inc. (U.S.)	Supports
Steel of West Virginia	Huntington, WV	***	Roanoke Electric Steel Corp. (U.S.)[8]	***
Total		**100.0**		

Table continued on next page.

[67] Domestic interested parties' response to the notice of institution, June 22, 2005.

[68] Compiled from data submitted in response to Commission questionnaires. Nucor-Yamato is cited by an industry observer as having the most influence in setting prices for structural steel beams in the U.S. market; similarly, Chaparral and Steel Dynamics are also considered to influence prices. *See* Frank Haflich, "Eyes Turn to Nucor-Yamato as SDI Holds the Line on Beams, *AMM.com*, August 16, 2004; and Frank Haflich, "Nucor-Yamato in Early Move to Stabilize Oct. Beam Pricing," *AMM.com*, September 13, 2004. By contrast, a Nucor-Yamato representative testified that the firm is indeed the largest domestic producer of structural steel in North America but could not elaborate as to what influence the firm has on structural steel pricing. This representative further testified that Nucor-Yamato has no influence over prices for beam sizes that the firm does not produce. Hearing transcript, pp. 3 and 195-196 (Stratman).

Table I-3--*Continued*
Structural steel beams: U.S. mills, locations, parent companies, and positions on the orders

[1] ***.

[2] Birmingham Steel produced structural steel beams at the Cartersville, GA, mill in 2000 and 2001; Gerdau Ameristeel has continued this production since its purchase of the mill. North Star Steel Co. previously produced S beams at the Calvert City, KY, mill, but purchaser Gerdau Ameristeel U.S. Inc. has produced only nonsubject products at this facility since acquiring it from North Star in November 2004. ***. According to the Mill Manager, North Star produced *** per year of structural steel beams during January 2000-November 2004 at the Calvert City mill.

[3] Gerdau AmeriSteel U.S. Inc. is 100-percent owned by Gerdau Ameristeel Corp. (Canada), which in turn is 100-percent owned by Gerdau S.A. (Brazil).

[4] Nucor ceased producing structural steel beams at this facility in March 2003.

[5] There are six members on the Board of Directors of Nucor-Yamato. *** of these members are elected by Nucor; *** by Yamato Steel. However, the Chairman of the Board is always a representative of Nucor, and this individual has the authority to ***.

[6] SMI Steel ***. SMI Steel discontinued production of 6" wide-flange shapes by December 2003, and production of 8" wide-flange shapes after the January 2004 rolling. Four-inch wide-flange beams and standard beams were offered for sale at the beginning of June 2004, but no longer at the beginning of August 2004.

[7] SMI Steel's Brimingham, AL, mill is among the steel mills owned by CMC Steel Group, which is, in turn, a part of Commercial Metals Co.

[8] SDI agreed in October 2005 to purchase Roanoke Electric Steel. The acquisition is anticipated to be finalized by the end of the first quarter of 2006.

Source: Compiled from data submitted in response to Commission questionnaire; follow-up telephone interviews and e-mail correspondence with questionnaire respondents; individual company internet sites; and domestic interested parties' response to the Notice of Institution (non-confidential version), June 22, 2005.

Table I-4
Structural steel beams: U.S. producers' listed size ranges of subject products

Firm	Size range of web depths[1] (*inches*)		Number of sizes, of various dimensions and unit weights	
Bayou Steel[2]	wide-flange shapes	4-6		5
	standard beams	4-6		3
			total	8
Chaparral Steel	wide-flange shapes	4-36		151
	standard beams	4-12		10
	H piles	8-14		11
	M sections	8-12½		7
			total	179
Gerdau Ameristeel	wide-flange shapes	4-12		29
	standard beams	4-8		7
			total	36
J&L[3]	wide-flange shapes	4-12		16
	standard beams	4		2
	M sections	6-12		10
			total	28
North Star[4]	standard beams	8		2
			total	2
Northwestern[5]	wide-flange shapes	6-18		57
	standard beams	12-18		8
	H piles	8-10		3
			total	68
Nucor	wide-flange shapes	4-14		46
	standard beams	4-8		7
	M sections	6-12½		10
			total	63
Nucor-Yamato	wide-flange shapes	6-40		245
	standard beams	12-24		16
	H piles	8-14		11
			total	272
SMI Steel	wide-flange shapes [6]	4-8		6
	standard beams [6]	4		2
	M sections[7]			
			total	8
SDI	wide-flange shapes	6-36		190
	H piles	8-14		12
			total	202
Steel of West Virginia	wide-flange shapes[8]	6		3
	standard beams[8]	4-6		4
	other non-ASTM specification beams[9]	3½-12		15
			total	22

Table continued on next page.

Table I-4--*Continued*
Structural steel beams: U.S. producers' listed size ranges of subject products

[1] Sizes available as of June 2005, unless otherwise noted.
[2] Products listed on company websites, ***.
[3] Rolling mill shutdown August 2002 and assets were auctioned off October 2002 by Bankruptcy Court. Sizes available as of January 2002.
[4] Purchaser Gerdau Ameristeel has produced only nonsubject products at the Calvert City, KY, rolling mill since acquiring it from North Star in November 2004. Sizes available as of January 2002.
[5] Minimill shutdown May 2001. Sizes available as of January 2001.
[6] SMI Steel discontinued production of 6" wide-flange shapes by December 2003, and production of 8" wide-flange shapes after the January 2004 rolling period. Four-inch wide-flange beams and standard beams were offered for sale at the beginning of June 2004, but no longer at the beginning of August 2004. Sizes available as of January 2002.
[7] Production ***.
[8] Production of size 8" wide-flange beams *** and 8" standard beams ***.
[9] Truck trailer crossmembers, manufactured housing and recreational vehicle beams, and guardrail posts.

Source: Compiled from data submitted in response to Commission questionnaire; price schedules and product lists posted on company internet sites; American Institute of Steel Construction (AISC), "AISC's Steel Shape Availability Survey," found at *http://www.aisc.org/Template.cfm?Section=Steel_Availability*, retrieved December 8 and 9, 2005; AISC, "Availability of Structural Steel Shapes," *Modern Steel Construction*, January 2002; AISC, "Shape Availability in the U.S., Structural Steel Members," *Modern Steel Construction*, January 2001, pp. 1-6; and table III-2, Structural steel beams: U.S. producers' listed size ranges of subject products*, Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final),* USITC Publication 3308, June 2000, p. III-2.

Restructuring of the U.S. Industry

Restructuring of the domestic industry observed during the original investigations has continued since the conclusion of the original investigations. Various producers underwent bankruptcies, shutdowns and startups, and entries and exits. However, exits from the industry did not necessarily reduce overall production capabilities as several mills were sold to other producers that continued operations at these facilities and new mills were opened.[69]

Bayou Steel filed for bankruptcy protection in January 2003, but continued operations at its LaPlace, LA, minimill (800,000 short tons of raw steel capacity, 550,000 short tons rolling capacity), and emerged from bankruptcy in February 2004.[70]

Birmingham Steel Corp. exited the industry in December 2001 by selling its Cartersville, GA, minimill (900,000 short tons of raw steel capacity, 750,000 short tons rolling capacity) to Gerdau Ameristeel Corp.[71]

Chaparral started up its greenfield structural products minimill (1.2 million short tons of raw steel capacity, 1.0 million short tons rolling capacity) in Petersburg, VA, in June 1999.[72] In August 2005, parent-company TXI-Chaparral Steel Corp. completed the spin-off of its steelmaking segment, Chaparral Steel Corp., as a stand-alone company separate from TXI.[73]

Gerdau Ameristeel Corp. entered the domestic industry with its December 2001 purchase of Birmingham's Cartersville, GA, minimill[74] (900,000 short tons of raw steel capacity, 750,000 short tons rolling capacity).[75] Although North Star previously produced S beams at its Calvert City, KY, rolling mill (no raw steel capacity, 300,000 short tons rolling capacity),[76, 77] purchaser Gerdau Ameristeel ***[78] upon acquiring it in November 2004.[79]

J&L, operating under Chapter 11 (reorganization) bankruptcy protection since June 2000, shut down its rolling operations in Aliquippa, PA, in August 2002. After an attempted sale to Cornerstone

---

[69] Raw steelmaking and rolling capacities reported for individual structural steel beams producers are compiled from *Iron and Steel Works of the World*, various edns. (Surrey, UK: Metal Bulletin Books Ltd., various years). Because the events described above generally affected entire facilities, the published figures provided are not limited to structural steel beams, but rather refer to overall capacity.

[70] Scott Robertson, "Bayou Emerges from Ch. 11 Bankruptcy," *AMM.com*, February 23, 2004.

[71] Tom Balcerek, "Birmingham Steel May Face Lawsuit Over Sale of Ga. Mill," *AMM.com*, March 1, 2002; and Diana Kinch, "Gerdau's Ameristeel Stakes Over Ga. Mill," *AMM.com*, January 4, 2002.

[72] Norman L. Samways, "TXI Chaparral Steel, The New Virginia Structural Mill," *Iron and Steel Engineer*, October 1999, pp. 21-27.

[73] "TXI Completes Spin-off of Chaparral Steel Unit," *AMM.com*, August 1, 2005.

[74] ***, e-mail correspondence with USITC staff, January 4, 2006.

[75] Tom Balcerek, "Birmingham Steel May Face Lawsuit Over Sale of Ga. Mill," *AMM.com*, March 1, 2002; and Diana Kinch, "Gerdau's Ameristeel Stakes Over Ga. Mill," *AMM.com*, January 4, 2002.

[76] *Certain Structural Steel Beams from Japan, Inv. No. 731-TA-853 (Final)*, USITC Publication 3308, June 2000, p. III-2.

[77] The quantity of S beams produced at the Calvert City mill prior to its sale was estimated at ***. ***, telephone interview with USITC staff, December 1, 2005.

[78] ***, telephone interview and e-mail correspondence with USITC staff, November 30, 2005.

[79] Jim Leonard, "Ameristeel Completes North Star Purchase," *AMM.com*, November 2, 2004.

Capital Advisors Inc. in August 2002 failed, J&L's assets were auctioned off in October 2002. The U.S. Bankruptcy Court placed the firm in Chapter 7 (liquidation) bankruptcy in January 2003.[80]

North Star exited the industry in November 2004 with the sale of its rolling mill (no raw steel capacity, 300,000 short tons rolling capacity) in Calvert City, KY, to Gerdau Ameristeel.[81]

Northwestern, after filing for bankruptcy protection in December 2000, shut down its Sterling, IL, minimill (2.4 million short tons of raw steel capacity, 440,000 short tons rolling capacity) in May 2001.[82]

Nucor *** at its Jewett, TX, minimill (1 million short tons of raw steel capacity, 800,000 short tons rolling capacity) and ceased production of structural steel beams in March 2003.[83] Nucor continues to produce beams at its facilities in Mt. Pleasant (Berkeley), SC.

SMI Steel discontinued production of 6" wide-flange shapes by December 2003, and production of 8" wide-flange shapes after the January 2004 rolling[84] at its bar and structural minimill (650,000 short tons of raw steel capacity, 600,000 short tons rolling capacity) in Birmingham, AL.[85] Four-inch wide-flange beams and standard beams were offered for sale at the beginning of June 2004,[86] but no longer were offered by the beginning of August 2004.[87]

Steel Dynamics started up its greenfield structural and rail minimill (1.2 million short tons of raw steel capacity, 1.2 million short tons rolling capacity) in Columbia City, IN, with the first melting and casting of steel in April 2002 followed by the first rolling and shipping of steel mill products in July 2002.[88] In October 2005, Steel Dynamics agreed to purchase steel section fabricator Roanoke Electric Steel Corp., including its structural steel beam minimill, Steel of West Virginia Inc. (280,000 short tons of raw steel capacity, 300,000 short tons of rolling capacity) located in Huntington, WV.[89] According to Steel Dynamics, acquisition of Steel of West Virginia will enable Steel Dynamics to expand its product offerings (e.g., specialty structural steel beams, merchant bars, reinforcing bars, and bar joists) and to enter new markets (i.e., east of the Mississippi, particularly the East Coast). After the purchase, Steel of

---

[80] Scott Robertson "J&L Structural Left Looking at Liquidation as Deal Dies," *AMM.com*, August 12, 2002; Scott Robinson, "J&L Assets Head for Auction Block," *AMM.com*, October 4, 2002; and John E. Sacco, "J&L Ch. 7 Ruling Eases Fears on Frozen Benefits," *AMM.com*, January 3, 2003.

[81] Jim Leonard, "Ameristeel Completes North Star Purchase," *AMM.com*, November 2, 2004.

[82] "Northwestern Steel and Wire Bankruptcy Background," *SteelNews.com*, http://www.steelnews.com/companies/chapter11/northwestern_steel_and_wire.htm, retrieved June 29, 2005.

[83] Response to Commission questionnaire; and ***, telephone interviews with USITC staff, November 30, and email correspondence with USITC staff, December 5, 2005.

[84] Ken Ledbetter, Manager of Merchant Product Sales, SMI Steel-Alabama, customer letter, December 22, 2003.

[85] In its response to Commission questionnaire, SMI Steel ceased production of *** in March 2004, and *** in May 2004.

[86] SMI Steel, price list 2004-6, effective June 1, 2004.

[87] SMI Steel, price list 2004-7, effective August 1, 2004.

[88] Frank E. Fonner, "Steel Dynamics Commissions its New Structural and Rail Division," *AISE Steel Technology*, November/December 2002, pp. 27-35.

[89] "Steel Dynamics to Buy Roanoke for $240 Million," *AMM.com*, October 18, 2005.

West Virginia is anticipated to continue operating as a standalone entity.[90] The acquisition is anticipated to be finalized by the end of the first quarter of 2006.[91]

Steel of West Virginia's minimill (280,000 short tons of raw steel capacity, 300,000 short tons of rolling capacity) in Huntington, WV, is among the subsidiaries to be acquired by Steel Dynamics as part of its planned purchase, reported in October 2005, of the parent-company Roanoke Electric Steel.[92]

U.S. Importers

For these reviews, the Commission sent importers' questionnaires to 44 U.S. firms identified by *** as importers of record for structural steel beams between January 2000 and September 2005. In response to the Commission's importers' questionnaires, 16 firms provided usable data and 17 firms indicated that they have not imported the subject product after 1999. Eleven firms did not respond to the questionnaire. Table I-5 provides a summary of information regarding imports of structural steel beams by U.S. firms.

Table I-5
Structural steel beams: U.S. importers, sources of imports, U.S. headquarters, and parent companies

* * * * * * *

Of the 16 U.S. importers that provided data in response to the questionnaire, 2 firms, Dongkuk International Inc. and INI Steel Co. Ltd., are affiliated with 2 of the largest producers of structural steel beams in Korea. Dongkuk International, Inc. is a U.S. subsidiary of Dongkuk Steel Mill (DSM) and INI Steel Co. Ltd. ("INI Steel") is a U.S. subsidiary of INI Steel Co., Ltd. based in Seoul, Korea. During 2000-04, DSM accounted for *** percent of total U.S. imports of structural steel beams from Korea, whereas INI Steel accounted for *** percent of such imports.[93] Other U.S. firms that imported structural steel beams during the 2000-04 period include ***. Together, these three firms comprised *** percent of U.S. imports of structural steel beams during 2000-04, with *** accounting for *** percent of such imports.[94] Separately, one U.S. importer, ***, whose shares are owned by ***, reported imports of structural steel beams from Japan during 2000-04. These imports occurred in 2001 only, and were purchased from the Japanese steel firm, ***.[95, 96]

---

[90] Steel Dynamics, "Roanoke Electric Steel Merger Highlights," October 20, 2005, found at http://www.steeldynamics.com/news_releases/corporate/STLD_Transaction%20Highlights%20Final.ppt, retrieved October 25, 2005.

[91] "Roanoke Net Jumps, More Gains Seen with SDI," *AMM.com*, January 5, 2006.

[92] "Steel Dynamics to Buy Roanoke for $240 Million," *AMM.com*, October 18, 2005.

[93] In response to the importers' questionnaire, ***.

[94] In its response to the importers' questionnaire, ***.

[95] In its response to the foreign producers' questionnaire, *** certified that it has not produced the subject product since January 1, 2000.

[96] In addition, according to Nucor-Yamato, a U.S. service center, ***, purchased approximately ***. Posthearing brief of the domestic interested parties, exh. 17.

U.S. Purchasers

In response to purchaser questionnaires, 21 purchasers supplied usable data, and 4 reported that they had not purchased structural steel beams between January 2000 and September 2005.[97] The remaining 29 purchasers to which a questionnaire was sent, did not respond. Table I-6 presents a summary of information regarding U.S. purchases of structural steel beams.

Table I-6
Structural steel beams: U.S. purchasers, U.S. headquarters, sources of purchases, and types of firms

Company	Headquarters	Source of purchases	Type of firm
Alro Steel Corporation	Jackson, MI	• ***	• Distributor
Brown-Strauss Steel	Aurora, CO	• *** • *** • ***	• Distributor
Crest Steel Corp.	Carson, CA	• *** • ***	• Distributor
Dubose Steel Inc. of North Carolina	Roseboro, NC	• *** • *** • ***	• Distributor
Eagle National Steel	Hutchins, TX	• ***	• Distributor
Fought & Co. Inc.	Tigard, OR	• ***	• Fabricator
The Herrick Corp.	Pleasanton, CA	• *** • ***	• Fabricator
Hirschfeld Steel Co. Inc.	San Angelo, TX	• *** • ***	• Distributor • Fabricator
Lampros Steel Inc.	Portland, OR	• ***	• Distributor
Macsteel USA	Newport Beach, CA	• *** • ***	• Distributor
Metals Supply Co. Ltd.	Houston, TX	• *** • ***	• Distributor
Metals USA--Plates & Shapes N.E.	Houston, TX	• *** • ***	• Distributor
Metals USA--West Region	Houston, TX	• ***	• Distributor

Table continued on next page.

[97] One purchaser, ***, stated in a November 18, 2005 telephone interview with USITC staff that it had purchased beams sourced from foreign countries during the subject period, but it declined to provide data for these purchases.

Table I-6--*Continued*
Structural steel beams: U.S. purchasers, U.S. headquarters, sources of purchases, and types of firms

Company	Headquarters	Source of purchases	Type of firm
Namasco Corp.	Roswell, GA	• *** • ***	• Distributor
O'Neal Steel	Birmingham, AL	• *** • ***	• Distributor
Reliance Steel & Aluminum	Los Angeles, CA	• *** • *** • ***	• Distributor
Russel Metals	Milwaukee, WI	• ***	• Distributor
Seaport Steel Co.	Seattle, WA	• *** • ***	• Distributor
Sugar Steel	Chicago Heights, IL	• ***	• Distributor
Versa Steel Inc.	Portland, OR	• ***	• Distributor
W&W Steel Co.	Oklahoma City, OK	• ***	• Fabricator

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

Of the 21 purchasers that reported usable data, 3 indicated that they had purchased structural steel beams from Japan during the period January 2000 to September 2005; 6 indicated that they had purchased beams from Korea; and 3 indicated that they had purchased beams from both sources during this period. However, data supplied by these firms indicate that the quantity of structural steel beams purchased from Japan and Korea decreased markedly after 2001. Overall, during January 2000 to September 2005, purchases of structural steel beams from Japan and Korea accounted for 2.7 percent of total such purchases made by firms represented in table I-6.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-7 presents apparent U.S. consumption for calendar years 2000-04, January-September 2004, and January-September 2005; and table I-8 presents U.S. market shares for the same period.

Table I-7
Structural steel beams: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 2000-04, January-September 2004, and January-September 2005

Item	Calendar year					Jan.-Sept.	
	2000	2001	2002	2003	2004	2004	2005
Quantity (*short tons*)							
U.S. producers'--							
U.S. shipments	4,882,642	4,286,207	4,089,076	4,373,366	4,581,345	3,590,474	3,628,984
U.S. imports from--							
Japan	3,986	3,264	5,593	213	30	28	1
Korea	25,497	21,791	37,960	1,232	2,077	1,298	14,359
Subtotal	29,483	25,056	43,553	1,445	2,107	1,326	14,360
Nonsubject countries	1,256,636	476,389	259,711	200,600	224,212	186,151	161,073
All countries	1,286,119	501,444	303,264	202,046	226,318	187,477	175,433
Total U.S. consumption	6,168,761	4,787,651	4,392,340	4,575,412	4,807,663	3,777,951	3,804,417
Value (*1,000 dollars*)							
U.S. producers'--							
U.S. shipments	1,916,272	1,475,637	1,391,331	1,426,825	2,362,551	1,813,692	1,945,985
U.S. imports from--							
Japan	2,108	1,951	2,198	129	27	21	3
Korea	9,257	6,522	10,099	504	1,155	685	7,622
Subtotal	11,365	8,473	12,297	633	1,182	706	7,626
Nonsubject countries	465,130	157,586	84,648	68,832	104,540	80,418	94,068
All countries	476,495	166,059	96,945	69,465	105,722	81,124	101,693
Total U.S. consumption	2,392,767	1,641,696	1,488,276	1,496,290	2,468,273	1,894,816	2,047,678

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

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

Table I-8
Structural steel beams: Apparent U.S. consumption and market shares, 2000-04, January-September 2004, and January-September 2005

Item	Calendar year					Jan.-Sept.	
	2000	2001	2002	2003	2004	2004	2005
Quantity (*short tons*)							
U.S. consumption	6,168,761	4,787,651	4,392,340	4,575,412	4,807,663	3,777,951	3,804,417
Value (*1,000 dollars*)							
U.S. consumption	2,392,767	1,641,696	1,488,276	1,496,290	2,468,273	1,894,816	2,047,678
Share of quantity (*percent*)							
U.S. producers' U.S. shipments	79.2	89.5	93.1	95.6	95.3	95.0	95.4
U.S. imports from--							
Japan	0.1	0.1	0.1	([1])	([1])	([1])	([1])
Korea	0.4	0.5	0.9	([1])	([1])	([1])	0.4
Subtotal	0.5	0.5	1.0	([1])	([1])	([1])	0.4
Nonsubject countries	20.4	10.0	5.9	4.4	4.7	4.9	4.2
All countries	20.8	10.5	6.9	4.4	4.7	5.0	4.6
Share of value (*percent*)							
U.S. producers' U.S. shipments	80.1	89.9	93.5	95.4	95.7	95.7	95.0
U.S. imports from--							
Japan	0.1	0.1	0.1	([1])	([1])	([1])	([1])
Korea	0.4	0.4	0.7	([1])	([1])	([1])	0.4
Subtotal	0.5	0.5	0.8	([1])	([1])	([1])	0.4
Nonsubject countries	19.4	9.6	5.7	4.6	4.2	4.2	4.6
All countries	19.9	10.1	6.5	4.6	4.3	4.3	5.0

[1] Less than 0.05 percent.

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

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

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

MARKET CHARACTERISTICS

According to questionnaire responses, the construction sector represents the largest end-use market for steel structural beams in the United States, with nonresidential construction making up the bulk of that market.[1] The construction market normally follows trends in the overall economy and is therefore subject to normal business cycles.[2] When asked whether structural steel beams were subject to business cycles, 12 of 22 purchasers responded that they were, with 6 purchasers explicitly mentioning the connection between demand for structural steel beams and trends in construction. As shown in figure II-1, total spending on public and nonresidential private construction was strong in the early part of the period for which data were collected, decreased in 2002-03, then recovered in 2004-05. One U.S. producer felt that the spending numbers were misleading due to high inflation in the nonresidential construction sector during the period studied.[3] This producer suggested that any spending numbers should therefore be inflation-adjusted (as presented in figure II-2). Such data exhibit a continued decline since 2001 in inflation-adjusted construction spending.[4] The data shown in both figures II-1 and II-2 are presented in seasonally adjusted annual rates to highlight the trend in the market rather than seasonal variation.

During the original investigations, the U.S. structural steel beam market was described as comprising the following primary end users: buildings (75-80 percent), premanufactured homes (10 percent), original equipment manufacturing (5-10 percent), and bridges (5 percent).[5] More recent quantity data available for "heavy structural shapes, all grades" (of which structural steel beams are a part) indicate that in first quarter 2005, the large majority, 71 percent, of all domestic shipments of heavy structural shapes produced in the United States went toward construction.[6]

---

[1] *See also* Staff Field Trip Report, ***, November 4, 2005.

[2] According to representatives of ***, nonresidential construction normally lags slightly behind trends in the economy as a whole. Staff Field Trip Report, ***, November 4, 2005.

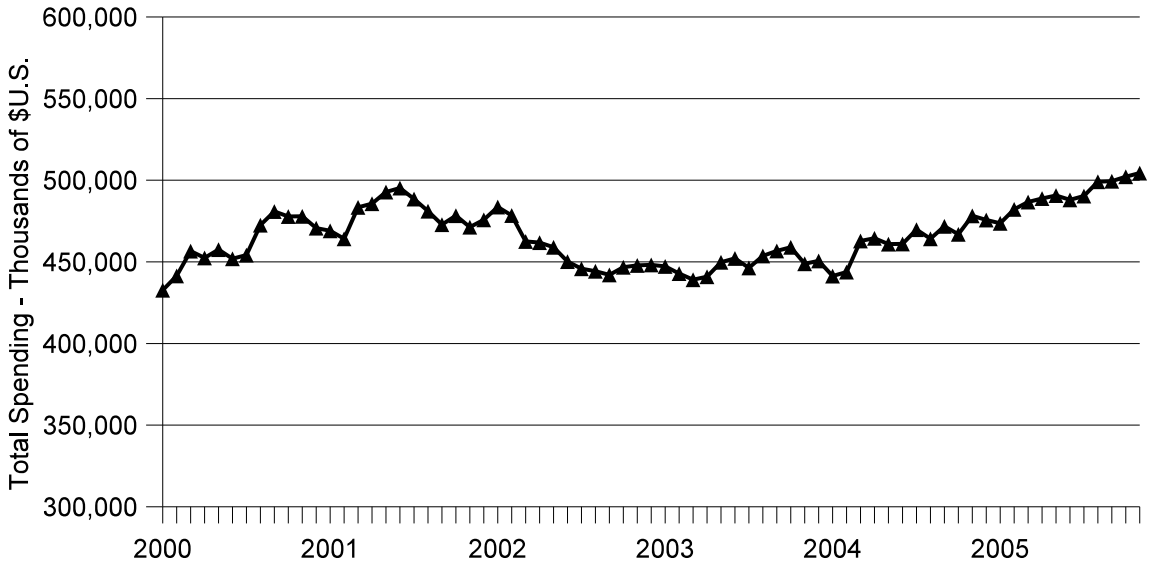
[3] Staff Field Trip Report, ***, November 4, 2005.

[4] The price level used for inflation-adjusted spending is from the Bureau of Economic Analysis National Economic Accounts, National Income and Product Accounts Table 1.1.4. Price Indexes for Gross Domestic Product for Gross Private Domestic Investment: Fixed investment: Nonresidential: Structures. http://www.bea.gov/bea/dn/nipaweb/Index.asp

[5] *Certain Structural Steel Beams from Japan and Korea*, Staff Report, May 18, 2000, p. II-1.

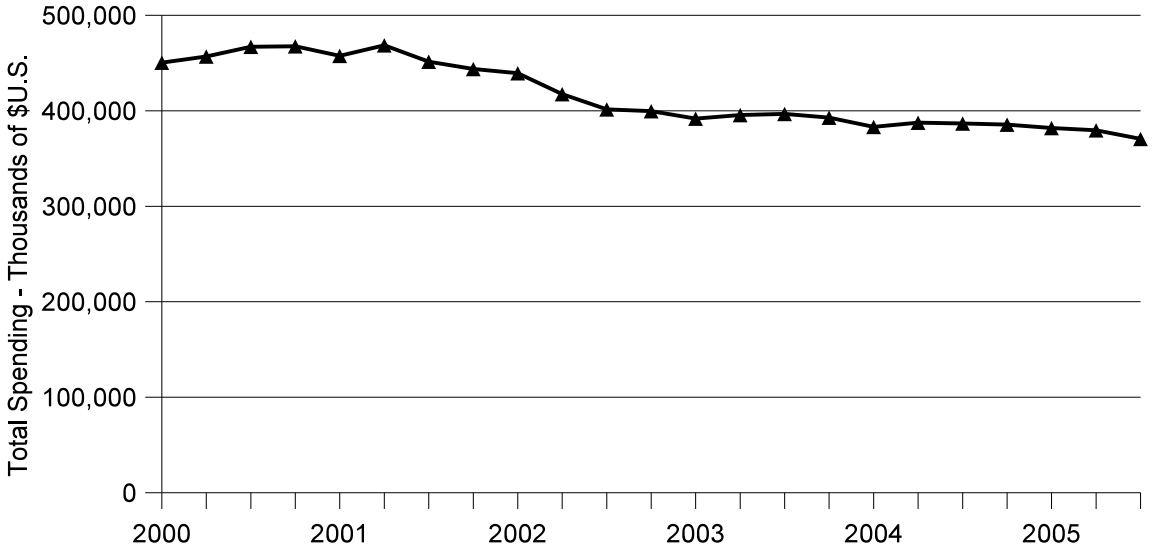
[6] Source: American Iron & Steel Institute, report AIS 16 1st Quarter 2005, "Shipments by Market Classification, All Grades."

Figure II-1
Construction spending: Total spending on public and nonresidential private construction, January 2000 - November 2005, seasonally adjusted annual rate



Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending. http://www.census.gov/const/www/c30index.html#.

Figure II-2
Construction spending: Total spending on public and nonresidential private construction, January 2000 - September 2005, seasonally adjusted annual rate, adjusted for sector-specific inflation



Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending. http://www.census.gov/const/www/c30index.html# and Bureau of Economic Analysis National Economic Accounts, National Income and Product Accounts Table 1.1.4. - Price Indexes for Gross Domestic Product for Gross Private Domestic Investment: Fixed investment: Nonresidential: Structures. http://www.bea.gov/bea/dn/nipaweb/Index.asp.

Four of 7 responding U.S. producers and 5 of 15 responding importers[7] reported nationwide sales. The three remaining producers as well as five importers reported sales to at least two regions in the United States. In addition to the producers that ship nationwide, three ship to the Midwest and Southeast, two ship to the Midatlantic and Northeast, while one ships to the Rocky Mountains and one ships to the West Coast. Aside from the producers that ship nationwide, no U.S. producer ships to the Southwest or Northwest. In addition to the importers that ship nationwide, the West Coast is served by five U.S. importers, while both the Midwest and the Southeast are served by three U.S. importers. The Southwest is served by two additional importers while the Northwest and Northeast are served by one additional importer each. The Rocky Mountains and Midatlantic are each served by only those importers that reported nationwide sales. Of the five importers who reported imports of structural steel beams from Korea, one reported shipping nationwide. Among the remaining four importers for product from Korea, three ship to the West Coast (with two shipping exclusively to the West Coast), two ship to the Southeast, one ships to the Southwest, and one ships to the Northwest. No importers of structural steel beams from Japan provided relevant information.

