

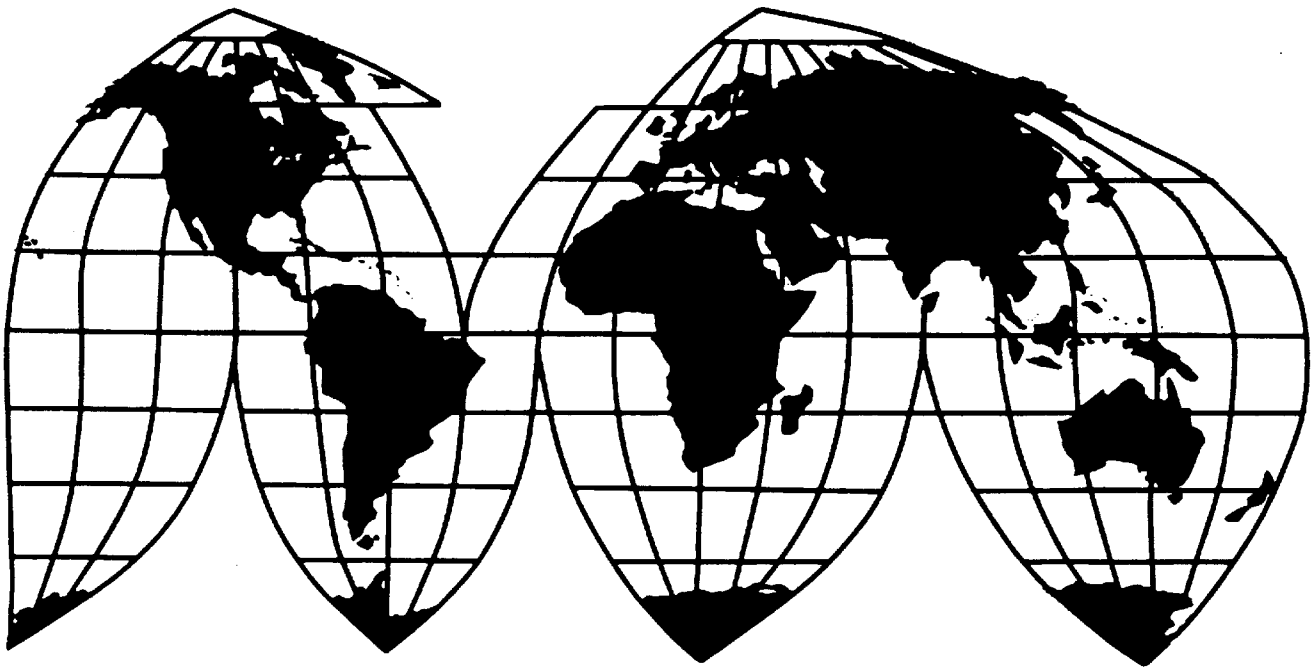
Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine

Investigation Nos. 701-TA-404-408 and
731-TA-898-902 and 904-908 (Review)

Publication 3956

October 2007

U.S. International Trade Commission



U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)

HOT-ROLLED STEEL PRODUCTS FROM ARGENTINA, CHINA, INDIA, INDONESIA, KAZAKHSTAN, ROMANIA, SOUTH AFRICA, TAIWAN, THAILAND, AND UKRAINE

DETERMINATIONS

On the basis of the record¹ 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)), that revocation of the countervailing duty orders on hot-rolled steel products from India, Indonesia, and Thailand and the antidumping duty orders on hot-rolled steel products from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission also determines that revocation of the countervailing duty orders on hot-rolled steel products from Argentina and South Africa and the antidumping duty orders on hot-rolled steel products from Argentina, Kazakhstan, Romania, and South Africa 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 August 1, 2006 (71 F.R. 43521) and determined on November 6, 2006 that it would conduct full reviews (71 F.R. 37366, November 21, 2006). 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 January 29, 2007 (72 F.R. 2556)(as revised, 72 F.R. 13123, March 20, 2007) . The hearing was held in Washington, DC, on July 31 and August 1, 2007, 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 with respect to Argentina, Kazakhstan, Romania, and South Africa. Commissioner Dean A. Pinkert dissenting with respect to Kazakhstan, Romania, and South Africa.

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 countervailing duty orders on hot-rolled steel products (“hot-rolled steel”) from India, Indonesia, and Thailand, and that revocation of the antidumping duty orders on hot-rolled steel from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We also determine that revocation of the countervailing duty orders on hot-rolled steel from Argentina and South Africa, and that revocation of the antidumping duty orders on hot-rolled steel from Argentina, Kazakhstan, Romania, and South Africa 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. BACKGROUND

In August and November 2001, the Commission unanimously determined that an industry in the United States was materially injured by reason of subsidized imports of hot-rolled steel from Argentina, India, Indonesia, South Africa, and Thailand, and by reason of less than fair value imports of hot-rolled steel from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.³ Commerce’s sixteen antidumping and countervailing duty orders were issued on various dates in September, November, and December 2001.⁴

On August 1, 2006, the Commission instituted these five-year reviews, pursuant to section 751(c) of the Act, to determine whether revocation of the countervailing duty and antidumping duty orders on

¹ Commissioner Lane determines that revocation of the countervailing duty orders on hot-rolled steel from Argentina, India, Indonesia, South Africa, and Thailand, and that revocation of the antidumping duty orders on hot-rolled steel from Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. She joins sections I, II, III.A, III.B, 2, III.C (as noted), IV. A-C, and IV. D (as noted).

² Commissioner Pinkert determines that revocation of the countervailing duty orders on hot-rolled steel from India, Indonesia, South Africa, and Thailand, and that revocation of the antidumping duty orders on hot-rolled steel from China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. He joins sections I, II, III.A-C (as noted), IV.A-C, IV.D (as noted), and IV.F.

³ See Hot-Rolled Steel Products from Argentina and South Africa, Inv. Nos. 701-TA-404 and 731-TA- 898 and 905 (Final), USITC Pub. 3446 (August 2001) and Hot-Rolled Steel Products from China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA- 405-408 and 731-TA-899-904 and 906-908 (Final), USITC Pub. 3468 (November 2001) (collectively referred to as “Original Determinations”). Because Commerce issued its final determinations for three investigations (Argentina – countervailing duty and antidumping duty, and South Africa – antidumping duty) earlier than it did for the other investigations, the Commission’s original final determinations in 2001 were made at two separate times. Nevertheless, in accordance with 19 U.S.C. § 1677(7)(G)(i) and (iii), since the petitions were filed on the same day and the facts warranted it, the Commission made its determinations for all investigations on essentially the same record, as provided by statute, and cumulated dumped and subsidized imports from the eleven countries.

⁴ 66 Fed. Reg. 47173 (Sept. 11, 2001)(Argentina CVD); 66 Fed. Reg. 48242 (Sept. 19, 2001)(Argentina and South Africa AD); 66 Fed. Reg. 58435 (Nov. 21, 2001)(Kazakhstan AD); 66 Fed. Reg. 59559, 59561 - 59566 (Nov. 29, 2001) (China, Netherlands, Romania, Taiwan, Thailand, and Ukraine AD); 66 Fed. Reg. 60192 and 60194 (Dec. 3, 2001)(India and Indonesia AD); and 66 Fed. Reg. 60197 - 60198, and 60201 (Dec. 3, 2001) (India, Indonesia, South Africa, and Thailand CVD).

hot-rolled steel products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine would likely lead to continuation or recurrence of material injury.⁵ On November 6, 2006, the Commission determined that it should proceed to full reviews in the subject five-year reviews.⁶ The Commission found that the domestic interested party response to its notice of institution was adequate⁷ and that the respondent interested party responses were adequate with respect to Argentina, China, Netherlands, South Africa, and Thailand.⁸ The Commission received no response from any respondent interested party of subject merchandise from India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine, and thus unanimously determined that the group response for the reviews with respect to each of these countries was inadequate. Notwithstanding its determinations that the respondent interested party group responses with respect to India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine were inadequate, the Commission determined to conduct full reviews in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders on hot-rolled steel from Argentina, China, the Netherlands, South Africa, and Thailand.⁹

Parties to proceeding. The Commission received five sets of briefs from interested parties that produce hot-rolled steel and oppose revocation of the orders; briefs were filed on behalf of: AK Steel; Mittal USA;¹⁰ Nucor; US Steel; and a joint brief from Gallatin, IPSCO and SDI (collectively referred to as “domestic interested parties” or “domestic producers”). Representatives of these domestic interested parties and two labor unions (The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied Industrial and Service Workers International Union, AFL-CIO-CLC (“USW”)¹¹ and International Association of Machinists and Aerospace Workers (“IAMAW”)) participated in the Commission’s hearing.

The Commission received several sets of briefs from interested parties that support revocation of the orders. Briefs were filed on behalf of: Siderar (“Argentine Respondent”), a producer and exporter of

⁵ 71 Fed. Reg. 43521 (Aug. 1, 2006).

⁶ See Explanation of Commission Determination on Adequacy in Hot-Rolled Carbon Steel Flat Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, reprinted in Confidential Staff Report (CR) and Public Report (PR), Appendix A. The CR (memorandum INV-EE-136, September 21, 2007) was revised by memoranda INV-EE-146 (October 2, 2007) and INV-EE-150 (October 10, 2007).

⁷ The Commission received a joint response from six U.S. producers of hot-rolled steel, which collectively accounted for a majority of U.S. production of the domestic like product. These six U.S. producers are: Gallatin Steel (“Gallatin”), IPSCO Steel, Inc. (“IPSCO”); Mittal Steel USA, Inc. (“Mittal USA”); Nucor Corp. (“Nucor”); Steel Dynamics, Inc. (“SDI”); and United States Steel Corp. (“US Steel”).

⁸ The Commission received responses from the following respondent interested parties: Siderar S.A.I.C. (“Siderar”) (Argentina); Baosteel Group Corp. (“Baosteel”) (China); Corus Staal BV (Netherlands); Mittal Steel (South Africa) Ltd. (South Africa); and G Steel Public Co. Ltd. (“G Steel”), Nakornthai Strip Mill Public Co. Ltd. (“NSM”), and Sahaviriya Steel Industries Public Co. Ltd. (“SSI”) (Thailand).

⁹ In its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands, Commerce revoked the order effective November 29, 2006 (the fifth anniversary of the publication of the order). 72 Fed. Reg. 35220 (June 27, 2007). Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands, effective June 27, 2007. 72 Fed. Reg. 40322 (July 24, 2007). Therefore, for purposes of these reviews, any imports from the Netherlands are considered nonsubject rather than subject imports.

¹⁰ Mittal USA takes no position with regard to the antidumping duty orders on hot-rolled steel from Kazakhstan, Romania, and South Africa and the countervailing duty order on hot-rolled steel from South Africa. Mittal USA’s Prehearing Brief at n. 1.

¹¹ The USW also submitted a posthearing brief to the Commission.

the subject merchandise in Argentina; Baosteel, a producer and exporter of the subject merchandise in China, and China Iron & Steel Association (“CISA”), a Chinese association whose membership includes Chinese producers and exporters of the subject merchandise (collectively, “Chinese Respondents”);¹² Shang Shing Steel Industrial Co. Ltd. (“Shang Shing” or “Taiwan Respondent”), a producer of subject merchandise in Taiwan; G Steel, NSM, and SSI (collectively referred to as “Thai Respondents”), producers and exporters of the subject merchandise in Thailand; and a group of U.S. automobile producers and suppliers (Daimler Chrysler Corporation and Mercedes-Benz U.S. International, Inc., Ford Motor Company, General Motors Corporation, the Motor and Equipment Manufacturers Association, the Precision Metalforming Association, and Toyota Motor North America, Inc.) (collectively referred to as “U.S. Auto Producers”). The Argentine Respondent, Chinese Respondents, and Thai Respondents participated in the Commission hearing.

In these reviews, the Commission received questionnaires responses from 16 U.S. producers that accounted for all U.S. production of hot-rolled steel in 2006.¹³ The Commission also received relatively complete coverage from foreign producers in Argentina, Kazakhstan, Romania, South Africa, Taiwan, and Thailand.¹⁴ Foreign producer coverage, however, was not complete for other subject countries, particularly for Indonesia and Ukraine, and to a lesser extent for China and India. No foreign producers in Indonesia and Ukraine responded to Commission questionnaires.¹⁵ Only eight out of a possible 29 producers in China accounting for one-quarter to one-half of total production of hot-rolled steel in China during 2006 responded to the Commission foreign producer questionnaire.¹⁶ While three producers of hot-rolled steel in India, accounting for approximately one-half of total production, responded to the Commission foreign producer questionnaire, one of these producers, Essar, did not provide usable data. Thus, coverage for hot-rolled steel production in India is estimated to account for about *** of total production.¹⁷

¹² Counsel for CISA indicated that the Chinese association’s membership includes more than 180 companies, a majority of which are *not* producers, exporters, or importers of the subject merchandise. Baosteel/CISA Supplemental Response to Notice at 2. Therefore, CISA is not an interested party in these reviews, pursuant to 19 U.S.C. § 1677(9)(A).

¹³ CR at I-21; PR at I-20.

¹⁴ CR at I-22, IV-22, IV-68, IV-77, IV-88, IV-98, and IV-108; PR at I-20, IV-17, IV-39, IV-45, IV-48, IV-50, and IV-53. With regard to these countries, the Commission received foreign producer data from: two producers in Argentina accounting for 100 percent of total hot-rolled steel production, one producer in Kazakhstan accounting for 100 percent of total hot-rolled steel production, one producer in Romania accounting for all known hot-rolled steel production, one producer in South Africa accounting for *** of total hot-rolled steel production, three producers in Taiwan accounting for virtually all hot-rolled steel production, and three producers in Thailand accounting for 100 percent of total hot-rolled steel production. *Id.*

¹⁵ CR at I-22; PR at I-20.

¹⁶ CR at I-22 and IV-34; PR at I-20 and IV-22. The coverage ranges from an estimated 49 percent based on a comparison of reported exports to trade data compiled by Global Trade Atlas; *** based on a comparison of reported capacity for 2006 to estimates by World Steel Dynamics; and 47 percent based on a comparison of commercial shipments data provided by the eight Chinese producers with the commercial production data calculated by ***. CR at IV-34, n.26; PR at IV-22, n.26.

¹⁷ CR at I-22 and n.26, and IV-48-49; PR at I-20 and n.26, and IV-31-32.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

In making its determination under section 751(c) of the Act, the Commission defines “the domestic like product” and the “industry.”¹⁸ The Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹⁹ 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.²⁰

A. Domestic Like Product

In its final expedited five-year review determinations, Commerce defined the scope of imported merchandise subject to the orders under review as:

. . . certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope of these orders are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of these orders, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: (i) iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

¹⁸ 19 U.S.C. § 1677(4)(A).

¹⁹ 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).

²⁰ See, e.g., Internal Combustion Industrial Forklift Trucks from Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (December 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 (February 2003).

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical descriptions provided above are within the scope of these orders unless otherwise excluded.^{21 22}

²¹ 71 Fed. Reg. 70960, 70961 (Dec. 7, 2006) (Final Results of Sunset Reviews on CVD Orders regarding Argentina, India, Indonesia, South Africa, and Thailand). The following products, by way of example, are outside or specifically excluded from the scope of these orders:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, e.g., American Society for Testing and Materials (ASTM) specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron & Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearings steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to these orders is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by these orders, including vacuum degassed fully stabilized, high strength low alloy, and the substrate for motor lamination steel, may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise subject to these countervailing duty orders is dispositive.

²² The scope of imported merchandise subject to the antidumping duty orders is virtually identical for all subject countries and to the scope for the CVD orders set forth above. 71 Fed. Reg. 70506, 70507 (Dec. 5, 2006).

In its original determinations, the Commission defined the domestic like product as all hot-rolled steel products corresponding to Commerce’s scope of investigation.²³ No party has argued that the Commission should define the domestic like product differently for purposes of these reviews.²⁴

Reviewing the record on this issue, we see no basis for departing from the domestic like product definition in the original investigations. There is no evidence in the record of these reviews with respect to the factors that the Commission examines in its domestic like product analysis that supports revisiting the definition of the domestic like product. Therefore, we continue to define a single domestic like product coextensive with the scope of investigation.

B. Domestic Industry and Related Parties

Section 771(4)(A) of the Act defines the relevant industry as the domestic “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”²⁵ In the original determinations, the Commission defined the domestic industry to be all domestic producers of hot-rolled steel.²⁶ The Commission also recognized that certain domestic producers were related parties, but determined that appropriate circumstances did not exist to exclude any producer from the domestic industry as a related party.²⁷

In light of our domestic like product definition, we continue to find one domestic industry consisting of all domestic producers of hot-rolled steel as defined in Commerce’s scope of investigation. The only domestic industry issue that arises in these five-year reviews is whether any producers should be excluded under the related parties provision, 19 U.S.C. § 1677(4)(B).²⁸

²³ Original Determinations, USITC Pub. 3446 at 6 and USITC Pub. 3468 at 3. The scope of investigation and the single domestic like product in the original determinations included hot-rolled steel with slightly elevated levels of microalloying elements. Original Determinations, USITC Pub. 3446 at 6 and Hot-Rolled Steel Preliminary, USITC Pub. 3381 at 4 (Jan. 2001). As the Commission noted in its preliminary phase of the original investigations, the scope in these hot-rolled steel investigations differed slightly from the scope in the 1999 hot-rolled steel cases involving imports from Brazil, Japan, and Russia; slight variations made to “fully comport with the general industry practice as to what constituted ‘carbon’ as opposed to ‘alloy’ steel.” Hot-Rolled Steel Preliminary, USITC Pub. 3381 at 4, n.11. No parties contested the different scope of investigation nor raised any arguments regarding microalloyed steels in the original investigations or the current reviews.

²⁴ Mittal USA, which was the only party that addressed the issue of domestic like product in the briefs, indicated that it “supports the definition of the domestic like product as determined in the original investigation.” Mittal USA’s Prehearing Brief at 7.

²⁵ 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

²⁶ Original Determinations, USITC Pub. 3446 at 6.

²⁷ Original Determinations, USITC Pub. 3446 at 6-8.