CHANNELS OF DISTRIBUTION

During the period for which data were collected, 61.2 percent of domestically produced structural steel beam sales were shipped to distributors (usually service centers), 29.8 percent of sales were shipped to fabricators, and 9.0 percent were shipped to end users.[8] Nearly all (***) of U.S. imports from Korea were shipped to distributors whereas *** reported imports from Japan were shipped to end users.[9] Annual shares to the three channels can be seen in table II-1.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, staff believes that U.S. structural steel beam producers are likely to respond to changes in demand with moderate changes in shipments of U.S. produced structural steel beams to the U.S. market. Should demand increase, U.S. producers have some available capacity and moderate inventory levels with which to respond. Should demand decrease, producers have the ability to switch resources into producing alternative products or move product into growing export markets.

[7] While 16 importers provided information in response to Commission questionnaires, only 15 responded to all or part of the questions discussed in this section.

[8] According to Producer Questionnaire responses.

[9] However it should be noted that the numbers for Japanese imports are based on a very limited volume of imports in only one year.

Table II-1
Structural steel beams: Channels of distribution for domestic product and imports sold in the U.S. market (as a share of total), by year and source, 2000-04, January-September 2004, and January-September 2005[1]

	Calendar year					January-September	
Item	**2000**	**2001**	**2002**	**2003**	**2004**	**2004**	**2005**
	Share *(percent)*						
Domestic industry:							
Distributors	57.2	54.1	62.7	66.2	61.9	62.1	66.4
Fabricators	33.3	37.4	28.4	25.0	28.3	28.0	25.4
End users	9.5	8.5	8.9	8.8	9.8	9.9	8.2
Imports from Korea:							
Distributors	***	***	***	***	***	***	***
Fabricators	***	***	***	***	***	***	***
End users	***	***	***	***	***	***	***
Imports from Japan:							
Distributors	([2])	***	([2])	([2])	([2])	([2])	([2])
Fabricators	([2])	***	([2])	([2])	([2])	([2])	([2])
End users	([2])	***	([2])	([2])	([2])	([2])	([2])
Imports from all other sources:							
Distributors	82.2	86.0	72.1	83.7	79.5	80.0	83.3
Fabricators	14.7	14.0	22.4	16.3	20.4	19.9	16.6
End users	3.1	0.0	5.5	0.0	0.1	0.1	0.1

[1] In the original investigations, U.S. mills shipped 59.2 percent of their structural steel beams to distributors and 40.8 percent to fabricators or end users. Approximately 92 percent of U.S. imports of structural steel beams from Japan were shipped to distributors while 100 percent of U.S. imports of structural steel beams from Korea were shipped to distributors.

[2] There were no reported imports of structural steel beams from Japan in these periods.

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

Industry capacity

In the original investigations, the ability of domestic producers to supply the U.S. market adequately was a matter of dispute among the parties. Respondents contended that supply shortages were a serious issue and that imports reacted to demand trends and the availability of domestic capacity during the late 1990s. Domestic interested parties acknowledged that tightness in the market may have left room for some imports, but not the substantial volume that entered the United States during this period.[10]

The current U.S. producers of structural steel beams have added capacity in the period since the initial investigations, although the closures of several mills have tempered the growth in industry-wide capacity. Overall, capacity for U.S. producers increased from 6.4 million short tons in 2000 to 6.6 million short tons in 2004. Steel Dynamics' Columbia City, IN, facility opened in July 2002 with an operating capacity of nearly *** short tons. The mill increased capacity to almost *** short tons in 2003 and 2004. Gerdau Ameristeel entered the industry in January 2002 with a reported net long products capacity of *** short tons acquired from Birmingham Steel's Cartersville, GA, mill. Staff estimates that *** short tons of Gerdau Ameristeel's new capacity were allocated exclusively to beam production in 2002. This growth in capacity for these new producers, however, was offset in large part by the closures of J&L's and Northwestern's structural steel beam operations.

U.S. producers' reported capacity utilization for structural steel beams decreased from 79.3 percent in 2000 to a low of 70.7 percent in 2002. Capacity utilization rose to 80.5 percent in 2004 and remained at 79.4 percent for the first three quarters of 2005. This level of capacity utilization indicates that U.S. producers of structural steel beams have some available capacity with which they could increase production in the event of an increase in demand, although domestic interested parties argue that increases in the capacity utilization rates over their current levels may increase costs.[11] Testimony at the Commission hearing by a representative of Nucor-Yamato, however, emphasized that efficiency rises and costs fall as facilities are pushed toward their maximum capacity.[12] Moreover, capacity utilization rates for several U.S. producers were ***. Nevertheless, the current level of capacity utilization is moderately high by historical standards.

Despite the increase in U.S. production capacity of structural steel beams reported by active U.S. producers, 9 of 21 responding purchasers reported having been put on allocation or "controlled order entry" in the past several years. Purchasers cite expanded rolling intervals and early closings on rollings as the reason for the allocation. One purchaser stated that producers were closing rollings early and intentionally creating shortages to force up the price. Three of the eight responding producers reported having placed customers on allocation, although all three cited credit-worthiness as the most common reason that a customer would be placed on allocation. Another producer reported limiting sales based on credit issues but does not refer to this action as allocation. In addition, *** reported placing customers on allocation due to *** and *** reported putting customers on controlled entry in 2000 ***. Two producers stated that some customers may experience delays in their orders due to rolling schedules. During the hearing, representatives from the two largest producers, Nucor-Yamato and Chaparral, stated that no customers were currently on controlled order entry.[13] Three of 15 U.S. importers reported placing customers on allocation or controlled order entry during the period for which data were collected.

---

[10] *Certain Structural Steel Beams from Japan and Korea*, Staff Report, May 18, 2000, pp. II-2 through II-4.

[11] Prehearing brief of the domestic interested parties, exhibit 1, p. 12; and posthearing brief of the domestic interested parties, exhibit 5.

[12] Hearing transcript, p. 69 (Stratman).

[13] Hearing transcript, p. 126 (Stratman) and p. 130 (Ambrose).

Alternative markets

Domestic producers' exports rose substantially between 2000 and 2004, increasing from 53,533 short tons in 2000 to 543,653 short tons in 2004. Exports also increased as a share of total shipments from 1.1 percent in 2000 to 10.6 percent in 2004. Almost all of these exports were directed to Canada. Producers reported that it was very difficult to ship structural steel beams outside of North America. The increasing level of exports during the period indicates that domestic producers have the ability to shift shipments between the United States and other markets in response to price changes. According to producers, however, this ability is limited by strict control of distribution channels in Europe and Asia as well as by the fact that much of the world operates on the metric system and therefore requires steel beams that are produced in metric sizes. Two producers indicated that shifting to other markets is not an option. On the other hand, three producers reported that shipping product within NAFTA is not considered to be a problem. Domestic interested parties also allege, however, that Korean producers are currently stepping up their business in Canada at the expense of U.S. producers.[14] Korean respondents argue that data through October of 2005 show no increase in Korean shipments to Canada and that U.S. producers' presence in Canada is continuing to strengthen.[15] They also argue that the steady to decreasing level of Korean shipments into Canada undermine the domestic producers' argument that the increasing price gap between North American and Asian markets will draw imports into North America.[16] However, domestic interested parties point out that recent figures on import permits granted by Canada show a marked increase in Korean exports to Canada since October 2005.[17]

Inventory levels

Inventories rose from 9.5 percent of U.S. producers' total shipments in 2000 to 14.0 percent in 2004. The level of inventories, however, fell to 7.1 percent of total shipments by September 2005. Overall, small to moderate inventories relative to total shipments indicate that U.S. producers have some ability to respond to changes in demand by changing their inventories, although that ability will be limited if inventories continue to fall.

Production alternatives

Most U.S. producers have the ability to manufacture other medium to heavy structural shapes (such as angles, channels, rails, sheet piling, and truck trailer sections),[18] using the same equipment, machinery and workforce as are used in the production of structural beams. All eight responding producers reported that they produce other products using the same equipment, machinery, and/or related workers and six of eight reported being able to switch production between beams and other products in response to a relative change in price. This ability is an important factor for keeping the facilities running at an economically feasible level in the event of a downturn in demand for one or more of the firm's products. The output levels of these alternative products varied among the surveyed producers with non-beam product accounting for between 2 percent and 47 percent of total output using the same equipment, machinery and/or related employees used in the production of structural steel beams in 2004, with

[14] Hearing transcript, pp. 29-30 (Nolan).

[15] Posthearing brief of Korean respondent parties, p. 3 and exhibit 1.

[16] Posthearing brief of Korean respondent parties, p. 8.

[17] Posthearing brief of the domestic interested parties, exhibit 11.

[18] Medium and heavy structural shapes have at least one dimension of 80mm (3.2") or more.

four of the seven responding firms reporting that the share of non-beam products was less than 10 percent during 2004.

Subject Imports from Japan

Based on available information, suppliers of imports of structural steel beams from Japan are likely to respond to changes in demand with moderate changes in the quantity shipped to the U.S. market. Supply responsiveness is increased by substantial available capacity; however, it is limited by low inventories and the absence of alternative markets outside of the Japanese domestic market.[19]

Industry capacity

Reported Japanese capacity fell from *** short tons in 2000 to *** short tons in 2004. Capacity in January-September of 2005 was slightly lower than in the same period for 2004. Capacity utilization rates increased irregularly from *** percent in 2000 to *** percent in 2004. Capacity utilization in the first three quarters of 2005 was *** percent. These data indicate that Japanese suppliers of structural steel beams have excess capacity with which they could increase production of structural steel beams in the event of a change in demand.

Alternative markets

Shipments to the home market dominated total shipments by Japanese firms throughout the period for which data were collected. Home market shipments as a share of total shipments by Japanese firms rose from *** percent in 2000 to *** percent in 2004.[20] The share reached *** percent in the first three quarters of 2005. Nearly all exports from Japan went to other Asian countries during the period for which data were collected.[21] Overall, available data indicate that foreign producers in Japan have some ability to divert shipments from alternative markets (mostly the Japanese domestic market) in response to changes in the price of structural steel beams.

Inventory levels

Data on Japanese producers' inventory levels indicate that, between 2000 and 2004, inventories as a share of total shipments ranged from *** percent to *** percent and were *** percent in January-September 2005.[22] These data indicate that Japanese producers have a limited ability to use inventories as a means of increasing shipments of structural steel beams to the U.S. market.

Production alternatives

Japanese producers have the ability to manufacture non-beam products (such as channels, sheet piling, and universal mill plates) using the same equipment, machinery and workforce. *** responding

[19] All information on the Japanese market is based on the foreign producer questionnaire responses of Nippon Steel, Tokyo Steel, and Yamato Steel, and may not reflect the entire Japanese market.

[20] Staff notes that these shares are consistent with data for wide-flange beams published by the Japan Iron and Steel Federation (JISF).

[21] According to the staff report from the original investigations, however, Japan exported 7.5 percent of its structural steel beam production to the United States during the period 1997-1999.

[22] Staff notes that these inventory shares are consistent with data for wide-flange beams published by the JISF.

Japanese producers reported production of other products using the same equipment, machinery, and/or related workers and *** of the *** reported being able to switch production between beams and other products in response to a relative change in price. Such products accounted for ***.

Subject Imports from Korea

Based on available information, suppliers of imports of structural steel beams from Korea are likely to respond to changes in demand with moderate changes in the quantity shipped to the U.S. market. Supply responsiveness is increased by the presence of alternative markets; however, it is limited by high capacity utilization and small to moderate inventories.

Industry capacity

Reported Korean capacity fell from *** short tons in 2000 to *** short tons in 2004 as INI Steel acquired Kangwon Industries and consolidated and downsized its structural steel beam production by closing two subject merchandise facilities. As a result of this downsizing and a contemporaneous increase in production, capacity utilization rates increased from *** percent in 2000 to *** percent in 2004. ***[23] ***, the data as reported indicate that Korean suppliers of structural steel beams have limited excess capacity with which they could increase production of structural steel beams in the event of a price change.

Alternative markets

Data on Korean suppliers' shipments of structural steel beams indicate that Korean producers ship to a variety of markets. Unlike Japan, which consumes almost all of its structural steel beam production domestically, Korea exports approximately *** of its product, primarily to other Asian markets. In January-September 2005, *** percent of total shipments were exported to other Asian markets while total exports made up *** percent of total shipments. In addition, as noted above, domestic producers allege that Korea is increasingly targeting Canada which has been dominated by the U.S. producers. Data from Statistics Canada, provided by the Korean respondent interested parties in their prehearing brief, indicate that over the past five years, U.S. producers' share of imports into Canada have risen while Korean producers' share has fallen.[24] This trend is also valid in the first 10 months of 2005 as compared to 2004. However, in their posthearing brief, domestic producers provide recent data from official Canadian statistics indicating that imports from Korea have increased since October 2005.[25] Overall, these data indicate that producers in Korea have the ability to divert shipments to or from alternative markets in response to changes in the price of structural steel beams.

The ability of Korean producers to shift product from alternative markets into the U.S. market is a point of contention between the two parties. While domestic interested parties state that Korean producers have a large amount of divertible capacity that will be shifted to the U.S. market from other markets should the orders be lifted,[26] Korean producers report that such a large diversion of shipments is not possible due, in part, to the different sizes used by the U.S. purchasers. While Korea producers have the ability to produce imperial sizes, they would need to meet certain minimum production levels in order

[23] Prehearing brief of the domestic interested parties, p. 24.

[24] Prehearing brief of the Korean respondent interested parties, exhibit 1.

[25] Posthearing brief of the domestic interested parties, exhibit 11.

[26] Prehearing brief of the domestic interested parties, pp. 24-26.

to offset the costs associated with shifting the required production machinery.[27] Korean producers, however, exhibit their willingness to produce non-metric sizes when they sell to Canadian purchasers who use exclusively imperial sizes.

Inventory levels

Data on Korean producers' inventory levels indicate that between January 2000 and September 2005, inventories as a share of total shipments fell from more than *** percent in 2000 and 2001 to *** percent in 2004, and were *** percent in the first three quarters of 2005. These data indicate that Korean producers have a limited ability to use inventories as a means of increasing shipments of structural steel beams to the U.S. market.

Production alternatives

Korean producers have the ability to manufacture non-beam products (such as channels, sheet piling, and universal mill plates) using the same equipment, machinery and workforce. *** responding Korean producers reported producing other products using the same equipment, machinery, and/or related workers, but *** reported being able to switch production between beams and other products in response to a relative change in price. Nonsubject products accounted for ***.

U.S. Demand

Based on available information, structural steel beam consumers are likely to respond to changes in the price of structural steel beams with small to moderate changes in their purchasers of structural steelbeams. The low cost share of structural steel beams points toward a small reaction whereas the availability of substitutes suggests a larger reaction.

Demand Characteristics

U.S. demand for structural steel beams depends primarily on the level of demand for downstream products using structural steel beams. Structural steel beams are used primarily in construction of both residential (mostly pre-fabricated and mobile homes) and non-residential buildings. Structural steel beams are also used in highway guard rails and other highway construction, including bridges. When asked about changes in end uses, one purchaser stated that the volatility in price of structural steel beams will cause customers to seek alternative construction methods.[28] No other responding purchaser, producer, or importer reported changes in the end uses of structural steel beams.

Since most structural steel beam sales are to distributors, the demand that producers face can also depend on expected future prices. Distributors reportedly often increase their current purchases of structural steel beams, thereby increasing their inventories, if they believe that prices will go up in the near future. Likewise, they reportedly reduce their inventories if they believe that price will soon fall. According to one producer, this cycle causes rises and falls in apparent consumption that are not linked directly to end use demand for the product and therefore may not represent underlying market trends.[29]

Available data indicate that apparent U.S. consumption of structural steel beams fell by 22.4 percent from 2000 to 2001, fell by 8.3 percent from 2001 to 2002, then rose by 4.2 percent in 2003 and

[27] Prehearing brief of the Korean respondent interested parties, pp. 34-35.

[28] Questionnaire response of ***.

[29] From site visit interviews at ***.

by 5.1 percent in 2004. Overall, apparent U.S. consumption fell by 22.1 percent from 2000 to 2004. Apparent U.S. consumption in January-September of 2005 was 0.7 percent higher than in January-September of 2004.

When asked if demand had changed since 2000, five purchasers reported that demand had increased; five reported that it had decreased; and six firms reported that demand was unchanged. The reasons purchasers reported for increased demand were growth in construction in the United States and the growth in demand from China. Reasons given for declining demand were a decrease in non-residential construction, the increased use of alternative construction designs (not using structural steel beams), and the declining economy. Six of 15 responding importers reported that U.S. demand has increased since 2000, citing strong construction and real estate markets. Two of the 15 importers reported that demand had decreased since 2000. Six of the seven responding producers reported that demand has declined since 2000 and all cite the decrease in non-residential construction as the reason for the decline. The one producer that reported an increase in demand cited the growing economy as the reason. When asked about the potential for future changes in demand, two producers responded that they expected modest growth while four expected a continued decline due to vacant commercial space and gradual switching to alternative construction methods.

Producers, importers, and purchasers were asked specifically about the potential demand impact of three events: the passage of the Safe, Accountable, Flexible, Efficient Transportation Equity Act of 2005 (SAFETEA); hurricanes Katrina and Rita; and the tsunami in southeast Asia on December 26, 2004. Concerning the passage of SAFETEA, three of four responding producers stated that SAFETEA will have minimal impact on the demand for structural steel beams as such beams are a small part of projects included in SAFETEA. One producer reported that SAFETEA would have no impact on demand for structural steel beams. Of the seven importers that had an opinion on the impact of SAFETEA, four thought it would increase demand and three thought it would have no impact. Six purchasers thought that SAFETEA might have some impact on demand while one thought there would be no impact. The remaining 15 purchasers were unsure or provided no answer.

Five of six responding producers thought that hurricanes Katrina and Rita will have a minimal impact on demand since most of the damage was to buildings that do not use structural steel beams. This belief was reiterated during the hearing.[30] One producer predicted an increase in demand for M beams which are used in the production of mobile homes. Ten of 15 responding importers predicted that the hurricanes would have some effect on demand although they too pointed out that most of the damage was to wooden buildings, which do not use structural steel beams. One importer predicted that the hurricanes would have no impact on U.S. demand. Sixteen of 17 purchasers predicted that the hurricanes will have some impact on U.S. demand but several noted that the impact would be regional and would be small due to the fact that most of the damage was to wood structures.

Two of four responding producers predicted that the tsunami will have a modest impact on world-wide demand for structural steel beams whereas two producers reported that there would be no impact on U.S. demand. Five of eight responding imports predicted no impact of the tsunami whereas two predicted a minimal increase in demand and one predicted a decrease in supply from some Asian mills impacted by the tsunami. Five of nine responding purchasers prediction some impact of the tsunami on demand while four predicted little or no impact. Several firms stated that the tsunami did not destroy steel buildings and therefore would not impact demand for structural steel beams.

[30] Hearing transcript, pp. 159-60 (Grossi).

Substitute Products

Eighteen of the 22 responding purchasers listed at least one substitute for structural steel beams. By far the most commonly mentioned products were concrete and steel tubing, which were mentioned by 13 and 12 purchasers, respectively. However during the hearing, it was made clear that concrete is the closest single substitute.[31] Other substitutes mentioned were lumber, welded wide-flange beams, and composites. These same substitutes were listed by the seven importers who reported knowing of substitutes for structural steel beams. Concrete and steel tubing were also listed by five of seven producers as substitutes for structural steel beams. Other substitutes listed by producers included wood, welded beams, and steel and fabricated joists. Responding purchasers, importers, and producers indicated that most of the substitutes listed can be used in most end uses.

Cost Share

Only producers provided useful information concerning the cost of structural steel beams as a share of the total cost of end products. Six producers provided such information and the cost share ranged anywhere from less than 1 percent up to 10 percent for construction uses. Only two producers reported that structural steel beams accounted for more than 5 percent of the total cost of construction end uses. One producer reported that structural steel beams account for 35 to 40 percent of the cost of producing highway guardrails.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported structural steel beams depends upon such factors as relative prices, quality, 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 while there may be some differences between domestic and imported structural steel beams, there is a relatively high degree of substitution between beams from the United States and beams from Japan and Korea.

Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase structural steel beams (table II-2). Nine of the 22 responding firms reported that availability was the most important factor whereas 7 of the 22 reported that price was the most important factor. Availability and price were also the most commonly cited second-most-important factors, listed by eight purchasers and seven purchasers, respectively. Quality was the most-commonly cited third-most-important factor according to seven firms. Other factors reported by more than one firm were reliability, delivery time, range of product, rolling schedule, and terms of credit.

[31] Hearing transcript, pp. 156-58 (Cooper, Grossi).

Table II-2
Structural steel beams: Most important factors in selecting a supplier, as reported by purchasers

Factor	First	Second	Third
Availability	9	8	1
Price	7	7	5
Quality	2	2	7
Reliability	1	0	2
Delivery time	0	1	3
Range of product	0	0	2
Rolling schedule	0	2	0
Terms of credit	0	0	2
Other	3	2	0

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

Purchasers were asked what factors determined the quality of structural steel beams. Fourteen of 22 responding purchasers reported that the beams need to meet or exceed industry standards. Other factors mentioned were metallurgical and physical quality, straightness, and trueness to size.

Purchasers were asked if they always, usually, sometimes, or never purchased the lowest priced structural steel beams. Two purchasers reported always purchasing the lowest priced product; 14 usually purchased the lowest priced product; and 6 sometimes purchased the lowest priced product. Purchasers were also asked if they purchased structural steel beams from one source although a comparable product was available at a lower price from another source. Thirteen purchasers responded, reporting reasons why they purchased from a source that might be more expensive. Reasons most often provided included availability, delivery, and domestic production.

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-3). Reliability, price, availability, and quality were listed as very important by 20 of the 22 responding purchasers; 19 reported that delivery time was very important; and 14 reported that product consistency was very important.

Table II-3
Structural steel beams: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Product availability	20	2	0
Delivery terms	10	11	1
Delivery time	19	3	0
Discounts offered	10	10	2
Extension of credit	9	7	6
Price	20	1	0
Minimum quantity requirements	4	9	9
Packaging	5	8	9
Product consistency	14	7	1
Quality meets industry standards	20	2	0
Quality exceeds industry standards	4	12	6
Product range	7	15	0
Reliability of supply	20	2	0
Technical support/service	7	13	2
U.S. transportation costs	10	11	1

Note.--Not all purchasers responded for each factor.

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

Purchasers were asked for a country-by-country comparison of the U.S. product compared to product from Japan and Korea on the same 15 factors (table II-4). The most frequently reported difference in the factors was that, compared to either Japanese or Korean producers, the U.S. producers of structural steel beams provide superior availability, delivery time, and product range. In the case of Korea, the U.S. product is also superior in terms of reliability of supply. The Korean and Japanese products were reported to be superior to the U.S. product for lower prices as well as discounts offered. The U.S. and subject imported products were reported to be generally comparable in terms of all other criteria.

Table II-4
Structural steel beams: Comparisons of product by source country, as reported by purchasers

Factor	U.S. vs. Japan			U.S. vs. Korea		
	S	C	I	S	C	I
	Number of firms responding					
Product availability	4	1	0	4	1	0
Delivery terms	1	3	1	2	3	0
Delivery time	3	1	1	4	1	0
Discounts offered	0	3	2	1	2	2
Extension of credit	1	4	0	2	3	0
Lower price	0	2	3	0	0	5
Minimum quantity requirements	1	3	1	1	4	0
Packaging	1	4	0	1	4	0
Product consistency	1	4	0	1	4	0
Product range	3	1	1	4	1	0
Quality meets industry standards	1	4	0	1	4	0
Quality exceeds industry standards	1	3	1	2	3	0
Reliability of supply	2	3	0	4	1	0
Technical support/service	2	3	0	3	2	0
Lower U.S. transportation costs	1	2	2	2	3	0

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

Note.--Not all companies gave responses for all factors.

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

Purchasers were asked if certain grades, types, or sizes of structural steel beams were available from a single source. Seven of the 21 responding purchasers reported that they were not while 14 purchasers reported that certain grades, types, or sizes were only available from a single source. For the most part, purchasers reported that certain larger beams are not available from most producers. Specifically, *** is the sole producer that produces certain larger sizes, including A913.

Purchasers were asked if they required certification or prequalification for structural steel beams. Seventeen of the 22 responding purchasers required certification or prequalification. Of these 17 purchasers, 16 required it for all their purchases and one firm required it for *** percent of its purchases in 2004. The prequalification normally entailed meeting metallurgic and physical requirements consistent with ASTM standards.

Twenty-one of 22 responding purchasers reported factors they considered in qualifying a new supplier. The most common factors considered included quality, price, reliability, and delivery time. The time required to qualify a new supplier was reported by 8 purchasers and ranged from 1-2 days to 6 months.

Purchasers were asked if any suppliers had failed to qualify their product or lost their approved status. Two of the 21 responding firms reported that suppliers had failed to qualify. One declined to report which supplier failed while the other reported that *** did not produce the beams needed for the particular projects in question.

Purchasers were asked a number of questions about whether their purchasing patterns for structural steel beams from subject and nonsubject sources had changed since 2000. Seventeen of the 22 responding purchasers reported that they had purchased structural steel beams from Japan before 2000; of those 17 purchasers, 13 stopped purchasing from Japan as a result of the antidumping duty orders and 4 changed their purchase patterns for reasons other than the antidumping duty orders. Three of those four reported that they stopped purchasing from Japan either because Japanese offers were not competitive or they simply did not receive offers from Japanese firms. Only one purchaser reported that it still buys at all from Japan. Twelve of the 22 responding purchasers reported that they had purchased structural steel beams from Korea before 2000; 8 stopped purchasing from Korea and 3 reduced purchases from Korea as a result of the antidumping and countervailing duty orders; one purchaser reported no change in purchases from Korea although that purchaser also stated that, "We didn't stop buying, the mills stopped selling."[32] When asked about purchases from nonsubject countries, 2 of 21 responding purchasers reported that they did not purchase from nonsubject countries before or after the orders; 14 reported that their purchases from nonsubject countries were essentially unchanged; 3 increased their purchases from nonsubject countries because of the orders; and 2 changed their purchases from nonsubject countries for reasons other than the orders. Both of these purchasers reported fewer offers and less availability as the reasons for the change.

Purchasers were asked how frequently they and their customers purchased structural steel beams from specific producers and from specific countries. Responses are shown below.

	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	3	4	11	4
Purchaser's customer makes decision based on producer	0	0	18	4
Purchaser makes decision based on country	1	7	10	4
Purchaser's customer makes decision based on country	0	0	18	4

Ten of 22 responding purchasers reported that some percentage of their purchases are subject to "Buy American" provisions. The share of such purchases ranged from 2 to 20 percent. Producers and purchasers present at the hearing stated that "Buy American" provisions are not an important aspect of the market.[33] Ten of 22 purchasers also reported that purchases of domestic product are not required by law but are required by their customers. The share of such purchases ranged from 5 to 100 percent. And finally, 7 of 22 purchasers reported that domestic purchases are required for other reasons. Such purchases account for anywhere from 5 percent to 100 percent of all purchases for these firms. U.S. producers acknowledge the existence of a "domestic premium" on prices of their product and have estimated it to be anywhere for $5 to $40 per short ton.[34]

[32] Purchaser questionnaire for ***.

[33] See hearing transcript, p. 42 (Goncalves), p. 47 (Cooper).

[34] Posthearing brief of the domestic interested parties, exhibit 3.

Twenty of the 22 responding purchasers contacted at least two suppliers before making a purchase, with 13 contacting three or more suppliers. Twelve of the 21 responding purchasers reported that they had not changed suppliers in the last 5 years. Of the nine that reported changing suppliers, six reported adding U.S. producer SDI to their list of suppliers. The other three reported that they stopped buying from Japanese or Korean suppliers.

Lead Times

Four of the six responding U.S. producers provided only estimates of lead times that did not vary over the period for which data were collected. Two U.S. producers, ***, provided detailed data on lead times for produced-to-order product and one, ***, also provided detailed data on lead times on product from inventory. Across all responding U.S. producers, lead times ranged from 2 to 60 days on produced-to-order sales and from 2 to 22 days on sales from inventory. Three of the six responding producers sold most product from inventories and three sold most product made-to-order. The three importers who sold from inventory reported lead times that ranged from 0 to 3 days. Importers' lead times on produced-to-order sales ranged from one week to 5 months. Figure II-3 shows reported lead times for *** and ***. Lead times on product from inventory stayed fairly constant throughout the period. For both producers, reported lead times on produced-to-order product (which accounts for a majority of shipments) were highest in 2000, fell through 2001, and have increased modestly and irregularly since then, although data from *** actually show a decline in lead times in 2005. During the hearing, staff requested the latest available information on lead times for U.S. producers. Three producers provided information regarding the behavior of lead times during quarters three and four of 2005. *** reported an *** in average lead times from *** days on produced-to-order product. *** reported that lead times *** from *** days in third quarter 2005 to *** days in fourth quarter 2005. *** reported that lead times *** from *** days on produced-to-order products in third quarter 2005 to *** days in fourth quarter 2005. Prior to third quarter 2005, lead times for *** were ***. One producer *** declined to report "average lead times" arguing that such a concept is misleading.

Industry analysts have reported recent increases in lead times. According to a January 2006 report, "While some open mill rollings as close as February were reported last week, an increasing number of buyers were speaking of lead times stretching into April or May. One buyer said that while quoted rollings weren't officially scheduled into May on a particular item, 'everything up to then is sold out - whether it's official or not, that's the lead time.'"[35]

Figure II-3
Structural steel beams: Lead times for * and ***, in days, 2000-05**

* * * * * * *

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Producers, importers, and purchasers were asked to report how frequently structural steel beams from different countries were able to be used in the same applications (table II-5). If purchasers reported that products from different countries were not always used in the same application, they were asked to explain why. In general, results indicate that beams from Korea, Japan, and nonsubject countries are interchangeable with beams produced in the United States. Four purchasers reported reasons for

[35] Frank Haflich, "Wide-flange beam prices hold steady for February," http://www.amm.com/news-2006-01-23__14-17-23.html, January 23, 2006. Retrieved January 24, 2006.

differences; three cited government regulations or "Buy American" requirements. As noted above, during the hearing, both producers and purchasers argued that "Buy American" requirements do not have a meaningful impact on the market and apply to a very small percentage of sales.[36] One importer reported that the fact that the United States is not on the metric system causes problems. When this topic was brought up during the hearing, it was noted that while foreign (specifically Korean) producers have the ability to produce imperial sizes, they would have to receive a relatively large volume of orders to make it worth their while to change their production process.[37] Two importers stated that certain products are never interchangeable. One of these importers reported only selling certain metric size beams which are not produced in the United States, while the other stated that Korea and Japan possess the technology and expertise to make niche products not available in the United States.

Table II-5
Structural steel beams: U.S. producers', importers', and purchasers' perceived degree of interchangeability of products produced in the United States and in other countries[1]

	U.S. producers					U.S. importers					U.S. purchasers				
Country comparison	A	F	S	N	0	A	F	S	N	0	A	F	S	N	0
U.S. vs. Japan	5	2	0	0	0	4	1	3	0	3	13	1	2	0	4
U.S. vs. Korea	5	2	0	0	0	4	1	4	1	3	13	1	2	0	4
U.S. vs. Nonsubject	5	2	0	0	0	4	2	1	0	2	10	1	2	0	5
Japan vs. Nonsubject	5	1	0	0	1	4	1	0	1	3	8	1	1	0	5
Korea vs. Nonsubject	5	1	0	0	1	4	1	0	1	3	8	1	1	0	4

[1] Producers, importers, and purchasers were asked if structural steel beams produced in the United States and in other countries is used interchangeably.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

Producers and importers were asked to assess how often differences other than price were significant in sales of structural steel beams from the United States, subject countries, or nonsubject countries. As can be seen in table II-6, U.S. producers and U.S. importers have different perceptions concerning the importance of non-price differences. Six of seven responding producers stated that non-price differences are never a significant factor in their sales of structural steel beams while one U.S. producer responded that such differences are only sometimes a factor. This response is consistent across all subject and nonsubject countries. U.S. importers, on the other hand, see non-price differences as being much more of a factor in determining sales. Six of 9 responding importers stated that non-price differences were always a factor when considering sales of product from Japan versus product from the United States, whereas 7 of 11 responding importers responded that non-price differences were always a factor in sales of Korean versus U.S. structural steel beams. For each country combination there were two importers that responded that non-price differences were never a factor in sales of product from those countries. When asked to specify the non-price differences, importers reported that Japanese and

[36] Hearing transcript, p. 42 (Goncalves), p. 47 (Cooper).

[37] Hearing transcript, p. 222 (Lee).

Korean producers had longer delivery times but were willing to sell in smaller quantities, and were better suited to making niche products for specialty uses.

Table II-6
Structural steel beams: U.S. producers' and importers' conceptions concerning the importance of non-price differences in purchases of structural steel beams from the United States and in other countries[1]

	U.S. producers					U.S. importers				
Country comparison	A	F	S	N	0	A	F	S	N	0
U.S. vs. Japan	0	0	1	6	0	6	0	1	2	3
U.S. vs. Korea	0	0	1	6	0	7	1	1	2	3
U.S. vs. Nonsubject	0	0	1	6	0	3	0	2	2	1
Japan vs. Nonsubject	0	0	0	6	1	1	0	3	2	3
Korea vs. Nonsubject	0	0	0	6	1	1	0	3	2	3

[1] Producers and importers were asked if differences other than price between structural steel beams produced in the United States and in other countries are a significant factor in their firm's sales of the product.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

ELASTICITY ESTIMATES

Elasticity estimates are discussed below. Recommendations by parties are included where appropriate.

U.S. Supply Elasticity

The domestic supply elasticity for structural steel beams measures the sensitivity of the quantity of structural steel beams supplied by U.S. producers to changes in the U.S. market price of structural steel beams. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced structural steel beams. Earlier analysis of these factors indicates that the U.S. industry has at least a moderate ability to increase or decrease shipments to the U.S. market; an estimate in the range of 1 to 3 is suggested. This estimate has been revised downward from the estimate of 2 to 4 that appeared in the prehearing report. In their economic submission, domestic interested parties stated that the domestic elasticity of supply should be 0.75. This estimate is based on the suggestion that domestic producers cannot increase production and capacity utilization without incurring substantial increases in costs.[38] However, when questioned about the optimal level of capacity utilization at the hearing, producers indicated that it is optimal to run at full capacity, "Maximum cost efficiency and maximum production efficiency is reached with the maximum tonnage loads you can put on the mill."[39] Given current capacity

[38] Prehearing brief of the domestic interested parties, exhibit 1, p. 12.

[39] Hearing transcript, p. 69 (Stratman).

utilization rates, it is reasonable to think that domestic producers can produce at modestly higher levels without incurring cost increases.

Subject Supply Elasticity

The ability of foreign subject and nonsubject producers or exporters to respond to a change in the U.S. market price of structural steel beams is enhanced by the existence of foreign home markets and alternative export markets. These alternative markets, along with considerable unused capacity in the case of Japan, increase the ability of subject producers to respond to changes in the U.S. market by shifting sales from those alternate markets or by increasing production. Korea, despite high capacity utilization, has show the ability to ship to a variety of markets, including Canada, where, as in the United States, imperial sizes are used. While Japanese producers do not currently export large volumes of structural steel beams, they have substantial excess capacity and appear to have the ability to shift volume between markets should market conditions change. The supply elasticity for both Japan and Korea is estimated to be in the range of 10 to 20.[40] Domestic interested parties believe these estimates to be too low and suggest that even an estimate of 20 for the elasticity of supply is conservative for both Japan and Korea.[41]

U.S. Demand Elasticity

The U.S. demand elasticity for structural steel beams measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of structural steel beams. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of structural steel beams in the production of any downstream products. Although substitute products for structural steel beams do exist, switching from one to the other would require substantial changes in construction designs and plans that may take several years to have an impact on the market. In addition, as discussed above, structural steel beams make up a relatively small share of the total cost of most end uses. For these reasons, staff suggests an elasticity of demand in the range of -0.5 to -0.8. In other words, purchasers would not likely be very sensitive in the short term (12 months) to changes in the price of structural steel beams and would continue to demand fairly constant quantities over a considerably wide range of prices.

Substitution Elasticity

The elasticity of substitution measures the extent to which the ratio of subject country imports to domestic like product changes in response to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change. The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in the case of structural steel beams, depends upon such factors as quality, availability, reliability of supply, and range of production.

Questionnaire responses indicated a high degree of homogeneity in structural steel beams of a given size and specification regardless of the country of manufacture. Some responses, however, indicate that certain niche products, or beams of certain sizes are available only from specific producers and that most markets outside of the United States are dominated by metric sizes. Other factors that might lower

[40] The supply elasticity for Japan, however, is believed to be near the low end of this range due to its limited activity in foreign markets.

[41] Prehearing brief of the domestic interested parties, exhibit 1, p. 27.

the elasticity of substitution include differences in availability and delivery times. While official "Buy America" provisions may not have a significant impact on the market or substitutability of U.S. and subject product, questionnaire responses indicate that some purchasers have a strong preference for domestic product. Due to these factors, the elasticity of substitution is estimated to be in the range of 3 to 6.

In their submitted economic analysis, the domestic interested parties present a model intended to predict the potential impact of revoking the orders. While providing a useful way to think about the effects of lifting the orders, the validity of the model used relies on the assumption that domestic and subject products are perfectly substitutable (an infinite elasticity of substitution). While subject products might be physically the same as corresponding domestic products, it is clear from the questionnaire responses that factors other than price differentiate domestic from subject product, thereby indicating that the elasticity of substitution is not, in fact, infinite.[42] Results of the model are also heavily reliant on the assumption that subject exporters would have been able, but for the orders, to offer product to the U.S. market at the same prices that existed in Asia over the period studied. Should subject importers sell to the U.S. market at a price higher than the existing price in Asia, the results of the model will not be as strong.

[42] While the economic analysis also presents a COMPAS model that allows for product differentiation, the reported results of that model are solely dependent on the assumed subject import penetration (15 percent) and the domestic elasticity of supply. The domestic supply elasticity of 0.5 used in the COMPAS model is lower than that suggested by domestic interested parties in the text and much lower than staff's recommendation. Within the context of the COMPAS model, the low supply elasticity effectively overstates the potential impact of subject imports on prices and understates the potential impact on quantities. Revenue, by the structure of the portion of the COMPAS model reported, will always fall by the percentage of subject import penetration (in this case, 15 percent).

PART III: U.S. PRODUCERS' OPERATIONS

GENERAL

The information outlined in this section is based on questionnaire responses of 11 current and former U.S. producers of structural steel beams that accounted for nearly all U.S. production during the period for which data were collected. The Commission received complete responses from active domestic producers, partial information from a U.S. producer whose product line includes structural steel beams,[1] and historical data from three companies that no longer produce structural steel beams.[2]

Several producers indicated that they manufacture other long-rolled products on the same equipment as that used for structural steel beams, although such products may account for a small proportion of overall production. Other products manufactured on beams equipment include angles, channels, guardrails, flat bars, rails, and sheet piling. Table III-1 presents average U.S. capacity and production of structural steel beams and other steel products that are produced on the same equipment as beams for the period 2000-04.

Table III-1
Structural long products: U.S. producers' total shared capacity, overall production, and aggregate capacity utilization, 2000-04

Item	Calendar year				
	2000	2001	2002	2003	2004
Average capacity (*short tons*)	6,441,000	6,496,000	7,781,800	7,811,800	7,811,800
Production (*short tons*)	5,375,875	4,837,242	5,350,360	5,859,443	6,396,758
Capacity utilization *(percent)*	83.5	74.5	68.8	75.0	81.9

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

Most firms reported that although they were able to switch production from beams to other products, doing so was both time-consuming and costly. For example, *** stated in its questionnaire response that alternating production between beams and other steel products would require a redesign of the production process and a change in raw materials sourcing to meet different grade specifications. *** estimated that switching production from non-beam structural shapes to hot-rolled flat bars could be

[1] *** did not provide a complete response.

[2] Because Birmingham Steel, J&L Structural, and Northwestern Steel & Wire are no longer in operation, Staff was unable to issue questionnaires to these companies in the current reviews. Northwestern Steel ceased producing structural steel beams in mid-2001 and J&L halted production in mid-2002. Gerdau Ameristeel acquired Birmingham Steel's structural steel beam operation in late 2001 but provided no data on this operation prior to its acquisition. Therefore, for completeness and data comparability, Staff has incorporated trade data for 2000 and 2001 provided by these companies in a subsequent investigation with a nearly identical scope and domestic like product (*Certain Structural Steel Beams from China, Germany, Luxembourg, Russia, South Africa, Spain, and Taiwan, Investigations Nos. 931-TA-935-936 and 938-942 (Final)*), completed in June 2002. In the 2002 investigations, each of the companies in question consented to the use of their questionnaire data "in other investigations of the same or comparable product which are conducted by the Commission under Title VII of the Tariff Act of 1930," according to the signature page of the questionnaires. In each case, Staff utilized the final trade data used in Investigations Nos. 931-TA-935-936 and 938-942 (Final), i.e., incorporating all revisions provided by the companies by letter, telephone, or fax.

achieved within a 12-hour time frame, and at a cost of approximately $***. Only one U.S. producer, ***, indicated that the cost of production switching from beams to angles, channels, and flat bars was minimal.

In some cases, U.S. producers indicated that excess capacity in the U.S. domestic market for structural steel products, including beams, has either motivated or deterred firms from product switching. In particular, *** indicated that excess capacity of structural steel beams in the U.S. market has driven the company to seek alternative uses for its beams production equipment, whereas *** stated that overcapacity in the U.S. market for all structural products makes product switching unprofitable.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' capacity, production, and capacity utilization for structural steel beams are presented in table III-2. As shown in table III-2, U.S. producers' structural steel beam capacity increased by 3.3 percent between 2000 and 2004. However, U.S. producers' capacity in January-September 2005 was 4.6 percent lower than capacity in January-September 2004.[3] Production of structural steel beams increased by 5.0 percent from 2000 to 2004, whereas such production was 13.0 percent lower in January-September 2005 than in January-September 2004.[4] Between 2000 and 2001, reported U.S. production of structural steel beams decreased by 14.3 percent, while U.S. producers' capacity decreased by 4.5 percent; modest declines in both measures continued into 2002. Conversely, in 2003 and 2004, U.S. production of structural steel beams increased by 10.8 percent and 12.5 percent, respectively, whereas U.S. producers' capacity increased by 6.5 percent and 2.7 percent, respectively. Capacity utilization was at its highest, 87.1 percent, during January-September 2004, and at its lowest, 70.7 percent, in 2002.[5]

Table III-2
Structural steel beams: U.S. capacity, production, and capacity utilization, 2000-04, January-September 2004, and January-September 2005

Item	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
Capacity (*short tons*)	6,437,350	6,150,783	6,076,870	6,472,976	6,648,941	4,829,853	4,609,249
Production (*short tons*)	5,102,715	4,374,346	4,294,276	4,759,032	5,355,312	4,207,882	3,661,275
Capacity utilization (*percent*)	79.3	71.1	70.7	73.5	80.5	87.1	79.4

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

[3] *** was responsible for virtually all of this decline. In its response to the Commission's questionnaire, *** cited the decline in non-residential construction since 2000 as being the largest factor influencing its production volume for structural steel beams, although the company did not state specifically that this is what caused the decrease in its production during January-September 2005. ***.

[4] Five of seven responding U.S. producers reported lower production in interim 2005 than in interim 2004. *** were the exceptions.

[5] According to the domestic interested parties, capacity utilization is typically highest for firms with low labor costs per ton, whereas for firms with high labor costs per ton, capacity utilization rates may vary widely in response to changes in demand. Posthearing brief of the domestic interested parties, exh. 5, p. 2 and table 1.

In questionnaire responses, four U.S. producers reported changes to their existing or future operations. Chaparral stated that due to the contraction of the non-residential construction market since 2000, the company's new steel mill in Petersburg, VA, has been operating at a capacity only in *** for the past 30 months. Chaparral further stated that it planned to *** the capacity the company allocates to the manufacture of products other than structural steel beams, and that such capacity ***. Chaparral anticipates that its capacity utilization will *** in 2005, *** by 2006 as the company ***. Gerdau Ameristeel reported that the company's production of structural steel beams commenced with the acquisition of its Cartersville, GA, mill from Birmingham Steel in December 2001. Separately, SMI Steel indicated that it *** in January 2001 and subsequently ***. Steel Dynamics opened a new mill in Columbia City, IN, in April 2002 and began production of structural steel beams at the mill in July 2002. The mill produces both wide-flange beams and H pilings. In October 2005, Steel Dynamics announced plans to acquire Roanoke Electric Steel Corp., the parent company of Steel of West Virginia, Inc. The merger reportedly will increase the production capacity of Steel Dynamics for all products by 1 million tons annually to reach a total of 5.2 million tons.[6] Steel Dynamics also plans ***. Some *** short tons of this capacity will be allocated to the production of structural steel beams.

U.S. PRODUCERS' DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS[7]

Data on domestic producers' shipments of structural steel beams are presented in table III-3. During the period 2000-04, the quantity of U.S. producers' U.S. shipments decreased by 6.2 percent, with such shipments substantially diminished in 2001 and 2002, then recovering in 2003 and 2004. The value of U.S. shipments increased by 23.3 percent between 2000 and 2004, despite declining between 2000 and 2002. Unit values of U.S. domestic shipments declined each year between 2000 and 2003, decreasing by more than $66 per short ton. In 2004, however, average unit values increased by nearly $190 per short ton, to nearly $516 per short ton. Average unit values of U.S. shipments surpassed $536 per short ton during January-September 2005.

[6] Scott Robertson, "Steel Dynamics to Buy Roanoke for $240 Million," *AMM Steel News*, found at http://www.amm.com, retrieved October 19, 2005.

[7] Data reported by U.S. producers with respect to internal consumption and company transfers accounted for less than 2 percent of U.S. shipments.

Table III-3
Structural steel beams: U.S. producers' shipments, by types, 2000-04, January-September 2004, and January-September 2005[1]

Item	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
Quantity (*short tons*)							
U.S. shipments	4,882,642	4,286,207	4,089,076	4,373,366	4,581,345	3,590,474	3,628,984
Export shipments	53,533	100,973	119,686	409,858	543,653	439,130	377,277
Total	4,936,175	4,387,180	4,208,762	4,783,224	5,124,998	4,029,604	4,006,261
Value (*1,000 dollars*)							
U.S. shipments	1,916,272	1,475,637	1,391,331	1,426,825	2,362,551	1,813,692	1,945,985
Export shipments	22,209	34,323	40,017	126,948	274,215	215,227	199,779
Total	1,938,481	1,509,960	1,431,348	1,553,773	2,636,766	2,028,919	2,145,764
Unit value (*per short ton*)							
U.S. shipments	$392.47	$344.28	$340.26	$326.25	$515.69	$505.14	$536.23
Export shipments	414.87	339.92	334.35	309.74	504.39	490.12	529.53
Average	392.71	344.18	340.09	324.84	514.49	503.50	535.60

[1] Data reported by U.S. producers with respect to internal consumption and company transfers accounted for less than 2 percent of U.S. shipments.

Compiled from data submitted in response to Commission questionnaires.

The quantity of U.S. producers' export shipments increased markedly from 2000 to 2004. Concurrently, the proportion of reported shipments accounted for by exports increased from 1.1 percent in 2000 to 10.6 percent in 2004. The value of U.S. export shipments also increased rapidly during 2000-04, exceeding $274 million in 2004. The unit values of U.S. export shipments surpassed $504 per short ton in 2004 and approached $530 per short ton during January-September 2005, after falling below $310 in 2003. U.S. producers responding to the questionnaire identified their principal export markets as Canada,[8] Mexico, South America, and the United Kingdom.

[8] According to hearing testimony by the U.S. domestic interested parties, Canada no longer maintains a domestic industry for the production of structural steel beams. Hearing transcript, p. 34 (Stratman). This information was corroborated by a representative of ***, who confirmed that the company ceased producing structural steel beams (specifically, wide-flange beams) in ***. Staff telephone interview with ***, February 6, 2006.

Both U.S. and Korean producers of structural steel beams exported beams to Canada during the subject period. Based upon data provided by Statistics Canada, counsel for the Korean respondent interested parties maintain that U.S. producers acquired increasing market share in Canada's beams market during 2000-04, whereas imports from Korea declined during the same period. For example, in 2000 U.S. producers' share of Canadian beams imports was 19.8 percent; by 2004, this share had increased to 59.5 percent. By contrast, Korean producers' share of Canadian beams imports was 32.4 percent in 2000, falling to 12.6 percent in 2004. Posthearing brief, Korean respondent interested parties, pp. 12-13 and exh. 1.

Separately, counsel for the domestic interested parties state that Korean producers' share of Canadian beams imports has increased within the past three months (from November 2005 through January 2006), rising from 13.5 percent during November-December 2005 to 39.8 percent during January 1-21, 2006. Counsel for the domestic interested parties rely on Canadian import licensing statistics for the period November 1, 2005- January 21, 2006.

(continued...)

U.S. PRODUCERS' INVENTORIES

Data collected in these reviews on U.S. producers' end-of-period inventories are presented in table III-4. U.S. producers' inventories of structural steel beams increased by 52.9 percent between 2000 and 2004, rising by 47.4 percent in 2004 alone. By contrast, U.S. producers' inventories were 42.6 percent lower by September 2005 than in September 2004. The ratios of U.S. producers' inventories relative to U.S. production and total shipments were at their highest levels in 2004, registering 13.4 percent and 14.0 percent, respectively.

Table III-4
Structural steel beams: U.S. producers' end-of-period inventories, 2000-04, January-September 2004, and January-September 2005

Item	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
Inventories (*short tons*)	467,590	461,117	509,411	485,218	715,078	663,496	381,087
Ratio of inventories to production (*percent*)	9.2	10.5	11.9	10.2	13.4	11.8	7.8
Ratio of inventories to U.S. shipments (*percent*)	9.6	10.8	12.5	11.1	15.6	13.9	7.9
Ratio of inventories to total shipments (*percent*)	9.5	10.5	12.1	10.1	14.0	12.3	7.1

Note.–Interim period ratios are based on annualized production and shipments.

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

The ratios of inventories to U.S. production and total shipments were substantially lower during January-September 2005 than in previous periods. The reduced inventories of structural steel beams during January-September 2005 appears to be consistent with industry reports in 2005 indicating an increase in the demand for structural steel beams. According to industry sources, increasing demand for beams in the U.S. domestic market, in part driven by a rise in non-residential construction, has resulted in

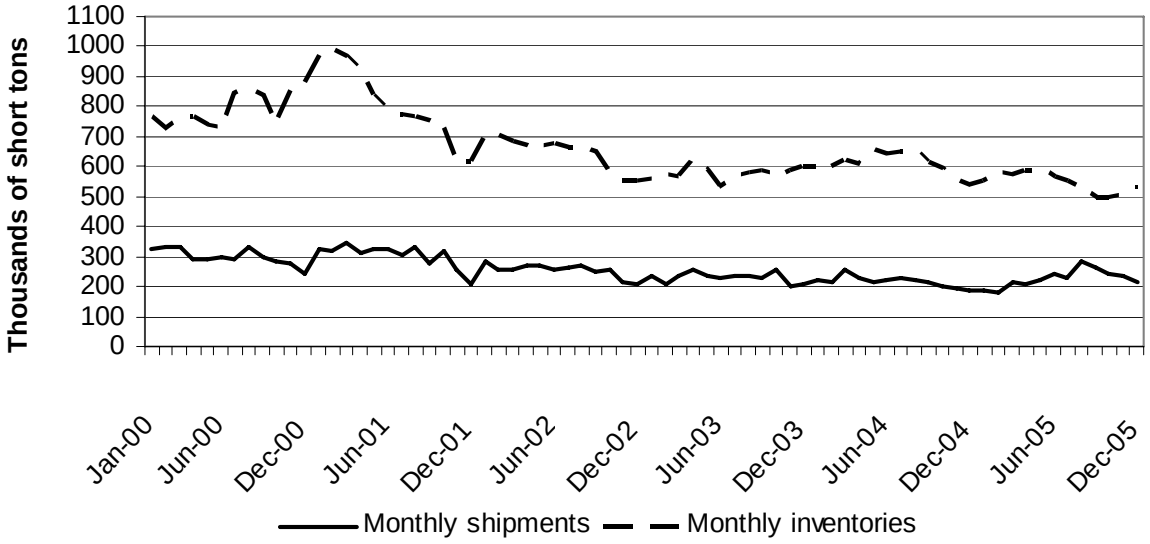
[8] (...continued)
According to a Canadian government official from Canada's Export and Import Controls Bureau, Canada's import licensing statistics closely reflect actual import numbers. Counsel for the domestic interested parties further claim that Korean producers have increased market share in the Canadian market by "undercutting" the prices of U.S. and other foreign producers. Posthearing brief, Korean respondent interested parties, pp. 12-13 and exh. 1; posthearing brief, domestic interested parties, exh. 11, pp. 3-4 and table 1; and ***, Trade Controls Policy Division, Export and Import Controls Bureau, e-mail correspondence with USITC staff, February 3, 2006.

Based on Canadian licensing data, imports of medium and heavy structurals (the Canadian product category that includes as its primary component structural steel beams) from Japan decreased by 45 percent between calendar year 2004 and calendar year 2005 (from 53 metric tons to 30 metric tons); imports from Korea decreased by 2 percent (from 76,210 metric tons to 74,686 metric tons); and imports from the United States increased by 23 percent (from 365,261 metric tons to 447,668 metric tons). In the case of Korea, Canadian licensing data record a rapid increase in import volume in the final quarter of 2005. For the period January 1, 2006 - February 11, 2006, imports of medium and heavy structurals from Japan totaled 18 metric tons (a year-to-date increase of 303 percent from 2005); imports from Korea totaled 30,090 metric tons (a year-to-date increase of 217 percent from 2005); and imports from the United States totaled 54,872 metric tons (a year-to-date increase of 8 percent from 2005). Compiled from data prepared by the Canadian Export and Import Controls Bureau, found at http://www.dfait-maeci.gc.ca/trade/eicb/agric/steel-en.asp, tables A2, A3A, and B1, and retrieved on February 13 and 14, 2006.

longer lead times, order backlogs, and lower inventory levels for structural steel beams.[9] However, industry sources also note that the extent to which an increase in the demand for beams is attributable to a rise in non-residential construction, rather than to the replenishment by service centers of low fourth-quarter inventories, remains unclear.[10]

Figure III-1 pertains to monthly shipments and inventories of products including structural steel beams for the period covered in these reviews. Monthly data on service center shipments and inventories of such "carbon structurals" as reported by the Metal Service Center Institute (MSCI) include structural steel sections.[11]

Figure III-1
Carbon structurals: Steel service centers' monthly shipments and inventories, January 2000-December 2005



Source: Compiled from Metal Service Center Institute data.

[9] Frank Haflich, "Beams Rough Seas Calm; Demand Rising," *AMM Steel News*, found at http://www.amm.com, retrieved November 29, 2005.

[10] Frank Haflich, "Wide Flange Beam Prices Hold Steady for February," *AMM Steel News*, found at http://www.amm.com, retrieved January 24, 2006.

[11] MSCI's category of "carbon structurals" includes nonsubject products of cross-sectional shapes (e.g., angles, channels, among others) which are beyond the scope of products identified by Commerce for the current reviews. In addition, MSCI's "carbon structurals" excludes "light structurals" with cross-sectional heights of less than 80 mm. Chris Marti, MSCI, telephone interview with USITC staff, November 28, 2005.

As illustrated in figure III-1, U.S. shipments of carbon structurals peaked at approximately 343,900 short tons in March 2001, before declining to period lows of 180,000-190,000 short tons from the end of 2004 through the beginning of 2005.[12] Shipments rebounded in the second and third quarters of 2005 to levels higher than those in the same period of the previous year before declining in December 2005.

Steel service center inventories exhibited similar trends, decreasing by 14.2 percent from January 2004 to December 2005, and by 46.9 percent to 529,400 short tons in December 2005 from a peak monthly inventory level of 997,100 short tons in February 2001. Inventories increased in the fourth quarter of 2005 to 529,400 short tons in December 2005 following a period low of 498,000 short tons in September 2005.[13] As discussed in Part II of this report, service centers and distributors account for a substantial share of U.S. shipments of structural steel beams. Service centers often purchase beams ahead of time, and stock such beams as inventory in anticipation of increases in demand. Therefore, trends in inventory levels of structural steel beams at service centers are less indicative of actual demand for beams in the U.S. market than are purchasing trends on the part of end users.[14]

U.S. PRODUCERS' IMPORTS AND PURCHASES

None of the eight U.S. producers reported direct imports, or purchases of imports, from Japan or Korea. Only *** reported any purchases, and these purchases were from U.S. firms. *** reported that it made purchases when it did not have enough inventory to meet supply commitments or when it was asked to supply a product that it did not manufacture. *** purchased structural steel beams in 2003 and in January-September 2005, and listed as the source of its purchases ***. In 2003, *** purchased *** short tons of structural steel beams from U.S. producers, and *** short tons from other sources. In January-September 2005, *** purchased *** short tons of structural steel beams from U.S. producers, and *** short tons from other sources.

---

[12] In their posthearing brief, the domestic interested parties contend that, "The most recent information from the *** confirms the availability of beams. According to the ***, shipments of beams from service centers declined for the fourth straight month {beginning in August 2005 and ending in November 2005}, while service center inventories increased for the third month in a row {beginning in September 2005 and ending in November 2005}. This marks a reversal of the trend observed in the Commission's data, which showed inventories as decreasing through September 2005." However, in referring to the *** source cited by counsel for the domestic interested parties, which counsel notes was included in Exhibit 11 of their prehearing brief, *** data reveal that, overall, service center shipments increased by 28 percent during January-November 2005. Further, such shipments demonstrated a year-on-year increase of 25.1 percent in August 2005, 25.4 percent in September 2005, 19.3 percent in October 2005, and 22.6 percent in November 2005. In addition, monthly service center inventories were consistently lower during January-November 2005 as compared to January-November 2004, with the single largest year-on-year decrease of 19.5 percent recorded in September 2005. Prehearing brief of the domestic interested parties, exh. 11, and posthearing brief of the domestic interested parties, exh. 8, pp. 1-2.

[13] Monthly inventories on hand increased from a low of 1.9 months during August-September 2005 to 2.4 months in December 2005, which corresponds to declining shipments during these months. Overall, available data indicate that monthly inventories on hand are inversely related to shipments of structural steel sections. Monthly inventories on hand fluctuated around 2.5 during January 2002-October 2003. Between November 2003 and February 2005, monthly inventories on hand exhibited an increasing trend, corresponding to reduced shipment levels during the same period. Monthly inventories on hand subsequently declined from a high of 3.2 in February 2005 to a low of 1.9 in September 2005 before increasing to 2.4 in December 2005, during which time shipments declined. *See* MSCI *Metals Activity Report*, 2002-2005.

[14] ***, presentation before USITC staff at ***, November 4, 2005.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. producers' aggregate employment data for structural steel beams are presented in table III-5. The number of production and related workers ("PRWs") decreased by 12.7 percent from 2000 to 2004, despite an increase of 7.1 percent in 2004. During 2000-04, hourly wages increased by 13.6 percent and productivity increased by 16.8 percent. Productivity was at its highest level in 2004, having increased by 6.6 percent over 2003. The high productivity level in January-September 2004 corresponds to the period with the highest capacity utilization (87.1 percent) among U.S. producers of structural steel beams.[15] Unit labor costs remained relatively steady throughout calendar years 2000-04, with the highest unit labor costs for the period covered by these reviews recorded at $37.36 per short ton in 2001.

Table III-5
Structural steel beams: U.S. producers' employment-related indicators, 2000-04, January-September 2004, and January-September 2005

Item	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
Production and related workers (PRWs)	3,135	2,837	2,517	2,555	2,736	2,732	2,685
Hours worked by PRWs (*1,000 hours*)	7,032	6,074	5,322	5,985	6,316	4,791	4,739
Wages paid to PRWs (*1,000 dollars*)	184,660	163,439	156,549	170,006	188,380	134,153	134,208
Hourly wages	$26.26	$26.91	$29.42	$28.41	$29.83	$28.00	$28.32
Productivity (*short tons produced per 1,000 hours*)	725.6	720.2	806.9	795.2	847.9	878.3	772.6
Unit labor costs (*per short ton*)	$36.19	$37.36	$36.46	$35.72	$35.18	$31.88	$36.66

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

[15] *See* table III-2.

FINANCIAL EXPERIENCE OF THE U.S. INDUSTRY

Background

Ten U.S. producers[16] provided financial data on their structural steel beam operations. These firms are believed to account for virtually all U.S. production of structural steel beams during 2000-05.

As discussed previously, the domestic industry has undergone a period of restructuring. J&L Steel and Northwestern both filed for protection under the bankruptcy laws in 2000, with J&L Steel exiting the industry in 2002 and Northwestern in 2001. Gerdau Ameristeel acquired the Cartersville, GA, facility from Birmingham Steel[17] in late 2001 and hence, reported data from 2002 onwards. SMI Steel *** production of structural steel beams and *** in January 2001, then ceased production of *** beams in March 2004 and *** beams in May 2004. Steel Dynamics began construction of its beams mill in May 2001, completed plant construction in April 2002, and started commercial structural steel beams operations during the third quarter of 2002. Steel Dynamics stated that "***."[18]

Operations on Structural Steel Beams

Income-and-loss data for the U.S. producers on their structural steel beams operations are presented in table III-6. In general, the financial results deteriorated from 2000 through 2003 before rebounding in 2004. From 2000 to 2003, sales values declined (bottoming in 2002), average unit sales values declined irregularly by $40 per ton (all references to tons in this financial section are short tons), and unit cost of goods sold increased irregularly by $12 per ton. As a result, operating profits fell from 13.6 percent of sales to less than one percent of sales. In 2004, the situation changed, as the large increase in average unit sales values ($178 per ton, a little more than 50 percent) approximately doubled the $94 per ton increase in unit raw materials cost, resulting in gross and operating profit margins (profits expressed as a percentage of net sales values) that approximated 2000 levels. This level of profitability continued through the first nine months of 2005, as unit sales values again increased. Although increases in other factory costs rose in interim 2005 and began to erode the profit margins, such profit margins were only 1.1 percentage points below 2004 levels.