²⁸ The domestic interested parties view the domestic industry as encompassing all domestic producers of hot-rolled steel, and no party advocated the exclusion of any domestic producer as a related party. US Steel’s Posthearing Brief, Exhibit 1 at 31-32 (In *Certain Carbon Steel Products*, “the Commission declined to exclude Mittal as a related party . . . U.S. Steel is not asking the Commission to reach a different conclusion in this case.”); Nucor’s Posthearing Brief at 13; Mittal USA’s Prehearing Brief at 7-8; Mittal USA’s Posthearing Brief, Response to Questions at Lane 7-9.

The record in these reviews indicates that there are three domestic producers who may be considered related parties: Gallatin,²⁹ ***,³⁰ and Mittal Steel USA.³¹ ³² Two of these U.S. producers, Gallatin and Mittal USA, did not directly import subject merchandise, but are owned by the ArcelorMittal Group or Mittal Steel Co., NV, which also own exporters or importers of subject merchandise. Assuming arguendo that Gallatin,³³ ***,³⁴ and Mittal USA³⁵ are related parties, we do not find that appropriate

²⁹ Gallatin Steel is *** by Dofasco, a Canadian firm, which announced on February 20, 2007 that it has become part of the ArcelorMittal Group; this Group also owns subject hot-rolled steel producers in Kazakhstan, Romania, and South Africa. CR at I-47 and Table I-14; PR at I-42 and Table I-14.

³⁰ *** and thus, it qualifies as a related party. CR at III-25; PR at III-14.

³¹ Domestic producer Mittal USA is owned by Mittal Steel Co., NV, which also owns Mittal Steel Temirtau (a manufacturer and exporter of hot-rolled steel in Kazakhstan), Mittal Steel Galati (a manufacturer and exporter of hot-rolled steel in Romania), Mittal Steel South Africa (manufacturer and exporter of hot-rolled steel in South Africa), and Mittal Steel North America (***). CR at I-47 and Tables I-14 and I-16; PR at I-42 and Tables I-14 and I-16. Mittal USA, was created from the acquisition/consolidation of the assets of various former steel companies, including Acme Steel, LTV, Bethlehem Steel, ISG, Ispat Inland, and Weirton Steel. CR at I-47 and Table I-15; PR at I-42 and Table I-15. Mittal Steel Co., NV was formed in 2005, as the result of a merger between Ispat International and LMN Holdings. In 2006, Mittal Steel Co. NV announced its merger with Arcelor SA, creating a new entity ArcelorMittal; the legal completion of the merger between Mittal and Arcelor is expected by the end of 2007. Id. at Tables III-1 and III-4.

³² A fourth possible related party issue involves subject merchandise imported from *** during the period of review by USS-POSCO Industries, which does not produce hot-rolled steel. CR/PR at Table I-16. While domestic producer US Steel owns Pitcal, which holds a *** interest in USS-POSCO Industries, there is no indication that US Steel is in a position to exercise direction over USS-POSCO's importing decisions.

³³ *** of domestic production in 2006. CR/PR at Table I-14. It *** the orders and its interests appear to be primarily those of a domestic producer. Id. There is no indication that it derives any benefit or operates in a manner that is different from other domestic producers as a result of its indirect partial (*** ownership by a firm now affiliated with subject producers.

³⁴ *** of domestic production in 2006, and its subject imports ***. CR/PR at Tables I-14 and III-12. Therefore, its interests appear to be primarily those of a domestic producer. ***, indicated that it imported hot-rolled steel from various countries on a trial basis, but that these trials ***. CR at III-25; PR at III-14. ***. Id. at n. 22. ***. Id. at Tables III-15 and E-3.

³⁵ Mittal USA, which has six hot-rolled steel facilities in the United States, accounted for a substantial share (***) of domestic production in 2006. CR/PR at Table I-14. Mittal USA maintains that its "primary interest is overwhelmingly focused on domestic production," and added that,

We have a very substantial stake in the U.S. industry. We've grown through acquisition, first of Inland in 1998, then of ISG in 2005. In those two acquisitions alone, we spent over \$6 billion in acquiring those companies, leaving aside the hundreds of millions we've spent on investment since then.

Mittal USA's Posthearing Brief, Responses to Questions at Lane 7-8; Hearing Tr. at 218. Although Mittal Steel USA has a number of ties to subject producers and importers of subject merchandise, we do not find appropriate circumstances to exclude Mittal Steel USA from the domestic industry. The company accounts for a significant share of domestic production and is committed to the U.S. market. While it takes no position with respect to the orders on imports from Kazakhstan, Romania, and South Africa, its representative informed the Commission at the hearing that "we're not trying to get those orders lifted. We've taken no position, largely to be credible in front of you in saying, we can't convey that these operations will hurt business here. But, again, that's the reason for the no position. We're not trying to get those orders lifted." Hearing Tr. at 273. Finally there is no indication that Mittal Steel USA's affiliations with subject producers and importers of subject merchandise have skewed its performance compared to other domestic producers during the period of review. See CR/PR at Tables III-15 and E-3.

circumstances exist to exclude any of them from the domestic industry. We consequently define the domestic industry as all U.S. producers of hot-rolled steel products.

III. CUMULATION³⁶

A. Overview

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.³⁷

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(I) of the Act.³⁸ Because of the prospective nature of five-year reviews and the Commission's discretion with respect to cumulation, we consider significant conditions of competition that are likely to prevail with respect to each subject country if the orders under review are terminated.^{39 40}

The Commission may exercise its discretion to cumulate, however, 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 Commission generally has considered four factors intended to provide a framework for determining whether the imports compete

³⁶ Chairman Pearson and Commissioner Okun note that while they consider the same issues discussed in this section in determining whether to exercise their discretion to cumulate the subject imports, their analytical framework begins with whether imports from the subject countries are likely to face similar conditions of competition. For those subject imports which are likely to compete under similar conditions of competition, they next proceed to consider whether those imports are likely to compete with each other and with the domestic like product. Finally, if based on that analysis they intend to exercise their discretion to cumulate one or more subject countries, they analyze whether they are precluded from cumulating such imports because the imports from one or more subject countries, assessed individually, are likely to have no discernible adverse impact on the domestic industry. See Steel Concrete Reinforcing Bar From Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine, Invs. Nos. 731-TA-873-875, 877-880, and 882 (Review), USITC Pub. 3933 (July 2007) (Separate and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Regarding Cumulation).

³⁷ 19 U.S.C. § 1675a(a)(7).

³⁸ 19 U.S.C. § 1677(7)(G)(I).

³⁹ See, e.g., Allegheny Ludlum Corp. v. United States, Slip Op. 06-188 at 17 (Ct. Int'l Trade Dec. 22, 2006) (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews).

⁴⁰ Commissioner Lane and Commissioner Pinkert do not join in the Commission majority's consideration of significant conditions of competition, but apply an alternative analysis of other considerations. See Dissenting Views of Commissioner Charlotte R. Lane and Commissioner Dean A. Pinkert Regarding Cumulation. Commissioner Lane and Commissioner Pinkert join in this section only with respect to likelihood of no discernible adverse impact, likelihood of a reasonable overlap of competition, and cumulation of China, India, Indonesia, Taiwan, Thailand, and Ukraine.

with each other and with the domestic like product.⁴¹ Only a “reasonable overlap” of competition is required.⁴² In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from 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.⁴³ 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.⁴⁴ 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.

In the original investigations, the Commission cumulated subject imports from all subject countries for purposes of its material injury analysis.⁴⁵ The statutory threshold for cumulation is satisfied in these reviews, because all reviews were initiated on the same day – August 1, 2006.⁴⁶

Domestic Producers urge the Commission to cumulate subject imports from all subject countries on the basis that imports from each of the subject countries are likely to compete with each other and with the domestic like product,⁴⁷ imports from all the subject countries are likely to have a discernible adverse impact on the domestic industry,⁴⁸ and imports from each of the subject countries are likely to compete under similar conditions of competition.⁴⁹ In addition, certain Domestic Producers contend that producers

⁴¹ 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 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).

⁴² 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).

⁴³ 19 U.S.C. § 1675a(a)(7).

⁴⁴ SAA, H.R. Rep. No. 103-316, vol. I (1994).

⁴⁵ Original Determinations, USITC Pub. 3446 at 11-14.

⁴⁶ See 71 Fed. Reg. 43521 (Aug. 1, 2006).

⁴⁷ See Nucor’s Prehearing Brief at 8-9 and Exhibit 2; Mittal USA’s Prehearing Brief at 28-31; Mittal USA’s Posthearing Brief, Response to Questions at Pinkert 1-4; US Steel’s Prehearing Brief at 12-16; AK Steel’s Prehearing Brief at 1-2; AK Steel’s Posthearing Brief at 5; SDI’s Prehearing Brief at 7-9; SDI’s Posthearing Brief at 3-4.

⁴⁸ See Nucor’s Prehearing Brief at 9-25; Mittal USA’s Prehearing Brief at 8-26; US Steel’s Prehearing Brief at 18 and 27-97; AK Steel’s Prehearing Brief at 1-2; SDI’s Posthearing Brief at 4-5.

⁴⁹ See Nucor’s Prehearing Brief at 26-29; US Steel’s Prehearing Brief at 16-17; AK Steel’s Prehearing Brief at 2; AK Steel’s Posthearing Brief at 5-7; SDI’s Prehearing Brief at 3-7. Domestic Producers also maintain that the

(continued...)

in Kazakhstan, Romania, and South Africa will not compete in a different manner than the producers in the other subject countries, despite the related ownership interest of the producers in these countries and domestic producer Mittal USA.⁵⁰

Three respondents – Argentine Respondent, Thai Respondents, and Taiwan Respondent – have presented arguments contending that the Commission should determine not to cumulate each of their countries’ imports with those of all of the other subject countries.⁵¹ The Argentine Respondent argues all three cumulation considerations – no discernible adverse impact, reasonable overlap of competition, and different conditions of competition;⁵² the Thai Respondents’ argument is based only on different conditions of competition;⁵³ and the Taiwan Respondent argues both a lack of a likely reasonable overlap of competition and different conditions of competition.⁵⁴

B. Likelihood of No Discernible Adverse Impact

We consider all relevant factors in analyzing “no discernible adverse impact” in these reviews. Based on the record, we find that subject imports of hot-rolled steel from Argentina are likely to have no discernible adverse impact on the domestic industry if the countervailing duty and antidumping duty orders were revoked.⁵⁵ We do not find, however, that subject imports of hot-rolled steel from China,

⁴⁹ (...continued)

Commission should cumulate imports from Argentina and Thailand despite explicit requests by Argentine and Thai respondents not to do so. See, e.g., Nucor’s Posthearing Brief at 14-15 and Exhibit 1 at 35-40; Mittal USA’s Posthearing Brief at 13-15; US Steel’s Posthearing Brief, Exhibit 1 at 14-22 and 41-45.

⁵⁰ See Nucor’s Posthearing Brief at 11-14 and Exhibit 1 at 4-8 and 10; AK Steel’s Posthearing Brief at 5-7; SDI’s Posthearing Brief at 8-10; US Steel’s Posthearing Brief at 10-13.

⁵¹ Chinese Respondents indicate that their argument regarding the revocation of the antidumping order on China is made on the basis of whether China is considered individually or cumulatively, but they do not present any argument regarding cumulation and only focus on the particular circumstances relating to hot-rolled steel from China. See Chinese Respondents’ Prehearing Brief at 1 and 2.

⁵² See Siderar’s Prehearing Brief at 3-13; Siderar’s Posthearing Brief at 1-9, and Response to Commission Questions 1,3, 4-8 and 10-13, and Exhibit 1.

⁵³ See Thai Respondents’ Posthearing Brief at 1-2 and Exhibit 1 at 10-11; Thai Respondents’ Prehearing Brief at 1-23.

⁵⁴ See Taiwan Respondent’s Posthearing Brief at 4-8.

⁵⁵ Commissioner Lane considers all relevant factors in analyzing “no discernible adverse impact” in these reviews. She notes that the statute refers to no “discernible” adverse impact, rather than to a “significant” adverse impact, which would be more appropriate to the ultimate analysis of whether the domestic industry is likely to be materially injured upon revocation or termination. Due to this substantially lower threshold, the no discernible adverse impact analysis was not intended to be equivalent in scope to an analysis of likely material injury. See, e.g., Usinor Industeel, S.A. v. United States, __ F. Supp. 2d __, Slip Op. 03-118 at 6-7 (Ct. Int’l Trade September 8, 2003), aff’d per curiam, 112 Fed. Appx. 59 (Fed. Cir. Nov. 8, 2004)(to require a greater effect than discernable adverse impact “would defeat the purpose of cumulation, i.e., to guard against the “hammering” effect of imports which, in isolation, do not cause material injury.”)

The record in these reviews indicate that subject countries, which were all present in the U.S. market during the original period of investigation, exported subject merchandise during the period of review and maintain production capacity that could be diverted to the U.S. market upon revocation. Argentina’s exports, on an absolute basis, reached their highest levels over the period reviewed in 2005, while Argentina’s capacity increased by *** between 2001 and 2006. CR/PR at Table IV-11. This data indicate that Argentina is likely to have a discernable adverse impact on the domestic industry upon revocation.

Based on the record, Commissioner Lane does not find that subject imports from Argentina, China, India,
(continued...)

India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, or Ukraine are likely to have no discernible adverse impact on the domestic industry if the countervailing duty and antidumping duty orders are revoked.

1. Argentina

We find that subject imports from Argentina are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders. During the original investigations, the highest level of subject imports of hot-rolled steel from Argentina, 118,920 short tons in 2000, accounted for 0.2 percent of U.S. apparent consumption.⁵⁶ Since the orders were imposed, after declining in 2001 and 2002, subject imports from Argentina did not enter the U.S. market again, except for a minimal quantity imported in 2006, 198 short tons.⁵⁷

While Argentina currently has two producers of hot-rolled steel – Siderar and Acindar, ***.⁵⁸ The Argentine industry's capacity is one of the smallest of all subject countries⁵⁹ and has remained at levels comparable to those that prevailed during the original investigations. After small increases in production capacity in 2006 and 2007, capacity levels are expected to *** production.⁶⁰ Moreover, even with the small increases in capacity during the period of review, the already relatively high capacity utilization rate rose *** in 2006.⁶¹

The small Argentine hot-rolled steel industry is not export-oriented. In each year of the period of review, substantially all of Argentina's hot-rolled steel shipments have either been internally consumed or shipped to the home market.⁶² Its focus on domestic shipments (combined internal consumption and home market) accounted for an increasing share of total shipments, rising overall from *** in 2006.⁶³ Thus, the Argentine industry's exports as a share of total shipments, which were *** in the original investigations (in 2000) and *** in 2001, declined to *** in 2006.⁶⁴ The relatively small volume of

⁵⁵ (...continued)

Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, or Ukraine are likely to have no discernible adverse impact on the domestic industry if the countervailing duty or antidumping duty orders are revoked.

⁵⁶ CR/PR at Table I-1.

⁵⁷ CR/PR at Table I-1. There were no subject imports from Argentina reported for either interim period (January-June) 2006 or the same period in 2007. *Id.* at Table IV-1.

⁵⁸ CR at IV-22 and IV-28-29; PR at IV-17 and IV-19-20. These two firms also provided data in the original investigations. Acindar, which reportedly accounts for only about *** of hot-rolled steel production in Argentina, was part of the ArcelorMittal Group during the period of review. *Id.* In January 2006, Acindar sold its facilities that produced tube to Siderar. ***. CR at IV-28-29; PR at IV-20.

⁵⁹ Only the industries in *** appear relatively comparable in terms of capacity.

⁶⁰ CR at IV-23, IV-28-29 and Tables IV-10, IV-11, and IV-12; PR at IV-19, IV-19-20 and Tables IV-10, IV-11, and IV-12. Argentina production capacity was *** in 2006; capacity is projected to be *** in 2008. *Id.*

⁶¹ CR/PR at Table IV-11. Argentine capacity utilization was *** in interim period 2007; capacity utilization is projected to be *** in 2008. *Id.* at Tables IV-11 and IV-12.

⁶² Siderar provided an explanation of its strategy and the allocation of its hot-rolled steel shipments for downstream products which demonstrates that internal consumption would not likely be significantly diverted to other shipments. *Compare* Siderar's Final Comments at n. 6 *with* Nucor's Posthearing Brief, Exhibit 1 at 36.

⁶³ CR/PR at Table IV-11. The Argentine economy reportedly expanded by about ***, and demand for hot-rolled steel is expected to continue to increase by *** from 2007 to 2008, and by an additional *** in 2009. *Id.* at IV-30.

⁶⁴ CR/PR at Tables IV-10 and IV-11. Argentina's exports as a share of its total shipments were *** in interim period 2007; exports as a share of total shipments are projected to be *** in 2008. *Id.* at Tables IV-11 and IV-12.

shipments that are exported have been focused on customers located in South American markets, or to a diminishing extent, to long-time customers in European markets.⁶⁵

Siderar contends that it “has no plans to ship to the United States in the foreseeable future, and [it] is constrained from shipping to the U.S. market at more than negligible levels, at the most, that are not likely to present any identifiable harm to the domestic industry.”⁶⁶ The evidence in the record supports these claims. Subject imports from Argentina primarily oversold the domestic product in the original investigations.⁶⁷

For all of these reasons, we find that subject imports from Argentina are likely to have no discernible adverse impact on the domestic industry within a reasonably foreseeable time in the event of revocation of the countervailing duty and antidumping duty orders on subject imports from Argentina, and, accordingly, we conclude that the statute precludes cumulation of subject imports from Argentina with other subject imports.

2. China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine

By contrast, we do not find that subject imports from China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, or Ukraine are likely to have no discernible adverse impact on the domestic industry in the event of revocation of orders covering those imports. In these reviews, each of these subject countries has the capacity to produce subject merchandise in appreciable volumes, although there is considerable disparity in the sizes of the industries in the nine individual countries.⁶⁸ The hot-rolled steel industries in each of these nine subject countries export a large percentage of total shipments or, particularly in the case of China, substantial volumes of the subject merchandise.⁶⁹

⁶⁵ CR at IV-31 and Table IV-11; PR at IV-20-21 and Table IV-11. Siderar, which is part of the regional corporation Ternium, indicated that its corporate parent’s strategy is for each of its mills to focus on its home markets as priority markets and that its exports ***. CR at IV-31; PR at IV-20-21.