---

[16] U.S. producers and their fiscal year ends if other than December 31 are Birmingham (June 30), Chaparral (May 31), Gerdau Ameristeel, J&L (June 30), Northwestern, Nucor, Nucor-Yamato, SMI Steel (August 31), Steel Dynamics, and Steel of West Virginia (October 31).

[17] Because Birmingham Steel, J&L, and Northwestern Steel & Wire are no longer in operation, Staff was unable to issue questionnaires to these companies in the current reviews. Northwestern Steel ceased producing structural steel beams in mid-2001 and J&L halted production in mid-2002. Gerdau Ameristeel acquired Birmingham Steel's structural steel beams operation in late 2001 but provided no data on this operation prior to its acquisition. Therefore, for completeness and data comparability, Staff has incorporated financial data for 2000 and 2001 provided by these companies in a subsequent investigation with a nearly identical scope and domestic like product (*Certain Structural Steel Beams from China, Germany, Luxembourg, Russia, South Africa, Spain, and Taiwan, Investigations Nos. 931-TA-935-936 and 938-942 (Final)*), completed in June 2002. In the 2002 investigations, each of the companies in question consented to the use of their questionnaire data "in other investigations of the same or comparable product which are conducted by the Commission under Title VII of the Tariff Act of 1930," according to the signature page of the questionnaires. In each case, Staff utilized the final financial data used in Investigations Nos. 931-TA-935-936 and 938-942 (Final), i.e., incorporating all revisions provided by the companies by letter, telephone, or fax.

[18] The information in this paragraph is based on the responses of Gerdau Ameristeel, SMI Steel, and Steel Dynamics to part II-2 of the producers' questionnaire.

With regard to the individual components of COGS, raw materials increased from its approximate $130 per ton level during 2000-02 to $163 per ton in 2003 and then increased sharply to $257 per ton in 2004 and $247 per ton in interim 2005. These cost increases can be directly tied to increases in steel scrap prices.[19] Direct labor, the second cost component, ranged from $24 to $31 per ton from 2000 through 2005, with the cost in the $26 to $27 per ton level most periods. Other factory costs, the final cost component, was steady in the approximate mid-$150 per ton range from 2000 through 2004, and then increased to $183 per ton in interim 2005. The domestic industry's claim that the increase in other factory costs was the result of increased energy costs[20] is reasonable, given that the price of natural gas increased by approximately $1.35 per thousand cubic feet from interim 2004 to interim 2005[21] and the fact that it takes approximately *** thousand cubic feet of natural gas to produce one ton of structural steel beams.[22]

Table III-6
Structural steel beams: Results of operations of U.S. producers[1] in the production of structural steel beams, fiscal years 2000-04, January-September 2004, and January-September 2005

Item	Fiscal years					January-September	
	2000	2001	2002	2003	2004	2004	2005
	Quantity (*short tons*)						
Total net sales	4,834,804	4,437,618	4,203,921	4,913,261	4,984,373	4,032,532	4,006,261
	Value (*$1,000*)						
Total net sales	1,873,383	1,541,365	1,408,961	1,705,789	2,614,838	2,028,919	2,145,764
Cost of goods sold:							
Raw materials	674,112	546,662	555,257	798,594	1,281,088	985,881	988,538
Direct labor	150,175	119,891	109,724	119,181	134,791	103,445	107,807
Other factory costs	732,479	672,314	662,471	724,366	779,505	586,586	733,891
Total cost of goods sold	1,556,766	1,338,867	1,327,452	1,642,141	2,195,384	1,675,912	1,830,236
Gross profit	316,617	202,498	81,509	63,648	419,454	353,007	315,528
SG&A expenses	62,135	54,143	49,352	49,604	56,535	42,583	41,697
Operating income	254,482	148,355	32,157	14,044	362,919	310,424	273,831
Other income/expense, net	50,472	42,142	58,767	60,478	58,760	56,611	60,628
Net income or (loss)	204,010	106,213	(26,610)	(46,434)	304,159	253,813	213,203
Depreciation/amortization	113,390	100,847	96,702	104,173	107,816	81,159	83,215
Cash flow	317,400	207,060	70,092	57,739	411,975	334,972	296,418

Table continued on next page

[19] *See* figure V-1 in part V of this report.

[20] Hearing transcript, p. 103 (Stratman).

[21] According to the U.S. Energy Information Administration the price paid by industrial users of natural gas increased from $6.22 per 1,000 cubic feet in Jan.-Sep. 2004 to $7.57 in Jan.-Sep. 2005. Found at http://tonto.eia.doe.gov/dnav/ng/history.n3035us3m.htm.

[22] *See* January 31, 2006 memo from John Ascienzo to file.

Table III-6 —*Continued*
Structural steel beams: Results of operations of U.S. producers[1] in the production of structural steel beams, fiscal years 2000-04, January-September 2004, and January-September 2005

	Ratio to net sales (*percent*)						
Cost of goods sold:							
Raw materials	36.0	35.5	39.4	46.8	49.0	48.6	46.1
Direct labor	8.0	7.8	7.8	7.0	5.2	5.1	5.0
Other factory costs	39.1	43.6	47.0	42.5	29.8	28.9	34.2
Total cost of goods sold	83.1	86.9	94.2	96.3	84.0	82.6	85.3
Gross profit	16.9	13.1	5.8	3.7	16.0	17.4	14.7
SG&A expenses	3.3	3.5	3.5	2.9	2.2	2.1	1.9
Operating income	13.6	9.6	2.3	0.8	13.9	15.3	12.8
Net income or (loss)	10.9	6.9	(1.9)	(2.7)	11.6	12.5	9.9
	Number of firms reporting						
Operating losses	3	5	5	3	0	1	0
Data	8	8	7	7	7	7	6
	Unit value (*dollars per short ton*)						
Net sales	387	347	335	347	525	503	536
Cost of goods sold							
Raw materials	139	123	132	163	257	244	247
Direct labor	31	27	26	24	27	26	27
Other factory costs	152	152	158	147	156	145	183
Total cost of goods sold	322	302	316	334	440	416	457
Gross profit	65	46	19	13	84	88	79
SG&A expenses	13	12	12	10	11	11	10
Operating income or (loss)	53	33	8	3	73	77	68
Net income or (loss)	42	24	(6)	(9)	61	63	53

[1] The producers are Birmingham, Chaparral, Gerdau Ameristeel, J&L, Northwestern, Nucor, Nucor-Yamato, SMI Steel, Steel Dynamics, and Steel of West Virginia. Birmingham ceased operations at its Cartersville facility in late 2001, and the facility was taken over by Gerdau Ameristeel; Northwestern ceased operations in mid-2001; J&L ceased operations in mid-2002 but data are only available through 2001; SMI Steel ceased operations in 2004; and, Steel Dynamics started operations during the third quarter of 2002.

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

Selected financial data, on a company-by-company basis, are presented in table III-7. Nucor-Yamato, which was ***, accounting for *** percent of total sales volume in 2004, had ***. Nucor-Yamato reported ***. Chaparral, which was ***, accounting for *** percent of total sales volume in 2004, reported ***. Steel Dynamics, which started structural steel beams operations during the third quarter of 2002 by building a new plant was ***. The company accounted for *** percent of total sales

volume in 2004, when it reported ***, after reporting ***. Nucor, which was ***, accounting for *** percent of total sales volume in 2004, reported ***.

With respect to its ***, Chaparral stated that:
***.[23]

With respect to its ***, Gerdau Ameristeel indicated that:
***.[24]

Table III-7
Structural steel beams: Results of operations of U.S. producers in the production of structural steel beams, by firms, fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

With respect to ***, Nucor stated that:
***.[25]

With respect to ***, Nucor indicated that:
***.[26]

With respect to ***, Nucor-Yamato stated that:
***.[27]

With respect to its ***, SMI Steel stated:
***.[28]

With respect to its ***, Steel Dynamics indicated that:
***.[29]

With respect to its ***, Steel of West Virginia stated that:
***.[30]

The domestic industry has stressed the importance of the metal margin.[31] The metal margin, which is the difference between the selling price of the finished product and the cost of the raw material

[23] E-mail from ***.

[24] E-mail from ***.

[25] Wiley, Rein & Fielding's letter on behalf of ***.

[26] Ibid.

[27] Wiley, Rein & Fielding's letter on behalf of ***.

[28] E-mail from ***.

[29] E-mail from ***.

[30] Fax letter from ***.

[31] Hearing transcript, pp. 69-70 and 89 (Stratman); and, posthearing brief of the domestic interested parties, p. 13 and exh. 1.

input (steel scrap),[32] is the amount left to pay conversion costs (labor and other factory costs), SG&A expenses, interest, and all other non-operating expenses. If the metal margin is greater than all of these costs and expenses, a company is profitable; if the metal margin is less, it is unprofitable. Table III-7 includes metal margin data. As shown in the table, the average margin steadily contracted from $248 per ton in 2000 to $185 per ton in 2003 before expanding to $268 per ton in 2004 and expanding again to $289 per ton in interim 2005. The table also indicates that the trends were industry-wide, as all five producers operating continuously from 2000 to 2003 reported lower metal margins in 2003 than in 2000; all seven producers operating in 2003 and 2004 reported increasing margins (and all but one reported increases in the margin of $76 or more); and, all six producers operating in both interim 2004 and interim 2005 reported increasing metal margins.

Table III-8 presents metal margin data from 1997 through 2005. As shown in the table, metal margins were higher during interim 2005 than at any other time during which data were gathered, including the period 1997-99. If the producers are able to maintain their 2004-05 metal margins as scrap prices continue to rise[33] (or even if they decline) while simultaneously keeping their conversion costs at or below their 2004-05 levels, they will continue to achieve double digit operating margins; if they cannot, they will not.

Domestic interested parties alleged in their prehearing brief that the operating margins earned by the domestic industry during the period of review have been below the industry's weighted average cost of capital ("WACC").[34] [35] While the WACC is a useful tool in certain applications, its usefulness in these proceedings might be limited. First, the industry the WACC calculation is based on – standard industrial classification (SIC) 3312 – may not be representative of the domestic structural steel beams industry. SIC 3312 is diverse, and includes establishments primarily engaged in manufacturing hot metal, pig iron, and silvery pig iron from iron ore and steel scrap; converting pig iron, scrap iron, and scrap steel into steel; and, in hot-rolling iron and steel into basic shapes, such as plates, sheets, strips, rods, bars, and tubing.[36]

---

[32] Domestic interested parties refer to the metal margin as the difference between selling prices and scrap price quotes (as opposed to raw materials costs). Posthearing brief of the domestic interested parties, p. 13 and exh. 1. Staff notes there are many differences between scrap price quotes and the domestic industry's actual raw material costs as contained in the staff report; these include delivery costs, yield losses, differences in types and mix of scrap used by the different producers, the time lag between when scrap is purchased and when it is converted into saleable material and put into inventory, and the fact that scrap price quotes are indicators of what producers in general are paying as opposed to what the specific producers in these reviews actually did pay. Staff does believe, however, that the absolute differences between the two different metal margins should be approximately constant over time. Thus, while it might not be meaningful to compare the absolute values of the two different types of metal margins to each other, comparing the relative change in either of them is.

[33] *See* figure V-1 in part V of this report.

[34] Prehearing brief of the domestic interested parties, p. 75 and exh. 1.

[35] The capital funding of a company is made up of two components: debt and equity. Lenders and equity holders each expect a certain return on the funds or capital they have provided. The cost of capital is the expected return to equity owners (or shareholders) and to debt holders, so the WACC tells us the return that both stakeholders - equity owners and lenders - can expect. The WACC, in other words, represents the investors' opportunity cost of taking on the risk of putting money into a company. A project that has a rate of return (in this case, operating income) greater than the WACC generates additional free cash flow and creates value, while a project that has a rate of return less than the WACC decreases value.

[36] Domestic interested parties posthearing brief, exh. 20 (***).

Table III-8
Structural steel beams: Selected per-unit revenue and cost data of U.S. producers in the production of structural steel beams, fiscal years 1997-2004, January-September 2004, and January-September 2005

Item	Fiscal years								Jan.-Sept.	
	1997	1998	1999	2000	2001	2002	2003	2004	2004	2005
	Unit value (*dollars per short ton*)									
Net sales	396	405	336	387	347	335	347	525	503	536
Less: raw materials cost	170	170	137	139	123	132	163	257	244	247
Equals: metal margin	226	235	199	248	224	203	185	268	259	289
Less: conversion costs	141	144	154	183	179	184	172	183	171	210
Equals: gross profit	85	91	45	65	46	19	13	84	88	79
Less: SG&A expense	9	11	12	13	12	12	10	11	11	10
Equals: operating profit	76	81	34	53	33	8	3	73	77	68

Source: 1997-99: Certain Structural Steel Beams From Japan, Inv. No. 731-TA-853 (Final) USITC Publication 3308 (June 2000), VI-1, tables VI-1 and 2; 2000-05: Compiled from data submitted in response to Commission questionnaires.

Moreover, SIC 3312 includes stainless steel and specialty steel producers.[37] In most periods, net sales values for companies within SIC 3312 were 20 times the net sales values reported by the structural steel beams industry; from 2000 to 2004, the net sales values for the domestic structural steel beams industry as presented in table III-6 averaged 6.0 percent of the net sales values for SIC 3312. Given this, it might not be reasonable to draw parallels between financial data for SIC 3312 and the domestic structural steel beams industry, which is a much smaller subset. The Commission has gathered a large amount of trade and financial data specific to the domestic structural steel beams industry; Staff believes comparisons between these data and data for a much larger industry whose exact composition is unknown should be viewed with caution.

Moreover, even if SIC 3312 is representative of the domestic structural steel beams industry, certain aspects of the WACC analysis generate counter-intuitive conclusions. For example, the average operating margin for SIC 3312 from 2000 to 2004 was 6.7 percent.[38] Since this value is measurably lower than the corresponding value for the domestic structural steel beams industry (9.3 percent), the operating margins earned by companies within SIC 3312 were further below the WACC (an average of 12.4 percent[39] from 2000 to 2004) than were those earned by the domestic structural steel beams industry. Despite this, SIC 3312's sales values and operating profitability were stronger in 2004 than in any other period.[40] Perhaps even more importantly, in 2004 the total capital for SIC 3312 increased to its highest level ($26.6 billion), an amount 45 percent higher than the level in 2000 ($18.3 billion).[41] Thus, even

[37] Ibid.

[38] Ibid.

[39] Ibid.

[40] Ibid.

[41] Ibid.

though in aggregate firms in SIC 3312 were operating at a level consistently beneath their WACC, their total capital increased substantially, a result not consistent with the domestic interested parties' argument.

The variance analysis showing the effects of prices and volume on the producers' net sales of structural steel beams, and of costs and volume on their total expenses, is presented in table III-9. The analysis is summarized at the bottom of the table. The information for this variance analysis is derived from table III-6. Internal consumption and transfers to related firms during the period for which data were collected were minor compared to commercial sales. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. The analysis shows that the increase in operating income from 2000 to 2004 is primarily attributable to the much higher favorable price variance (higher selling prices), which more than offset the unfavorable net cost/expense variance (higher unit costs). The analysis shows that the decrease in operating income from interim 2004 to interim 2005 is primarily attributable to the much higher unfavorable net cost/expense variance (higher unit costs) which more than offset the favorable price variance (higher selling prices).

Investment in Capital Expenditures and Research and Development Expenses

The responding firms' aggregate data on capital expenditures and research and development (R&D) expenses on their structural steel beams operations are shown in table III-10. Capital expenditures fluctuated over time, declining one period and then increasing the next. Over time, with the exception of 2002, the expenditures have been approximately steady. The large capital expenditures in 2002 were largely the result of ***. ***. Only *** reported any R&D expenses during the period for which data were collected.

Table III-9
Structural steel beams: U.S. producers' variance analysis on their operations producing structural steel beams, fiscal years 2000-04, January-September 2004, and January-September 2005

Item	Fiscal years					Jan.-Sept.
	2000-04	2000-01	2001-02	2002-03	2003-04	2004-05
	Value (*$1,000*)					
Total net sales:						
Price variance	683,500	(178,117)	(51,232)	59,090	884,360	130,063
Volume variance	57,955	(153,901)	(81,172)	237,738	24,689	(13,218)
Total net sales variance	741,455	(332,018)	(132,404)	296,828	909,049	116,845
Cost of sales:						
Cost variance	(590,458)	90,008	(59,093)	(90,704)	(529,476)	(165,242)
Volume variance	(48,160)	127,891	70,508	(223,985)	(23,767)	10,918
Total cost variance	(638,618)	217,899	11,415	(314,689)	(553,243)	(154,324)
Gross profit variance	102,837	(114,119)	(120,989)	(17,861)	355,806	(37,479)
SG&A expenses:						
Expense variance	7,522	2,888	1,940	8,075	(6,213)	609
Volume variance	(1,922)	5,104	2,851	(8,327)	(718)	277
Total SG&A variance	5,600	7,992	4,791	(252)	(6,931)	886
Operating income variance	108,437	(106,127)	(116,198)	(18,113)	348,875	(36,593)
Summarized as:						
Price variance	683,500	(178,117)	(51,232)	59,090	884,360	130,063
Net cost/expense variance	(582,936)	92,896	(57,154)	(82,629)	(535,689)	(164,634)
Net volume variance	7,873	(20,906)	(7,813)	5,426	203	(2,022)

Note.--Unfavorable variances are shown in parentheses; all others are favorable.

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

Table III-10
Structural steel beams: Capital expenditures and research and development expenditures of U.S. producers in the production of structural steel beams, by firms, fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Assets and Return on Investment

Data on the U.S. structural steel beams producers' total assets and their return on investment (ROI) are presented in table III-11. The total assets utilized in the production, warehousing, and sales of structural steel beams increased irregularly from 2000 to 2004, largely because of increases in inventory values. The original cost and book value of the producers' fixed assets (property, plant, and equipment) also increased over time. The large increase in fixed assets in 2002 is mainly due to *** new plant. The domestic industry's ROI mirrored changes in the operating margin, declining from 14.3 percent in 2000 to 0.8 percent in 2003 before increasing to 18.3 percent in 2004.

Table III-11
Structural steel beams: Value of assets and return on investment of U.S. producers in the production of structural steel beams, fiscal years 2000-04

Item	Fiscal years				
	2000	2001	2002	2003	2004
	Value (*$1,000*)				
Current assets:					
Cash and equivalents	289,512	292,532	165,721	126,435	67,419
Accounts receivable, net	161,162	132,991	137,822	217,193	264,596
Inventories	219,501	207,224	255,064	277,667	509,549
Other current assets	22,692	23,926	35,949	16,319	22,831
Total current assets	692,867	656,673	594,556	637,614	864,395
Non-current assets:					
Property, plant and equipment:					
Original cost [1]	1,894,948	1,884,712	2,188,145	2,191,618	2,193,728
Less accumulated depreciation	809,921	894,816	938,726	1,021,296	1,089,692
Equals book value [1]	1,085,027	989,896	1,249,419	1,170,322	1,104,036
Other non-current assets	16,358	13,997	16,643	15,741	15,559
Total non-current assets	1,101,385	1,003,893	1,266,062	1,186,063	1,119,595
Total assets	1,794,252	1,660,566	1,860,618	1,823,677	1,983,990
Operating income [2]	257,130	164,757	32,157	14,044	362,919
	Ratio of operating income to total assets				
Return on investment	14.3	9.9	1.7	0.8	18.3

[1] The increase in original cost and book value of property, plant, and equipment in 2002 represents the new plant built by Steel Dynamics.
[2] Based upon the data of producers providing both asset and income-and-loss data; since not all producers provided asset data, the value of operating income in this table will differ from the value in table III-6.

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

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

The Commission sent questionnaires to 44 firms that were identified as having imported structural steel beams between January 2000 and September 2005, and received data from 16 of the firms.[1] Based on official statistics from Commerce pertaining to imports of structural steel beams, firms responding to the Commission's questionnaire accounted for more than 90 percent of the subject imports from Japan, and essentially all of the subject imports from Korea.[2]

None of the importers that responded to the questionnaire reported entering or withdrawing structural steel beams from foreign trade zones or bonded warehouses. In addition, no importers reported imports of structural steel beams under the temporary importation under bond program. Finally, no importers indicated that they were engaged in the production of structural steel beams in the United States.

U.S. imports of structural steel beams from Japan, Korea, and nonsubject countries for the period January 2000 to September 2005 are presented in table IV-1.[3] During the period, U.S. imports of structural steel beams from Japan decreased by nearly 100 percent, with such imports recorded at only 1 short ton for the interim period January to September 2005. Structural steel beams imports from Korea decreased by 92 percent during 2000-04, falling to 2,077 tons in 2004, but were higher during January-September 2005 (14,359 short tons) than in January-September 2004 (1,298 short tons).[4] In addition, imports of structural steel beams from nonsubject countries declined by 82 percent during 2000-04, with the largest single decrease of such imports, 780,247 short tons, recorded in 2001.

---

[1] Eighteen of the firms reported that they did not import structural steel beams during the period of the reviews. Ten firms did not respond to the Commission's questionnaires. One of the 16 firms that provided data in response to the questionnaire, ***, failed to provide complete data and would not respond to follow-up questions by USITC staff for clarification. In addition, *** indicated that it imports a limited amount of structural steel beams from Korea, approximately *** metric tons in 2004 and *** metric tons in 2005, and that such imports are stocked in public warehouses in *** for spot sales to customers in ***. Representative from ***, voice-mail left with USITC staff, November 21, 2005, and e-mails to USITC staff, November 24, 2005 and February 2, 2006.

[2] The 15 U.S. importers that provided usable data in response to the Commission's questionnaires accounted for 45 percent of U.S. imports from nonsubject countries of structural steel beams.

[3] U.S. import data on structural steel beams are derived from official Commerce data for HTS statistical reporting numbers 7216.32.0000, 7216.33.0030, 7216.33.0060, and 7216.33.0090.

[4] The higher level of imports of structural steel beams from Korea recorded during January-September 2005 appear to be largely accounted for by *** and ***.

Table IV-1
Structural steel beams: U.S. imports, by sources, 2000-04, January-September 2004, and January-September 2005

Source	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
	Quantity (*short tons*)						
Japan	3,986	3,264	5,593	213	30	28	1
Korea	25,497	21,791	37,960	1,232	2,077	1,298	14,359
Subtotal	29,483	25,056	43,553	1,445	2,107	1,326	14,360
Other sources	1,256,636	476,389	259,711	200,600	224,212	186,151	161,073
Total	1,286,119	501,444	303,264	202,046	226,318	187,477	175,433
	Value (*1,000 dollars*)[1]						
Japan	2,108	1,951	2,198	129	27	21	3
Korea	9,257	6,522	10,099	504	1,155	685	7,622
Subtotal	11,365	8,473	12,297	633	1,182	706	7,626
Other sources	465,130	157,586	84,648	68,832	104,540	80,418	94,068
Total	476,495	166,059	96,945	69,465	105,722	81,124	101,693
	Unit value *(per short ton)*						
Japan	$528.77	$597.73	$392.95	$605.14	$885.92	$743.90	$4,699.35
Korea	363.06	299.28	266.05	409.36	556.31	527.67	530.84
Average	385.46	338.17	282.34	438.21	561.02	532.19	531.04
Other sources	370.14	330.79	325.93	343.13	466.26	432.00	584.01
Average	370.49	331.16	319.67	343.81	467.14	432.71	579.67
	Share of quantity (*percent*)						
Japan	0.3	0.7	1.8	0.1	([1])	([1])	([1])
Korea	2.0	4.3	12.5	0.6	0.9	0.7	8.2
Subtotal	2.3	5.0	14.4	0.7	0.9	0.7	8.2
Other sources	97.7	95.0	85.6	99.3	99.1	99.3	91.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)						
Japan	0.4	1.2	2.3	0.2	([1])	([1])	([1])
Korea	1.9	3.9	10.4	0.7	1.1	0.8	7.5
Subtotal	2.4	5.1	12.7	0.9	1.1	0.9	7.5
Other sources	97.6	94.9	87.3	99.1	98.9	99.1	92.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-1--*Continued*
Structural steel beams: U.S. imports, by sources, 2000-04, January-September 2004, and January-September 2005

Source	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
	Ratio of import quantity to U.S. production (*percent*)						
Japan	0.1	0.1	0.1	([1])	([1])	([1])	([1])
Korea	0.5	0.5	0.9	([1])	([1])	([1])	0.4
Subtotal	0.6	0.6	1.0	([1])	([1])	([1])	0.4
Other sources	24.6	10.9	6.0	4.2	4.2	4.4	4.4
Total	25.2	11.5	7.1	4.2	4.2	4.5	4.8

[1] Less than 0.05 percent.

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

Source: Compiled from official statistics of Commerce for HTS statistical reported numbers 7216.32.0000, 7216.33.0030, 7216.33.0060, and 7216.33.0090.

The unit value of subject imports from Japan increased by 67.5 percent during 2000-04. During the same period, the unit value of subject imports from Korea increased by 53.2 percent. Unit values for structural steel beams from Japan were at their highest level during 2004 and January-September 2005. The unit values of structural steel beams from other all countries fluctuated from 2000 to 2004, ultimately increasing by nearly 26.0 percent during this period.

During the periods 2000-01 and 2003-04, U.S. imports of structural steel beams from Japan comprised less than 1.0 percent of total U.S. beams imports, and from Korea, less than 5.0 percent of total U.S. beams imports. However, in 2002, U.S. beams imports from Japan reached 1.8 percent of total beams imports, and those from Korea reached 12.5 percent of total beams imports.

Of the 16 importers that responded to the Commission's questionnaire, 8 firms indicated that the existing subject orders on Japan and Korea have had little or no effect on their firm's imports, shipments, and inventories. Six firms indicated that the subject orders have prevented them from importing structural steel beams from Japan and Korea since 2001. One firm noted that the removal of the subject orders on Japan and Korea would likely result in the saturation of the U.S. market for structural steel beams, particularly in light of the new capacity for beams production added by U.S. steel firms. Finally, one importer indicated that it was unsure of how the existing subject orders have affected its business.

U.S. IMPORTERS' INVENTORIES

According to responses to the Commission's questionnaire, U.S. importers did not maintain any inventories of structural steel beams from Japan or Korea during the period for which data were collected in these reviews. However, U.S. importers did report a small quantity of inventories of structural steel beams from nonsubject countries. As shown in table IV-2, the majority of this inventory, *** short tons, was recorded in 2000. ***.

Table IV-2
Structural steel beams: U.S. importers' total end-of-period inventories of imports, 2000-04, January-September 2004, and January-September 2005

Item	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
Imports from all sources:[1]							
Inventories (short tons)	***	***	***	***	***	***	***
Ratio to imports (percent)	***	(2)	(2)	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	(2)	(2)	***	***	***	***

[1] Data reflect U.S. firms' imports from nonsubject countries only.
[2] Not applicable.

Note.–Interim period ratios are based on annualized imports and shipments.

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

CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission considers the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Additional information concerning geographic markets and simultaneous presence in the market is presented below.

Geographic Markets

Structural steel beams produced in the United States are shipped nationwide. Official Commerce statistics indicate that during the period 2000-04, the largest port of entry for imports of structural steel beams from Japan was Los Angeles, CA; followed by Savannah, GA; Columbia-Snake, OR; and Houston-Galveston, TX. During 2000-04, the largest ports of entry for imports of structural steel beams from Korea were, in descending order, Los Angeles, CA; Houston-Galveston, TX; San Juan, PR; and New Orleans, LA.

Presence in the Market

Structural steel beams from Japan and Korea were imported into the United States throughout the period for which data were collected. Based on official Commerce statistics, imports of structural steel beams from Japan entered the United States in 37 of 69 months between January 2000 and September 2005, whereas imports from Korea entered in 67 months. The number of entries of imports of structural steel beams from Japan decreased noticeably after 2002, falling to just one entry during January-September 2005. The number of entries of imports of structural steel beams from Korea remained steady during the period although, as discussed above, quantities decreased in 2003 and 2004. Table IV-3 presents U.S. imports of structural steel beams, by source country, according to the number of months in

each period in which they entered. Table IV-4 presents quarterly data on the quantity of U.S. imports of structural steel beams, by source, during 2000-05.[5]

Table IV-3
Structural steel beams: U.S. imports, monthly entries into the United States, by sources, 2000-04, January-September 2004, and January-September 2005

	Calendar year					January-September	
Source	2000	2001	2002	2003	2004	2004	2005
Japan	11	9	9	3	4	3	1
Korea	12	12	12	10	12	9	9
All others	12	12	12	12	12	9	9
Source: Compiled from official statistics of Commerce.							

Table IV-4
Structural steel beams: U.S. imports, quarterly, by sources, 2000-04 and January-September 2005

Quantity (*short tons*)

Year and source	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
2000:					
Japan	844	1,240	1,496	406	3,986
Korea	2,384	13,008	2,917	7,188	25,497
Subtotal	3,228	14,248	4,413	7,594	29,483
All other	259,780	310,824	415,276	270,756	1,256,636
Total	263,007	325,072	419,689	278,351	1,286,119
2001:					
Japan	1,183	247	1,308	526	3,264
Korea	8,970	1,351	315	11,156	21,791
Subtotal	10,153	1,598	1,623	11,682	25,056
All other	151,582	99,285	115,642	109,880	476,389
Total	161,735	100,883	117,264	121,561	501,444

Table continued on next page.

[5] According to official Commerce statistics, the number of monthly entries of imports of structural steel beams from Japan increased by one for a total of two entries in January-November 2005, and from Korea, by two, for a total of eleven entries in January-November 2005. By quantity, U.S. imports of structural steel beams from Japan in October-November 2005 totaled 9 short tons, whereas U.S. imports from Korea totaled 10 short tons during the same period. U.S. imports of structural steel beams from all other countries totaled 27,260 short tons for October-November 2005. Official Commerce statistics for HTS statistical reporting numbers 7216.32.0000, 7216.33.0030, 7216.33.0060, and 7216.33.0090.

Staff also reviewed U.S. licensing data collected by Commerce. Based on data collected through January 31, 2006, U.S. imports of 7 short tons of structural steel beams from Korea were recorded for December 2005-January 2006. No such imports for Japan were recorded for this period.