⁶⁶ Siderar’s Prehearing Brief at 12-13; Siderar’s Posthearing Brief at 1-2, Response to Commission Question 12, and Exhibit 1.

⁶⁷ CR/PR at Table V-7. We recognize that a number of U.S. producers sell lighter weight coils, and that Siderar meets ASTM and more restrictive European tolerances so that any differences would only lessen but not preclude interchangeability. CR at I-37 and II-12; PR at I-34 and II-9; see, e.g., Nucor’s Posthearing Brief at Exhibit 1 at 35-37; US Steel’s Posthearing Brief, Exhibit 1 at 41-45; US Steel’s Final Comments at 10-12; Siderar’s Prehearing Brief at 3 and 4; Siderar’s Posthearing Brief at 2 and 3, and Response to Commission Questions 1, 3, and 13; Hearing Tr. at 457-458.

⁶⁸ CR/PR at Tables IV-15 and 17 (2006 *China* capacity 57.6 million short tons (questionnaire responses) and ***); Tables IV-21 and 23 (2006 *India* capacity ***); Table IV-27 (2006 *Indonesia* capacity ***); Table IV-31 (2006 *Kazakhstan* capacity ***); Table IV-35 (2006 *Romania* capacity ***); Table IV-40 (2006 *South Africa* capacity ***); Table IV-44 (2006 *Taiwan* capacity ***); Table IV-48 (2006 *Thailand* capacity ***); and Table IV-52 (2006 *Ukraine* capacity ***).

⁶⁹ CR/PR at Table IV-15 (reported *Chinese* exports as a share of total shipments increased from 2.0 percent in 2001 to 9.0 percent in 2006, and its reported volume of total exports was 5.0 million short tons in 2006); Tables IV-21 and IV-25 (reported *Indian* exports as a share of total shipments ranged from a low of *** in 2006; while India’s reported volume of total exports was *** in 2006, its total exports were 1.7 million short tons in 2006 based on Global Trade Atlas data); Table IV-29 (*Indonesian* total exports were 518,824 short tons in 2006 based on Global Trade Atlas data); Table IV-31 (*Kazakh* exports as a share of total shipments ranged from a low of *** in 2006, and its volume of total exports was *** in 2006; Table IV-35 (*Romanian* exports as a share of total shipments ranged from a low of *** in 2006, and its volume of total exports was *** in 2006; Table IV-40 (*South African* exports as a share of total shipments ranged from a high of *** in 2006, and its volume of total exports was *** in 2006; Table

(continued...)

Hot-rolled steel manufactured in each of these nine subject countries shares the same essential chemical and physical properties, and does not differ from hot-rolled steel produced in the United States. The degree of substitution depends on the characteristics and requirements for a specific application or end use and not necessarily on whether it is domestically produced or imported hot-rolled steel.⁷⁰ Competition is likely to be priced-based in light of the reported importance of price in purchasing decisions.⁷¹ Prices for hot-rolled steel in the U.S. market are appreciably higher than those in most third country markets, except those in the European Union.⁷² Consequently, underselling, as occurred for imports from these nine subject countries during the original investigation,⁷³ by even relatively small volumes of dumped or subsidized imports would be likely to have noticeable price-depressing or -suppressing effects.

Based on these considerations, we do not find that subject hot-rolled steel from China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, or Ukraine would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

C. Likelihood of a Reasonable Overlap of Competition

With regard to likely overlap of competition, the relevant inquiry is whether there would likely be competition even if there are no current imports from a subject country.⁷⁴ Only a “reasonable overlap” of competition is required.⁷⁵ In the original investigations, the Commission determined on balance that there was a reasonable overlap of competition and cumulated subject imports from all subject countries.⁷⁶ We next analyze the four factors the Commission typically examines in determining whether there will be a likely overlap of competition.

Fungibility. While some quality differences and differences in product mix exist, domestically produced and imported hot-rolled steel generally are interchangeable and are fungible products. Subject imports and domestic product share the same essential chemical and physical properties. Hot-rolled steel is generally manufactured to standard specifications, including those established by ASTM.⁷⁷ The degree of substitution depends on the characteristics and requirements for a specific application or end use and not necessarily on whether it is domestically produced or imported hot-rolled steel.

⁶⁹ (...continued)

IV-44 (*Taiwan* exports as a share of total shipments ranged from a low of *** in 2006, and its volume of total exports was *** in 2006; Table IV-48 (*Thai* exports as a share of total shipments ranged from a low of *** in 2006, and its volume of total exports was *** in 2006; and Table IV-54 (*Ukrainian* total exports were 4.2 million short tons in 2006 based on Global Trade Atlas data).

⁷⁰ Virtually all responding U.S. producers and the majority of U.S. importers and purchasers reported that domestic and imported products are always or frequently interchangeable. CR at II-43 and Table II-7; PR at II-30 and Table II-7.

⁷¹ CR at II-31 and Table II-3; PR at II-21 and Table II-3.

⁷² CR/PR at Tables IV-61 and IV-62.

⁷³ CR/PR at Table V-7.

⁷⁴ See generally *Cheflene Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

⁷⁵ See *Mukand Ltd. v. United States*, 937 F. Supp. 910, 917 (Ct. Int'l Trade 1996).

⁷⁶ *Original Determinations*, USITC Pub. 3446 at 11-14.

⁷⁷ CR at I-37, n. 46; PR at I-34, n. 46.

Virtually all responding U.S. producers and the majority of U.S. importers and purchasers reported that domestic and imported products are always or frequently interchangeable.⁷⁸ The majority of producers and purchasers who compared subject imports from different sources also found them to be always or frequently interchangeable with one another.⁷⁹ The majority of purchasers indicated that they required certain quality characteristics, which are considered readily available from both U.S. producers and from all subject countries.⁸⁰ In comparisons between the U.S. product and product from each subject country, a majority of purchasers reported that the products were comparable, with the exception of the comparison with India, for which responses were split between ranking the U.S. product superior to the Indian product and ranking it comparable.⁸¹

Channels of Distribution. The majority of both domestically produced and imported hot-rolled steel were shipped to distributors/processors/service centers.⁸² U.S. producers and importers also ship hot-rolled steel to manufacturers of tubular products and other end users, including automobile assemblers and suppliers, although in different proportions.⁸³ This is the same distribution pattern observed in the original investigations.

Simultaneous Presence and Geographic Overlap. With respect to simultaneous presence, imports from each of the subject countries have been present in the U.S. market during at least some portion of the period of review.⁸⁴ Despite low levels of imports from some of the subject countries during the period of review, subject imports and domestic product are sold in the same geographic markets,⁸⁵ and U.S. producers and importers reported nationwide sales.⁸⁶ Similarly, in the original investigations, U.S. producers and importers reported competing in the same geographic market areas.

Conclusion. The record indicates that the likely reasonable overlap in competition criteria are satisfied. Both U.S.-produced hot-rolled steel and subject imports from all sources generally are fungible, are primarily shipped to distributors/processors/service centers, have geographic overlaps in sales, and have been simultaneously present in the U.S. market during some portion of the period of review. We

⁷⁸ CR at II-43 and Table II-7; PR at II-30 and Table II-7.

⁷⁹ CR at II-47 and Table II-7; PR at II-30 and Table II-7. Responses from U.S. importers were more mixed, with most reporting always or frequently interchangeable for most country comparisons; comparisons for which a relatively large number of importers reported sometimes interchangeable included China versus Ukraine, Indonesia versus Thailand, and Taiwan versus Thailand. *Id.*

⁸⁰ CR at II-32 and Table II-4; PR at II-22 and Table II-4. The majority of responding purchasers requiring the quality characteristics tended to buy from all sources regardless of country of origin. CR at II-32; PR at II-22. There are a limited number of purchasers that indicated that they would not buy from certain sources based on these quality characteristics; these responses were concentrated in comparisons related to Kazakhstan, Romania, and Ukraine. *Id.*

⁸¹ CR at II-36-37 and Table II-6; PR at II-24 and Table II-6.

⁸² CR/PR at II-1 and Table I-13. We note that internal consumption and transfers to related firms, which accounted for 61.3 percent of total U.S. producers' shipments and 32.4 percent of total U.S. importers' shipments in 2006, is included in this U.S. shipment data; U.S. producers and importers generally categorized their internal consumption/transfers data as U.S. shipments to distributors/processors/service centers. *Id.* at Table I-13, n. 1. In 2006, 58.6 percent of U.S. producers' U.S. shipments of hot-rolled steel and 60.9 percent of importers' U.S. shipments were sold to distributors/processors/service centers. *Id.* at II-1 and Table I-13.

⁸³ CR/PR at II-1 and Table I-13.

⁸⁴ CR/PR at Table IV-5.

⁸⁵ CR at II-2 and Tables II-1 and IV-13; PR at II-1 and Tables II-1 and IV-13.

⁸⁶ CR at IV-13; PR at IV-11.

consequently find that there likely will be a reasonable overlap in competition between imports of hot-rolled steel from each subject country and the domestic like product, and among subject hot-rolled steel imports from each subject country.

D. Other Considerations⁸⁷

Based on our review of the record, we find that subject imports from Kazakhstan, Romania, and South Africa would not be likely to compete under similar conditions of competition with subject imports from the remaining subject countries – China, India, Indonesia, Taiwan, Thailand, and Ukraine. We consequently exercise our discretion to cumulate subject imports for two separate groups of subject countries; that is, we cumulate subject imports from Kazakhstan, Romania, and South Africa with each other, and separately cumulate subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine with each other.

1. Kazakhstan, Romania, and South Africa

As previously stated, domestic hot-rolled steel producer Mittal USA is owned by Mittal Steel Co., NV, which announced its merger with Arcelor S.A. to create a new entity ArcelorMittal by the end of 2007.⁸⁸ Mittal USA is a very significant domestic producer; it has six hot-rolled steel facilities and accounted for a substantial share, ***, of domestic hot-rolled steel production in 2006.⁸⁹ Mittal Steel Co., NV also owns Mittal Steel Temirtau (a manufacturer and exporter of hot-rolled steel in Kazakhstan), Mittal Steel Galati (a manufacturer and exporter of hot-rolled steel in Romania), Mittal Steel South Africa (a manufacturer and exporter of hot-rolled steel in South Africa), and Mittal Steel North America (***)⁹⁰ Mittal Temirtau, Mittal Galati, and Mittal SA, respectively, account for virtually all production of subject merchandise in Kazakhstan, Romania, and South Africa.⁹¹ There is no similar relationship between any combination of U.S. producers and subject producers that control all or virtually all production in any of the remaining subject countries.

The Mittal Group operates a unified sales network to “manage[] sales in territories where the Group is not a producer” and Mittal USA essentially has a “veto power” over whether imports from a

⁸⁷ Commissioners Lane and Pinkert do not join in this analysis of other considerations. Where, in a five-year review, they do not find that the subject imports are likely to have no discernible adverse impact on the domestic industry and find that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, they cumulate such imports unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted.

In these reviews, they find there is no such condition or propensity. See Dissenting Views of Commissioner Charlotte R. Lane and Commissioner Dean A. Pinkert Regarding Cumulation.

⁸⁸ Mittal USA, was created from the acquisition/consolidation of the assets of various former steel companies, including Acme Steel, LTV, Bethlehem Steel, Ispat Inland, and Weirton Steel. CR/PR at Table I-15. Mittal Steel Co., NV was formed in 2005, as the result of a merger between Ispat International and LMN Holdings. In 2006, Mittal Steel Co. NV announced its merger with Arcelor SA, creating a new entity ArcelorMittal; the legal completion of the merger between Mittal and Arcelor is expected by the end of 2007. Id. at Tables III-1 and III-4.

⁸⁹ CR/PR at Table I-14.

⁹⁰ CR at I-47 and Tables I-14 and I-16; PR at I-42 and Tables I-14 and I-16.

⁹¹ CR at IV-68, IV-77, and IV-88-89; PR at IV-39, IV-45, and IV-48. While there is an additional producer of hot-rolled steel in South Africa, Highveld Steel and Vanadium Corp. Ltd., Mittal SA accounts for *** of hot-rolled production in South Africa. Only Mittal SA responded to the Commission’s questionnaire. CR at IV-88-89; PR at IV-48.

sister foreign facility enter the U.S. market.⁹² Specifically, at the Commission hearing, ArcelorMittal's president and chief executive officer of Flat Products-Americas testified under oath:

Nothing comes into this market or, for that matter, any other market where we operate, where we bring material in from another part of world without . . . the approval and management of the marketing, or commercial organization, in that home country. So the interest of the home country takes precedence.⁹³

The incorporation of a large U.S. producer in a single unified entity that controls virtually all production of subject hot-rolled steel in Kazakhstan, Romania, and South Africa will likely result in the ArcelorMittal Group companies competing in the U.S. hot-rolled steel market in a different manner than the industries in any of the other subject countries, which individually or in the aggregate lack any similar relationship with the domestic hot-rolled steel industry. Concerns raised by certain other domestic producers provide added support that the ArcelorMittal Group would likely compete in the U.S. market under different conditions of competition than other subject imports.⁹⁴

2. China, India, Indonesia, Taiwan, Thailand, and Ukraine

We next find that there are no significant distinctions in likely conditions of competition between subject hot-rolled steel imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine. We therefore cumulate subject hot-rolled steel imports from these remaining subject countries.

The production capacity in each of these subject countries increased substantially, and particularly in the case of China and India was relatively large, over the period of review.⁹⁵ Moreover, the hot-rolled steel industries in each of these six subject countries exports a large percentage of total

⁹² Mittal USA's Posthearing Brief, Responses to Questions at Aranoff 9 and 10, Pearson 12 and 13, and Pinkert 6.

⁹³ Mittal USA's Final Comments at 12 (emphasis in original), quoting from Mr. Schorsch's (ArcelorMittal's president and chief executive officer of Flat Products-Americas) testimony at the hearing. In his testimony, Mr. Schorsch indicated that "we do import some material into the states in a variety of products" but he also reiterated that "all the commercial decisions are made by the people in the home market, whether that's importing material from the Ukraine into Europe, or from Europe into the states." Hearing Tr. at 218-219.

⁹⁴ US Steel's Posthearing Brief at 10-13 and Hearing Tr. at 184, 222, and 267 ("Mittal will do what's good for Mittal globally," including causing injury to other domestic producers "by serving parts of the United States where it does not have a manufacturing presence through imports."); see also Nucor's Posthearing Brief at 11-14 and Exhibit 1 at 4-10; AK Steel's Posthearing Brief at 8-10; SDI's Posthearing Brief at 5-7. Nucor points to statements by Mittal USA's representative that "Mittal Steel USA's sister companies would not export to the United States in a manner that would harm Mittal Steel USA" to contend that ultimate decisions on exports and imports are made by the ArcelorMittal management for the benefit of the entire company which "might not injure Mittal Steel USA's shipments, [but] it would clearly injure other members of the domestic industry." Nucor's Posthearing Brief at 11-13 and Exhibit 1 at 4-8, with references to Hearing Tr. at 217-219, 271, and 334-335; see also Nucor's Posthearing Brief at 13 ("Mittal Steel USA's divestiture of Sparrows Point, its closure of hot-rolling operations at Weirton, and its indefinite shutdown of Cleveland West call into question whether Mittal Steel USA's interests and motivations are fundamentally different from those of the rest of the domestic industry.").

⁹⁵ CR/PR at Tables IV-15 and 17 (2006 *China* capacity 57.6 million short tons (questionnaire responses) and ***); Table IV-21 and 23 (2006 *India* capacity ***); Table IV-27 (2006 *Indonesia* capacity ***); Table IV-44 (2006 *Taiwan* capacity ***); Table IV-48 (2006 *Thailand* capacity ***); and Table IV-52 (2006 *Ukraine* capacity ***).

shipments or, particularly in the case of China, substantial volumes of hot-rolled steel.⁹⁶ Unlike Kazakhstan, Romania, and South Africa, there are no relationships between any combination of U.S. producers and subject producers that control all or essentially all production in any of these subject countries.

Taiwan and Thai respondents have presented arguments contending that imports from each of these countries would likely compete under different conditions than those pertaining to each of the other subject countries.⁹⁷ As discussed below, the evidence in the record does not support their claims that differences, if any, would likely be significant.

While we recognize that the reported capacity in Taiwan – already relatively large – did not increase over the period of review, production did.⁹⁸ Increases in production by the producers in Taiwan led to increases in the volumes of shipments exported. Reported capacity utilization levels were ***. Exports as a share of Taiwan’s shipments and/or volumes of exports were similar to those of the other remaining subject countries.⁹⁹

Thailand was not the only net importer during the period of review; China, India, and Indonesia also were net importers of hot-rolled steel, with the latter two countries remaining net importers as of 2006.¹⁰⁰ The fact that the majority of Thai shipments are to the home market does not differ from other subject countries (e.g., China, India, and Taiwan).¹⁰¹ Moreover the Thai focus on the home market has not changed as a share of its shipments, while its exports as a share of shipments have increased substantially over the period of review, and are projected to increase both in volume and as a share of shipments in 2007 and 2008.¹⁰²

Accordingly, we do not find different conditions of competition sufficient to warrant our declining to exercise our discretion to cumulate subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine.

⁹⁶ CR/PR at Table IV-15 (reported *Chinese* exports as a share of total shipments increased from 2.0 percent in 2001 to 9.0 percent in 2006, and its reported volume of total exports was 5.0 million short tons in 2006); Tables IV-21 and IV-25 (reported *Indian* exports as a share of total shipments ranged from a low of *** in 2006; while India’s reported volume of total exports was *** in 2006, its total exports were 1.7 million short tons in 2006 based on Global Trade Atlas data); Table IV-29 (*Indonesian* total exports were 518,824 short tons in 2006 based on Global Trade Atlas data); Table IV-44 (*Taiwan* exports as a share of total shipments ranged from a low of *** in 2006, and its volume of total exports was *** in 2006; Table IV-48 (*Thai* exports as a share of total shipments ranged from a low of *** in 2006, and its volume of total exports was *** in 2006; and Table IV-54 (*Ukrainian* total exports were 4.2 million short tons in 2006 based on Global Trade Atlas data).

⁹⁷ See, e.g., Taiwan Posthearing Brief at 6-8; Thai Respondents’ Posthearing Brief at 1-2 and Exhibit 1 at 10-11; Thai Respondents’ Prehearing Brief at 1-23. Arguments regarding cumulation were not made for any of the other remaining subject countries.

⁹⁸ CR/PR at Table IV-44.

⁹⁹ Compare CR/PR at Table IV-44 with Tables IV-7 and IV-15 (China), IV-19 and IV-25 (India), IV-29 (Indonesia), IV-48 (Thailand), and IV-54 (Ukraine).

¹⁰⁰ See CR/PR at Tables IV-8, IV-17, IV-23, IV-24, and IV-48.

¹⁰¹ See CR/PR at Tables IV-15, IV-21, IV-44, and IV-48.

¹⁰² CR/PR at Tables IV-48 and IV-49. As Thai export shipments as a share of its total shipments have increased, its internal consumption’s share of shipments has declined from *** in 2006. *Id.* In contending that increases in Thai production capacity are being made to displace Thai imports of hot-rolled steel, Thai respondents point to ***. See Thai Respondents’ Prehearing Brief at 12-14; Thai Respondents’ Posthearing Brief at 1-2, Exhibit 1 at 8-9 and 12-14, and Exhibit 1A; Thai Respondents’ Final Comments at 2-3. However, the evidence demonstrates that *** export shipments when data for 2006 is compared to projections for 2007 and 2008. See Thai Respondents’ Prehearing Brief at 12-14 and CR/PR at Tables IV-48 and IV-49.

Conclusion. In sum, we determine that subject imports from Argentina are likely to have no discernible adverse impact on the domestic industry in the event of revocation, and are therefore ineligible for cumulation. With respect to the remaining countries, we find that the no discernible adverse impact exception to cumulation does not apply and that there would likely be a reasonable overlap of competition between subject imports from each country and the domestic like product as well as among subject imports from each country. We also determine that, based on the existence of unique conditions of competition, subject imports from Kazakhstan, Romania, and South Africa would not be likely to compete under similar conditions of competition with the subject imports from the remaining countries – China, India, Indonesia, Taiwan, Thailand, and Ukraine.

Accordingly, for the reasons discussed above, we consider subject imports from Argentina separately from all other subject imports, we exercise our discretion to cumulate subject imports from Kazakhstan, Romania, and South Africa and consider them separately from all other subject imports, and we exercise our discretion to cumulate subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standards

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing 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 or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”¹⁰³ The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual 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.”¹⁰⁴ Thus, the likelihood standard is prospective in nature.¹⁰⁵ 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.^{106 107 108}

¹⁰³ 19 U.S.C. § 1675a(a).

¹⁰⁴ SAA at 883-84. 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.

¹⁰⁵ 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.

¹⁰⁶ 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, 140 Fed.Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (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, (continued...)

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.”¹⁰⁹ 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.”¹¹⁰

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.”¹¹¹ 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).¹¹²

As noted above, the Commission has relatively complete coverage for the domestic industry and for foreign producers in Argentina, Kazakhstan, Romania, South Africa, Taiwan, and Thailand.¹¹³ Foreign producer coverage, however, was substantially less than complete for China and India, and no foreign producers from Indonesia or Ukraine responded to the Commission questionnaires.¹¹⁴ We have relied on the facts otherwise available when appropriate in these reviews, which consist primarily of

¹⁰⁶ (...continued)

26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

¹⁰⁷ For a complete statement of Commissioner Okun’s interpretation of the likely standard, see 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).

¹⁰⁸ 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), 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 these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

¹⁰⁹ 19 U.S.C. § 1675a(a)(5).

¹¹⁰ 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.*

¹¹¹ 19 U.S.C. § 1675a(a)(1).

¹¹² 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-23, n.27; PR at I-21, n.27. 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.

¹¹³ CR at I-21 and I-22; PR at I-20.

¹¹⁴ CR at I-21 and I-22; PR at I-20.

information from the original investigations, information submitted in these reviews, and information available from published sources collected in these reviews.^{115 116}

In evaluating the likely volume of imports of subject merchandise if the orders under review 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.¹¹⁷ 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.¹¹⁸

In evaluating the likely price effects of subject imports if the orders under review are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports 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.¹¹⁹

In evaluating the likely impact of imports of subject merchandise if the orders under review 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

¹¹⁵ 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to 19 U.S.C. § 1677m(i). The verification requirements in 19 U.S.C. § 1677m(i) are applicable only to Commerce. See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int’l Trade 2002) (“the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.”).

¹¹⁶ Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

¹¹⁷ 19 U.S.C. § 1675a(a)(2).

¹¹⁸ 19 U.S.C. § 1675a(a)(2)(A-D).

¹¹⁹ 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.

product.¹²⁰ 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.^{121 122} As instructed by the statute, we

¹²⁰ 19 U.S.C. § 1675a(a)(4).

¹²¹ 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.

Commerce expedited its determinations in all of these reviews and found that revocation of the countervailing duty and antidumping duty orders would be likely to lead to continuation or recurrence of dumping. Regarding Argentina, Commerce found likely subsidy margins of 41.69 percent for Siderar and all others, and likely dumping margins of 44.59 percent for Siderar and 40.60 percent for all others. CR/PR at Tables I-9 and I-10; 71 Fed. Reg. 70506 (Dec. 5, 2006); 71 Fed. Reg. 70960 (Dec. 7, 2006). Regarding China, Commerce found likely dumping margins of 12.39 percent for Baoshan Iron & Steel, Baosteel Group International Trade, and Shanghai Baosteel Group; 31.09 percent for Angang Group Hong Kong, Angang Group International Trade, and New Iron & Steel; 57.19 percent for Bengang Steel Plates, Benxi Iron & Steel Group, and Benxi Iron & Steel Group International Economic & Trade; 65.59 percent for Panzhihua Iron & Steel and Wuhan Iron & Steel Group; and 90.83 percent for all others. Id. Regarding India, Commerce found likely subsidy margins of 12.90 percent for Essar, 13.79 percent for TISCO, 22.89 percent for SAIL, 36.51 percent for Ispat, and 20.72 percent for all others; and likely dumping margins of 36.53 percent for Essar, 44.40 percent for Ispat Industries, and 38.72 percent for all others. Id. Regarding Indonesia, Commerce found likely subsidy margins of 10.21 percent for P.T. Krakatau Steel and all others, and likely dumping margins of 47.86 percent for P.T. Krakatau Steel and all others. Id. Regarding Kazakhstan, Commerce found likely dumping margins of 243.46 percent for Ispat Karmet and all others. Id. Regarding Romania, Commerce found likely dumping margins of 16.29 percent for Metagrimex Business Group, 16.34 percent for Sidex, 18.04 percent for Metalexportimport, 21.59 percent for Metanef, and 88.62 percent for all others. Id. Regarding South Africa, Commerce found likely subsidy margins of 5.76 percent for Saldanha/Isacor and all others, and likely dumping margins of 9.28 percent for Highveld/Vanadium, Isacor/Saldanha, and all others. Id. Regarding Taiwan, Commerce found likely dumping margins of 29.14 percent for An Feng Steel and China Steel/Yieh Loong, and 20.28 percent for all others. Id. Regarding Thailand, Commerce found likely subsidy margins of 2.38 percent for SSI and all others, and likely dumping margins of 20.30 percent for Siam Strip Mill and 4.44 percent for all others. Id. (The antidumping duty order with respect to SSI was revoked. 71 Fed. Reg. 28659 (May 17, 2006)). Regarding Ukraine, Commerce found likely dumping margins of 90.33 percent for all others. CR/PR at Table I-10; 71 Fed. Reg. 70506 (Dec. 5, 2006).

¹²² In addition, the statute provides that “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.” 19 U.S.C. § 1675a(6). In its unpublished Issues and Decision Memorandum issued in these reviews, Commerce described eight programs with respect to hot-rolled steel from Argentina, and found that three of these programs (Rebate of Indirect Taxes (Reembolso), Pre- and Post-Shipment Export Financing, and Zero-Tariff Turn Key Bill) fall within the meaning of Article 3. Commerce described 11 programs with respect to hot-rolled steel from India, and found that four of these programs (Advance Licenses, Duty Entitlement Passbook Scheme, Export Promotion of Capital Goods Scheme (EPCGS), Pre-Shipment and Post-Shipment Export Financing) fall within the meaning of Article 3. Commerce described two programs with respect to hot-rolled steel from Indonesia, and found that none of them fall within the meaning of Article 3. Commerce described four programs with respect to hot-rolled steel from South Africa, and found that one of these programs (Wharfage Fees for Exports) falls within the meaning of Article 3. Commerce described five programs with respect to hot-rolled steel from Thailand, and found that one of these programs (IPA Section 36(1)) falls within the meaning of Article 3. *Issues and Decisions Memorandum for Final Results of Expedited Sunset Reviews of the Countervailing Duty Orders on Certain Hot-Rolled Carbon Steel Flat Products from Argentina, India, Indonesia, South Africa, and Thailand* (Nov. 29, 2006).

have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.¹²³

B. Findings in the Original Investigations

In the original determinations, the Commission found that despite declines over the period of investigation in apparent domestic consumption in both the merchant market and overall, cumulated subject imports rose significantly; between 1998 and 2000, the volume of subject imports increased by 203.4 percent.¹²⁴ Subject imports' market share rose from 1.9 percent of apparent domestic consumption and 4.4 percent of the merchant market in 1998 to 5.9 percent of apparent domestic consumption and 14.8 percent of the merchant market in 2000. The Commission found that domestic shipments – whether total, merchant market, or a specific segment of the market (e.g., minimill shipments) – either did not keep pace with increases in subject imports or declined as subject imports increased. The Commission also recognized that inventories remained high at the end of the period of investigation and continued to exert downward pressure on orders for the domestic like product. Accordingly, the Commission found that subject import volume, both in absolute terms and relative to consumption in the United States, was significant.

With respect to price effects, the Commission found that price is an important factor in purchasing decisions.¹²⁵ During the period of investigation, the Commission observed that prices declined sharply first as the volume of the unfairly traded imports from Brazil, Japan, and Russia entered the market, began to rise after relief was granted against imports from those countries, but then fell sharply to generally their lowest levels. Throughout most of the period of investigation subject imports consistently undersold the domestic like product. Prices generally did not recover to the levels seen in early 1998, despite increases in apparent domestic consumption in late 1999 and early 2000. The Commission noted that this limited price recovery occurred during the same quarters that subject import volume increased sharply and subject imports undersold the domestic like product, which it found indicated that subject imports significantly suppressed prices in late 1999 and in early 2000. Additionally, inventory overhangs, to which subject imports contributed, continued to exert a negative influence on domestic prices. Accordingly, the Commission found that subject imports had had significant adverse effects on domestic prices during the period of investigation.

With respect to the impact of cumulative subject imports on the domestic industry, the Commission found that the domestic industry's financial performance was poor throughout most of the original period of investigation.¹²⁶ Several domestic producers entered Chapter 11 bankruptcy proceedings and two ceased operations altogether, despite increases in both commercial shipments and production for downstream processing. The Commission recognized that the industry's performance in the early portion of the period of investigation reflected the adverse effects of unfairly traded hot-rolled steel imports from Brazil, Japan, and Russia and that the industry had gained some benefit from the import relief imposed on such imports. But it found that this improvement did not last and that virtually every financial and production indicator was lower in interim 2001 than in interim 2000. While the Commission recognized that the industry's condition was affected by a decline in consumption, it also

¹²³ 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.

¹²⁴ See Original Determinations, USITC Pub. 3446 at 19-21.

¹²⁵ See Original Determinations, USITC Pub. 3446 at 21 and 22.

¹²⁶ See Original Determinations, USITC Pub. 3446 at 23-26.

found that domestic shipments and production contracted at a time when overall apparent consumption was still strong and while rapidly increasing subject imports gained sales from the domestic industry largely through underselling.

The Commission concluded that there had been significant increases in the volume and market share of subject imports, and that the subject imports had undersold the domestic like product and had a significant suppressing and depressing effect on domestic prices, resulting in a decline in the overall condition of the industry. Thus, it found that the subject imports were having a significant adverse impact on the domestic industry.

C. 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.”^{127 128}

1. Original Determinations

In the original determinations, the Commission first determined that the captive production provision applied.¹²⁹ The Commission indicated that, thus, it would “focus our analysis primarily on the merchant market for hot-rolled steel products in considering market share and financial performance of the domestic industry.”¹³⁰

The Commission identified several other pertinent conditions of competition.¹³¹ With respect to demand, it observed that demand for hot-rolled steel was derived from demand for downstream products, such as pipes and tubes, automobiles, trucks, appliances, and machinery. It noted that, during the period of investigation, apparent consumption in both the merchant market and overall had declined.

With respect to supply, the Commission found that the domestic industry consisted of integrated producers using basic oxygen furnaces (“BOFs”) and non-integrated producers, which used electric arc furnaces (“EAFs”) or purchased, rather than produced, their slabs. Domestic producers steadily increased capacity between 1998 and 2000, despite the fact that bankruptcy affected numerous firms, thereby removing an estimated *** percent of capacity from the domestic industry in 2000. The Commission recognized that although the source of imports changed during the period of investigation, imports remained an important segment of the market.

The Commission found there are no effective substitutes for hot-rolled steel and that there is a fair degree of substitutability among hot-rolled steel products from various countries, and also between

¹²⁷ 19 U.S.C. § 1675a(a)(4).

¹²⁸ In view of the nature of this industry and market, for purposes of these reviews, and based on the facts on this record, we have given significantly greater weight to developments likely to occur in the next two years than to those pertaining to later dates, although we cite other information as appropriate. We recognize that certain domestic producers suggested a longer timeframe (three years) might be appropriate, but also indicated in the alternative that the Commission consider a two-year period through the end of 2009. See Nucor’s Prehearing Brief at 42-44; Nucor’s Posthearing Brief, Exhibit 1 at 18-19; accord Mittal USA’s Posthearing Brief, Response to Commission Questions at Williamson 4-7. See also U.S. Auto Producers’ Prehearing Brief at 30 and n.77; Thai Respondents’ Posthearing Brief, Exhibit 1 at 16-20; Siderar’s Posthearing Brief at Response to Commission Question 9.

¹²⁹ The Commission has stated that the statutory captive production provision does not apply to five-year reviews. See, e.g., Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review), USITC Pub. 3767 (April 2005) at 29 n. 165.

¹³⁰ Original Determinations, USITC Pub. 3446 at 15 and 16.

¹³¹ See Original Determinations, USITC Pub. 3446 at 16-19.

subject imports and the domestic like product. Finally, the Commission observed that service centers, processors, and distributors are important purchasers of hot-rolled steel and that most sales of both domestically produced hot-rolled steel and subject imports were made in the spot market.

While many of these conditions of competition continue to exist in these current reviews, there are some differences which we also find relevant to our determinations in these reviews.

2. Demand

U.S. demand for hot-rolled steel continues to depend on the level of demand for certain downstream uses, such as automobile and auto parts manufacturing, appliances manufacturing, cold-rolled steel, and pipe and tube, and generally tends to follow the broad demand trends in the U.S. economy.¹³² In 2006, approximately 60 percent of total domestic shipments of certain hot-rolled steel was either consumed internally within domestic mills or transferred to affiliated companies for further processing.¹³³ The primary use for these intra-company transfers is in the production of cold-rolled steel and pipe and tube products. Hot-rolled steel is the only product that can be used to make cold-rolled steel, which in turn may be further processed into galvanized steel or tin- and chromium-coated steel sheets.¹³⁴ Thus, demand for hot-rolled steel also is driven by the demand for these finished downstream products.¹³⁵

For commercial market shipments of hot-rolled steel, the automotive sector accounted for approximately 49 percent of domestic shipments, with approximately 38 percent shipped to the construction sector; remaining shipments were to other sectors, such as agricultural and manufacturers of machinery, industrial equipment, and tools.¹³⁶ Based on Commission questionnaire responses, U.S. producers reported in 2006 that 58.6 percent of their total U.S. shipments were to distributors/processors/service centers, 19.7 percent to manufacturers of tubular products, and 21.7 percent to other end users.¹³⁷ Importers reported similar percentages for shipments of U.S. imports of hot-rolled steel.¹³⁸ While there may be different business cycles for the different end user industries, the majority of

¹³² CR at II-1 and II-22; PR at II-1 and II-15.

¹³³ CR/PR at Table III-10.

¹³⁴ CR at II-22-23; PR at II-15-16.

¹³⁵ For commercial shipments of cold-rolled steel, the automotive sector accounted for approximately 48 percent of domestic shipments in 2006, followed by appliance/utensils/cutlery sector (approximately 14 percent), electrical equipment sector (approximately 11 percent), and containers/packaging/shipping material sector (approximately 10 percent). CR at II-23; PR at II-16. For commercial shipments of galvanized steel, the automotive sector accounted for approximately 64 percent of domestic shipments in 2006, followed by the construction/contractors' products sector (approximately 28 percent), appliance/utensils/cutlery sector (approximately 6 percent), and electrical equipment sector (approximately 1 percent). The vast majority of tin- and chromium-coated steel was shipped to the containers/packaging/shipping material sector. Id.

¹³⁶ CR at II-23; PR at II-16.

¹³⁷ CR/PR at Table I-13. Internal consumption and transfers to related firms, which accounted for 61.3 percent of total U.S. producers' shipments and 32.4 percent of total U.S. importer's shipments in 2006, are included in these U.S. shipments data. Id. at n.1.

¹³⁸ Based on Commission questionnaire responses, U.S. importers reported in 2006 that 60.9 percent of their total U.S. shipments were to distributors/processors/service centers, 10.7 percent to manufacturers of tubular products, and 28.4 percent to other end users. CR/PR at Table I-13.

purchasers reported that there is a distinctive business cycle or conditions of competition distinctive to the hot-rolled steel industry.¹³⁹

Over the period of review, apparent U.S. consumption increased overall by 14.8 percent from 63.7 million short tons in 2001 to 73.2 million short tons in 2006.¹⁴⁰ Apparent U.S. consumption of hot-rolled steel, which fluctuated from year to year over the 2001-2006 period, increased substantially to a peak level in 2004, declined in 2005, and increased in 2006 to a level slightly below its 2004 peak. Apparent U.S. consumption was 13.6 percent lower in January-June 2007 compared with January-June 2006.