Table IV-4--*Continued*
Structural steel beams: U.S. imports, quarterly, by sources, 2000-04 and January-September 2005

Quantity (*short tons*)

Year and source	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
2002:					
Japan	932	310	3,535	816	5,593
Korea	8,506	7,980	20,465	1,010	37,960
Subtotal	9,438	8,290	24,000	1,826	43,553
All other	73,717	73,736	58,549	53,710	259,711
Total	83,155	82,025	82,549	55,536	303,264
2003:					
Japan	84	116	13	0	213
Korea	26	458	492	256	1,232
Subtotal	109	574	506	256	1,445
All other	59,672	49,824	42,238	48,867	200,600
Total	59,781	50,398	42,744	49,123	202,046
2004:					
Japan	7	12	9	2	30
Korea	443	397	457	779	2,077
Subtotal	450	410	466	781	2,107
All other	58,974	84,040	43,137	38,061	224,212
Total	59,424	84,450	43,603	38,842	226,318
2005:					
Japan	1	0	0	([1])	1
Korea	10,163	3,635	561	([1])	14,359
Subtotal	10,164	3,635	561	([1])	14,360
All other	51,473	52,205	57,396	([1])	161,073
Total	61,637	55,840	57,956	([1])	175,433

[1] Not available.

Source: Compiled from official statistics of Commerce for HTS statistical reporting numbers 7216.32.0000, 7216.33.0030, 7216.33.0060, and 7216.33.0090.

THE INDUSTRY IN JAPAN

General

The Commission sent questionnaires to 11 steel firms in Japan identified as producing structural steel beams.[6] Five out of the 11 recipients of the questionnaire responded. Two firms, *** and ***, indicated that they had not produced or exported structural steel beams since January 1, 2000. The remaining three firms, Nippon Steel Corp., Tokyo Steel Manufacturing Co., and Yamato Steel, provided complete responses to the questionnaire. Table IV-5 presents data on the production of wide-flange beams and heavy shapes, by firms in Japan during 2000-04. Based on the data provided in table IV-5, Nippon Steel Corp., Tokyo Steel Manufacturing Co., and Yamato Steel accounted for approximately *** percent of Japanese production of structural steel beams in 2004.[7]

Table IV-5
Wide-flange beams and heavy shapes: Production in Japan, 2000-04

Country	2000	2001	2002	2003	2004
			Quantity (short tons)		
Japan[1]	6,352,000	6,841,000	6,497,000	6,187,000	6,651,000

[1] Wide flange beams in 2000, and wide flange beams and heavy shapes in 2001-04.

Source: Statistics of the Japan Iron and Steel Federation, "Production of Hot-Rolled Ordinary Steel Products."

No new major producers of structural steel beams have entered the Japanese market since 2000.[8] A significant change to the structure of the Japanese steel industry was the April 2003 merger of Kawasaki Steel Corp. and NKK Corp., both producers of structural steel beams, among other steel mill products, to form JFE Steel Corp.,[9] the world's second-largest steel company with 30.0 million short tons of raw steel capacity.[10] By contrast, Kobe Steel Co. Ltd. (not a producer of structural steel beams) entered into cooperation agreements (e.g., on logistics, warehousing, and raw materials procurement) with Nippon Steel Corp. (NSC) and Sumitomo Metal Industries Ltd. (both producers of structural steel beams, among other steel mill products) in November 2002, that some industry observers interpreted as

[6] These firms were Godo Steel Ltd., JFE Steel Corp., Kyoei Steel Ltd., Nakayama Steel Works Ltd., Nippon Steel Corp., Osaka Steel Co. Ltd., Sumitomo Metal Industries Ltd., Toa Steel Co., Tokyo Steel Manufacturing Co. Ltd., Topy Industries Ltd., and Yamato Steel Co. Ltd. Yamato Steel Co. Ltd. (Yamato Steel) was spun-off on October 1, 2003 as a separate corporate entity, from Yamato Kogyo Co. Ltd. (Yamato Kogyo), but is 100-percent-owned by Yamato Kogyo. Yamato Steel, "Company Outline,"; Hiroyuki Inoue, President, Yamato Kogyo, "The Message from the President,"; and Yamato Kogyo, "Group Organization Diagram," found at http://www.yamatokogyo.co.jp.

[7] ***.

[8] Japan Iron and Steel Federation (JISF), cited by Commercial Section, U.S. Embassy, Tokyo, e-mail message received by USITC staff, June 8, 2005. According to published data, in 2000 Japan's total production capacity of structural steel beams was *** short tons, decreasing to *** short tons both in 2003 and 2004. Fewer companies reported capacity in 2003-04 than in 2000. ***, provided by domestic interested parties in posthearing submission, February 3, 2006.

[9] Scott Robertson, "NKK, Kawasaki Tie the Knot to Launch JFE Steel," *AMM.com*, April 2, 2003.

[10] Bob Jones, "Beneath the Bulk, Japan's JFE Will Niche-pick for Profits," *AMM.com*, October 14, 2002.

pre-emptive in anticipation of the Kawasaki Steel/ NKK merger.[11] NSC is the majority shareholder (just over 60 percent ownership) of Osaka Steel Co. Ltd. (both producers of structural steel beams, among other steel mill products) and lists the latter among its steelmaking and steel fabrication subsidiaries.[12]

Japan's Capacity, Production, Inventories, and Shipments

Data on the structural steel beam capacity, production, inventories, and shipments of the three responding producers in Japan are presented in table IV-6. *** and *** indicated that their annual production capacity remained unchanged from 2000 to 2004.[13] However, production of structural steel beams by these two firms increased by *** percent during the 2000-04 period, with the largest increase recorded at *** percent in 2002. By contrast, *** reported that its production capacity decreased by *** percent during 2000-04, and that its production of structural steel beams declined by *** percent during the period.[14] Overall, responding Japanese producers' capacity utilization increased from *** percent in 2000 to *** percent in 2003, before declining again to *** percent in 2004. *** indicated that early in the 2000-04 period, Japanese producers increased their sale of structural steel beams to China to meet China's growing demand for the subject product. This may account for a portion of the increase in Japanese production of structural steel beams during the 2000-04 period.

Table IV-6
Structural steel beams: Japan's capacity, production, inventories, and shipments, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

On average, shipments of structural steel beams within Japan during 2000-04 accounted for *** percent of Japanese producers' total shipments. Shipments by Japanese producers within Japan decreased by *** percent between 2000 and 2004. During the same period, export shipments by Japanese producers declined by *** percent due to a decrease in shipments to other parts of Asia.[15] The unit values of Japanese export shipments to other parts of Asia decreased by *** percent between 2000 and 2002, and then increased by *** percent between 2003 and 2004. Japanese exports of structural steel beams

---

[11] Russ McCulloch, "Japan Steel Troika Seeks to Boost SMI's Fortunes, Lock Horns with JFE," *AMM.com*, November 15, 2002.

[12] NSC, "Subsidiaries and Affiliates," *2004 Annual Report*, March 31, 2004, p. 70, found at http://www.nsc.co.jp/shinnihon_english/investor/pdf/2004e/pdf, retrieved October 25, 2005; and "Osaka Steel Co., Ltd Profile," *Business.com*, found at http://www.business.com/directory/industrial_goods_and_services/raw_materials/metals/mill_shapes/osaka_steel_co_,_ltd/, retrieved October 25, 2005.

[13] In their responses to the Commission's questionnaire, *** and *** indicated that they were able to switch production from structural steel beams to other products. However, *** stated that it could not engage in product shifting.

Tokyo Steel Manufacturing Co. and Yamato Steel are minimills that melt steel in electric arc furnaces. By contrast, Nippon Steel Corp. is an integrated steelmaker that uses both blast and basic oxygen furnaces. Steel shapes, including structural steel beams, are rolled either in *** or in the company's rolling mills, located in ***. "Nippon Steel Corp.," *Iron and Steel Works of the World Directory 2002*, p. 148; "Tokyo Steel" and "Yamato Kogyo," *Iron and Steel Works of the World Directory 2005*, pp. 121-122; and company websites.

[14] According to Nippon Steel Corp., *** ***, e-mail correspondence with USITC staff, February 2, 2006.

[15] In their responses to the Commission's questionnaire, *** stated that its principal export markets in Asia during the subject period were ***; *** stated that its principal export markets were ***.

to the United States were recorded only in 2000, and registered *** short tons. Similarly, Japanese exports to the European Union were recorded only in 2001, during which time they reached *** short tons.[16]

In its reply to the Commission's questionnaire, *** stated that ***. In addition, although earlier in the subject period, Japanese producers had been able to divert the sale of structural steel beams to other markets in Asia and Europe, the demand for beams in these two regions has currently weakened. Further, China, which had previously been a net importer of the subject product is now a net exporter, and will likely compete directly with both Japanese and Korean producers of structural steel beams for markets in other parts of Asia. China has also instituted macroeconomic policies that limit fixed asset investment {by foreign firms}, which may act as a deterrent to Japanese and other foreign producers of structural steel beams that seek to operate in China. *** reported that ***. By contrast, *** stated that it has shifted its focus away from the sale of standardized beams in foreign countries and toward the marketing of speciality products, including heat-resistant, earthquake-resistant, and heavy-thick structural steel beams that are not manufactured by domestic producers.

In March 2005, an antidumping duty order imposed by Taiwan on structural steel beams from Japan was terminated after a 5-year period.[17] Structural steel beams from Japan currently are not subject to antidumping or countervailing duty orders from countries outside of the United States.

THE INDUSTRY IN KOREA

General

The Commission sent questionnaires to two Korean producers of structural steel beams: Dongkuk Steel Mill Co. Ltd. (DSM) and INI Steel Co. Ltd. Both firms provided complete responses to the Commission's questionnaire. No new major producers have entered the Korean market since 2000.[18] Inchon Iron & Steel Co. Ltd. and Kangwon Industries Co. Ltd. (both producers of structural steel beams, among other steel mill products) merged in March 2000, and the corporate name was changed in July 2001 to INI Steel Co. Ltd ("INI").[19] DSM and INI are the only two Korean firms with facilities capable of rolling structural steel beams.[20]

Korea's Capacity, Production, Inventories, and Shipments

Data on Korea's structural steel beam capacity, production, inventories, and shipments are presented in table IV-7. During the period 2000-04, Korean producers' production capacity declined by *** percent, with the single largest decrease recorded in 2002 at *** percent. At the same time, between 2000 and 2004, Korea's production of structural steel beams rose by *** percent, with the largest annual

[16] In its response to the Commission's questionnaire, *** identified the United Kingdom as its principal export market for structural steel beams in the European Union during the subject period. *** and *** did not report any exports of structural steel beams to the European Union during the subject period. Data provided by *** in its questionnaire response indicate that its principal export markets are in Asia, though the company declined to specify particular countries.

[17] ***, e-mail correspondence with USITC staff, January 24, 2006.

[18] U.S. & Foreign Commercial Service, U.S. Embassy, Seoul, e-mail message received by USITC staff, June 15, 2005.

[19] INI Steel Co. Ltd., "History," found at http://www.inisteel.com/eng/info/company/company04.php#, retrieved June 29, 2005.

[20] *Iron and Steel Works of the World*, various edns. (Surrey, UK: Metal Bulletin Books Ltd., various years).

increase of *** percent also recorded in 2002. Korean producers' capacity utilization ranged from a low of *** percent in 2000, to a high of *** percent in 2004. The increase in capacity utilization is partly explained by a substantial rise in export shipments of structural steel beams from Korea to other parts of Asia, including China ***.

Table IV-7
Structural steel beams: Korea's capacity, production, inventories, and shipments, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

On average, during 2000-04, home market shipments by Korean producers accounted for *** percent of total shipments. Korean producers' home market shipments increased by *** percent between 2000 and 2004, whereas Korean producers' export shipments increased by *** percent during the same period. During 2000-04, Korean producers' shipments to the United States decreased by *** percent, with the largest single decrease recorded at *** percent in 2003. During 2000-04, Korean producers' shipments to the European Union decreased by *** percent, while shipments to Asia increased by *** percent. In its response to the Commission's questionnaire, INI Steel listed its principal export markets in Asia as ***, Japan,[21] ***, and ***. Data provided by DSM in response to the Commission's questionnaire indicate that the company's principal export markets include ***.

In 2000, Korean producers' export shipments of beams to the United States accounted for *** percent of total Korean shipments of the subject product. This ratio decreased to *** percent in 2004. In contrast, Korean producers' export shipments of beams to Asia accounted for *** percent of Korea's total beams shipments in 2000, increasing to *** percent in 2004. Unit values of Korean shipments of structural steel beams fluctuated slightly in both domestic and foreign markets between 2000 and 2003, but rose *** in all markets in 2004. Unit values for shipments of the subject product from Korea remained at or near period highs during January-September 2005.

In their posthearing brief, the Korean respondent interested parties confirmed that data provided in questionnaire responses by the Korean producers illustrate a general trend with respect to Korean export markets for structural steel beams. In particular, they noted that during the subject period, Korean producers' exports of structural steel beams to Europe, the United States, Canada, and Mexico declined as a proportion of Korea's total beams exports, whereas shipments to Asia and the Middle East increased.[22] The Korean producers cited a number of reasons why they have targeted customers in Asia and the Middle East and withdrawn from North America. For example, according to the Korean respondents, Asia is an advantageous market because of its geographic proximity and its use of the metric rather than the imperial measurement standard. Separately, the Middle East does not have a strong domestic industry for the production of beams, yet regional demand for this product is high as rising oil prices have stimulated new construction. By contrast, Korean producers' ability to compete within the U.S. market

[21] According to counsel for the Korean respondents, INI has cultivated specific customers for its H-beam products in Japan, and has invested in R&D and quality improvements to meet Japanese customers' product specifications. Counsel for the Korean respondents have characterized Japan as ***. In 2004, exports of H-beams to Japan by INI accounted for ***. In 2005, *** H-beam exports to Japan accounted for *** percent of the company's exports to Asia and *** percent of its total exports. Hearing transcript, p. 240 (Cameron); posthearing brief of the Korean respondent interested parties, pp. 5-6 and 35; and response by *** to the Commission's Foreign Producer Questionnaire.

[22] Posthearing brief of the Korean respondent interested parties, pp. 15-16.

is hampered by relatively short lead times, the use of imperial size standards,[23] and high transportation costs.[24]

DSM produces structural steel beams in its section mill located in Pohang, Korea.[25] The section mill consists of two types of rolling mills, a roughing mill and a 4-high reverse rolling mill. The roughing mill is used to shape reheated semi-finished steel into rough sizes. The reverse rolling mill is used to manufacture specific sizes of steel beams. In its response to the Commission's questionnaire, DSM estimated that *** percent, a minority, of its total sales during the last fiscal year were accounted for by structural steel beams. DSM also stated that in 2004, H piles accounted for approximately *** percent of the mill's production capacity, whereas the remaining *** percent was used for the production of nonsubject products such as angles, channels, and flat bars. The proportion of production capacity at DSM's section mill that is dedicated to H piles has gradually increased during 2000-04. For example, in 2000, *** percent of the mill's capacity was dedicated to H piles, while in 2002 this proportion was *** percent. Accordingly, DSM stated that its capacity to produce H piles in its section mill is limited by its production of nonsubject products. Approximately *** percent of nonsubject products produced by DSM are sold in the Korean market, and DSM estimates that in 2006, the demand for these products in Korea will be robust. DSM reported that its sales of structural steel beams in the United States have historically been small and have always been conducted on a spot basis.

DSM indicated that it could not switch production from beams to other products using the same equipment and labor in response to price changes.[26] DSM also stated that it is difficult to shift sales of structural steel beams intended for the U.S. market to other markets because of differences in specification standards. For example, products sold in the United States must meet ASTM specifications, whereas products sold in Korea must meet JIS specifications. DSM is subject to an antidumping duty margin of 18.25 percent imposed by Australia in 2001 on structural steel beams imported from Korea.[27, 28]

In its response to the Commission's questionnaire, INI reported that it produces structural steel beams, in particular H piles, in its section mills located in Pohang and Inchon, Korea.[29] The H piles are

---

[23] The Korean respondent interested parties testified that they are able to produce beams in both imperial and metric sizes. However, shifting from metric to imperial production rolls is not economically profitable for small quantities of product. *See* posthearing brief of the Korean respondent interested parties, pp. 38-39, and hearing transcript, p. 243 (Cameron).

[24] According to the Korean respondent interested parties, U.S. producers have the ability to ship smaller quantities of inventoried product by truck or rail in contrast to Korean producers. Hearing transcript, p. 240 (Cameron), and posthearing brief of the Korean respondent interested parties, p. 10.

[25] In their posthearing brief, the Korean respondent interested parties confirmed the total production capacity of DSM's Pohang mill as 900,000 short tons for all structural products (current as of November 2005) and *** short tons for subject merchandise (as reported for 2004). Posthearing brief of the Korean respondent interested parties, p. 40, and response by DSM to the Commission's Foreign Producer Questionnaire, p. 5.

[26] *See* response to Question #40 in the posthearing brief of the Korean respondent interested parties, pp. 41-42.

[27] ***. ***, e-mail correspondence with USITC staff, December 12, 2005.

[28] An antidumping duty order imposed by Taiwan on structural steel beams from Korea {in April 1998}was revoked in 2005 after the completion of a sunset review. ***, e-mail correspondence with USITC staff, January 24, 2006.

[29] At the time of the merger of INI (formerly Inchon Iron & Steel) and Kangwon, both INI and Kangwon had three mills for the production of beams and non-beams products, located in the cities of Inchon and Pohang, respectively. In March 2000, the newly merged INI decided to close one mill each at Inchon and Pohang in response to decreasing demand for structural steel beams. The equipment at these two mills were subsequently sold to foreign buyers. Posthearing brief of the Korean respondent interested parties, pp. 38-39, and hearing transcript, p. 253 (Cameron).

produced from molten steel that is manufactured in an electric arc furnace and then cast into semifinished products. The semifinished products are then processed through a rolling mill to produce beams of specific sizes. In 2004, *** percent[30] of INI's production capacity was accounted for by H piles, with the remaining *** percent dedicated to nonsubject products such as angles and shapes. In contrast, the proportion of INI's production capacity accounted for by H piles in 2000 was *** percent. In 2004, H piles accounted for *** percent of INI's total sales, whereas angles and other shapes each accounted for *** percent. Other steel products manufactured and sold by INI include, for example, reinforced bar, accounting for *** percent of the company's sales in 2004, and cold-rolled steel, accounting for *** percent of INI's 2004 sales. INI considers the United States to be a relatively small market for its products, and states that its major focus is on other markets in Asia.[31] In 2004, INI exported approximately *** percent of the structural steel beams that it produced to Asian markets,[32] and it estimates that this ratio will fall slightly to *** percent in 2005.

INI reported that it is not able to switch production from beams to other non-beam products in response to price changes. Like ***, *** also stated that it is difficult to re-direct shipments of beams manufactured for the U.S. market to other markets because of different product standards. Structural steel beams produced by INI are currently not the subject of other antidumping or countervailing duty investigations and are not subject to tariffs imposed by foreign countries.[33]

[30] INI calculated the production capacity ratio using the following equation: (ton per hour x working hours per day) x *** percent x working days per year. *See* response to Question #38 in the posthearing brief of the Korean respondent interested parties, p. 41.

[31] Foreign producer questionnaire response by INI, questions II-3 and II-13, pp. 4 and 9, respectively. During hearing testimony before the USITC on January 12, 2006 Mr. Seong-See Lee, L.A. Office Chief Representative of INI Steel, stated that "...we always view Asia and the Middle Eastern market as our strategically important market{s}. Therefore, we have devoted our market development efforts to those markets." Hearing transcript, p. 221 (Lee).

[32] Based on data provided in INI's response to the Commission's Foreign Producer Questionnaire, this ratio appears to be closer to ***.

[33] ***. ***, e-mail correspondence with USITC staff, December 12, 2005.

GLOBAL MARKET

Production

Global production of structural products has grown considerably in recent years. According to one published source,[34] global production of structural products increased by almost *** percent between 1994 and 1999, and by almost *** percent between 2000 and 2005. China accounted for the greatest production increases in both periods, and is forecasted to lead global production in the coming years as well. Data compiled by *** on historical, current, and projected global production of structural products are presented in tables IV-8 through IV-10.[35]

Table IV-8
Structural long products: Global and regional production of structurals, 1994-99

* * * * * * *

Table IV-9
Structural long products: Global and regional production of structurals, 2000-05

* * * * * * *

Table IV-10
Structural long products: Forecast of global and regional production of structurals, 2005-10

* * * * * * *

Consumption

The Commission asked producers and importers how demand outside of the United States for structural steel beams has changed since 2000. Three of five U.S. producers reported that global demand has increased (citing in particular China's expansion, but also noting increased shipments into Canada). Eight of 13 responding importers also reported that global demand has increased since 2000 (citing growth in China and India, in particular).

Data compiled by *** on historical, current, and forecasted global consumption of structural products are presented in tables IV-11 through IV-13. Worldwide consumption of structural products increased by *** percent between 1994 and 1995. Worldwide consumption exhibited modest additional net growth between 1995 and 1999 although regionally, East and Southeast Asia experienced a dramatic decline in consumption in 1997.[36, 37] Global consumption of structural products increased by almost ***

---

[34] ***.

[35] Production data compiled by *** for structural long products include I and H shapes of 80mm or more, but also include heavy angles, tees and channels. ***, e-mail correspondence with USITC staff, February 13, 2006.

[36] A modest decrease in consumption of structural products in East and Southeast Asia in 1997 was followed by a decrease in worldwide consumption in 1998, including a further decline in East and Southeast Asia. Regional consumption data for 1997-98 as published by *** is consistent with more general descriptions of the Asian financial crisis of 1997, which began with the depreciation of the Thai baht in mid-1997, and was followed by rapid depreciations in the currencies of the Philippines, Indonesia, Malaysia, and Korea. These events, characterized by Commerce as "the worst economic downturn in the region in thirty years," resulted in a marked decline in regional steel demand between 1997 and 1999. *See*, for example, *Global Steel Trade: Structural Problems and Future*

(continued...)

percent during 2000-05, and is forecasted to follow a similar trend in the coming years, driven principally by consumption growth in China.

Table IV-11
Structural long products: Global and regional consumption of structurals, 1994-99

* * * * * * *

Table IV-12
Structural long products: Global and regional consumption of structurals, 2000-05

* * * * * * *

Table IV-13
Structural long products: Forecast of global and regional consumption of structurals, 2005-10

* * * * * * *

Prices

The Commission asked producers and importers to compare market prices of structural steel beams in U.S. and non-U.S. markets. Four of five responding U.S. producers indicated that U.S. prices were higher than prices in other markets; the fifth indicated that U.S. prices had been lower but as the U.S. market has recovered, U.S. prices have increased relative to other markets (particularly Canada and Mexico). Only two U.S. importers responded. One indicated that U.S. prices tended to be higher than prices in other markets, while the second indicated that U.S. prices were comparable with prices in foreign markets, with the exception of China.

Published price data are available from several reputable sources, although often such data are available by subscription only and cannot be reproduced without consent of their publisher. These data, however, are collected based on different product categories, timing, and commercial considerations, and so may not be directly comparable with each other. Moreover, such data are distinct from the pricing

[36] (...continued)
Solutions, U.S. Department of Commerce, July 2000 (Chapter 2: The U.S. Steel Import Crisis); *Steel*, Investigation no. TA-201-73, USITC publication 3479, December 2001 (Overview-17 and 18, "The Asian Financial Crisis"); and *Iron and Steel*, U.S. Geological Survey, 1998 (chapter 39) and 1999 (chapter 39).

The Commission took note of the Asian Financial Crisis in its original views. *See Certain Structural Steel Beams from Japan, Investigation No. 731-TA-853 (Final)*, Publication 3308, June 2002, p. 11.

[37] Korean respondent interested parties noted that Korean demand for structural steel beams plummeted because both public and private construction projects virtually ceased during the Asian Financial Crisis: "At that time {prior to the crisis}, there were all sorts of buildings going up. Once the Asian financial crisis hit, those cranes did not move for a year, and you had buildings literally standing there not moving. Why? Because there was no financing, and there was no ability to do anything. Construction stopped." Hearing transcript, p. 279 (Cameron). As a result, shipments to the Korean domestic market decreased *** percent between 1997 and 1998. In addition, the Korean respondent interested parties maintain that significantly depreciated won values during the Asian Financial Crisis resulted in very low dollar prices on U.S. sales at a time when U.S. demand grew at historically high levels. Prehearing brief of the Korean respondent interested parties, pp. 11-12.

data presented in Part V of this report, which are collected directly from U.S. producers and U.S. importers according to precise product definitions.

As reported by MEPS, world prices for structural sections and beams[38] increased by almost 67 percent from January 2000 to November 2005, attributable in part to rising raw material surcharges. World prices for structural sections and beams remained relatively constant from January 2000 to December 2003, generally fluctuating between about $280 and $350 per short ton (but dipping to a low of $275 per short ton in July 2001). Beginning in December 2003, world prices increased by approximately 33 percent to $536 per short ton in June 2004, and increased further to $605 per short ton in December 2004. World prices for structural sections and beams subsequently fell to a low of $486 per short ton in July 2005 before reversing course and increasing to $541 per short ton in November 2005.[39]

As presented in table IV-14, country-specific monthly transaction prices for medium sections and beams for January-December 2005 are also compiled by MEPS,[40] and show monthly price fluctuations across major producing countries. In addition, *** compiles country- and region-specific quarterly prices for structural products (focusing on beams). Quarterly pricing data for 2001 through 2005 are provided in table IV-15,[41] and show that the United States maintained prices for structural products in 2005 that were relatively high compared to Asian and European markets.

Table IV-14
Structural long products: Average transaction prices, medium sections and beams, by market and by month, January-December 2005

* * * * * * *

Table IV-15
Structural long products: Average quarterly transaction prices, 2001-05

* * * * * * *

Additional Global Supply and Demand Factors

Global demand for structural steel beams and other structural products is driven largely by non-residential construction activity (i.e., office and commercial construction), which in turn is influenced by such factors as general economic conditions, interest rates, inflation, consumer spending, and

[38] "Prices" as used by MEPS are an arithmetic average of the low transaction values identified in three regions (EU, Asia, and North America), converted into U.S. dollars.

[39] Original data are published in metric tons, and were converted to short tons using the following conversion factor: 1 metric ton = 1.102311 short tons. MEPS, *World Carbon Steel Product Prices*, found at http://www.meps.co.uk, retrieved January 23, 2005. This pricing series is available to the public and its use is unrestricted.

[40] MEPS, *International Steel Review 2005*.

[41] *** defines structural products as 8-inch beams in the United States, and HEB beams 100-180mm (UK 203x133mm) in Europe. In contrast, MEPS defines medium sections and beams as 240mmx240mm H Beams, except for the United States and Canada, for which medium sections and beams are defined as 10-inch x 10-inch wide flange beams, and China, for which medium sections and beams are defined as 250mm I beams. Because *** and MEPS define products differently, prices vary between the two sources.

employment.[42] Non-residential construction accounts for approximately 70 percent of structural steel beam supply in the United States.[43] In 2005, non-residential construction activity remained flat,[44] although industry representatives are confident that non-residential construction activity will increase, resulting in stronger end-user demand. ***.[45]

According to published sources, structural mills in Europe reportedly reduced production levels to align with weak demand owing to limited buying activity in 2005, although decreasing stock levels and approval of key construction projects in 2006 may prompt increased production.[46] During 2003-04, an increase in Chinese demand drove the global steel market and the structural steel beams market. However, following capacity additions China's production outpaced consumption, leading China to become a net exporter of structural steel beams in 2005.[47] The Chinese Iron and Steel Association (CISA) has called for a 5-percent reduction in production at major Chinese mills in an effort to bring supply in line with demand.[48] In South Korea, declining construction activity has impacted the demand for structural beams.[49] Additionally, increased imports of lower priced Chinese structural beams into the Korean market have added price pressures on domestic Korean producers.[50] In Japan, prices for structural steel beams entering into 2006 reportedly were stable with some uncertainty regarding future market conditions.[51]

[42] Steel Dynamics Inc., *Annual Report 2004*, p. 27, found at http://www.steeldynamics.com, retrieved December 4, 2005.

[43] Hearing transcript, p. 18 (Wright).

[44] Ibid.

[45] ***.

[46] ***.

[47] Hearing transcript, p. 10 (Price).

[48] ***.

[49] This description appears in each edition of MEPS (International) Ltd., "International Steel Review," March-December 2005.

[50] Ibid.

[51] Steel Business Briefing, "Tokyo Steel holds prices for February" (January 24, 2006) in January 30, 2006 submission by domestic interested parties, and "H-Beams stay strong in Tokyo" (February 1, 2006) in February 2, 2006 submission by Korean respondent interested parties.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Materials and Energy

The raw material and energy inputs used in the production of structural steel beams in the United States are steel (ferrous) scrap, natural gas, and electricity. U.S. producers reported that raw material costs, as a percentage of cost of goods sold (COGS), rose from 43.3 percent in 2000 to 58.4 percent in 2004, and were 54.0 percent in January-September 2005. This increase is largely attributable to higher ferrous scrap prices over the same period. As shown in figure V-1, monthly ferrous scrap prices fell in 2000 and 2001 to a low of $78 per gross ton in late 2001, but started to rise in 2002. Beginning in late 2003, prices rose quickly and became very erratic over the next two years. Prices reached a high of $302 per gross ton in November 2004 and stood at $250 per gross ton in December 2005.[1] In addition, as can be seen in table V-1, the costs of both natural gas and electricity have increased since 2000 with natural gas prices rising by 80 percent and electricity prices rising by 19 percent over the 2000 to January-October 2005 period.

To mitigate the impact of these changes in input prices, producers of structural steel beams instituted scrap surcharges beginning in January 2004,[2] and, in some cases, also instituted fuel surcharges.[3] Specifically, producers enacted a scrap surcharge equal to the amount which Chicago consumer shredded auto scrap prices from the previous month exceeded a certain price. During 2005, that "baseline" price was $162 per gross ton.[4,5] Surcharges normally are announced via letter to customers midway through the month preceding their application. While the surcharges have changed according to scrap prices, official price lists provided by the domestic interested parties indicate that U.S. producers have adjusted their list prices so that final transactions prices have not changed since October 2005.

Table V-1
U.S. natural gas and electricity prices for industrial customers, 2000-05

Item	2000	2001	2002	2003	2004	2005[3]
U.S. natural gas industrial price[1]	$4.45	$5.24	$4.02	$5.81	$6.43	$8.02
Electricity industrial price[2]	4.64	4.98	4.91	5.12	5.27	5.53

[1] In dollars per thousand cubic feet.
[2] In cents per kilowatt-hour.
[3] Monthly average for January through October.

Sources: U.S. Energy Information Administration, http://www.eia.doe.gov.

[1] Based on shredded auto scrap, Chicago consumer prices, compiled by USITC staff from statistics of American Metal Markets.

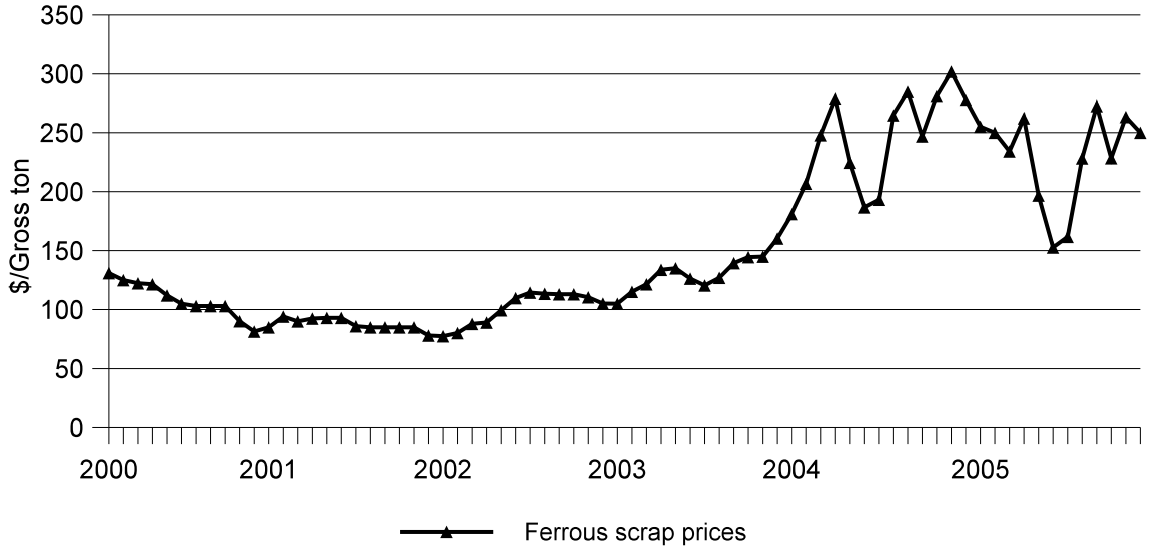
[2] Hearing transcript, p. 117 (Goncalves).

[3] Hearing transcript, p. 116 (Wroble).

[4] Posthearing brief of the domestic interested parties, exhibit 9.

[5] If the price of scrap falls below $162, then no surcharge applies.

Figure V-1
Ferrous scrap prices: Shredded auto scrap, Chicago consumer prices, monthly, January 2000-December 2005



Source: Compiled by USITC staff from statistics of American Metal Markets.

Transportation Costs to the U.S. Market

Transportation costs for structural steel beams from subject countries to the United States (excluding U.S. inland costs) in January-September 2005 are estimated to be equivalent to approximately 5.4 percent of the customs value for product from Japan and 8.8 percent of the customs value for product from Korea. Although the transportation cost of goods from Japan was similar in 2004 at 6.0 percent, the cost for product from Korea has risen from 2.1 percent in 2004. 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.[6]

U.S. Inland Transportation Costs

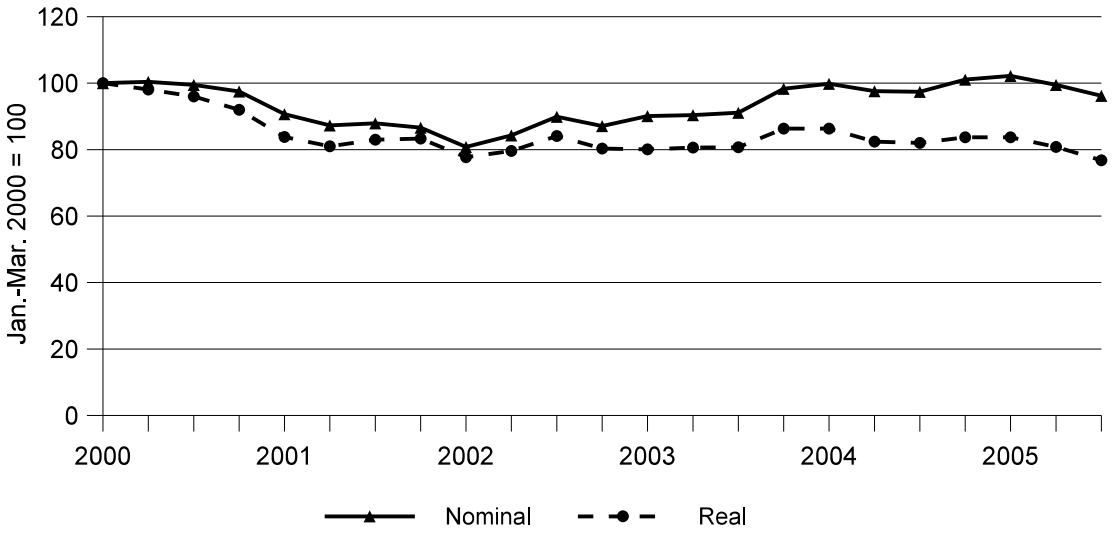
U.S. inland transportation costs for structural steel beams ranged between 3 and 8 percent for U.S. producers and between 2 and 15 percent for importers. All 7 responding producers and 4 of 15 importers reported that they normally arrange for the transportation of structural steel beams. All 7 responding producers also reported that less than 15 percent of sales were shipped under 100 miles from their facilities, while 5 of the 15 responding importers reported that at least 50 percent of their shipments were within 100 miles. All 7 producers and 3 of the 15 responding importers reported that at least 50 percent of their sales were shipped between 101 and 1,000 miles to their customers. All 7 producers and 3 of 15 importers reported having sales shipped more than 1,000 miles, with 2 producers reporting more than 20 percent of sales shipped more than 1,000 miles, and 2 importers reporting 100 percent of sales shipped more than 1,000 miles.

[6] These estimates are based on HTS statistical reporting numbers 7216.32.0000; 7216.33.0030; 7216.33.0060; and 7216.33.0090.

Exchange Rates

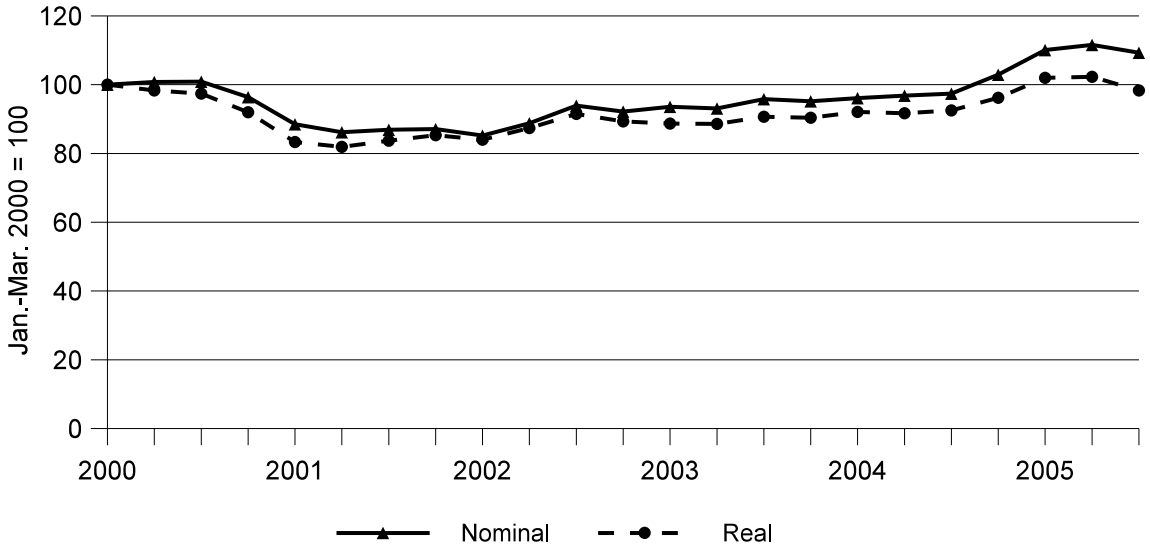
Figures V-2 and V-3 show the quarterly exchange rates for Japan and Korea during 2000-05. On a nominal basis, both currencies depreciated during 2000 and 2001 and have generally appreciated since then. On a real basis, the exchange rate for Korean won exhibited a similar trend whereas the Japanese yen stayed fairly flat after its initial decline.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates of the Japanese yen relative to the U.S. dollar, by quarters, January 2000-September 2005



Source: International Monetary Fund, *International Financial Statistics*, retrieved from http://ifs.apdi.net/imf/about.asp on January 30, 2006.

Figure V-3
Exchange rates: Indices of the nominal and real exchange rates of the Korean won relative to the U.S. dollar, by quarters, January 2000-September 2005



Source: International Monetary Fund, *International Financial Statistics*, retrieved from http://ifs.apdi.net/imf/about.asp on January 30, 2006.

PRICING PRACTICES

Pricing Methods

Sales of structural steel beams are made almost exclusively on a spot basis. Three of 7 responding U.S. producers and 9 of 10 responding importers reported that 100 percent of their sales of structural steel beams are made on a spot basis. Three producers and one importer reported that spot sales made up at least 90 percent of their sales while one producer[7] reported that 95 percent of its sales were on a short-term contract basis. Three of the four producers reporting short-term contract sales indicated that the duration of the contracts is normally four months or less.[8] The final producer that reported short-term contract sales indicated that its contracts range from 3 to 12 months in duration. No producer or importer reported any long-term contract sales.

Prices normally are based on published price lists. Five of seven responding producers reported using a price list to determine pricing. Three of these producers, however, reported deviating from the price list in certain cases. One producer reported determining prices using negotiations on a transaction-by-transaction basis while one reports relying on costs, international prices, and "foreign fighter" rates to determine prices. Nine of 14 responding importers responded that prices are determined on a transaction-by-transaction basis with no published price lists. Four of 14 importers reported basing their prices on costs and one reported basing its prices on published U.S. producer price lists. Two of seven responding producers report some form of quantity discount. The remaining five report no discount

[7] ***.

[8] The sole importer that reported short-term contract sales did not specify a duration for such contracts.

policy. Three of seven producers report having to alter pricing on certain occasions due to "foreign fighter" or "port" programs. Such programs call for automatic price reductions in regions where foreign product is readily available and priced below the domestic equivalent. Two of 15 responding importers report some early payment discount and one importer reports a volume discount applied on a case-by-case basis.

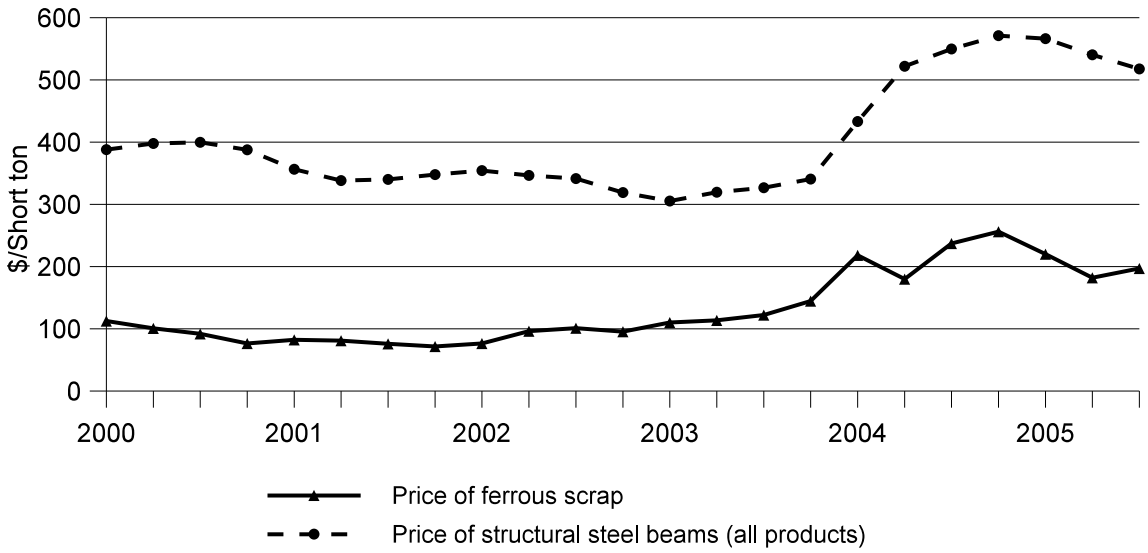
When asked to list the names of any firms they considered to be "price leaders" in the structural steel beam market since 2000, 13 of 22 responding purchasers reported that "Nucor" is a price leader while the remaining 9 of 22 reported Nucor-Yamato as a price leader. Since no purchaser reported both "Nucor" and Nucor-Yamato, and only one purchaser reported Nucor-Berkeley along with Nucor-Yamato, it is likely that the purchasers who reported "Nucor" are referring to Nucor-Yamato.[9] Responding purchasers indicate that Nucor-Yamato sets the price and the other producers match those prices. In addition to Nucor or Nucor-Yamato, four of 22 mentioned foreign producer Arcelor as being a price leader, two of 22 mentioned Chaparral, one mentioned Gerdau Ameristeel, one mentioned SDI, and one mentioned Nucor-Berkeley.

Since scrap surcharges were first instituted in January 2004, changes in such surcharges have been the primary vehicle through which producers have changed the price of structural steel beams. Specifically, changes in prices of structural steel beams are often instituted in the form of an automatically-applied scrap surcharge added to the price to reflect any changes in the price of scrap. As noted above, the surcharge itself is updated on a monthly basis according to price levels recorded early in the preceding month. While the price of structural steel beams, therefore, may be expected to move in synch with the price of scrap, it should be noted that producers often adjust list prices to limit the pass-through between scrap prices and structural steel beam prices.[10] Figure V-4 shows the price of structural steel beams (products 1 to 5 combined) along with the price of shredded auto scrap. Rising energy and fuel costs not accounted for by surcharges may explain part of the increasing gap between the two series observed later in the period.

[9] This assertion is supported by industry observers. *See, e.g.,* Frank Haflich, "Nucor-Yamato holds line on beam pricing in Dec.," http://www.amm.com/news-2005-11-10 12-01-19.html, November 10, 2005. Retrieved on January 17, 2006.

[10] Source: Official price lists and letters provided by U.S. producers.

Figure V-4
Structural steel beams: Quarterly prices (all five defined products) and quarterly average ferrous scrap prices (shredded auto scrap, Chicago), January 2000-September 2005



Source: U.S. producers' responses to Commission questionnaires and American Metal Markets.

PRICE DATA

The Commission requested U.S. producers and importers of structural steel beams to provide quarterly data for the total quantity and f.o.b. value of structural steel beams that were shipped to unrelated customers in the U.S. market.[11] Data were requested for the period January 2000 - September 2005. The products for which pricing data were requested are as follows:

Product 1.– Wide-flange beams- web depth 8 to 14 inches (ASTM A-36, A-572-50, or A-992, or equivalents);

Product 2.– Wide-flange beams- web depth 16 to 24 inches (up to 103 pounds/foot) (ASTM A-36, A-572-50, or A-992, or equivalents);

Product 3.– Wide-flange beams- web depth 27 to 36 inches (up to 397 pounds/foot) (ASTM A-36, A-572-50, or A-992, or equivalents);

Product 4.– H-piles- web depth 12 to 14 inches (ASTM A-36, A-572-50, or A-690, or equivalents); and

Product 5.– M-beams- all sizes (ASTM A-36, A-529, A-572-50, or A-992, or equivalents).

Seven U.S. producers and four importers of structural steel beams from Korea provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. No responding importer reported pricing for any imports from Japan during the period

[11] Prices are inclusive of all surcharges.

for which data were collected. By quantity, pricing data reported by responding firms in January 2000 through September 2005 accounted for approximately 86.7 percent of U.S. producers' shipments of structural steel beams and 100 percent of U.S. shipments of subject imports from Korea.

Price Trends

As can be seen in tables V-2 through V-6 and figures V-5 through V-9, weighted average prices for structural steel beams produced in the United States fell gradually from 2000 through the end of 2002; increased slowly during 2003; and then rose quickly through 2004 only to level off or fall slightly in 2005. The large increase in price from 2003 through 2005 is consistent with the substantial rise in ferrous scrap prices discussed earlier.

Data on prices of U.S. imports from Korea suggest that prices fell from 2000 to 2002. Prices are not available for 2003 and the first three quarters of 2004. Available prices for the fourth quarter of 2004 through the second quarter of 2005 suggest that prices of U.S. imports from Korea rose substantially between late 2002 and late 2004.

Price Comparisons

Tables V-2 through V-6 and figures V-5 through V-9 present selling prices. Again, the limited data on imports from Korea makes comparisons difficult. Across all identified products, imports from Korea undersold U.S.-produced structural steel beams in 27 of 43 instances. Prices of U.S. imports of product 3 from Korea were lower than those for U.S.-produced product 3 in all 12 quarters in which product 3 was imported from Korea. For all other products combined, U.S. imports from Korea were priced below comparable U.S. produced beams in 15 of 31 possible comparisons.[12]

[12] In comparison, in the original investigations, U.S. imports from Japan were priced below comparable U.S.-produced beams in 37 of 38 possible quarters while imports from Korea were priced below comparable U.S.-produced beams in 24 of 24 possible quarters.

Table V-2
Structural steel beams: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2000-September 2005

Period	United States		Korea		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000:					
Jan.-Mar.	$384.58	468,583	-	0	-
Apr.-June	397.64	459,570	$***	***	***
July-Sept.	395.86	360,474	***	***	***
Oct.-Dec.	373.21	367,729	***	***	***
2001:					
Jan.-Mar.	329.71	378,789	***	***	***
Apr.-June	320.25	402,680	***	***	***
July-Sept.	329.77	467,081	***	***	***
Oct.-Dec.	346.61	422,967	***	***	***
2002:					
Jan.-Mar.	353.92	407,253	***	***	***
Apr.-June	346.01	439,973	***	***	***
July-Sept.	332.86	425,088	***	***	***
Oct.-Dec.	313.88	448,412	***	***	***
2003:					
Jan.-Mar.	303.29	403,024	-	0	-
Apr.-June	320.50	447,032	-	0	-
July-Sept.	329.55	469,208	-	0	-
Oct.-Dec.	346.45	511,612	-	0	-
2004:					
Jan.-Mar.	444.12	558,725	-	0	-
Apr.-June	527.61	475,908	-	0	-
July-Sept.	558.69	477,282	-	0	-
Oct.-Dec.	576.13	412,513	***	***	***
2005:					
Jan.-Mar.	570.28	461,834	***	***	***
Apr.-June	541.05	448,417	***	***	***
July-Sept.	516.31	560,338	-	0	-

[1] Wide-flange beams- web depth 8 to 14 inches (ASTM A-36, A-572-50, or A-992, or equivalents).

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

Table V-3
Structural steel beams: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2000-September 2005

Period	United States		Korea		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000:					
Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	$***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2001:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2002:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2003:					
Jan.-Mar.	300.94	235,219	-	0	-
Apr.-June	316.24	273,330	-	0	-
July-Sept.	326.04	324,389	-	0	-
Oct.-Dec.	343.69	357,573	-	0	-
2004:					
Jan.-Mar.	430.92	348,299	-	0	-
Apr.-June	515.79	360,825	-	0	-
July-Sept.	547.98	320,559	-	0	-
Oct.-Dec.	569.89	271,062	***	***	***
2005:					
Jan.-Mar.	566.74	279,527	***	***	***
Apr.-June	532.26	300,864	***	***	***
July-Sept.	508.99	364,904	-	0	-

[1] Wide-flange beams- web depth 16 to 24 inches (up to 103 pounds/foot) (ASTM A-36, A-572-50, or A-992, or equivalents).

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

Table V-4
Structural steel beams: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2000-September 2005

* * * * * * *

Table V-5
Structural steel beams: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2000-September 2005

* * * * * * *

Table V-6
Structural steel beams: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2000-September 2005

* * * * * * *

Figure V-5
Structural steel beams: Weighted-average f.o.b. prices of domestic and imported product 1, by quarters, January 2000-September 2005

* * * * * * *

Figure V-6
Structural steel beams: Weighted-average f.o.b. prices of domestic and imported product 2, by quarters, January 2000-September 2005

* * * * * * *

Figure V-7
Structural steel beams: Weighted-average f.o.b. prices of domestic and imported product 3, by quarters, January 2000-September 2005

* * * * * * *

Figure V-8
Structural steel beams: Weighted-average f.o.b. prices of domestic product 4, by quarters, January 2000-September 2005

* * * * * * *

Figure V-9
Structural steel beams: Weighted-average f.o.b. prices of domestic and imported product 5, by quarters, January 2000-September 2005

* * * * * * *

APPENDIX A

FEDERAL REGISTER NOTICES AND STATEMENT ON ADEQUACY

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country since the Order Date, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Country, and such merchandise from other countries.

(11) (*Optional*) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: April 20, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–8721 Filed 4–29–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–401 and 731–TA–853 and 854 (Review)]

Structural Steel Beams From Japan and Korea

AGENCY: International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty order on structural steel beams from Korea and the antidumping duty orders on structural steel beams from Japan and Korea.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty order on structural steel beams from Korea and the antidumping duty orders on structural steel beams from Japan and Korea would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be assured of consideration, the deadline for responses is June 21, 2005. Comments on the adequacy of responses may be filed with the Commission by July 15, 2005. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* May 2, 2005.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), 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 these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background. On the dates listed below, the Department of Commerce issued countervailing duty and antidumping duty orders on the subject imports:

Order date	Product/Country	Inv. No.	F.R. cite
6/19/2000	Structural steel beams/Japan	731–TA–853	65 F.R. 37960.
8/14/2000	Structural steel beams/Korea	701–TA–401	65 F.R. 49542.
8/18/2000	Structural steel beams/Korea	731–TA–854	65 F.R. 50502.

The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions. The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are Japan and Korea.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations, the Commission defined the Domestic Like Product as all structural steel beams of the type described in the Department of Commerce's scope definition.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determinations, the Commission defined the Domestic

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 05–5–123, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

Industry as all domestic producers of structural steel beams.

(5) The Order Date is the date that the countervailing and antidumping duty orders under review became effective. In the antidumping review concerning Japan, the Order Date is June 19, 2000; in the countervailing duty review concerning Korea, the Order Date is August 14, 2000; and in the antidumping review concerning Korea, the Order Date is August 18, 2000.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list. Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the ''same particular matter'' as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was ''personal and substantial.'' However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list. Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification. Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions. Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is June 21, 2005. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is July 15, 2005. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information. Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response To This Notice of Institution: If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term ''firm'' includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the countervailing and antidumping duty orders on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the

likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in each Subject Country that currently export or have exported Subject Merchandise to the United States or other countries since the Order Dates.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from each Subject Country accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from each Subject Country; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from each Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in each Subject Country accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from each Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Countries since the Order Dates, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Countries, and such merchandise from other countries.

(11) (*Optional*) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: April 20, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–8719 Filed 4–29–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–318 and 731–TA–538 and 561 (Second Review)]

Sulfanilic Acid From China and India

AGENCY: United States International Trade Commission (ITC).

ACTION: Institution of five-year reviews concerning the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be assured of consideration, the deadline for responses is June 21, 2005. Comments on the adequacy of responses may be filed with the Commission by July 15, 2005. For further information concerning the conduct of these reviews 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,

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 05–5–124, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

2, Appendix 1. Section 1.4 provides a categorical exclusion for law enforcement and legal transactions, including arrests and investigations. In addition, the final supplementary rule does not meet any of the ten criteria for exceptions to categorical exclusions listed in 516 DM, Chapter 2, Appendix 2. Pursuant to Council on Environmental Quality regulations (40 CFR 1508.4) and the environmental policies and procedures of the Department of the Interior, the term ''categorical exclusion'' means a category of actions which do not individually or cumulatively have a significant effect on the human environment and that have been found to have no such effect in procedures adopted by a Federal agency, and for which neither an environmental assessment nor environmental impact statement is required.

Executive Order 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use

This final supplementary rule is not a significant energy action. The final rule will not have an adverse effect on energy supplies, production or consumption. It only addresses the possession of alcoholic beverages on public lands, and has no conceivable connection with energy policy.

Author

The principal author of this supplementary rule is Lyle Shaver, Special Agent-in-Charge, Arizona State Office, Bureau of Land Management, Department of the Interior.

Under the authority of 43 CFR 8365.1–6 and 43 U.S.C. 1733(a), the Arizona State Director, Bureau of Land Management, issues a final supplementary rule for public lands administered by the Arizona State Office.

Supplementary Rule on Possession of Open Containers of Alcoholic Beverages on Public Lands in the State of Arizona

The Arizona State Office issues this supplementary rule under the Federal Land Policy and Management Act (FLPMA), 43 U.S.C. 1733(a), 1740, and 43 CFR 8365.1–6.

No person shall have in their possession, or on their person, an open container that contains an alcoholic beverage while operating or riding on/in a motor vehicle or off-road vehicle on public lands in the State of Arizona administered by the BLM, Arizona State Office.

1. Definitions

The following definitions will apply to the supplementary rule:

a. A motor vehicle is defined as any self-propelled device in, upon, or by which a person is or may be transported, including a vehicle that is propelled by electric power. Exempt from this definition are motorized wheelchairs. ''Off-road vehicle'' is defined in 43 CFR 8340.0–5(a).

b. Operator means any person who operates, drives, controls, or otherwise has charge of a mechanical mode of transportation or any other mechanical equipment.

c. Public lands means any lands and interests in lands owned by the United States and administered by the Secretary of the Interior through the Bureau of Land Management without regard to how the United States acquired ownership. This includes, but is not limited to, a paved or unpaved parking lot or other paved or unpaved area where vehicles are parked or areas where the public may drive a motorized vehicle, paved or unpaved roads, roads, routes or trails.

d. Open container means any bottle, can, jar or other receptacle that contains alcohol and that has been opened, has had its seal broken or the contents of which have been partially removed.

2. Limitations

a. This section does not apply to:

i. An open container stored in the trunk of a motor vehicle or, if a motor vehicle is not equipped with a trunk, to an open container stored in some other portion of the motor vehicle designed for the storage of luggage and not normally occupied by or readily accessible to the operator or passengers; or

ii. An open container stored in the living quarters of a motor home or camper; or

iii. Unless otherwise prohibited, an open container carried or stored in a motor vehicle that is parked and the vehicle's occupant(s) are camping.

iv. For the purpose of paragraph (a)(i) of this section, a utility compartment or glove compartment is deemed to be readily accessible to the operator and passengers of a motor vehicle.

Penalties

Under the Federal Land Policy and Management Act of 1976 43 U.S.C. 1733(a), and the Sentencing Reform Act of 1984, as amended, 18 U.S.C. 3551, 3571, persons who violate this restriction are subject to arrest and, upon conviction, may be fined up to $100,000 and/or imprisoned for not more than 12 months.

Elaine Y. Zielinski,

Arizona State Director.

[FR Doc. 05–16314 Filed 8–16–05; 8:45 am]

BILLING CODE 4310–32–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–401 and 731–TA–853 and 854 (Review)]

Structural Steel Beams From Japan and Korea

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the countervailing duty order on structural steel beams from Korea and the antidumping duty orders on structural steel beams from Japan and Korea.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the countervailing duty order on structural steel beams from Korea and the antidumping duty orders on structural steel beams from Japan and Korea would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

DATES: Effective August 5, 2005.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), 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 these reviews may be viewed on the

Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On August 5, 2005, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act.[1] The Commission found that the domestic interested party group response to its notice of institution (70 FR 22696, May 2, 2005) was adequate, and that the respondent interested party group response with respect to Korea was adequate, but found that the respondent interested party group response with respect to Japan was inadequate. However, the Commission determined to conduct a full review concerning subject imports from Japan to promote administrative efficiency in light of its decision to conduct a full review with respect to subject imports from Korea. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.
Issued: August 11, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–16245 Filed 8–16–05; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Manufacturer of Controlled Substances; Notice of Registration

By Notice dated March 25, 2005, and published in the **Federal Register** on April 4, 2005 (70 FR 17124–17125), Mallinckrodt Inc., 3600 North Second Street, St. Louis, Missouri 63147, made application by renewal to the Drug Enforcement Administration (DEA) to be registered as a bulk manufacturer of the basic classes of controlled substances listed in Schedules I and II:

Drug	Schedule
Tetrahydrocannabinols (7370)	I
Codeine-N-oxide (9053)	I
Dihydromorphine (9145)	I
Difenoxin (9168)	I
Morphine-N-oxide (9307)	I
Normorphine (9313)	I
Norlevorphanol (9634)	I
Amphetamine (1100)	II
Methamphetamine (1105)	II
Methylphenidate (1724)	II
Codeine (9050)	II
Diprenorphine (9058)	II
Etorphine HCL (9059)	II
Dihydrocodeine (9120)	II
Hydromorphone (9150)	II
Oxycodone (9143)	II
Diphenoxylate (9170)	II
Benzoylecgonine (9180)	II
Hydrocodone (9193)	II
Levorphanol (9220)	II
Meperidine (9230)	II
Methadone (9250)	II
Methadone Intermediate (9254)	II
Metopon (9260)	II
Dextropropoxyphene (9273)	II
Morphine (9300)	II
Thebaine (9333)	II
Opium extracts (9610)	II
Opium fluid extract (9620)	II
Opium tincture (9630)	II
Opium, powdered (9639)	II
Opium, granulated (9640)	II
Levo-alphacetylmethadol (9648)	II
Oxymorphone (9652)	II
Noroxymorphone (9668)	II
Alfentanil (9737)	II
Remifentanil (9739)	II
Sufentanil (9740)	II
Fentanyl (9801)	II

The company plans to manufacture the listed controlled substances for internal use and for distribution to its customers.

No comments or objections have been received. DEA has considered the factors in 21 U.S.C. 823(a) and determined that the registration of Mallinckrodt Inc. to manufacture the listed basic classes of controlled substances is consistent with the public interest at this time. DEA has investigated Mallinckrodt Inc. to ensure that the company's registration is consistent with the public interest. The investigation has included inspection and testing of the company's physical security systems, verification of the company's compliance with state and local laws, and a review of the company's background and history. Therefore, pursuant to 21 U.S.C. 823, and in accordance with 21 CFR 1301.33, the above named company is granted registration as a bulk manufacturer of the basic classes of controlled substances listed.

Dated: August 11, 2005.

William J. Walker,

Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration.

[FR Doc. 05–16288 Filed 8–16–05; 8:45 am]

BILLING CODE 4410–09–U

DEPARTMENT OF LABOR

Office of the Secretary

Combating Exploitive Child Labor Through Education in Indonesia and Nepal

AGENCY: Bureau of International Labor Affairs, Department of Labor.

Announcement Type: New. *Notice of Intent To Fund Sole Source Award.*

Catalog of Federal Domestic Assistance (CFDA) Number: Not applicable.

SUMMARY: The U.S. Department of Labor (USDOL), Bureau of International Labor Affairs (ILAB), intends to award USD 2.5 million through a sole source cooperative agreement to Save the Children Federation Inc. (STC), a U.S.-based non-profit organization. This funding will be used over a four-year period to support the current STC project in Indonesia, ''Enabling Communities to Combat Child Trafficking through Education,'' by extending project activities in the earthquake and tsunami stricken region of Aceh and to bring USDOL funded child labor activities in Indonesia to a successful completion. USDOL also intends to award USD 3.5 million through a sole source cooperative agreement to World Education, Inc., a U.S.-based non-profit organization. This funding will support a four-year second phase of World Education's ''Brighter Futures Program: Combating Child Labor in Nepal through Education,'' because the activity to be funded is essential to the satisfactory completion of this project.