Demand for hot-rolled steel in the United States reportedly has slowed recently due to decreased demand in the automotive and residential housing markets.¹⁴¹ The evidence indicates that the production of motor vehicles in the United States remained relatively flat from 2001-2005, and declined by 5.7 percent from 2005 to 2006.¹⁴² While total construction increased by 38.0 percent from 2001 to 2006, residential construction decreased in the first seven months of 2007 and is expected to continue to decline.¹⁴³ While the majority of producers reported that they expect future demand changes, the responses from importers and purchasers were mixed with about equal numbers reporting that future demand changes were or were not expected.¹⁴⁴

3. Supply and U.S. Industry Structure

Domestic producers continue to supply over 90 percent of the U.S. hot-rolled steel market with the remainder supplied by subject and nonsubject imports.¹⁴⁵ The industry still consists of both integrated producers, that generally use a basic oxygen furnace (BOF) to produce molten steel primarily from raw materials iron ore and coke, and nonintegrated or scrap-based producers (“minimills”), that use electric arc furnaces (EAF) to produce molten steel by melting scrap metal.¹⁴⁶ Moreover, there have been no

¹³⁹ CR/PR at II-1. Three-quarters of the responding purchasers reported affirmatively that the hot-rolled steel industry is subject to business cycles and cited as distinctive conditions of competition, the consolidation of steel production, increases in demand in non-U.S. markets (especially China, India, Europe, and Asia), the fluctuations in the automotive and construction markets, and the price volatility due to downstream value-added products. Id.

¹⁴⁰ CR/PR at Tables I-1 and C-1. Service center inventories of flat-rolled steel (which include hot-rolled steel as well as nonsubject cold-rolled steel and coated steel) reportedly rose sharply over 2006, increasing by nearly 3 million short tons from January 2006 to January 2007. By the end of the summer of 2007, however, a correction reduced these inventories to levels approaching period lows, declining by over 2 million short tons. CR/PR at Figure III-1; CR at III-24, n.21; PR at III-11, n.21; Metal Service Center Institute Activity Report (July 2007). See also ***; MEPS International Steel Review, September 2007 at 1 (noting that inventories will need to be replenished in the fourth quarter of 2007).

¹⁴¹ CR at IV-139; PR at IV-64. Delivery lead times are four weeks or less and prices for August 2007 are less than in August 2006. However, the weak demand’s effect on prices is somewhat ameliorated by decreased availability of imports due to the weak dollar and attractive markets elsewhere. Id., referring to MEPS International Steel Review, September 2007 at 1.

¹⁴² CR at II-24 and Figure II-1; PR at II-16 and Figure II-1.

¹⁴³ CR at II-24 and Figures II-2 and II-3; PR at II-16 and Figures II-2 and II-3.

¹⁴⁴ CR at II-27; PR at II-19.

¹⁴⁵ During the period of review, domestic producers’ share of apparent U.S. consumption ranged from a high of 96.0 percent in 2003 to a low of 91.2 percent in 2006. CR/PR at Tables I-1 and C-1.

¹⁴⁶ CR at I-35-37; PR at I-32-34. In recent developments, Nucor has commercialized a process, “strip casting” (trademarked as “Castrip”), in which liquid steel is directly cast into a strip less than 2mm thick, eliminating the need
(continued...)

substantial changes in the principal technology for producing hot-rolled steel, the hot-strip mill.¹⁴⁷ The majority of hot-rolled steel produced is internally consumed or transferred to an affiliated company to make cold-rolled steel and/or galvanized or plated products, formed and welded to make pipe, or cut to length to produce discrete plate or sheet.¹⁴⁸

The domestic steel industry, however, has restructured since the original investigations. Bankruptcies, consolidations, and reorganizations have changed the composition of domestic production. As a result of the reorganizations and consolidations,¹⁴⁹ 16 U.S. producers of hot-rolled steel now account for virtually all U.S. production, whereas 21 firms accounted for over 90 percent of the U.S. production of hot-rolled steel in 2000 at the time of the original investigations.¹⁵⁰ Several domestic steel producers filed for bankruptcy. Some closed their operations permanently, while others were acquired out of bankruptcy and are operating today. Through the Chapter 11 bankruptcy process, the Pension Benefit Guaranty Corporation (“PBGC”) assumed the pension obligations of several domestic steel producers.¹⁵¹ As a result of PBGC’s assumption of pension obligations, these companies were able to dramatically improve their cost structures, thus making them more attractive acquisition targets.¹⁵² During the process of consolidation and restructuring,¹⁵³ domestic producers have been able to reduce their production costs and increase their productivity.¹⁵⁴ Thus, while hot-rolled steel production remains capital intensive, the domestic industry appears better able to adjust output and prices in response to changes in the market environment over the course of the business cycle than it was during the original investigations. In spite

¹⁴⁶ (...continued)

for slabs. Nucor has the exclusive license in the United States to use this process. CR at I-36 and n. 45; PR at I-33 and n. 45.

¹⁴⁷ CR at I-37; PR at I-34.

¹⁴⁸ CR at I-33 and Table III-10; PR at I-31 and Table III-10.

¹⁴⁹ The consolidations have included: IPSCO Inc. acquired Newport Steel; Mittal Steel USA acquired the assets of Acme, Bethlehem Steel, ISG, Ispat Inland, LTV Steel and Weirton Steel; Nucor acquired the assets of Trico Steel and Tuscaloosa Steel; and US Steel acquired the assets of Lone Star and National Steel. CR/PR at Tables I-15, III-1, and III-4.

¹⁵⁰ CR at I-21 and I-43; PR at I-20 and I-38. The four largest hot-rolled steel producers accounted for *** of hot-rolled steel production in 2006 as follows: ***. CR/PR at Table I-14.

¹⁵¹ CR at I-45, I-47 and n.70; PR at I-39 and n. 70.

¹⁵² See CR at I-47 and Table I-15; PR at I-39 and Table I-15. For example, Bethlehem and LTV were both acquired by ISG after the PBGC assumed an estimated pension liability of \$3.7 billion and \$1.9 billion for the companies, respectively. National Steel was acquired by US Steel after the PBGC assumed National’s estimated pension liability of \$1.1 billion. Id.

¹⁵³ The restructuring of the U.S. hot-rolled steel industry may have been facilitated in part by global safeguards in place on a variety of steel products, including hot-rolled steel, from March 20, 2002, through December 4, 2003. The safeguard tariff was 30 percent *ad valorem* for the first year of relief and 24 percent *ad valorem* starting on March 20, 2003. CR at I-17-19; PR at I-17-18.

¹⁵⁴ Other factory costs, as a ratio to net sales, decreased from 52.2 percent in 2001 to 23.6 percent in 2006. CR/PR at Table III-16. Productivity increased by 40.3 percent from 2001 to 2006. Id. at Table C-1. We recognize that the decline in production costs also is a function of a substantial increase in raw material costs and sales values. See Id. at Table III-16.

of the consolidation and restructuring, the domestic industry's overall production capacity increased after 2002.^{155 156}

In these reviews, a number of investments have been undertaken or are planned that will add new capacity to the domestic industry. One new entrant, SeverCorr is expected to add *** of capacity when it commences production of hot-rolled steel in 2007. Three potential new entrants, California Coil Processors, Leo Inc., and ThyssenKrupp, are not expected to begin production until ***.¹⁵⁷ Domestic producers plan to add the following capacity through expansions, improvements, or modernizations: in 2007, ***; in 2008, ***; and in 2009, ***.¹⁵⁸

The percentage of apparent U.S. consumption supplied by the domestic hot-rolled steel industry declined during the period of review. The domestic industry's share of apparent U.S. consumption was 95.4 percent in 2001, fluctuated from year to year, and reached a period low of 91.2 percent in 2006.¹⁵⁹ Subject imports maintained only a small presence in the U.S. market after imposition of the orders, as imports from nonsubject sources increased their presence during the period of review.¹⁶⁰

4. Other Conditions

While there are some quality differences and differences in product mix, domestically produced and imported hot-rolled steel generally are interchangeable,¹⁶¹ share the same essential chemical and

¹⁵⁵ CR/PR at Tables III-7 and C-1.

¹⁵⁶ The parties disagree on whether the consolidation has resulted in increased market power for the U.S. hot-rolled steel producers. Certain respondents contend that the restructuring of the U.S. hot-rolled steel industry and the record regarding contract terms during the period of review demonstrates that the domestic industry is enjoying unprecedented market power. See, e.g., Motor and Equipment Manufacturers Association and Precision Metalforming Association's Posthearing Brief at 2-8; U.S. Auto Producers' Prehearing Brief at 3-12 and 34-38; Ford Motor Company's Final Comments at 1-6 and 10-11. Domestic producers contend that the contracts submitted by the auto producers reveal that "they place all the power in the hands of the automotive producer/buyers. . . . [because] ***." Nucor's Final Comments at 14-15 (emphasis in original); see also US Steel's Final Comments at 12-14; Nucor's Posthearing Brief at 3.

¹⁵⁷ CR at III-8-16 and Table III-5; PR at III-4-8 and Table III-5.

¹⁵⁸ CR/PR at Table III-5.

¹⁵⁹ CR/PR at Tables I-1 and C-1. The domestic industry's share of apparent U.S. consumption in the commercial U.S. market was 88.4 percent in 2001, fluctuated from year to year, and reached a period low of 80.0 percent in 2006. Id. at Table C-2.

¹⁶⁰ Subject imports' share of the U.S. market on a cumulated basis was 5.1 percent in 2000 and declined after the orders were imposed to 0.5 percent in 2001 and 2002, fluctuated between 0.1 percent and 0.2 percent between 2003 and 2005, and increased to 0.3 percent in 2006. CR/PR at Tables I-1 and C-1. Subject imports' share of the U.S. commercial market on a cumulated basis was 1.2 percent in 2001, fluctuated between 0.2 percent and 1.3 percent between 2002 and 2005, and was 0.8 percent in 2006. Id. at Table C-2. The market share of imports from nonsubject sources, which were 5.0 percent in 2000 increased to a period high of 8.5 percent in 2006. Id. at Tables I-1 and C-1. In 2006, the largest source of nonsubject hot-rolled steel imports was Canada, followed closely by imports from Korea and from Russia (hot-rolled steel from Russia has been covered by a suspension agreement since 1999). CR at IV-7 and Table IV-2; PR at IV-6 and Table IV-2.

¹⁶¹ Virtually all responding U.S. producers and the majority of U.S. importers and purchasers reported that domestic and imported products are always or frequently interchangeable. CR at II-43, II-47, and Table II-7; PR at II-30 and Table II-7. When comparing domestic product with subject imports from China, India, and Thailand, five importers in each case reported the products as only sometimes interchangeable. Id. Responses from U.S. importers were more mixed, with most reporting always or frequently interchangeable for most country comparisons;

(continued...)

physical properties, and are used in the same applications. Hot-rolled steel is generally manufactured to standard specifications, including those established by ASTM.¹⁶² The degree of substitution depends on the characteristics and requirements for a specific application or end use and not necessarily on whether it is domestically produced or imported. The majority of purchasers indicated that they required certain quality characteristics, which are considered readily available from both U.S. producers and from all subject countries.¹⁶³ In comparisons between the U.S. product and product from each subject country, a majority of purchasers reported that the products were comparable, with the exception of the comparison with India, for which responses were split between ranking the U.S. product superior to the Indian product and ranking it comparable.¹⁶⁴

Given the broad interchangeability of hot-rolled steel, price continues to be an important factor in purchasing decisions, as it was in the original investigations.¹⁶⁵ In these reviews, price was reported as the most important factor in purchasing decisions by the largest number of purchasers, with quality reported most frequently as the second most important factor.¹⁶⁶

While the majority of sales by domestic producers continues to be on a spot basis, many domestic producers reported that, since 2001, the percentage of contract sales relative to spot sales has increased.¹⁶⁷ However, contracts have become shorter and shifted away from being multi-year to annual (or shorter) contracts, particularly for sales to the automotive sector during the period of review.¹⁶⁸ Since the cost of raw materials, including scrap steel, iron ore, and blast furnace coke, and energy costs increased substantially over the period of review and are expected to remain at high levels for the foreseeable future, many contracts provide that a surcharge may be added to sales to account for increases in energy or raw material costs.¹⁶⁹ As evident in the contracts provided by the automobile producers, ***.¹⁷⁰

¹⁶¹ (...continued)

comparisons for which a relatively large number of importers reported sometimes interchangeable include China versus Ukraine, Indonesia versus Thailand, and Taiwan versus Thailand. Id.

¹⁶² CR at I-37, n. 46; PR at I-34, n. 46.

¹⁶³ CR at II-32 and Table II-4; PR at II-22 and Table II-4. The majority of responding purchasers requiring the quality characteristics tended to buy from all sources regardless of country of origin. CR at II-32; PR at II-22. There are a limited number of purchasers that indicated that they would not buy from certain sources based on these quality characteristics; these responses were concentrated in comparisons related to Kazakhstan, Romania, and Ukraine. Id.

¹⁶⁴ CR at II-36-37 and Table II-6; PR at II-24 and Table II-6.

¹⁶⁵ See Original Determinations, USITC Pub. 3446 at 21.

¹⁶⁶ CR at II-31 and Table II-3; PR at II-21 and Table II-3. When asked to rank the top three factors influencing their purchasing decisions, the largest number of purchasers (16 firms) cited price as the most important factor; quality was the second most frequently listed leading factor with 12 firms ranking it first. Id. When asked how often they purchased hot-rolled steel offered at the lowest price, four of 41 purchasers reported “always,” 22 “usually,” 12 “sometimes,” and four “never.” CR at II-34 and 35; PR at II-22 and 24. In rating 18 factors in terms of their importance to purchasing decisions, the factors deemed “very important” by the most purchasers were availability (43 purchasers), followed by price (41 purchasers), reliability of supply and product consistency (40 purchasers), and overall quality meets industry standards and delivery time (38 purchasers). Id. at Table II-5.

¹⁶⁷ CR at V-13; PR at V-11.

¹⁶⁸ CR at V-14; PR at V-11.

¹⁶⁹ CR/PR at V-1 - V-3.

¹⁷⁰ CR at V-14; PR at V-11; U.S. Auto Producers’ Response to Commission Questions at Exhibits 1 and 2, and Attachments A-C. We recognize, as domestic producers note, that the addition of such clauses in the automotive contracts may only commit the parties to good faith negotiations that could lead to a price adjustment to reflect higher raw material costs if agreeable to both parties. See, e.g., US Steel’s Final Comments at 14.

Demand and supply of hot-rolled steel outside the United States increased during the review period.¹⁷¹ Global consumption is expected to continue increasing in the near future, with the largest consumption growth in China.¹⁷² Although China had been a net importer of hot-rolled steel, its substantial increases in capacity have slowed imports into China of hot-rolled steel and resulted in China becoming a net exporter of hot-rolled steel in the latter part of the period of review.¹⁷³

D. Revocation of the Countervailing Duty and Antidumping Duty Orders on Cumulated Subject Imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine Is Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry¹⁷⁴

1. Likely Volume of Subject Imports

During the period of review, the volume and market share of cumulated subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine fell dramatically as a result of the imposition of the orders. The volume of cumulated subject imports for these six countries declined from 2.8 million short tons in 2000 to 188,075 short tons in 2001, after imposition of the orders; during the period of review, these cumulated subject imports ranged from a low for the period of 34,308 short tons in 2003 to a high for the period of 229,214 short tons in 2006.¹⁷⁵ The market share of these cumulated subject imports followed a similar trend, decreasing from 3.9 percent in 2000 to 0.3 percent in 2001, fluctuating between 0.1 percent and 0.2 percent over the period, until returning to 0.3 percent in 2006.^{176 177 178}

¹⁷¹ See CR/PR at Tables IV-56 and IV-59.

¹⁷² CR/PR at Tables IV-57 and IV-60.

¹⁷³ See, e.g., Thai Respondents' Posthearing Brief, Exhibit 1 at 31; CR/PR at Tables IV-8, IV-17, IV-18, IV-56, IV-57, IV-59, and IV-60.

¹⁷⁴ Commissioner Lane and Commissioner Pinkert find that the following discussion of likely volume and price effects, as well as likely impact, if the orders on China, India, Indonesia, Taiwan, Thailand, and Ukraine are revoked, is only strengthened when likely imports from the additional subject countries that they have cumulated, specifically, Argentina, Kazakhstan, Romania, and South Africa for Commissioner Lane, and Kazakhstan, Romania, and South Africa for Commissioner Pinkert, are included in their respective analyses.

Accordingly, based upon a cumulative analysis, and for the reasons stated below, they find that revocation of the orders on all ten subject countries, for Commissioner Lane, and nine subject countries for Commissioner Pinkert (all of the subject countries except for Argentina), would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

¹⁷⁵ Calculated from CR/PR at Table I-1. Cumulated subject imports for these six countries was 48,858 short tons in interim period 2006 and 20,669 short tons in interim period 2007. *Id.* at Table C-1.

¹⁷⁶ Calculated from CR/PR at Table I-1.

¹⁷⁷ Commissioner Lane finds that the cumulated subject imports for all ten countries follow the same general trends as those set out above. The volume of cumulated subject imports from all ten subject countries declined from 3.7 million short tons in 2000 to 291,203 short tons in 2001, after imposition of the orders; during the period of review, these cumulated subject imports ranged from a low for the period of 52,115 short tons in 2005 to a high for the period of 252,133 short tons in 2006. The market share of these cumulated subject imports followed a similar trend, decreasing from 4.9 percent in 2000 to 0.4 percent in 2001, and fluctuating between 0.5 percent and 0.1 percent during the period of review (2001 to 2006). CR/PR at Table I-1.

¹⁷⁸ Commissioner Pinkert finds that the cumulated subject imports for the nine countries that he cumulated follow the same general trends as those set out above. The volume of cumulated subject imports from the nine subject countries declined from 3.6 million short tons in 2000 to 264,451 short tons in 2001, after imposition of the orders;

(continued...)