ILAB is authorized to award and administer this program by the Consolidated Appropriations Act, 2005, Pub. L. 108–447, 118 Stat. 2809 (2004), which provided funding for USDOL to improve access to basic education in international areas with a high rate of abusive and exploitative child labor through the Child Labor Education Initiative (EI) grant program. Since 1995, USDOL has awarded grants to commercial, international, and non-governmental organizations working to eliminate the worst forms of child labor through the provision of basic education. The cooperative agreements awarded under this initiative will be managed by ILAB's International Child Labor Program to assure achievement of the awards' stated goals.

Indonesia: ILAB finds STC uniquely qualified to implement a major program to rapidly restore the educational sector in Aceh and thereby reduce children's vulnerability to trafficking and other forms of exploitation. STC has worked

[1] Commissioner Marcia E. Miller did not participate in these determinations.

initiation of the administrative review on the countervailing duty order of certain hot–rolled carbon steel flat products from India, covering the period January 1, 2004, through December 31, 2004. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 70 FR 4818 (January 31, 2005). The preliminary results of this review are currently due no later than September 2, 2005.

Extension of Time Limit of Preliminary Results

Section 751(a)(3)(A) of the Tariff Act of 1930, as amended (''the Act''), requires the Department to make a preliminary determination within 245 days after the last day of the anniversary month of an order or finding for which a review is requested. Section 751(a)(3)(A) of the Act further states that if it is not practicable to complete the review within the time period specified, the administering authority may extend the 245-day period to issue its preliminary results by up to 120 days.

We determine that completion of the preliminary results of this review within the 245-day period is not practicable for the following reason. On July 19, 2005, the Department issued a New Subsidy Allegation memorandum, where we initiated on one new program and agreed to examine two additional programs that the Department has investigated in other India CVD proceedings. *See* July 19, 2005, New Subsidy Allegation memorandum from the team to Melissa G. Skinner, Office Director (''New Subsidy Allegation Memorandum''). Conducting the analyses for each program would require the Department to gather and analyze a significant amount of information pertaining to these programs. The Department gave respondent parties 37 days to provide the requested information on these programs. The current due date is August 25, 2005, with no extensions. Given the number and complexity of issues in this case, and in accordance with section 751(a)(3)(A) of the Act, we are extending the time period for issuing the preliminary results of review by 120 days. Therefore, the preliminary results are now due no later than December 31, 2005. However, December 31 falls on Saturday and January 2 is a federal holiday, and it is the Department's long–standing practice to issue a determination the next business day when the statutory deadline falls on a weekend, federal holiday, or any other day when the Department is closed. *See Notice of Clarification: Application of ''Next Business Day'' Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005). Accordingly, the deadline for completion of the preliminary results is January 3, 2006. The final results continue to be due 120 days after publication of the preliminary results.

Dated: August 31, 2005.

Barbara E. Tillman,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. E5–4863 Filed 9–6–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

(C–580–842)

Final Results of Expedited Sunset Review of the Countervailing Duty Order: Structural Steel Beams from South Korea

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

SUMMARY: On May 2, 2005, the Department of Commerce (''the Department'') initiated a sunset review of the countervailing (''CVD'') duty order on structural steel beams from South Korea pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). *See Initiation of Five-year (''Sunset'') Reviews*, 70 FR 22632 (May 2, 2005). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of the domestic interested parties and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited sunset review of this CVD order pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(B). As a result of this sunset review, the Department finds that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the level indicated in the ''Final Results of Review'' section of this notice.

EFFECTIVE DATE: September 7, 2005.

FOR FURTHER INFORMATION CONTACT: Tipten Troidl or David Goldberger, AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 482–1767 or (202) 482–4136, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 2, 2005, the Department initiated a sunset review of the CVD order on structural steel beams from South Korea pursuant to section 751(c) of the Act. *See Initiation of Five-year (''Sunset'') Reviews*, 70 FR 22632 (May 2, 2005). The Department received a notice of intent to participate from the following domestic interested parties: the Committee for Fair Beam Imports and its individual members including Nucor Corp. (''Nucor''), Nucor–Yamato Steel Co. (''Nucor–Yamato''), Steel Dynamics, Inc. (''SDI''), and TXI–Chaparral Steel, Inc. (''TXI'') (collectively, ''domestic interested parties''), within the deadline specified in 19 CFR 351.218(d)(1)(i). The domestic interested parties claimed interested party status under sections 771(9)(C) and (E) of the Act, as an ad–hoc association which is comprised of domestic producers of the subject merchandise.

The Department received a complete substantive response collectively from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). However, the Department did not receive a substantive response from any respondent interested party to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited review of this CVD order.

Scope of the Order

The merchandise covered by this CVD order are doubly–symmetric shapes, whether hot–or cold–rolled, drawn, extruded, formed or finished, having at least one dimension of at least 80 mm (3.2 inches or more), whether of carbon or alloy (other than stainless) steel, and whether or not drilled, punched, notched, painted, coated, or clad. These products (''Structural Steel Beams'') include, but are not limited to, wide–flange beams (W shapes), bearing piles (HP shapes), standard beams (S or I shapes), and M–shapes.

All products that meet the physical and metallurgical descriptions provided above are within the scope of this order unless otherwise excluded. The following products are outside and/or specifically excluded from the scope of this order: Structural steel beams greater than 400 pounds per linear foot or with a web or section height (also known as depth) over 40 inches.

The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (''HTSUS'') at

subheadings: 7216.32.0000, 7216.33.0030, 7216.33.0060, 7216.33.0090, 7216.50.0000, 7216.61.0000, 7216.69.0000, 7216.91.0000, 7216.99.0000, 7228.70.3040, 7228.70.6000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise in this order is dispositive.

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum (''Decision Memorandum'') from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated August 30, 2005, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendation in this public memorandum which is on file in the Central Records Unit room B–099 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at http://ia.ita.doc.gov/frn. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

The Department determines that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the rates listed below:

Producers/Exporters	Net Countervailable Subsidy (percent)
Kangwon Industries	3.88
Dongkuk Steel Mill Co., Ltd.	1.34
All Others	3.87

Notification Regarding Administrative Protective Order

This notice serves as the only reminder to parties subject to administrative protective order (''APO'') of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: August 30, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5–4869 Filed 9–6–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

(C–533–807)

Final Results of Expedited Sunset Review of Countervailing Duty Order: Sulfanilic Acid from India

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

SUMMARY: On May 2, 2005, the Department of Commerce (''the Department'') initiated a sunset review of the countervailing duty (''CVD'') order on sulfanilic acid from India pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). *See Initiation of Five–Year (''Sunset'') Reviews*, 70 FR 22632 (May 2, 2005). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of a domestic interested party and an inadequate response (in this case, no response) from respondent interested parties, the Department decided to conduct an expedited sunset review of this CVD order pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(B). As a result of this review, the Department finds that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the level indicated the ''Final Results of Review'' section of this notice.

EFFECTIVE DATE: September 7, 2005.

FOR FURTHER INFORMATION CONTACT: Tipten Troidl or David Goldberger, AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington; DC 20230; telephone: (202) 482–1767 or (101) 482–4136, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 2, 2005, the Department initiated a sunset review of the CVD order on sulfanilic acid from India pursuant to section 751(c) of the Act. *See Initiation of Five–Year (''Sunset'') Reviews*, 70 FR 22632 (May 2, 2005). The Department received a notice of intent to participate on behalf of National Ford Chemical Company (''NFC''), within the deadline specified in 19 CFR 351.218(d)(1)(i). NFC claimed interested party status under section 771(9)(C) of the Act, as a domestic producer of sulfanilic acid.

The Department received a complete substantive response from NFC within the 30–day deadline specified in 19 CFR 351.218(d)(3)(i). However, the Department did not receive a substantive response from any respondent interested party to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited review of this order.

Scope of the Order

The merchandise covered by the CVD order are all grades of sulfanilic acid, which include technical (or crude) sulfanilic acid, refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid (sodium sulfanilate). The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry free flowing powders. Technical sulfanilic acid contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline, and 0.25 percent maximum alkali insoluble materials. Sodium salt of sulfanilic acid (sodium sulfanilate) is a granular or crystalline material containing 75 percent minimum sulfanilic acid, 0.5 percent maximum aniline, and 0.25 percent maximum alkali insoluble materials based on the equivalent sulfanilic acid content. The merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (''HTSUS'') subheadings 2921.42.22 and 2921.42.24.20. HTSUS subheadings for sulfanilic acid and sodium salts of sulfanilic acid have changed since the issuance of this order. The petitioner asserts that the HTSUS subheading for sulfanilic acid was 2921.42.24.20 in 1993 and has remained at 2921.42.22 since 1994. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum (''Decision Memorandum'') from Barbara E. Tillman, Acting Deputy Assistant

AD/CVD Operations, Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3874 and (202) 482–0049, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 2, 2005, the Department published in the **Federal Register** a notice of opportunity to request an administrative review of the antidumping order regarding stainless steel plate in coils from Taiwan for the period May 1, 2004, through April 30, 2005. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 70 FR 22631. On May 31, 2005, in accordance with 19 CFR 351.213(b)(1) of the Department of Commerce's (the Department's) regulations, the petitioners[1] requested a review of the antidumping duty order on stainless steel plate in coils from Taiwan.

In June 2005, the Department initiated an administrative review for the following companies: Chain Chin Industrial Co., Ltd.; Chang Mien Industries Co., Ltd.; Chien Shing Stainless Co., Ltd.; China Steel Corporation; East Tack Enterprise Co., Ltd.; Emerdex Stainless Steel Flat Roll Products, Inc.; Emerdex Stainless Steel, Inc.; Emerdex Group, Goang Jau Shing Enterprise Co., Ltd.; PFP Taiwan Co., Ltd.; Shing Shong Ta Metal Ind. Co., Ltd.; Sinkang Industries, Ltd.; Ta Chen Stainless Pipe Co., Ltd.; Tang Eng Iron Works; Yieh Loong Enterprise Co., Ltd. (also known as Chung Hung Steel Co., Ltd.); Yieh Mau Corporation; Yieh Trading Co.; and Yieh United Steel Corporation, and issued questionnaires to them. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 70 FR 37749 (Jun. 30, 2005).

On August 11, 2005, the petitioners withdrew their request for review.

Rescission of Review

The petitioners withdrew their request for an administrative review for the above–referenced period within the time limits set forth in 19 CFR 351.213(d)(1). Therefore, because no other interested party requested a review, in accordance with 19 CFR 351.213(d)(1) and consistent with our practice, we are rescinding this review of the antidumping duty order on stainless steel plate in coils from Taiwan for the period of May 1, 2004, through April 30, 2005.

This notice is published in accordance with section 751 of the Tariff Act of 1930, as amended, and 19 CFR 351.213(d)(4).

Dated: September 2, 2005.

Barbara E. Tillman,

Acting Deputy Assistant Secretary Import Administration.

[FR Doc. E5–4938 Filed 9–8–05; 8:45 am]

BILLING CODE 3510–DS–S

[1] The petitioners in this proceeding are Allegheny Ludlum Corp. and United Steelworkers of America.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–852, A–580–841]

Structural Steel Beams from Japan and South Korea; Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders

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

SUMMARY: On May 2, 2005, the Department of Commerce (the Department) initiated a sunset review of the antidumping duty orders on structural steel beams (steel beams) from Japan and South Korea, pursuant to section 751(c) of the Tariff Act of 1930, as amended, (the Tariff Act). On the basis of the notice of intent to participate and adequate substantive responses filed on behalf of the domestic interested parties and inadequate responses from respondent interested parties, the Department conducted expedited sunset reviews. As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at the levels listed below in the section entitled ''Final Results of Reviews.''

EFFECTIVE DATE: September 9, 2005.

FOR FURTHER INFORMATION CONTACT: Dana Mermelstein, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, telephone (202) 482–1391.

SUPPLEMENTARY INFORMATION:

Background

On May 2, 2005, the Department initiated sunset reviews of the antidumping duty orders on steel beams from Japan and South Korea, pursuant to section 751(c) of the Tariff Act. *See Initiation of Five-year (''Sunset'') Reviews*, 70 FR 22632 (May 2, 2005). The Department received notices of intent to participate from the domestic interested parties, Committee for Fair Beam Imports, Nucor Corp., Nucor–Yamoto Steel Co., Steel Dynamics, Inc., and TXI–Chaparral Steel, Inc. (collectively, domestic interested parties), within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations. Domestic interested parties claimed interested party status under section 771(9)(C) of the Tariff Act as U.S. producers of a domestic like product. We received a complete substantive response from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). However, we did not receive responses from any respondent interested parties. As a result, pursuant to section 751(c)(3)(B) of the Tariff Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted expedited sunset reviews of these orders.

Scope of the Orders

For purposes of this review, the products covered are doubly–symmetric shapes, whether hot or cold–rolled, drawn, extruded, formed or finished, having at least one dimension of at least 80 mm (3.2 inches or more), whether of carbon or alloy (other than stainless) steel, and whether or not drilled, punched, notched, painted, coated, or clad. These products (Structural Steel Beams) include, but are not limited to, wide–flange beams (W shapes), bearing piles (HP shapes), standard beams (S or I shapes), and M–shapes.

All products that meet the physical and metallurgical descriptions provided above are within the scope of this review unless otherwise excluded. The following products, are outside and/or specifically excluded from the scope of this review: structural steel beams greater than 400 pounds per linear foot or with a web or section height (also known as depth) over 40 inches.

The merchandise subject to this review is classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 7216.32.0000, 7216.33.0030, 7216.33.0060, 7216.33.0090, 7216.50.0000, 7216.61.0000, 7216.69.0000, 7216.91.0000,[1] 7216.99.0000,[2] 7228.70.3040,[3] 7228.70.6000. Although

[1] HTSUS subheading 7216.91.0000 was no longer in use as of 2004, and was replaced by 7216.91.0010 and 7216.91.0090 in that year.

[2] HTSUS subheading 7216.99.0000 was no longer in use as of 2004, and was replaced by 7216.99.0010 and 7216.99.0090 in that year.

[3] HTSUS subheading 7228.70.3040 was no longer in use as of 2005. What was previously covered by that number is now covered with in 7228.70.3010 and 7228.70.3041 starting in 2005.

the HTSUS subheadings are provided for convenience and U.S. Customs and Border Protection (CBP) purposes, the written description of the merchandise under review is dispositive.

Analysis of Comments Received

All issues raised in these cases are addressed in the ''Issues and Decision Memorandum'' from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated August 30, 2005 (Decision Memorandum), which is hereby adopted by this notice. The issues discussed in the Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the orders were revoked. Parties can find a complete discussion of all issues raised in these sunset reviews and the corresponding recommendations in this public memorandum, which is on file in room B–099 of the main Department building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at http://ia.ita.doc.gov, under the heading ''September 2005.'' The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty orders on steel beams from Japan and South Korea would likely lead to continuation or recurrence of dumping at the following percentage weighted–average margins:

Manufacturers/Exporters/Producers	Weighted–Average Margin (Percent)
Japan.	
Kawasaki Steel Corporation	65.21
Nippon Steel Corporation	65.21
NKK Corporation/TOA Steel Co., Ltd.	65.21
Sumitomo Metals Industries, Ltd.	65.21
Tokyo Steel Manufacturing Co., Ltd.	65.21
Topy Industries, Limited	65.21
All Others	31.98
South Korea.	
INI Steel Company	25.31
All Others	37.25

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing these results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Tariff Act.

Dated: August 30, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5–4941 Filed 9–8–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

Minority Business Development Agency

[Docket No. 980901228–5236–05]

Solicitation of Applications for the Minority Business Opportunity Center (MBOC) Program

AGENCY: Minority Business Development Agency, Department of Commerce.

ACTION: Notice of funding availability; correction.

SUMMARY: The Minority Business Development Agency publishes this notice to make a correction to the Eligibility section in the Solicitation of Applications for the Minority Business Opportunity Center (MBOC) Program originally announced in the **Federal Register** on August 30, 2005.

FOR FURTHER INFORMATION CONTACT: Please visit MBDA's Minority Business Internet Portal at *http://www.mbda.gov*. Paper applications and Standard Forms may be obtained by contacting the MBDA National Enterprise Center (NEC) for the area in which the Applicant is located (See Agency Contacts section) or visiting MBDA's Portal at *http://www.mbda.gov*. Standard Forms 424, 424A, 424B, and SF–LLL can also be obtained at *http://www.whitehouse.gov/omb/grants*, or *http://Grants.gov*. Forms CD–511, and CD–346 may be obtained at *http://www.doc.gov/forms*.

Responsibility for ensuring that applications are complete and received by MBDA on time is the sole responsibility of the applicant.

SUPPLEMENTARY INFORMATION: On August 30, 2005, MBDA published a solicitation of applications for the MBOC Program. 70 FR 51338. In that notice, MBDA inadvertently included federal agencies as an entity eligible for grants under the MBOC program. This notice corrects the eligibility criteria to remove federal agencies as an eligible entity. Federal agencies are not eligible to apply to the MBOC program because financial assistance awards in the form of Cooperative Agreements will be used to fund the MBOC Program and federal agencies are not eligible to receive Cooperative Agreements. The correct eligibility criteria is stated below.

Eligibility: For-profit entities (including sole-proprietorships, partnerships, and corporations), non-profit organizations, State and local government entities, American Indian tribes, and Educational institutions are eligible to operate MBOCs.

All other requirements stated in the August 30, 2005 solicitation remain the same.

Intergovernmental Review

Applications under this program are not subject to Executive Order 12372, ''Intergovernmental Review of Federal Programs.''

Limitation of Liability

Applicants are hereby given notice that funds have not yet been appropriated for this program. In no event will MBDA or the department of Commerce be responsible for proposal preparation costs if this program fails to receive funding or is cancelled because of other agency priorities. Publication of this announcement does not oblige MBDA or the Department of Commerce to award any specific project or to obligate any available funds.

Universal Identifier

Applicant should be aware that they may be required to provide a Dun and Bradstreet Data Universal Numbering system (DUNS) number during the application process. See the June 27, 2003 (68 FR 38402) **Federal Register** notice for additional information. Organization can receive a DUNS number at no cost by calling the dedicated toll-free DUNS Number request line at 1–866–705–5711 or on MBDA's Web site at *http://www.mbda.gov*.

Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements

The Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements contained in the **Federal Register** notice of December 30, 2004 (69 FR 78389) are applicable to this solicitation.

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 §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before October 5, 2005, a written brief containing information and arguments pertinent to the subject matter of the investigations. 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 §§ 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 (Nov. 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (Nov. 8, 2002).

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (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: These investigations are 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: September 14, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–18575 Filed 9–16–05; 8:45 am]

BILLING CODE 7020–02–M

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337–TA–506]

In the Matter of Certain Optical Disk Controller Chips and Chipsets and Products Containing Same, Including DVD Players and PC Optical Storage Devices; Notice of Commission Determination To Extend the Target Date for Completion of the Investigation

AGENCY: International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to extend the target date for completion of the above-captioned investigation by approximately two weeks, or until September 27, 2005.

FOR FURTHER INFORMATION CONTACT: Clara Kuehn, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–3012. Copies of all nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 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–ON–LINE) at *http://edis.usitc.gov*. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on April 14, 2004, based on a complaint filed by Zoran Corporation and Oak Technology, Inc. both of Sunnyvale, CA. 69 FR 19876 (2004).

The previous target date for completion of this investigation was September 14, 2005. The Commission determined that the target date for completion of the investigation should be extended by approximately two weeks, or until September 27, 2005, due to the complexity of the issues under review.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in section 210.51(a) of the Commission's Rules of Practice and Procedure (19 CFR 210.51(a)).

Issued: September 13, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–18497 Filed 9–16–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–401 and 731–TA–853–854 (Review)]

Structural Steel Beams From Japan and Korea

AGENCY: International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty order on structural steel beams from Korea and the antidumping duty orders on structural steel beams from Japan and Korea.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty order on structural steel beams from Korea and the antidumping duty orders on structural steel beams from Japan and Korea would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of this review 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, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: September 9, 2005.

FOR FURTHER INFORMATION CONTACT: Joann Tortorice (202–205–3032), 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 these reviews may be viewed on the

Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION:

Background.—On August 5, 2005, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (70 FR 48440, August 17, 2005). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the review and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to these reviews.

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 these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the reviews will be placed in the nonpublic record on December 19, 2005, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with these reviews beginning at 9:30 a.m. on January 12, 2006, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before January 4, 2006. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on January 6, 2006, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is December 30, 2005. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is January 23, 2006; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit a written statement of information pertinent to the subject of the review on or before January 23, 2006. On February 14, 2006, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before February 16, 2006, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the reviews (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: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: September 13, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–18496 Filed 9–16–05; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF LABOR

Employment and Training Administration

Investigations Regarding Certifications of Eligibility to Apply for Worker Adjustment Assistance

Petitions have been filed with the Secretary of Labor under Section 221(a) of the Trade Act of 1974 (''the Act'') and are identified in the Appendix to this notice. Upon receipt of these petitions, the Director of the Division of Trade Adjustment Assistance, Employment and Training Administration, has instituted investigations pursuant to Section 221(a) of the Act.

The purpose of each of the investigations is to determine whether the workers are eligible to apply for adjustment assistance under Title II, Chapter 2, of the Act. The investigations will further relate, as appropriate, to the determination of the date on which total or partial separations began or threatened to begin and the subdivision of the firm involved.

19 U.S.C. 1337, on behalf of Toshiba Corporation of Tokyo, Japan. A supplemental letter was filed on October 20, 2005. The complaint alleges violations of section 337 in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain flash memory devices and components thereof, and products containing such devices and components, by reason of infringement of claims 1–4 of U.S. Patent No. 5,150,178, claims 1 and 6–7 of U.S. Patent No. 5,270,969, and claims 1 and 4 of U.S. Patent No. 5,517,449. The complaint further alleges that an industry in the United States exists as required by subsection (a)(2) of section 337.

The complainant requests that the Commission institute an investigation and, after the investigation, issue a permanent exclusion order and permanent cease and desist orders.

ADDRESSES: The complaint, except for any confidential information contained therein, is available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Room 112, Washington, DC 20436, telephone 202–205–2000. Hearing impaired individuals are advised that information on this matter can be obtained 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 at *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*.

FOR FURTHER INFORMATION CONTACT: Bryan F. Moore, Esq., Office of Unfair Import Investigations, U.S. International Trade Commission, telephone 202–205–2767.

Authority: The authority for institution of this investigation is contained in section 337 of the Tariff Act of 1930, as amended, and in section 210.10 of the Commission's Rules of Practice and Procedure, 19 CFR 210.10 (2005).

Scope of Investigation: Having considered the complaint, the U.S. International Trade Commission, on October 31, 2005, *Ordered That*—

(1) Pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, an investigation be instituted to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain flash memory devices or components thereof, or products containing such devices or components, by reason of infringement of one or more of claims 1–4 of U.S. Patent No. 5,150,178, claims 1 and 6–7 of U.S. Patent No. 5,270,969, and claims 1 and 4 of U.S. Patent No. 5,517,449, and whether an industry in the United States exists as required by subsection (a)(2) of section 337.

(2) For the purpose of the investigation so instituted, the following are hereby named as parties upon which this notice of investigation shall be served:

(a) The complainant is:

Toshiba Corporation, 1–1 Shibaura 1–Chome, Minato-KU, Tokyo 105–8001, Japan.

(b) The respondents are the following companies alleged to be in violation of section 337, and are the parties upon which the complaint is to be served:

Hynix Semiconductor, San 136–1, Ami-Ri Bubal-eub, 1chon-si, Kyoungki-do, Korea.

Hynix Semiconductor America, Inc., 3101 North First Street, San Jose, California 95134.

(c) Bryan F. Moore, Esq., Office of Unfair Import Investigations, U.S. International Trade Commission, 500 E Street, SW., Suite 401, Washington, DC 20436, who shall be the Commission investigative attorney, party to this investigation; and

(3) For the investigation so instituted, the Honorable Paul J. Luckern is designated as the presiding administrative law judge.

Responses to the complaint and the notice of investigation must be submitted by the named respondents in accordance with section 210.13 of the Commission's Rules of Practice and Procedure, 19 CFR 210.13. Pursuant to 19 CFR 201.16(d) and 210.13(a), such responses will be considered by the Commission if received not later than 20 days after the date of service by the Commission of the complaint and the notice of investigation. Extensions of time for submitting responses to the complaint and the notice of investigation will not be granted unless good cause therefor is shown.

Failure of a respondent to file a timely response to each allegation in the complaint and in this notice may be deemed to constitute a waiver of the right to appear and contest the allegations of the complaint and this notice, and to authorize the administrative law judge and the Commission, without further notice to the respondent, to find the facts to be as alleged in the complaint and this notice and to enter a final determination containing such findings, and may result in the issuance of a limited exclusion order or cease and desist order or both directed against the respondent.

Issued: October 31, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–22017 Filed 11–3–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–401 (Review) and 731–TA–853 and 854 (Review)]

Structural Steel Beams from Japan and Korea

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject reviews.

DATES: Effective October 19, 2005.

FOR FURTHER INFORMATION CONTACT: Joann Tortorice (202–205–3032) or Douglas Corkran (202–205–3057), 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 these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION: Effective September 9, 2005, the Commission established a schedule for the conduct of the subject reviews (70 FR 54962, September 19, 2005). Subsequently, counsel for domestic interested parties requested that the Commission extend the date for filing prehearing briefs by two business days to alleviate the hardship placed on administrative personnel.[1] Counsel suggested no other

[1] Letter to the Secretary of the Commission from Wiley Rein & Fielding, on behalf of Nucor Corp., Nucor-Yamato Steel Co., Steel Dynamics, Inc., and

Continued

change to the schedule. Absent objection from any other party, the Commission is revising its schedule. The deadline for filing prehearing briefs is January 4, 2006. The Commission's original schedule is otherwise unchanged.

For further information concerning these reviews see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

Issued: October 31, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–22020 Filed 11–3–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337–TA–521]

Certain Voltage Regulator Circuits, Components Thereof and Products Containing Same; Notice of a Commission Determination Not to Review an Initial Determination Terminating the Investigation on the Basis of a Consent Order and Settlement Agreement; Issuance of Consent Order

AGENCY: International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination (''ID'') of the presiding administrative law judge (''ALJ'') granting the joint motion of complainant Linear Technology Corporation and respondent Monolithic Power Systems, Inc. to terminate the above-captioned investigation on the basis of a settlement agreement and consent order.

FOR FURTHER INFORMATION CONTACT: Michael K. Haldenstein, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–3115. Copies of the public version of the ID and all nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–2000. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. 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: On August 17, 2004, the Commission instituted an investigation under section 337 of the Tariff Act of 1930, 19 U.S.C. 1337, based on a complaint filed by Linear Technology Corporation of Milpitas, California (''Linear'') alleging a violation of section 337 in the importation, sale for importation, and sale within the United States after importation of certain voltage regulator circuits, components thereof and products containing same by reason of infringement of claims 1–6, 31, 34–35, 41, 44–48, and 51–57 of U.S. Patent No. 5, 481,178 (''the '178 patent''), and claims 1–19, 31, 34, and 35 of U.S. Patent No. 6,580,258. 69 FR 51104 (August 17, 2004). The complainant named Monolithic Power Systems, Inc. (''MPS'') of Los Gatos, California as respondent.

On March 16, 2005, the ALJ issued an ID (Order No. 12) extending the target date in the above-referenced investigation until February 17, 2006. No party petitioned for review of the ID, the Commission declined to review it, and it therefore became the determination of the Commission. The ALJ issued another ID (Order No. 16), further extending the target date to June 14, 2006. No party petitioned for review of the ID, the Commission declined to review it, and it therefore became the determination of the Commission.

On September 30, 2005 Linear and MPS filed their ''Joint Motion to Terminate Investigation Based Upon a Settlement Agreement and Consent Order.'' On October 7, 2005, the Commission Investigative Staff filed a response in support of the joint motion. On October 14, 2005, the ALJ issued the subject ID terminating the investigation on the basis of a settlement agreement and consent order.

No party petitioned for review of the ID pursuant to 19 CFR 210.43(a), and the Commission found no basis for ordering a review on its own initiative pursuant to 19 CFR 210.44. The ID thus has become the determination of the Commission pursuant to 19 CFR 210.42(h)(3).

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, and Commission rule 210.42, 19 CFR 210.42.

Issued: October 31, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–22018 Filed 11–3–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337–TA–537]

Certain Weather Stations and Components Thereof; Notice of Commission Decision Not To Review an Initial Determination Terminating the Investigation in Its Entirety Based on Withdrawal of the Complaint

AGENCY: International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law judge's (''ALJ'') initial determination (''ID'') terminating the above-captioned investigation as to all the respondents on the basis of withdrawal of the complaint.

FOR FURTHER INFORMATION CONTACT: Rodney Maze, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–3065. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (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*. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810.

Chaparral Steel Company, dated September 25, 2005.

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY
in

Structural Steel Beams from Japan and Korea,
Inv. Nos. 701-TA-401, 731-TA-853-854 (Review)

On August 5, 2005, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675 (c)(5).[1]

With regard to each review, the Commission determined that the domestic interested party group response to the notice of institution was adequate. The Commission received a response filed collectively by the Committee for Fair Beam Imports and its individual members Nucor Corp., Nucor-Yamato Steel Co., Steel Dynamics, Inc., and TXI-Chaparral Steel, Inc. (collectively "the Committee"). Each of the individual members of the Committee is a U.S. producer of structural steel beams. Because the Commission received adequate responses from interested parties accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

In the reviews concerning subject imports from Korea, the Commission received a response filed jointly by INI Steel Company and Dongkuk Steel Mill Co., each of which is a Korean producer of subject merchandise. The Commission determined that INI and Dongkuk's responses were individually adequate, and that the joint response constituted an adequate respondent interested party group response because INI and Dongkuk collectively account for a significant share of the production of structural steel beams in Korea. Accordingly, the Commission determined to proceed to full reviews in the two reviews concerning subject imports from Korea.

The Commission did not receive a response from any respondent interested party in the review concerning subject imports from Japan. Consequently, the Commission determined that the respondent interested party group response for that review was inadequate. However, the Commission determined to conduct a full review concerning subject imports from Japan to promote administrative efficiency in light of its decision to conduct full reviews in the proceedings concerning subject imports from Korea.

A record of the Commission's votes is available from the Office of the Secretary and the Commissions web site (http://www.usitc.gov).

[1] Commissioner Miller did not participate in the determination.

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject:	Structural Steel Beams from Japan and Korea
Inv. Nos.:	701-TA-401 and 731-TA-853-854 (Review)
Date and Time:	January 12, 2006 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS:

In Support of Continuation of Orders (**Alan H. Price**, Wiley Rein & Fielding LLP)
In Opposition to Continuation of Orders (**Donald B. Cameron**, Kaye Scholer LLP)

In Support of the Continuation of the Antidumping and Countervailing Duty Orders:

Wiley Rein & Fielding LLP
Washington, D.C.
on behalf of

The Committee for Fair Beam Imports ("CFBI") and its individual members:
Chaparral Steel Co.
Nucor Corp.
Nucor-Yamato Steel Co.
Steel Dynamics, Inc.