As discussed above, the Commission received complete coverage from foreign producers in Taiwan and Thailand, but coverage was not complete for foreign producers in China and India; no foreign producers in Indonesia and Ukraine responded to the Commission questionnaires.¹⁷⁹ The lack of participation by producers from certain subject countries has prevented the Commission from assembling a single consistent and comprehensive set of capacity data for subject hot-rolled steel producers in these six countries. Therefore, in assessing subject producer capacity, production, capacity utilization and shipment patterns, we rely on questionnaire data, as well as available published data.

The information available in these five-year reviews indicates that the hot-rolled steel industries in these six countries, on a combined basis, have significant and substantially increasing production capacity, considerable unused capacity, and that they export substantial and increasing volumes of hot-rolled steel. Combined production capacity for these six countries, as reported to the Commission in the original investigations, was 49.0 million short tons in 2000.¹⁸⁰ The combined production capacity in 2006 has almost doubled, based on the most conservative data (questionnaire responses for China, India, Taiwan, and Thailand; published data for Indonesia; and limited data provided by Ukrainian government for Ukraine), and almost tripled to 133.9 million short tons, based on published data estimates for under- or non-reporting countries.¹⁸¹ Moreover, there are increases in this already enormous capacity planned for 2007 and 2008, with even more planned to come on line in 2009 and 2010.¹⁸²

Despite plans to invest in additional capacity, production has not kept pace with already existing capacity, resulting in large quantities of excess capacity. Combined production for these six countries, as reported to the Commission in the original investigations, was 47.8 million short tons in 2000, for an excess capacity of 1.2 million short tons.¹⁸³ Based on the most conservative estimate, combined excess

¹⁷⁸ (...continued)

during the period of review, these cumulated subject imports ranged from a low for the period of 52,115 short tons in 2005, when subject imports from Argentina were no longer in the U.S. market, to a high for the period of 251,935 short tons in 2006. The market share of these cumulated subject imports followed a similar trend, decreasing from 4.7 percent in 2000 to 0.4 percent in 2001, and fluctuating between 0.5 percent and 0.1 percent during the period of review (2001 to 2006). CR/PR at Table I-1.

¹⁷⁹ CR at I-22; PR at I-20. Only eight of 29 possible producers in China accounting for one-quarter to one-half of total production of hot-rolled steel in China during 2006 responded to the Commission questionnaires. The coverage for hot-rolled steel production in India is estimated to account for about *** of total production. CR at I-22 and n.26, IV-34, and IV-48-49; PR at I-20 and n.26, IV-22, and IV-31.

¹⁸⁰ CR/PR at Tables IV-14, IV-20, IV-27, IV-43, IV-47 and IV-51.

¹⁸¹ CR/PR at Tables IV-14 and IV-17 (China), IV-20 and IV-23 (India), IV-27 (Indonesia), IV-43 (Taiwan), IV-47 (Thailand), and IV-51 (Ukraine) and *Ukraine: USITC Review of Steel Antidumping and Countervailing Duty Orders*, U.S. State Department Telegram from the American Embassy in Kyiv, July 20, 2007. The Ukrainian Ministry of Economy confirmed that there are two producers of hot-rolled steel in Ukraine, but provided data, which was not complete, for only one producer. CR at IV-120, n.92 (Ukraine); PR at IV-56, n.92.

¹⁸² See CR/PR at Table IV-6. For example, based on questionnaire responses, China is expected to increase its hot-rolled steel production capacity by 2.5 million short tons from 2006 to 2007 and 2.1 million short tons from 2007 to 2008; based on ***. Moreover, based on questionnaire responses, India is expected to increase its hot-rolled steel production capacity by ***. Based on questionnaire responses, Thailand is expected to increase its hot-rolled steel production capacity by *** from 2008 to 2009. *Id.* See also Mittal USA's Posthearing Brief, Response to Questions at Aranoff 14-20; Mittal USA's Prehearing Brief at Exhibit 6; US Steel's Posthearing Brief, Exhibit 1 at 8-11; Nucor's Posthearing Brief at Exhibit 25.

¹⁸³ CR/PR at Tables IV-14, IV-20, IV-27, IV-43, IV-47 and IV-51.

capacity for these six countries has increased to 4.8 million short tons in 2006,¹⁸⁴ and when based on published sources for under- and non-reporting countries, combined excess capacity has jumped to approximately 21.9 million short tons in 2006.^{185 186 187}

Not only do these six subject countries have substantial excess capacity, even based on conservative estimates, but they also export substantial and increasing volumes of hot-rolled steel. Combined export volumes have increased from 5.9 million short tons in 2001 to 19.4 million short tons in 2006.¹⁸⁸

China, which accounted for a large share of the increases in capacity over the period of review, has shifted from being a net importer to being a net exporter.¹⁸⁹ This has had a two-fold effect on many of these subject countries: they have seen their exports to China decline substantially and now China has

¹⁸⁴ CR/PR at Tables IV-14, IV-20, IV-27, IV-43, IV-47 and *Ukraine: USITC Review of Steel Antidumping and Countervailing Duty Orders*, U.S. State Department Telegram from the American Embassy in Kyiv, July 20, 2007. These conservative estimates for total excess capacity for these six countries are under-reported by about one-half for China, India, and Ukraine and make no assumptions of available capacity for any company that reported production at a level greater than capacity (*i.e.*, essentially “zeroing” them). As noted above, these conservative data are based on questionnaire responses for China, India, Taiwan, and Thailand; published data for Indonesia; and limited data provided by Ukrainian government for Ukraine.

¹⁸⁵ CR/PR at Tables IV-14 and IV-17 (China), IV-20 and IV-23 (India), IV-27 (Indonesia), IV-43 (Taiwan), IV-47 (Thailand), and IV-51 (Ukraine). This higher estimate is calculated from available published sources for the countries that have less than full foreign producer questionnaire response coverage (*i.e.*, China, India, Indonesia, and Ukraine) and from questionnaire responses for Taiwan and Thailand.

¹⁸⁶ As discussed in her cumulation analysis, Commissioner Lane has cumulated subject imports from all ten subject countries. Commissioner Lane finds that the production and capacity data set forth in this section are strengthened when the production capacity and excess capacity for all ten subject countries are combined. The hot-rolled industries in all ten subject countries reported a combined production capacity of 63.5 million short tons in 2000, which increased to 105.6 million short tons in 2006 based on conservative data, and 149.8 million short tons based on published data estimates for under- or non-reporting countries. CR/PR at Tables IV-10 (Argentina), IV-14 and IV-17 (China), IV-20 and IV-23 (India), IV-27 (Indonesia), IV-30 (Kazakhstan), IV-34 (Romania), IV-39 (South Africa), IV-43 (Taiwan), IV-47 (Thailand), and IV-51 (Ukraine).

Combined production for these ten countries as reported to the Commission in the original investigations, was 59.9 million short tons in 2000 for an excess capacity of 3.6 million short tons. Based on the most conservative estimate, combined excess capacity for these ten countries has increased to 7.7 million short tons in 2006, and when based on published sources for under- and non-reporting countries, combined excess capacity has jumped to approximately 24.8 million short tons in 2006. *Id.*

¹⁸⁷ As discussed in his cumulation analysis, Commissioner Pinkert has cumulated subject imports from nine subject countries, specifically all subject countries except for Argentina. Commissioner Pinkert finds that the production and capacity data set forth in this section are strengthened when the production capacity and excess capacity for Kazakhstan, Romania, and South Africa are combined with the six countries cumulated by the Commission majority. The hot-rolled industries in these nine subject countries reported a combined production capacity of *** in 2000, which increased to *** in 2006 based on conservative data, and *** based on published data estimates for under- or non-reporting countries. CR/PR at Tables IV-14 and IV-17 (China), IV-20 and IV-23 (India), IV-27 (Indonesia), IV-30 (Kazakhstan), IV-34 (Romania), IV-39 (South Africa), IV-43 (Taiwan), IV-47 (Thailand), and IV-51 (Ukraine).

Combined production for these nine subject countries as reported to the Commission in the original investigations, was *** in 2000 for an excess capacity of ***. Based on the most conservative estimate, combined excess capacity for these nine countries has increased to *** in 2006, and when based on published sources for under- and non-reporting countries, combined excess capacity has jumped to approximately *** in 2006. *Id.*

¹⁸⁸ Calculated from CR/PR at Tables IV-8 (China), IV-25, IV-29, IV-44, IV-48, and IV-54.

¹⁸⁹ See CR/PR at Tables IV-8, IV-17, IV-18, IV-56, IV-57, IV-59, and IV-60.

started to export to their home and other third-country markets.¹⁹⁰ As evident in the data for ASEAN countries provided by the Thai Respondents, Chinese exports to ASEAN countries have increased substantially.¹⁹¹ While we recognize that *** estimates India to be a net importer of hot-rolled steel, other evidence demonstrates that it still exports substantial volumes (1.7 million short tons in 2006), including more than doubling its exports to the European Union from 303,417 short tons in 2005 to 836,147 short tons in 2006.¹⁹² We also note that Thai exports have shifted markets from year-to-year in what seems to be an absence of stable customer relationships rather than consistently supplying the same markets to similar degrees.¹⁹³

Other considerations are the attractiveness of the relatively open U.S. market and its higher prices that will serve as an incentive for producers in these subject countries to direct exports currently shipped to other markets to the U.S. market if the orders are revoked. Prices for hot-rolled steel in the United States generally are appreciably higher than those in most other markets, except those in the European Union.¹⁹⁴ In fact, the likelihood that higher prices in a market would be an incentive to increase exports to that market is evident in the increased shipments by each of these subject countries to the European Union during the period of review, whereby they obtain higher prices for such exports relative to their prices in other third-country markets.¹⁹⁵

Hot-rolled steel exports from each of these six subject countries have been subject to numerous antidumping duty orders, tariffs, and related trade barriers in other markets during the period examined in

¹⁹⁰ See CR/PR at Tables IV-15, IV-21, IV-44, IV-48, and IV-54.

¹⁹¹ See Thai Respondents' Posthearing Brief, Exhibit 1 at 31. China's shipments of hot-rolled steel to ASEAN countries increased from 6,063 tons in 2001 to 405,027 tons in 2006, with the largest increase from 2005 to 2006 (increasing from 191,508 tons to 405,027 tons). For the same 2005-2006 period, India's exports to ASEAN countries declined from 183,338 tons in 2005 to 145,380 tons in 2006; Thailand's exports declined from 198,611 tons in 2005 to 142,800 tons in 2006; Ukraine's exports declined from 153,024 tons in 2005 to 51,784 tons in 2006; and while Taiwan's exports increased from 2005 to 2006 this was after a substantial decline from 2004 to 2005, for a decline overall from 431,294 tons in 2004 to 125,303 tons in 2006. Id.

¹⁹² Compare CR/PR at Tables IV-23 and IV-24 with Table IV-25.

¹⁹³ See CR/PR at Table IV-48. For example, Thai exports to China as a share of its shipments were *** in 2006; Thai exports to the European Union as a share of its shipments were *** in 2006. Id.

¹⁹⁴ CR/PR at Tables IV-61 and IV-62. For example, in September 2007, based on MEPS data, negotiated transaction prices per short ton for prime hot-rolled steel were: ***. Id. at Table IV-61. We recognize that ***. Id. at Table IV-62.

¹⁹⁵ CR/PR at Tables IV-8 (China), IV-25, IV-29, IV-44, IV-48, and IV-54.

these reviews.¹⁹⁶ These orders, tariffs and barriers provide an incentive to direct export shipments to the U.S. market.¹⁹⁷

Given the large amount of excess hot-rolled steel capacity available in these six subject countries, and their industries' dependence on export markets, we conclude that if the orders were revoked the volume and market share of cumulated subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine would likely be significant within a reasonably foreseeable time.^{198 199}

2. Likely Price Effects of Subject Imports

In considering the likely price effects of subject imports in these reviews if the orders were revoked, we recognize, as discussed above, that subject imports of the same characteristics and requirements are substitutable for the domestic like product.²⁰⁰ Subject imports and domestic product share the same essential chemical and physical properties. Hot-rolled steel is generally manufactured to

¹⁹⁶ CR/PR at Table IV-9. Chinese exports of hot-rolled steel have faced the following import barriers in a number of third countries during the period of review: an antidumping duty order in Australia (hot-rolled steel plate) since 2004; an antidumping duty order in Canada since 2001; and ongoing antidumping duty investigations in Indonesia and in Mexico. Indian exports of hot-rolled steel have faced the following import barriers: an antidumping/countervailing duty order in Canada since 2001; an antidumping duty order in Indonesia since 2002; and an antidumping duty order (26.81 percent) in Thailand since 2003. Indonesian exports of hot-rolled steel have faced the following import barriers: an antidumping duty order (hot-rolled steel plate) and minimum export price undertaking in Australia since 2004; and an antidumping duty order in Thailand since 2003. Taiwanese exports of hot-rolled steel have faced the following import barriers: an antidumping duty order in Canada (China Steel and Chung Hung, 77 percent) since 2001; antidumping duty and countervailing duty orders in Thailand since 2003; and an ongoing investigation (China Steel and Chung Hung) in Indonesia. Thai exports of hot-rolled steel have faced the following import barriers: an antidumping duty order in Australia (structural hot-rolled steel) since 2002; and an ongoing investigation in Indonesia. Finally, exports of hot-rolled steel from the Ukraine have faced the following import barriers: antidumping duty orders in Argentina since 2006, in Mexico since 2005, in Peru since 1999, and in Thailand since 2003; an antidumping/ countervailing duty order in Canada since 2001; and quotas (2007 quota for flat products was 609,875 short tons) in the European Union since 1995. *Id.*

¹⁹⁷ We also have examined inventories of the subject merchandise. The information available concerning hot-rolled steel inventories in these countries indicates that inventory levels were generally stable and at moderate levels relative to shipments during these reviews, with the exception of high inventory levels as a share of shipments reported by subject Thai producers. CR/PR at Tables IV-15, IV-21, IV-44, and IV-48. Thai producers reported inventories as a share of shipments ranged from a period low of *** in 2005, and was *** in 2006. *Id.* at IV-48.

¹⁹⁸ Commissioner Lane finds that given the large amount of excess hot-rolled steel capacity available in the ten subject countries and the importance of export markets to the industries in those countries, if the orders were revoked the volume and market share of cumulated subject imports from Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine would likely be significant within a reasonably foreseeable time.

¹⁹⁹ Commissioner Pinkert finds that given the large amount of excess hot-rolled steel capacity available in the nine subject countries that he has cumulated and the importance of export markets to the industries in these countries, if the orders were revoked the volume and market share of cumulated subject imports from China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine would likely be significant within a reasonably foreseeable time.

²⁰⁰ CR at I-37, II-32, II-36-37, II-43, II-47, and Tables II-4, II-6 and II-7; PR at I-34, II-22, II-24, II-30, and Tables II-4, II-6 and II-7.

standard specifications, including those established by ASTM.²⁰¹ Moreover, the general importance of price in purchasing decisions has not changed since the time of the original investigations.²⁰² In these reviews, price was reported as the most important factor in purchasing decisions by the largest number of purchasers, with quality reported most frequently as the second most important factor.²⁰³ The majority of purchasers indicated that they required certain quality characteristics, which are considered readily available from both U.S. producers and from all subject countries.²⁰⁴ In fact, the majority of responding purchasers requiring particular quality characteristics tended to buy from all sources regardless of country of origin.²⁰⁵ In light of the high degree of interchangeability and comparable quality of hot-rolled steel from different sources, price will be the principal factor influencing purchasing decisions absent the orders. Thus, sustained underselling by even a relatively moderate amount of subject imports is likely to have significant price-suppressing or -depressing effects.

U.S. prices for hot-rolled steel increased substantially for all products over the period of review.²⁰⁶ The sharp increases that began in the third quarter of 2003 continued until reaching a peak level in the third quarter of 2006, and have since flattened or declined.

We find that the significantly increased volumes of cumulated subject imports following revocation of the orders would likely have significant negative price effects on the domestic like product. In these reviews, price comparisons between the domestic product and subject product from China, India, Indonesia, Taiwan, Thailand, and Ukraine are limited largely due to the diminished volume of subject imports following imposition of the orders. Moreover, most comparisons are in the 2001-2003 timeframe rather than later in the period of review and thus are less probative. However, even with the orders in place, and indicative of the price-sensitive nature of hot-rolled steel, subject imports from these six countries undersold the domestic like product in 17 of 37 quarterly comparisons during the period of review.²⁰⁷ In the original investigations, subject imports from these six countries undersold the domestic

²⁰¹ CR at I-37, n.46; PR at I-34, n.46. While ASTM standards are generally met by U.S. producers and are generally acceptable to U.S. end users, these standards are not mandatory, but rather generally are the starting point in negotiations for steel specifications by producers and purchasers.

²⁰² See Original Determinations, USITC Pub. 3446 at 21.

²⁰³ CR at II-31 and Table II-3; PR at II-21 and Table II-3. When asked to rank the top three factors influencing their purchasing decisions, the largest number of purchasers (16 firms) cited price as the most important factor; quality was the second most frequently listed leading factor with 12 firms ranking it first. Id. When asked how often they purchased hot-rolled steel offered at the lowest price, four of 41 purchasers reported “always,” 22 “usually,” 12 “sometimes,” and four “never.” CR at II-34 and 35; PR at II-24. In rating 18 factors in terms of their importance to purchasing decisions, the factors deemed “very important” by the most purchasers were availability (43 purchasers), followed by price (41 purchasers), reliability of supply and product consistency (40 purchasers), and overall quality meets industry standards and delivery time (38 purchasers). Id. at Table II-5.

²⁰⁴ CR at II-32 and Table II-4; PR at II-22 and Table II-4.

²⁰⁵ CR at II-32; PR at II-22. There are a limited number of purchasers that indicated that they would not buy from certain sources based on these quality characteristics. Id.

²⁰⁶ CR at V-16-17, and Figures V-4 - V-7; PR at V-13, and Figures V-4 - V-7.

²⁰⁷ CR/PR at Tables V-3 - V-7 and Figures V-4 - V-7. In these reviews, subject imports undersold the U.S. product in the following quarterly comparisons: China, 6 of 10 comparisons; India, in 7 of 9 comparisons; Indonesia, in 2 of 8 comparisons; and Thailand, in 2 of 5 comparisons. Subject imports from Taiwan oversold the domestic like product in the 5 comparisons and there were no pricing data available of subject product from Ukraine. Id. at Table V-7.

like product in 139 of 201, or 69 percent, of the quarterly comparisons.²⁰⁸ As an additional indicator of current relative prices, the record indicates that export shipment average unit values (AUVs) of producers in China, India, Indonesia, Taiwan, Thailand, and the Ukraine were significantly lower than the U.S. producers' commercial shipment AUVs in 2006.²⁰⁹ Questionnaire responses show that domestic producers' AUVs for commercial shipments in the U.S. market were \$564 per short tons in 2006, while the AUVs for hot-rolled steel export shipments for these six countries ranged from \$358 per short ton to \$516 per short ton.^{210 211 212} These substantial price gaps indicate a likelihood of underselling by subject imports from these six countries if the orders are revoked. Moreover, as discussed above, there is an incentive for subject producers to ship to the U.S. market, because subject producers likely would be able to receive a higher price in the U.S. market relative to many third-country markets, even as they undersold the U.S. product to increase sales. In light of the underselling in these reviews and data from the original investigations, we conclude that there will likely be significant price underselling should the orders under review be revoked.

Because price is important to purchasing decisions, the presence of significant quantities of hot-rolled steel imports that are likely to enter the United States after revocation of the orders under review and that are likely to undersell the domestically produced product will force domestic hot-rolled steel

²⁰⁸ See CR/PR at Table V-7. In the original investigations, subject imports undersold the U.S. product in the following quarterly comparisons: China, 35 of 58 comparisons; India, in 29 of 38 comparisons; Indonesia, in 20 of 22 comparisons; Taiwan, in 15 of 37 comparisons; Thailand, in 12 of 18 comparisons; and Ukraine, 28 of 28 comparisons. *Id.*

²⁰⁹ We are mindful that the use of AUVs for establishing price trends may present product mix issues in that values may reflect different merchandise rather than differences in price. *Accord Allegheny Ludlum Corp. v. United States*, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002).

²¹⁰ CR/PR at Tables III-10, IV-15, IV-21, IV-25, IV-29, IV-44, IV-48, and IV-54. In 2006, export shipment AUVs were: \$388 (questionnaire responses), China; *** (questionnaire responses) or \$516, India; \$474, Indonesia; *** (questionnaire responses), Taiwan; *** (questionnaire responses), Thailand; and \$358, Ukraine. *Id.*

²¹¹ Commissioner Lane finds that the likely price effects set forth above are strengthened when the likely price effects for Argentina, Kazakhstan, Romania, and South Africa are cumulated with those of the other subject countries. Subject imports from the ten subject countries undersold the domestic like product in 30 of 31 quarterly comparisons during the period of review. CR/PR at Table V-7. In the original investigations, subject imports from these ten subject countries undersold the domestic like product in 198 of 299 or 66.2 percent, of the quarterly comparisons. Calculated from CR/PR at Table V-7. As an additional indicator of current relative prices, the record indicates that export shipment average unit values (AUVs) of producers in the ten subject countries were significantly lower than the U.S. producers' commercial shipment AUVs in 2006. Questionnaire responses show that domestic producers' AUVs for commercial shipments in the U.S. market were \$564 per short ton in 2006, while the AUVs for hot-rolled steel export shipments from these ten countries ranged from \$345 per short ton to \$***. CR/PR at Tables III-10, IV-11, IV-15, IV-21, IV-25, IV-29, IV-31, IV-35, IV-40, IV-44, IV-48, and IV-54.

²¹² Commissioner Pinkert finds that the likely price effects set forth above are strengthened when the likely price effects for Kazakhstan, Romania, and South Africa are cumulated with the six subject countries cumulated by the Commission majority. Subject imports from the nine subject countries that he cumulated undersold the domestic like product in 28 of 30 quarterly comparisons during the period of review. CR/PR at Table V-7. In the original investigations, subject imports from these nine countries undersold the domestic like production in 192 of 269 or 71.4 percent of the quarterly comparisons. Calculated from CR/PR at Table V-7. As an additional indicator of current relative prices, the record indicates that export shipment average unit values (AUVs) of producers in the nine subject countries that Commissioner Pinkert has cumulated were significantly lower than the U.S. producers' commercial shipment AUVs in 2006. Questionnaire responses show that domestic producers' AUVs for commercial shipments in the U.S. market were \$564 per short tons in 2006, while the AUVs for hot-rolled steel export shipments from these nine countries ranged from \$345 per short ton to \$516 per short ton. CR/PR at Tables III-10, IV-15, IV-21, IV-25, IV-29, IV-31, IV-35, IV-40, IV-44, IV-48, and IV-54.

producers to either lower prices or lose sales.²¹³ In light of these considerations and the price-sensitive nature of the market for hot-rolled steel, we conclude that the subject imports will also likely have price-depressing or price-suppressing effects.

3. Likely Impact of Subject Imports

At the beginning of the period of review, an improvement in the condition of the domestic industry was inhibited, in part, by a U.S. economic recession in 2001 and a resultant decrease in apparent U.S. consumption.²¹⁴ As apparent U.S. consumption improved and U.S. prices rose sharply, the domestic industry's condition improved substantially after 2003.²¹⁵ During the review period, the industry made great strides itself in improving its efficiency and productivity through consolidation, restructuring, and reductions in labor and legacy costs.²¹⁶ These improvements were evident in the condition of the industry from 2004 to 2006. However, while the industry experienced three years of strong performances, the softening of demand after its peak in 2004, and flat or declining prices in 2006-2007 have resulted in substantial declines in most performance indicators only in the first half of 2007.

The domestic industry's capacity fluctuated from year to year and increased overall by 7.1 percent from 2001 to 2006.²¹⁷ Production rose steadily from 2001 to 2004, and then fluctuated from 2005 to 2006; production in 2006 was 2.5 percent lower than the peak level in 2004.²¹⁸ This downturn in production continued in 2007; production was 9.8 percent lower in interim period 2007 compared with interim period 2006.²¹⁹ Capacity utilization also fluctuated from year to year and reached a period low of 77.2 percent in interim period 2007.²²⁰

The domestic industry's U.S. shipments, both on a total and commercial basis, showed patterns similar to those for production. Total U.S. shipments rose steadily from 2001 to 2004, and then fluctuated from 2005 to 2006; total U.S. shipments in 2006 were 2.1 percent lower than the peak level in 2004.²²¹

²¹³ We observe that prices for the domestic like product and subject imports generally increased over the period of review, reportedly to keep pace with rising input costs. CR/PR at Figures V-1-V-2 and V-4-V-7, Tables V-1 and V-3-V-6; CR at IV-139 and V-1-V-3; PR at IV-64 and V-1-V-2.

²¹⁴ See CR at II-26 and Table I-1; PR at II-18 and Table I-1; see also USITC Pub. 3767 at 39, n.241 (April 2005).

²¹⁵ See CR/PR at Tables I-1, V-3-V-6, and C-1, and Figures V-4-V-7.

²¹⁶ See CR/PR at Tables III-1 and III-4.

²¹⁷ CR/PR at Tables III-7 and C-1. The domestic industry's production capacity was 76.2 million short tons in 2001, 72.1 million short tons in 2002, 79.1 million short tons in 2003, 79.5 million short tons in 2004, 80.9 million short tons in 2005, 81.6 million short tons in 2006, 41.1 million short tons in interim period 2006, and 41.5 million short tons in interim period 2007. Id.

²¹⁸ CR/PR at Tables III-7 and C-1. The domestic industry's production was 61.2 million short tons in 2001, 64.0 million short tons in 2002, 65.8 million short tons in 2003, 69.0 million short tons in 2004, 63.6 million short tons in 2005, 67.3 million short tons in 2006, 35.6 million short tons in interim period 2006, and 32.1 million short tons in interim period 2007. Id.

²¹⁹ CR/PR at Tables III-7 and C-1.

²²⁰ CR/PR at Tables III-7 and C-1. The domestic industry's capacity utilization was 80.3 percent in 2001, 88.7 percent in 2002, 83.2 percent in 2003, 86.7 percent in 2004, 78.6 percent in 2005, 82.4 percent in 2006, 86.5 percent in interim period 2006, and 77.2 percent in interim period 2007. Id.

²²¹ CR/PR at Tables III-10 and C-1. The domestic industry's total U.S. shipments were 60.8 million short tons in 2001, 63.2 million short tons in 2002, 64.6 million short tons in 2003, 68.2 million short tons in 2004, 63.1 million short tons in 2005, 66.7 million short tons in 2006, 35.1 million short tons in interim period 2006, and 31.3 million short tons in interim period 2007. Id. The domestic industry's commercial shipments were 22.4 million short tons in (continued...)

This downturn in total U.S. shipments continued in 2007; total U.S. shipments were 10.8 percent lower in interim period 2007 compared with interim period 2006.²²² Inventories relative to shipments remained at relatively low levels, declining from a period high of 3.9 percent in 2001 to a period low of 2.4 percent in 2006; inventories as a share of shipments were higher in interim period 2007 (2.9 percent) compared with interim period 2006 (2.4 percent).²²³ While the domestic industry continued to account for a substantial share of apparent U.S. consumption, its share fluctuated from year to year and declined over the period of review.²²⁴ Imports from these cumulated subject sources maintained only a small presence in the U.S. market after imposition of the orders, as imports from nonsubject sources increased their presence during the period of review.²²⁵

While the number of production and related workers employed in the domestic industry, and the hours worked, declined steadily from 2001 to 2006, the industry's productivity steadily increased from 885.7 short tons per 1,000 hours in 2001 to 1,242.4 short tons per 1,000 hours in 2006, for an increase of 40.3 percent.²²⁶ Wages paid declined only slightly as hourly wages steadily increased over the period of review.²²⁷

As discussed above, the majority of U.S. hot-rolled steel production is internally consumed to produce downstream products.²²⁸ In the original investigations, the Commission found that the captive production provision applied and focused its analysis primarily on the merchant market (but also considered overall domestic industry data) in considering the market share and financial performance of the domestic industry.²²⁹ The captive production provision does not apply to five-year reviews.²³⁰ However, we find it appropriate to consider the merchant market data as a relevant condition of competition.

²²¹ (...continued)

2001, 23.3 million short tons in 2002, 25.0 million short tons in 2003, 26.1 million short tons in 2004, 24.2 million short tons in 2005, 25.8 million short tons in 2006, 13.8 million short tons in interim period 2006, and 12.5 million short tons in interim period 2007. *Id.*

²²² CR/PR at Tables III-10 and C-1.

²²³ CR/PR at Table III-11 and C-1.

²²⁴ CR/PR at Tables I-1 and C-1. The U.S. industry's market share was 95.4 percent in 2001, declined in 2002 and then rose to a period high of 96.0 percent in 2003, and then declined irregularly to a period low of 91.2 percent in 2006; the U.S. industry's market share was 91.5 percent in interim period 2006 and 94.5 percent in interim period 2007. *Id.*

²²⁵ These subject imports' share of the U.S. market on a cumulated basis was 3.9 percent in 2000 and declined after the orders were imposed to no higher than 0.3 percent over the period of review. The market share of imports from nonsubject sources, which were 5.0 percent in 2000 increased to a period high of 8.5 percent in 2006. CR/PR at Tables I-1 and C-1. In 2006, the largest source of nonsubject hot-rolled steel imports was Canada, followed closely by imports from Korea and from Russia (hot-rolled steel from Russia has been covered by a suspension agreement since 1999). CR/PR at IV-7 and Table IV-2.

²²⁶ CR/PR at Tables III-13 and C-1.

²²⁷ CR/PR at Tables III-13 and C-1.

²²⁸ We note that the three non-commercial valuation methodologies (traditional constructed FMV, constructed downstream profitability, and the valued at cost) all apply to both internal consumption and transfers to related parties, but since 95 percent of non-commercial sales were internal consumption, we will refer to all non-commercial sales as internal consumption.

²²⁹ See Original Determinations, USITC Pub. 3446 at 15-16.

²³⁰ See, e.g., Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review), USITC Pub. 3767 (April 2005) at 29 n. 165. See also Titanium Metals Corporation v. United States, 155 F. Supp. 2d 750, 760-62 (Ct. Int'l Trade 2001).

In these reviews, the domestic producers raised concerns with the appropriate methodology for valuing internal consumption of hot-rolled steel.²³¹ They have argued that the Commission's traditional constructed fair market value methodology for accounting for internal consumption²³² leads to an overstatement of profits for hot-rolled operations and proposed a methodology in which internal consumption is valued at cost.²³³ The Commission originally requested financial data based on three methodologies: commercial/merchant market shipments, total shipments with internal consumption valued on a constructed FMV basis, and total shipments with internal consumption valued at cost.²³⁴ In response to further concerns about the valuation methodology, the Commission also gathered financial data from the domestic producers based on a fourth methodology that allocates profitability to internally consumed hot-rolled steel based on both the actual profitability of the downstream product and the relative share of cost of the downstream product that the hot-rolled steel represents.²³⁵

An evaluation of profitability of products internally consumed is necessarily somewhat artificial because the internally consumed products are, by definition, not sold in the market in their initial form; rather, they are used to manufacture downstream products that are frequently not part of the domestic like product (as in this case). The Commission has traditionally examined profitability of products internally consumed on a constructed FMV basis because the FMV measure is tied to actual prices of the domestic like product sold in the commercial market, and we have relied on the constructed FMV data in these

²³¹ See, e.g., Mittal USA's Prehearing Brief at 81-84 and Tab 12; Mittal USA's Posthearing Brief, Response to Questions at Aranoff 1-8, Lane 1-6 and 10-11, Pinkert 7-8, and Staff 1-4; US Steel's Prehearing Brief at 108-110; US Steel's Posthearing Brief, Exhibit 1 at 48-50; Nucor's Posthearing Brief at 2-3 and Exhibit 1 at 22 and 25-26. See also US Steel's Prehearing Brief at 109-110 and Attachment B ("Kothari Study"). Compare Thai Respondents' Posthearing Brief, Exhibit 1 at 34-35.

²³² In the constructed fair market value (FMV) methodology, the sales price and cost of the internally consumed hot-rolled steel is estimated to be the same as the sales price and cost of the hot-rolled steel sold commercially, unless there are actual physical differences between the hot-rolled steel sold commercially and the hot-rolled steel internally consumed; if there are differences, producers are instructed to adjust the sales price and cost for these differences. See CR at III-43, III-44 and n. 33; PR at III-20, III-23 and n. 33.

²³³ In the domestic producers' proposed methodology, the sales price and cost of the hot-rolled steel sold commercially would be combined with the sales price and the cost for the hot-rolled steel that was internally consumed with the caveat that the sales price of the hot-rolled steel internally consumed is equal to its cost. In this methodology, hot-rolled steel that was internally transferred would have a zero profit margin regardless of the profit gained from the downstream product for which it was used. See CR at III-44, III-47 and nn.36 and 37; PR at III-23, III-24 and nn.36 and 37.

²³⁴ See CR at III-29, III-43-44 and III-47, and Tables III-14, III-16, and E-1; PR at III-16, III-20, and III-23-24, and Tables III-14, III-16, and E-1.

²³⁵ See CR at III-48 and Tables E-4 and E-5; PR at III-24 and Tables E-4 and E-5. See August 7, 2007 supplemental questionnaire instructions, domestic producers were told to:

construct a sales value for the hot-rolled steel either internally consumed or transferred to a related firm based upon (1) the gross profit margin when the downstream product was finally sold to an unrelated party, and (2) the cost of goods sold of the hot-rolled steel relative to the cost of goods sold of the downstream product. For example, assume your firm internally consumed hot-rolled steel to produce cold rolled steel, the gross profit margin of cold rolled steel was \$100 per ton, the cost of goods sold of the hot-rolled steel internally consumed to produce cold rolled steel was \$450 per ton, and the cost of goods sold of the cold rolled steel was \$600 per ton. Since the cost of goods sold of the hot-rolled steel accounted for 75 percent of the total cost of goods sold (\$450 divided by \$600), 75 percent of the \$100 profit, or \$75, should be allocated the hot-rolled steel. Since the cost of the hot-rolled steel internally transferred was \$450, and the assigned gross profit is \$75, the constructed sales value would be \$75 plus \$450, or \$525. SG&A expenses should be reported based upon your actual cost experience.

reviews. In addition, because we find that the degree of internal consumption in this industry is an important condition of competition, we also rely on data reflecting the industry's commercial market performance. We do not find it appropriate to consider the methodology based on valuing internal consumption only at cost and not allocating any profit/loss to the 60-65 percent of production that is internally consumed; thus we have not placed any reliance on these data.²³⁶

A profit measure of the domestic like product based on the profitability of a downstream product would at least to a certain degree be the function of production operations and market conditions that pertain to a product that is not the domestic like product.²³⁷ Internal consumption accounts for 60-65 percent of hot-rolled steel production. Because of this high share, we have considered the financial data that include downstream profitability in these reviews. However, we have given primary weight to the traditional constructed FMV data. We note, however, that the trends in reported industry data are the same regardless of the methodology used, even though the absolute amount of profitability differs.

From 2001 to 2003, the domestic industry as a whole incurred operating losses in each year. However, the domestic industry's profitability improved in tandem with sharp increases in apparent U.S. consumption and prices in 2004, when it reached its peak performance level for the period of review.²³⁸ The industry continued to experience significant profitability and positive operating performance through the rest of the period of review, even though to a lesser extent than in 2004, and experienced substantially lower profitability and operating performance in interim period 2007 compared with interim period 2006.²³⁹

²³⁶ We note that using this methodology, no matter what the profitability of the hot-rolled steel industry is, and no matter what the profitability of the downstream products are, a profit margin of zero would apply to the internal consumption/transfers. Thus, in this case, a substantial share of the industry's sales would have a zero profit margin, regardless of the profitability of the sales of hot-rolled steel or the downstream products.

²³⁷ Commissioner Lane and Commissioner Pinkert, as explained herein, placed equal weight on the traditional constructed FMV methodology and the new constructed downstream profitability methodology. This is appropriate given the unique characteristics of the hot-rolled steel industry, in particular the fact that internal consumption consistently accounts for 60-65 percent of production, as well as our view that each approach has significant theoretical and practical merit. We also find it appropriate to take into account the industry's commercial market performance as a relevant condition of competition.