Steve Ambrose, General Sales Manager, Wide Flange Products, Chaparral Steel Co.
Peter Wright, Director, Marketing, Chaparral Steel Co.
Joe Stratman, Vice President and General Manager, Nucor-Yamato Steel Co.
Mark Petitgoue, Sales Manager, Nucor-Yamato Steel Co.

In Support of the Continuation of the Antidumping and Countervailing Duty Orders (continued):

John W. Nolan, Vice President, Sales and Marketing,
Steel Dynamics, Inc.
James L. Wroble, Manager, Sales and Marketing,
Steel Dynamics, Inc.
Tom Harrington, President, DuBose Steel, Inc.
C. Lourenco Goncalves, President and CEO,
Metals USA
Eugene Grossi, Sr., President, Samuel Grossi & Sons
William Bert Cooper, CEO, W&W Steel, LLC
Seth Kaplan, Vice President, CRA International, Inc.

Alan H. Price)
John R. Shane) – OF COUNSEL
Christopher B. Weld)

In Opposition to the Continuation of the Antidumping and Countervailing Duty Orders:

Kaye Scholer LLP
Washington, D.C.
on behalf of

INI Steel Company "(INI")
Dongkuk Steel Mill Co., Ltd. ("DSM")

Sean Lee, L.A. Office Chief Representative, INI

Donald B. Cameron)
) – OF COUNSEL
Julie C. Mendoza)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Alan H. Price**, Wiley Rein & Fielding LLP;
and **Seth Kaplan**, CRA International, Inc.)

In Opposition to Continuation of Orders (**Julie C. Mendoza** and **Donald B. Cameron**,
Kaye Scholer LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Structural steel beams: Summary data concerning the U.S. market, 2000-04, January-September 2004, and January-September 2005

(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)

	Reported data							Period changes					
						January-September							Jan.-Sept.
Item	2000	2001	2002	2003	2004	2004	2005	2000-04	2000-01	2001-02	2002-03	2003-04	2004-05
U.S. consumption quantity:													
Amount	6,168,761	4,787,651	4,392,340	4,575,412	4,807,663	3,777,951	3,804,417	-22.1	-22.4	-8.3	4.2	5.1	0.7
Producers' share (1)	79.2	89.5	93.1	95.6	95.3	95.0	95.4	16.1	10.4	3.6	2.5	-0.3	0.4
Importers' share (1):													
Japan	0.1	0.1	0.1	(2)	(2)	(2)	(2)	-0.1	0.0	0.1	-0.1	-0.0	-0.0
Korea	0.4	0.5	0.9	(2)	(2)	(2)	0.4	-0.4	0.0	0.4	-0.8	0.0	0.3
Subtotal	0.5	0.5	1.0	(2)	(2)	(2)	0.4	-0.4	0.0	0.5	-1.0	0.0	0.3
All other sources	20.4	10.0	5.9	4.4	4.7	4.9	4.2	-15.7	-10.4	-4.0	-1.5	0.3	-0.7
Total imports	20.8	10.5	6.9	4.4	4.7	5.0	4.6	-16.1	-10.4	-3.6	-2.5	0.3	-0.4
U.S. consumption value:													
Amount	2,392,767	1,641,696	1,488,276	1,496,290	2,468,273	1,894,816	2,047,678	3.2	-31.4	-9.3	0.5	65.0	8.1
Producers' share (1)	80.1	89.9	93.5	95.4	95.7	95.7	95.0	15.6	9.8	3.6	1.9	0.4	-0.7
Importers' share (1):													
Japan	0.1	0.1	0.1	(2)	(2)	(2)	(2)	-0.1	0.0	0.0	-0.1	-0.0	-0.0
Korea	0.4	0.4	0.7	(2)	(2)	(2)	0.4	-0.3	0.0	0.3	-0.6	0.0	0.3
Subtotal	0.5	0.5	0.8	(2)	(2)	(2)	0.4	-0.4	0.0	0.3	-0.8	0.0	0.3
All other sources	19.4	9.6	5.7	4.6	4.2	4.2	4.6	-15.2	-9.8	-3.9	-1.1	-0.4	0.3
Total imports	19.9	10.1	6.5	4.6	4.3	4.3	5.0	-15.6	-9.8	-3.6	-1.9	-0.4	0.7
U.S. imports from:													
Japan:													
Quantity	3,986	3,264	5,593	213	30	28	1	-99.2	-18.1	71.3	-96.2	-85.9	-97.5
Value	2,108	1,951	2,198	129	27	21	3	-98.7	-7.4	12.6	-94.1	-79.3	-84.1
Unit value	$528.77	$597.73	$392.95	$605.14	$885.92	$743.90	$4,699.35	67.5	13.0	-34.3	54.0	46.4	531.7
Ending inventory quantity	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
Korea:													
Quantity	25,497	21,791	37,960	1,232	2,077	1,298	14,359	-91.9	-14.5	74.2	-96.8	68.5	1,006.1
Value	9,257	6,522	10,099	504	1,155	685	7,622	-87.5	-29.5	54.9	-95.0	129.0	1,012.7
Unit value	$363.06	$299.28	$266.05	$409.36	$556.31	$527.67	$530.84	53.2	-17.6	-11.1	53.9	35.9	0.6
Ending inventory quantity	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
Subtotal:													
Quantity	29,483	25,056	43,553	1,445	2,107	1,326	14,360	-92.9	-15.0	73.8	-96.7	45.8	983.0
Value	11,365	8,473	12,297	633	1,182	706	7,626	-89.6	-25.4	45.1	-94.8	86.6	980.7
Unit value	$385.46	$338.17	$282.34	$438.21	$561.02	$532.19	$531.04	45.5	-12.3	-16.5	55.2	28.0	-0.2
Ending inventory quantity	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
All other sources:													
Quantity	1,256,636	476,389	259,711	200,600	224,212	186,151	161,073	-82.2	-62.1	-45.5	-22.8	11.8	-13.5
Value	465,130	157,586	84,648	68,832	104,540	80,418	94,068	-77.5	-66.1	-46.3	-18.7	51.9	17.0
Unit value	$370.14	$330.79	$325.93	$343.13	$466.26	$432.00	$584.01	26.0	-10.6	-1.5	5.3	35.9	35.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:													
Quantity	1,286,119	501,444	303,264	202,046	226,318	187,477	175,433	-82.4	-61.0	-39.5	-33.4	12.0	-6.4
Value	476,495	166,059	96,945	69,465	105,722	81,124	101,693	-77.8	-65.1	-41.6	-28.3	52.2	25.4
Unit value	$370.49	$331.16	$319.67	$343.81	$467.14	$432.71	$579.67	26.1	-10.6	-3.5	7.6	35.9	34.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers':													
Average capacity quantity	6,437,350	6,150,783	6,076,870	6,472,976	6,648,941	4,829,853	4,609,249	3.3	-4.5	-1.2	6.5	2.7	-4.6
Production quantity	5,102,715	4,374,346	4,294,276	4,759,032	5,355,312	4,207,882	3,661,275	5.0	-14.3	-1.8	10.8	12.5	-13.0
Capacity utilization (1)	79.3	71.1	70.7	73.5	80.5	87.1	79.4	1.3	-8.1	-0.5	2.9	7.0	-7.7
U.S. shipments:													
Quantity	4,882,642	4,286,207	4,089,076	4,373,366	4,581,345	3,590,474	3,628,984	-6.2	-12.2	-4.6	7.0	4.8	1.1
Value	1,916,272	1,475,637	1,391,331	1,426,825	2,362,551	1,813,692	1,945,985	23.3	-23.0	-5.7	2.6	65.6	7.3
Unit value	$392.47	$344.28	$340.26	$326.25	$515.69	$505.14	$536.23	31.4	-12.3	-1.2	-4.1	58.1	6.2
Export shipments:													
Quantity	53,533	100,973	119,686	409,858	543,653	439,130	377,277	915.5	88.6	18.5	242.4	32.6	-14.1
Value	22,209	34,323	40,017	126,948	274,215	215,227	199,779	1134.7	54.5	16.6	217.2	116.0	-7.2
Unit value	$414.87	$339.92	$334.35	$309.74	$504.39	$490.12	$529.53	21.6	-18.1	-1.6	-7.4	62.8	8.0
Ending inventory quantity	467,590	461,117	509,411	485,218	715,078	663,496	381,087	52.9	-1.4	10.5	-4.7	47.4	-42.6
Inventories/total shipments (1)	9.5	10.5	12.1	10.1	14.0	12.3	7.1	4.5	1.0	1.6	-2.0	3.8	-5.2
Production workers	3,135	2,837	2,517	2,555	2,736	2,732	2,685	-12.7	-9.5	-11.3	1.5	7.1	-1.7
Hours worked (1,000s)	7,032	6,074	5,322	5,985	6,316	4,791	4,739	-10.2	-13.6	-12.4	12.5	5.5	-1.1
Wages paid ($1,000)	184,660	163,439	156,549	170,006	188,380	134,153	134,208	2.0	-11.5	-4.2	8.6	10.8	0.0
Hourly wages	$26.26	$26.91	$29.42	$28.41	$29.83	$28.00	$28.32	13.6	2.5	9.3	-3.4	5.0	1.1
Productivity (tons/1,000 hours)	725.6	720.2	806.9	795.2	847.9	878.3	772.6	16.8	-0.8	12.0	-1.5	6.6	-12.0
Unit labor costs	$36.19	$37.36	$36.46	$35.72	$35.18	$31.88	$36.66	-2.8	3.2	-2.4	-2.0	-1.5	15.0
Net sales:													
Quantity	4,834,804	4,437,618	4,203,921	4,913,261	4,984,373	4,032,532	4,006,261	3.1	-8.2	-5.3	16.9	1.4	-0.7
Value	1,873,383	1,541,365	1,408,961	1,705,789	2,614,838	2,028,919	2,145,764	39.6	-17.7	-8.6	21.1	53.3	5.8
Unit value	$387.48	$347.34	$335.15	$347.18	$524.61	$503.14	$535.60	35.4	-10.4	-3.5	3.6	51.1	6.5
Cost of goods sold (COGS)	1,556,766	1,338,867	1,327,452	1,642,141	2,195,384	1,675,912	1,830,236	41.0	-14.0	-0.9	23.7	33.7	9.2
Gross profit or (loss)	316,617	202,498	81,509	63,648	419,454	353,007	315,528	32.5	-36.0	-59.7	-21.9	559.0	-10.6
SG&A expenses	62,135	54,143	49,352	49,604	56,535	42,583	41,697	-9.0	-12.9	-8.8	0.5	14.0	-2.1
Operating income or (loss)	254,482	148,355	32,157	14,044	362,919	310,424	273,831	42.6	-41.7	-78.3	-56.3	2,484.2	-11.8
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	$321.99	$301.71	$315.77	$334.23	$440.45	$415.60	$456.84	36.8	-6.3	4.7	5.8	31.8	9.9
Unit SG&A expenses	$12.85	$12.20	$11.74	$10.10	$11.34	$10.56	$10.41	-11.7	-5.1	-3.8	-14.0	12.3	-1.4
Unit operating income or (loss)	$52.64	$33.43	$7.65	$2.86	$72.81	$76.98	$68.35	38.3	-36.5	-77.1	-62.6	2,447.3	-11.2
COGS/sales (1)	83.1	86.9	94.2	96.3	84.0	82.6	85.3	0.9	3.8	7.4	2.1	-12.3	2.7
Operating income or (loss)/ sales (1)	13.6	9.6	2.3	0.8	13.9	15.3	12.8	0.3	-4.0	-7.3	-1.5	13.1	-2.5

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Less than 0.05 percent.
(3) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. 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 questionnaires and from official Commerce statistics.

APPENDIX D

U.S. PRODUCERS', IMPORTERS', PURCHASERS', AND FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes if the Orders Were to be Revoked

The Commission requested U.S. producers to describe any anticipated changes in the character of their operations or organization relating to the production of structural steel beams in the future if the countervailing duty/antidumping orders on structural steel beams were to be revoked. Their responses are as follows:

****

"No."

****

"We operate in an environment of excess domestic capacity for the production of structural steel beams. Non-residential construction continues to trend flat and is not expected to exhibit much growth for at least the next two years. The reintroduction of unrestrained imports from Japan and Korea would adversely impact profitability in the supply chain (domestic mills, service centers and fabricators). Mill inventories would build which would result in reduced capacity utilization; service center inventories would be devalued and the ability of fabricators to cover their costs through material markup would be significantly reduced."

****

"Would face increased pricing pressures due to increased imports."

****

"We would predict significant volumes of WF standard beams and mobile home beams from Japan and Korea. A surge of dumped imports leads to reduced work schedules and a collapse in prices to maintain economic production and employment levels."

****

"The orders are serving and have served their intended purpose. *** has been profitable despite a 30% reduction in non-residential construction since the year 2000. During this period we have seen the Japanese and particularly the Koreans play a disruptive role in other world markets. Customers report that they represent the lowest prices in markets like Canada and the U.K."

****

"No."

****

"Based upon past experience and current market conditions, there can be little doubt that the suppliers of structural steel beams from Japan and Korea will once again try to flood the U.S. market with their massive and growing excess capacity. The additional volumes of imports and the hammering effects of low-priced offers from Japan and Korea would undoubtedly cause declining U.S. production volume, lower prices, and lower profits. China, a traditional market for structural steel beams from Japan and Korea has reportedly become a net exporter of these products forcing the Japanese and Koreans from China and other traditional Asian markets. Our experience in Canada demonstrates that the Japanese and Korean producers are more than willing to slash prices in order to maintain sales volumes. Further, upon entering or re-entering a market, the Japanese and Korean structural steel beam suppliers would most

likely focus upon the most commonly used sizes/shapes resulting in the greatest price depression in the most significant product lines. Thus, even relatively small volumes of imports of structural steel beams from Japan and Korea (or offers of such imports) can significantly disrupt the entire U.S. market in very short order."

***
"No."

Significance of Existing Orders and Suspension Agreement
In Terms of Trade and Related Data

The Commission requested U.S. producers to describe the significance of the existing countervailing/antidumping orders on structural steel beams in terms of their effect on production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. Their responses are as follows:

***
"No difference as products we produce are not covered."

***
"Imports of structural steel beams from Japan and Korea pose a significant threat to *** and the domestic beam industry. We anticipate reductions in capacity utilization, price reductions and margin compression in an environment of escalating raw material costs. The fundamental reason Japanese and Korean producers overwhelmed the U.S. market in the late 1990's has not changed…massive overcapacity; the problem of overcapacity has actually gotten worse since then if anything."

"Korea has a net export rate of over 800,000 tons per year. The major export destination for Korean exports of structural steel beams had been China. China had also become Japan's primary export destination. China has been adding structural steel beams production capacity (and continues to do so) transitioning from a net importer of structural steel beams to a net exporter of structural steel beams. This means that Japan and Korea (in addition to China) are actively looking for new homes for their excess capacity. We believe the U.S. will be the primary target if the orders are dropped."

***
"As a small producer of structural beams, there has been no impact on production. However, market prices and profitability have been impacted."

***
"Prior to the imposition of the orders, *** was adversely affected by the dumping of imported beams from Korea and Japan. This mill, which only produces beams with a depth of 14 inches or less, was planned several years ago. When we finished construction and had beams ready for the market, prices had collapsed due to imports."

"*** produced only *** tons of structural steel beams in late December of 1998, and only *** tons in the first quarter of 1999. Even this limited production was sold at price levels well below what we had anticipated while building the plant."

"Prevailing beam prices in early 1999 were ***. As a result, our return of investment *** was badly damaged by the pricing levels that were in place after a year of dumping. In addition, our production rates were depressed because we could only justify operating at *** shifts for much of 1999. As a result our mill lost money in 1999."

"Since the subject orders, for years 2000-2005, four of the six years were profitable for ***. Besides the additional capacity (question 11-5) that came on line from *** an additional two million tons were added by SDI, Chaparral Virginia and Ameristeel-Cartersville, GA. Over the same period approximately 200,000 tons were eliminated from the market as J&L, SMI-Birmingham and Nucor Jewett redeployed their mill time to other sections."

"At this time the United States has excess capacity for structural products and the market will tell us when this extra capacity can profitably come on line."

****

"The existing subject orders are serving their intended purpose. In a recessionary period, *** has been able to operate profitably despite a recession in non- residential construction. Due to the lack of dumped imports during the latter part of the period, our mill operated at or near its rated capacity. There are many factors that enter into whether a country attempts to export beams to the U.S. market such as excess capacity, home market consumption and pricing, exchange rates, and costs of production. Our sense is that the subject orders have offered the desired protection and played a role in the behavior of other countries that might have otherwise aggressively pursued this market."

****

"No longer produce beams."

****

"Although ***, the order has been very beneficial to ***'s operations. The relative market stability provided by the dumping order against Japan and Korea permitted ***. Had Japan and Korea been permitted to continue dumping into the U.S. market, it would likely have been difficult for *** especially in the most common sizes where the imports were concentrated. There can be little doubt that if Japanese and Korean imports continued to depress prices to those that prevailed during the original investigation that ***'s shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, and asset values would have been significantly lower and unit costs would be higher due to reduced volumes."

****

"We have no direct knowledge of any impact to our operations. We serve more niche markets than most steel mills."

Anticipated Changes in Trade and Related Data
If Orders Were To Be Revoked

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of structural steel beams in the futures if the subject orders on Japan and Korea were to be revoked. Their responses are as follows:

***
"No."

***
"Since 2000, domestic capacity has increased, raw material costs have escalated and the non-residential construction sector has contracted. We believe the damage caused by the revocation of subject orders on structural steel beams from Japan and Korea could be as great as the damage caused prior to the imposition of antidumping and countervailing duty orders."

***
"We would expect a decline in margins due to new discount programs in the market to compete with beams brought into the U.S. from these countries."

***
"On October 18, 2005, Dongkuk, Pohang, Korea offered 6" and 8" channel to the East Coast at $203 a ton below domestic pricing. These channels are made on the same mills that make structural steel beams that are currently subject to dumping duties here. Should the U.S. revoke subject orders on structural beams from Japan and Korea, we would anticipate a similar scenario on wide flange and M Beams. Dumped imports would once again lead to negative price and volume levels and reduced work schedules for our employees."

***
"The orders are serving their intended purpose. *** has been profitable despite a 30% reduction in non-residential construction since the year 2000. There is no question that ***'s profits would have been significantly reduced if the orders had not been put into place. As a result, there can be little question that our profits would likewise suffer if the orders are revoked."

"For example, the Koreans are currently active in Canada offering imported products that are up to $90.00 per ton below our current domestic price. It is highly likely that the Korean suppliers of structural steel beams would use similar pricing strategies to increase sales in the United States if the dumping order is revoked."

"Kevin Dempsey of Mayerton, a Chinese service center, reported at the MSCI (Metal Service Center Institute) Fall Forecast that excess H-Beam capacity in Asia already approaches 7,000,000 tons (not even considering the millions of tons of new capacity that is currently ramping up, is being constructed, or has been announced). Not including additional capacity that is already under construction or that has been announced, Dempsey breaks down surplus Asian capacity as follows:

Country	Theoretical H-Beam Capacity (2006)	Estimated 2006 Demand	Surplus
Japan	7,000,000	5,000,000	2,000,000
Korea	4,000,000	3,000,000	1,000,000
Taiwan	3,000,000	2,000,000	1,000,000
China	6,000,000	3,500,000	2,500,000
Other	1,000,000	750,000	250,000
Total	21,000,000	14,250,000	6,750,000"

"Over the last couple of years the Chinese have been able to absorb sign{i}ficant amounts of the excess capacity but as their own capacity now exceeds their own consumption the squeeze is on and disruptive volumes will rapidly make their way into the U.S. market if the orders are revoked."

"Another significant factor over the last couple of years is that very few import tons entered the market and the primary reason for that was an aggressive pricing approach by ***. The impact of course was a much lower net selling price. If the orders are revoked, then the Japanese and Korean producers will increase their marketing efforts in the U.S. forcing *** to lower its prices even further to avoid losing sales starting the downward cycle that began this case in the first place."

"One of the best indicators of future behavior is a look at the past. The industry suffered staggering losses in the late 1990's as a result of the dumping that occurred at the hands of the Koreans and Japanese. One domestic producer (Northwestern Steel and Wire Co.) ended up in bankruptcy and no longer serves the market. The main problem at that time – capacity far in excess of home-market demand in Japan and Korea – remains true today and there is little doubt in our mind that if the orders are revoked, then the past will repeat itself and more U.S. capacity may be forced out of the market."

****

"No longer produce beams."

****

"*** believes that if the antidumping order against beams from Japan and Korea is revoked that there will be a rapid surge in imports and imports offers from the suppliers in those countries as well as unaffiliated trading companies that have no loyalty to or concern about the U.S. market. There is also little doubt that prices would plunge and that ***'s U.S. shipments, purchases, employment, revenues, profits, cash flow, capital expenditures, and asset values would decline significantly as Japanese and Korean suppliers expanded their offerings to the U.S. There can also be no doubt that Japanese and Korean suppliers would expand their shipments to the U.S. in light of their massive overcapacity and declining export markets in China. Their prices in Canada are significantly below prices in the U.S. demonstrating their willingness and ability to penetrate foreign markets based on dumped prices."

****

"Lower selling prices would probably result which would result in lower ROI's in any capital projects and possible delay future expansion projects."

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes If The Orders Were To Be Revoked

****
"Prices could tumble causing a reduction in workforce just like 2001-2002."

****
"No."

****
"No."

****
"No."

****
"No."

****
"Because *** has not imported any subject merchandise after 2002 fiscal year and has no plan to import the subject merchandise from now."

****
"See ***." (Presented with foreign producers' responses).

****
"No."

****
"No."

****
"No."

****
"No."

****
"We supply metric size beams and structural shapes and we would not have a source anywhere in the world for JIS standard structural shapes."

****
"No."

***
"No."

Significance of Existing Orders In Terms of Trade and Related Data

The Commission requested importers to describe the significance of the existing subject orders covering imports of structural steel beams from Japan and Korea in terms of their effect on firms' imports, U.S. shipments of imports, and inventories. Their responses are as follows:

***
"Need Korea and Japan on level playing field, otherwise they just export their internal problems to USA."

***
"Both Japan and especially Korea were undisciplined in the marketing of beams to the U.S., with more interest in selling tons than marketing at a market price level. U.S. consumption remains below 2000 level. In U.S. and SDI mill has added to U.S. capacity so large tons from Japan/Korea could saturate and disrupt the currently balanced market. We would try to maintain our usual tonnage to the U.S to service our long-term customers and to cover our normal operating expenses."

***
"Not known."

***
"Not applicable."

***
"Since the exports to the US have been very small both before and after the order, and done on a spot transaction basis, *** sees no significance of the order on imports, U.S. shipments of imports, or inventories."

***
"N/A."

***
"Since the existing subject orders were imposed, *** has not imported any structural beams from Korea."

***
"See ***s Foreign Producers' Questionnaire, Part II, II-14." (Presented with foreign producers' responses).

***
"The subject orders has not altered our business in any way."

***
"No imports after 2002 due to imposition of the order–material no longer competitive."

***
"Our Structural beam business, although small has been limited due to the subject orders without these order we could expand our business with niche items produced in Japan that may not be readily available in the USA."

***
"None."

***
"I am not sure."

***
"No significance since *** does not source from Japan and Korea. These countries do not produce material that competes in our niche market of material handling equipment."

***
"The orders prevent us from importing from sources within those countries. Primarily we run a back-to-back business, matching customer and supplier. If prices do not work, there is not business."

U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission asked the purchasers to comment on likely effects of any revocation of the subject orders covering structural steel beams from Japan and Korea in terms of: (1) the purchaser's future activities and (2) the U.S. market as a whole. Their responses are as follows:

***
"(1) Activities of your firm: N/A."
"(2) Entire U.S. market: N/A."

***
"(1) Activities of your firm: We would buy from both countries based on price and delivery."
"(2) Entire U.S. market: As (1) above."

***
"(1) Activities of your firm: Within 3-6 months of revocation there will, hopefully, be more supply available with which our firm can meet our customers needs."
"(2) Entire U.S. market: Within 3-6 months of revocation there should be more supply and price should moderate and stabilize."

***
"(1) Activities of your firm: This would have a negative impact on our company as prices would be reduced.
"(2) Entire U.S. market: Increased imports from all of the countries listed would create downward pressure on prices starting three to four months after the revocation of the order."

***

"(1) Activities of your firm: N/A."
"(2) Entire U.S. market: N/A."

***

"It can only help with the escalating prices and infrequent rollings of the domestic mills. As far as Korea the more the better!"[1]

***

"(1) Activities of your firm: Domestic producers will lower the price as a result of increased competition."
"(2) Entire U.S. market: Same."

***

"(1) Activities of your firm: U.S. pricing has increased entirely too much & the domestic mills are taking advantage."
"(2) Entire U.S. market: Of the situation–to the extent of scalping, they will continue this until they have import competition. The domestic mills have basically been give a 'blank check'."

***

"(1) Activities of your firm: Lower pricing!"
"(2) Entire U.S. market: Lower pricing!"

***

"(1) Activities of your firm: We are based in the western U.S. Transportation costs from eastern mills are climbing rapidly. Japan & Korea as a source can help keep our costs down as a Pacific Rim supplier."
"(2) Entire U.S. market: Entire U.S. market not much impact east of the Rockies. Ocean freight becomes a large factor as Asian mills try to ship into the Gulf and East Coast ports."

***

"(1) Activities of your firm: Balance of import historically less than 95% of consumption critical to maintain."
"(2) Entire U.S. market: Really market conditions. Too much import drives negative market conditions."

***

"(1) Activities of your firm: None."
"(2) Entire U.S. market: Pressure on pricing or cost–downward."

[1] Answer not specified for parts (1) and (2).

***

"(1) Activities of your firm: Japan and Korea would immediately export to U.S.–causing a drop in cost and devaluing our inventory."

"(2) Entire U.S. market: All inventories would be devalued. The Koreans in particular have historically sold tons into the U.S. market at below cost. Even though U.S. steel companies have gone out of business there is too much domestic capacity of beams. Consumption is 3.5-4 million tons vs. U.S. capacity of 6 to 6.5 million tons. Unfairly traded imports harm the domestic industry and cause unnecessary inventory devaluations."

***

"(1) Activities of your firm: Would expect to see offers from those countries. No way to tell whether offers would be cheaper."

"(2) Entire U.S. market: Same as above. Potential to see their product in U.S. market. Would assume strength/weakness in U.S. dollar and attactiveness of markets outside the U.S. would have some impact of their offers in U.S. market. Would expect them to be a 'significant' player."

***

"(1) Activities of your firm: A revocation may result in an increase in import purchases to stay competitive."

"(2) Entire U.S. market: A revocation will result in an increase in import offers which will increase downward pressure on domestic prices."

***

"(1) Activities of your firm: None."

"(2) Entire U.S. market: Unknown."

***

"As a small business we are industry followers and to remain competitive buy within reason from the most competitive source. Generally when we have had high levels of import purchases, the domestic mills have responded with high levels of inventory and have lowered prices to remain reasonably competitive with imports. The results have typically been a period of surplus inventory levels leading to lower margins. This develops because of the long lead times for import product at some point overlap the domestic inventory levels which create the market surplus."[2]

***

"(1) Activities of your firm: Likely import some beams if availability and pricing competitive."

"(2) Entire U.S. market: Could reduce current pricing."

***

"(1) Activities of your firm: Since we are on West Coast we should be able to take advantage of any deals that result from revocation."

"(2) Entire U.S. market: Will take some pressure off U.S. producers by freeing up tonnage previously destined to West Coast and making it available to other U.S. markets."

[2] Answer not specified for parts (1) and (2).

FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes If The Orders Were To Be Revoked

The Commission requested foreign producers to describe any anticipated changes in the character of their operations or organization relating to the production of structural steel beams in the future if the countervailing duty/antidumping orders structural steel beams from Japan and Korea were to be revoked. Their responses are as follows:

****
"No."

****
"Historically, the U.S. market is not a traditional market for Korean producers of H-Beams. H-Beams is dependent on the construction market. Prior to the Asia Financial Crisis, Korean producers concentrated on selling to the domestic market and focused exports on nearby markets in Asia. During the Financial Crisis, construction markets in Korea and in traditional Asian markets collapsed. The US and Europe were virtually the only viable markets for this product. Since that time, a number of events have occurred which again make the US a marginal market for Korean producers."

"(1). Consolidation of capacity in Korea. Prior to the Asia Financial Crisis, an excess of electric arc furnace capacity developed in Korea, including excess capacity to produce H-Beams. One result of the Financial Crisis was the bankruptcy of several electric arc furnace producers. Kangwon went bankrupt and its assets were purchased by INI. In the process, ***."

"(2). Recovery of domestic and ASEAN Construction markets. The construction markets in Korea and Asia have recovered from the Financial Crisis. This increasing demand trend is expected to continue for years. Moreover, we have developed very strong markets in the Middle East to which we are dedicated and for which there are lower freight costs. Excess capacity does not exist to export increased tonnages to the US regardless of whether these Orders are lifted or not."

"(3). The US is the most competitive in the world because US producers are among the most efficient and profitable steel producers in the world. Nucor-Yamato and Chaparral dominate the US market and make it difficult to effectively compete on a significant scale. Therefore, it makes more sense from our company's point of view to focus on other markets where the competition is not as efficient."

"(4). We have developed a strong market presence in Asia to match the market demand. Therefore, the removal of these Orders is unlikely to have a significant impact on ***'s trade."

****
"No."

****
"No."

****
"No."

Significance of the Orders in Terms of Trade and Related Data

The Commission requested foreign producers to describe the significance of the existing countervailing/antidumping orders on structural steel beams in terms of their effect on production capacity, production, home market shipments, exports to the United States and other markets, and inventories. Their responses are as follows:

****

"Since the export to the U.S. is small and sold on spot basis, *** is not effected by the existing subject order in production, home market shipment, and export, and inventories."

"Also, the exports to the U.S. always have been very small both before and after the order, and done on a spot transaction basis that *** sees no significance to the order regarding its shipment decisions."

****

"There is no significant effect on ***'s production capacity, production, home market shipments, exports to the United States and other markets, and inventories based on existing subject orders. *** exported subject merchandise to match with the balance of demand and supply to USA before and after the order and now."

****

"There has been no significant effect on *** production, home market shipments or inventories. *** supplies have been absorbed by Asian markets, due to recovery from the Asian monetary crisis, and growing demand in the home market and Chinese market. In addition, for exports *** has shifted focus to speciality products with low productivity (tonnage/hour), leading to decrease of its production capacity."

****

"There is no change."

****

"The subject order has resulted in excess production capacity, increased export to markets other than U.S. and increased inventories."