²³⁸ The domestic industry's operating income/losses (based on the traditional constructed FMV methodology) was -\$4.7 billion in 2001, -\$1.1 billion in 2002, -\$2.0 billion in 2003, \$7.6 billion in 2004, \$4.6 billion in 2005, \$5.7 billion in 2006, \$3.2 billion in interim period 2006, and \$1.2 billion in interim period 2007. CR/PR at Table III-16. The domestic industry's operating income/losses (based on the constructed downstream profitability methodology) was -\$667.2 million in 2001, -\$537.7 million in 2002, -\$504.1 million in 2003, \$3.8 billion in 2004, \$2.6 billion in 2005, \$2.3 billion in 2006, \$1.4 billion in interim period 2006, and \$531.5 million in interim period 2007. *Id.* at Table E-4. The domestic industry's operating income/losses (for commercial market sales) was -\$1.2 billion in 2001, \$177.1 million in 2002, -\$422.8 million in 2003, \$3.1 billion in 2004, \$2.1 billion in 2005, \$2.6 billion in 2006, \$1.4 billion in interim period 2006, and \$613.3 million in interim period 2007. *Id.* at Table III-14.

²³⁹ The domestic industry's ratio of operating income/losses to net sales (based on the traditional constructed FMV methodology) was -30.0 percent in 2001, -5.7 percent in 2002, -10.4 percent in 2003, 21.3 percent in 2004, 13.8 percent in 2005, 15.3 percent in 2006, 16.4 percent in interim period 2006, and 6.7 percent in interim period 2007. CR/PR at Table III-16. The domestic industry's ratio of operating income/losses to net sales (based on the constructed downstream profitability methodology) was -6.8 percent in 2001, -5.1 percent in 2002, -4.7 percent in 2003, 14.3 percent in 2004, 10.3 percent in 2005, 8.2 percent in 2006, 9.9 percent in interim period 2006, and 4.4 percent in interim period 2007. *Id.* at Table E-4. The domestic industry's ratio of operating income/losses to net sales (for commercial market sales) was -19.3 percent in 2001, 2.5 percent in 2002, -5.4 percent in 2003, 22.2 percent in 2004, 15.4 percent in 2005, 17.3 percent in 2006, 18.2 percent in interim period 2006, and 8.6 percent in interim period 2007. *Id.* at Table III-14.

Given the industry's performance since 2004, we do not find that the domestic industry is currently in a vulnerable or weakened state as contemplated by the statute.²⁴⁰ Nonetheless, we recognize that it experienced substantial declines in performance in the first half of 2007.

We have concluded that cumulated subject import volumes with respect to China, India, Indonesia, Taiwan, Thailand, and Ukraine will likely increase to significant levels and have significant price-depressing or -suppressing effects in the reasonably foreseeable future if the orders under review are revoked. Because subject imports are interchangeable for the domestic like product and price is an important factor in purchasing decisions, such increases in subject import volume will likely have the effect of exacerbating the declines in production, shipments, market share, and financial performance that the domestic industry sustained at the end of the period of review.

Additionally, the likely aggressive pricing of the subject imports will force the domestic industry to cut prices for the domestic like product or lose sales. Under either scenario, the domestic industry's revenues will likely decline significantly in light of the anticipated volume of subject imports. This, in turn, will likely lead to declines in the industry's operating performance.²⁴¹

We consequently find that revocation of the orders regarding subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine will likely have a significant adverse impact on the domestic industry. We therefore determine that revocation of the countervailing duty and/or the antidumping duty orders on hot-rolled steel from these six countries will likely lead to continuation or recurrence of material injury to the domestic hot-rolled steel industry within a reasonably foreseeable time.

²⁴⁰ Commissioner Lane finds that the domestic industry is currently in a vulnerable state. Although the performance of the domestic industry improved following the imposition of the orders in the original investigations, the domestic industry experienced substantial declines in production, shipments, capacity utilization and financial performance between interim 2006 and interim 2007. Demand for hot-rolled steel in the U.S. market also declined between interim periods, in part due to decreased demand in the automotive and residential housing markets. Furthermore, as previously noted, raw material costs, including scrap steel, iron ore, and blast furnace coke, and energy costs increased substantially over the period of review and are expected to remain high. For these reasons, Commissioner Lane finds that the domestic industry is currently in a weakened state and is vulnerable to dumped or subsidized imports.

²⁴¹ Commissioner Lane notes that the domestic producers presented a joint study showing its economic and financial analyses of the probable effects of revocation of the orders under various scenarios. Nucor's Post Hearing Brief at Exhibit 28. Based on the study of the total U.S. market, the projections show that if the cumulated subject imports attained a *** percent share of the U.S. market (which is approximately equivalent to pre-order levels of subject imports), the domestic industry's net operating income and ratios of net operating income to revenue ("operating margins") would be significantly lower based on any year of the period of review. For example, based on 2006 data and using a 3 percent supply elasticity, the study projected a decline in operating margin of *** percentage points, or a *** percent decline, and using data for each year of the period of review the projected decline in operating margins ranged from *** percent. In addition to declines in operating income, the study also projected declines in labor compensation for domestic workers. The study further evaluated the impact on the domestic industry under alternative scenarios, including a *** percent subject import market share and a 1 percent supply elasticity and projected even larger declines in operating income and labor compensation. Commissioner Lane finds that these projections further demonstrate likely declines in profit levels and employment that would represent material injury to the domestic industry in the reasonably foreseeable future, even under the most conservative scenario examined.

E. Revocation of the Countervailing Duty and Antidumping Duty Orders on Cumulated Subject Imports from Kazakhstan, Romania, and South Africa Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry²⁴²

1. Likely Volume of Subject Imports

Cumulated subject imports from Kazakhstan, Romania and South Africa were present in the U.S. market in relatively small quantities during the period of review. The quantity of cumulated subject imports from these countries was at its period high of 215,578 short tons in 2002.²⁴³ Cumulated subject import quantity fluctuated at lower levels during the period of review, reaching a period low of 90 short tons in 2005, and was 22,721 short tons in 2006.²⁴⁴ The share of apparent U.S. consumption represented by cumulated subject imports from Kazakhstan, Romania, and South Africa was 0.4 percent in 2002, its peak level during the period of review, and accounted for less than 0.05 percent of apparent U.S. consumption in each year since 2002.²⁴⁵

The production capacity for Kazakhstan, Romania, and South Africa on a cumulated basis is relatively modest and has remained relatively flat over the period of reviews, fluctuating slightly between 12 million and 13 million short tons.²⁴⁶ Capacity utilization on a cumulated basis has remained relatively stable, ranging from about 78 percent to 86 percent between 2001 and 2006.²⁴⁷

Domestic shipments of hot-rolled steel (combined internal consumption and home market) on a cumulated basis accounted for a majority of total shipments in each of the subject countries, with the share remaining at a relatively constant level (approximately two-thirds of total shipments) over the period of review.²⁴⁸ Thus, exports as a share of total shipments and the volume of total exports have remained relatively stable.²⁴⁹ The volume of shipments exported has increasingly been focused on customers located in markets considered regional to each of these subject countries.²⁵⁰ For example,

²⁴² Commissioner Lane and Commissioner Pinkert do not join this section.

²⁴³ Calculated from CR/PR at Table I-1.

²⁴⁴ Calculated from CR/PR at Table I-1. Cumulated subject imports from these countries were 14,623 short tons in interim period 2006 and 455 short tons in interim period 2007. Id.

²⁴⁵ CR/PR at Table I-1.

²⁴⁶ Calculated from CR/PR at Tables IV-31, IV-35, and IV-40. Cumulated production capacity for these three countries was *** in 2006; capacity is projected to be *** in 2008. Id.

²⁴⁷ Calculated from CR/PR at Tables IV-31, IV-35, and IV-40. Capacity utilization on a cumulated basis for these three countries was *** in 2006. Cumulated capacity utilization was *** in interim period 2007; capacity utilization is projected to be *** in 2008. Id.

²⁴⁸ Calculated from CR/PR at Tables IV-31, IV-35, and IV-40. Domestic shipments (combined internal consumption and home market) as a share of total shipments ranged from a low of *** in 2006. Domestic shipments as a share of total shipments on a cumulated basis were *** in interim period 2007; domestic shipments are projected to be *** in 2008. Id.

²⁴⁹ Calculated from CR/PR at Tables IV-31, IV-35, and IV-40. Exports as a share of total shipments on a cumulated basis ranged from a low of *** in 2006. Exports as a share of total were *** in interim period 2007; exports as a share of total shipments are projected to be *** in 2008. Id.

²⁵⁰ See CR/PR at Tables IV-31, IV-35, and IV-40.

Mittal Steel SA's exports of hot-rolled steel, not surprisingly, ***.²⁵¹ The majority of Romanian hot-rolled steel exports are to ***, although the European market, according to Mittal Galati, *** in accord with Romania's accession to the European Union on January 1, 2007.²⁵² Finally, Mittal Temirtau's export shipments have been focused on neighbor countries, ***, during the period of review, and it predicts that shipments to *** between 2006 and 2007.²⁵³

We find that the ArcelorMittal Group's strategy for its subsidiaries and trading group is to supply home and regional markets, and not to serve export markets where the Group is a producer, and that this global marketing strategy limits the motivation of the subject producers in Kazakhstan, Romania, and South Africa to significantly increase shipments to the U.S. market.^{254 255} The substantial investment in Mittal USA makes it in the ArcelorMittal Group's interests not to disrupt the U.S. market. As previously discussed, Mittal NV created Mittal USA in 2005 from acquisitions/consolidations of the assets of various former U.S. steel companies. Mittal USA had six hot-rolled steel facilities during the period of review, and is the largest U.S. hot-rolled steel producer, accounting for *** of domestic production in 2006.²⁵⁶ The over \$6 billion spent in acquiring the predecessor companies and the hundreds of millions for investments since the acquisitions ensure that Mittal has "a very substantial stake in the U.S. industry."²⁵⁷

Mittal USA, as discussed in our cumulation analysis, informed the Commission that all commercial decisions regarding U.S. imports of hot-rolled steel products from Mittal subsidiaries must be approved by Mittal USA – "So the interest of the home country takes precedence."²⁵⁸ Mittal USA acknowledged that it may allow imports from its sister facilities in these subject countries to enter the U.S. market, and that its import decisions "may affect competitors in this market who are in different geographies or serve different market segments, and so on. But, it is managed in such a way and controlled, if you will, by the domestic marketing organization, which obviously has the interest of protecting, let's say, that production base in that domestic market."²⁵⁹

²⁵¹ See CR/PR at Tables IV-40 and IV-41. Mittal SA indicated that as part of the Mittal Group of companies, it would "****." Mittal SA's response to the notice of institution at 4 (Sept. 20, 2006). Mittal SA added that ***. Mittal Steel SA's questionnaire response; CR at IV-94; PR at IV-48. Mittal SA reports that it is "****." CR at IV-96; PR at IV-50, ***.

Mittal USA also explained regarding the relationship with Macsteel that "****." Mittal USA's Final Comments at 12, n.41 (emphasis in original); Mittal USA's Posthearing Brief, Response to Commission Questions at Pearson 12-13.

²⁵² CR at IV-84 and Tables IV-35, IV-36, and IV-37; PR at IV-46 and Tables IV-35, IV-36, and IV-37. *** (located *** from Romania) accounted for about *** of all Romanian hot-rolled steel exports in 2006. *Id.* at Table IV-37. Mittal Galati identified its principal markets in Asia (other than China) as ***. CR at IV-84, n.59; PR at IV-46, n.59. Mittal Galati indicated that under the ownership of the ArcelorMittal Group it "****." CR at IV-84; PR at IV-46.

²⁵³ CR at IV-75 and Tables IV-31 and IV-32; PR at IV-44 and Tables IV-31 and IV-32. Mittal Temirtau identified *** as an important export market, citing "****." CR at IV-75; PR at IV-44.

²⁵⁴ See Hearing Tr. at 217-218; Mittal USA's Posthearing Brief, Response to Questions at Aranoff 9-10 and Pinkert 6.

²⁵⁵ Moreover, mills owned by the ArcelorMittal Group are responsible for virtually all production of subject hot-rolled steel in Kazakhstan, Romania, and South Africa.

²⁵⁶ CR/PR at Table I-14.

²⁵⁷ Hearing Tr. at 218; Mittal USA's Posthearing Brief, Response to Questions at Lane 7-9; Mittal USA's Final Comments at 1.

²⁵⁸ Hearing Tr. at 218-219.

²⁵⁹ Hearing Tr. at 219.

While it is possible that ArcelorMittal Group or Mittal USA would direct increases in imports from subject sister facilities if the orders were revoked, the evidence in these reviews indicates that Mittal USA's interests in maintaining a profitable U.S. market, which involves nationwide sales of this price sensitive product, would make it unlikely that significant volumes of subject imports from Kazakhstan, Romania, or South Africa would enter the U.S. market. In light of the prominence of Mittal USA in the U.S. market and the magnitude of ArcelorMittal's investment in the U.S. company, we conclude that ArcelorMittal is likely primarily to serve the U.S. hot-rolled steel market in the reasonably foreseeable future with U.S. production from Mittal USA. Moreover, Mittal USA's control over the products that enter the U.S. market makes it unlikely that any of the affiliated subject producers in Kazakhstan, Romania, or South Africa will move aggressively to capture U.S. market share or sell its products in a manner that would have a negative effect on prices that Mittal USA receives.

Moreover, this relationship involves substantially more domestic and subject production than the single country relationships that were in place in the original investigations. For example, in the original investigations, Ispat Inland Inc., a predecessor company of Mittal USA, accounted for only about *** of domestic production and was related to a hot-rolled steel producer in only one country, Ispat Karmet (now JSC Mittal Temirtau) in Kazakhstan; by contrast, in these reviews the substantially larger Mittal USA not only is related to the Kazakh producer, but also is related to producers in Romania and South Africa.²⁶⁰

Despite acknowledging that if "it continues and they spread that product, it will become national and would harm their total enterprise,"²⁶¹ certain domestic producers contend that Mittal USA will cause injury to other domestic producers "by serving parts of the United States where it does not have a manufacturing presence through imports."²⁶² In making such arguments, Nucor has pointed to the sale and idling of several Mittal USA facilities to question Mittal's interests and motivations as a domestic producer.²⁶³ We note that the divestiture by Mittal USA of its Sparrows Point, MD, facility was done to comply with the divestiture ruling by the Department of Justice, and that the indefinite idling of a part of its Cleveland West plant, similar to the reported idling by US Steel of a number of its furnaces over the period of review, reportedly was due to weak domestic demand.²⁶⁴ We also find that the nature of the U.S. hot-rolled steel market, in which producers and importers compete in nearly all geographic markets, makes significant imports in any region of the country likely to have a disruptive impact on the overall U.S. market; thus, it is a course that Mittal USA is unlikely to pursue.²⁶⁵

The potential for product shifting appears insignificant. Both Mittal Temirtau and Mittal SA reported that their hot-rolled steel facilities ***, while Mittal Galati indicated that it ***.²⁶⁶ Moreover, inventories held in these three countries as a share of total shipments on a cumulated basis were low, equivalent to 2 to 3 percent of annual shipments, over the period of review.²⁶⁷ Finally, we recognize that exports of hot-rolled steel from each of these countries have been subject to import barriers in a number

²⁶⁰ See Mittal USA's Posthearing Brief, Responses to Questions at Lane 7-8 and n. 7; Confidential Original Determinations at 7-10.

²⁶¹ Hearing Tr. at 267-268.

²⁶² See, e.g., US Steel's Posthearing Brief at 10-13 and Hearing Tr. at 184, 222, and 267.

²⁶³ See Nucor's Posthearing Brief at 13; Nucor's Final Comments at 11 and 12.

²⁶⁴ See CR/PR at Tables I-14, III-4 and III-6; Mittal USA's Final Comments at 11 and 12; Hearing Tr. at 247-248 (US Steel's representative stated that "[I]f we go back and we look at the fourth quarter of last year, every facility we own in the U.S. had at least one blast furnace off. Our Gary, Indiana facility has four blast furnaces. It actually had three off.").

²⁶⁵ See, e.g., CR/PR at Table II-1.

²⁶⁶ CR at IV-75, IV-86, and IV-96; PR at IV-44, IV-47, and IV-50.

²⁶⁷ Calculated from CR/PR at Tables IV-31, IV-35, and IV-40.

of third countries during the period of review.²⁶⁸ Nonetheless, we do not find that these barriers outweigh the other factors discussed above that indicate a lack of likely significant volumes of imports from these subject countries on a cumulated basis if the orders are revoked.

For all of these reasons, and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we do not find it likely that the volume of subject hot-rolled steel from Kazakhstan, Romania, and South Africa on a cumulated basis would be significant, in absolute terms or relative to production or consumption in the United States, within a reasonably foreseeable time in the event of revocation.

2. Likely Price Effects of Subject Imports

In these reviews, there is limited pricing data specific to hot-rolled steel from Kazakhstan, Romania, and South Africa available to compare to the domestic like product.²⁶⁹ We recognize that in the original investigations imports from each of these countries undersold the domestic like product in the majority of price comparisons.²⁷⁰ However, as discussed above, Mittal USA now has no incentive to allow subject imports from these countries to be priced aggressively so as to move large volumes of hot-rolled steel at low prices into the U.S. market.²⁷¹ Hot-rolled steel of the same characteristics and requirements for a specific application or end use is always or frequently interchangeable whether it is domestically produced or imported.²⁷² Price plays an important role in purchasing decisions and hot-rolled steel is sold on a nationwide basis.²⁷³ Thus, given the nature of this market, low priced imports in any region of the country will have a disruptive effect on pricing of hot-rolled steel throughout the country. Given the likely small volume of subject imports from Kazakhstan, Romania, and South Africa on a cumulated basis in the event of revocation and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we find that revocation of the antidumping and countervailing duty orders on cumulated subject imports of hot-rolled steel from Kazakhstan, Romania, and South Africa would not be likely to lead to significant underselling or significant price depression or suppression within a reasonably foreseeable time.

²⁶⁸ CR/PR at Table IV-9. Kazakh exports of hot-rolled steel have faced the following import barriers in a number of third countries during the period of review: an antidumping duty order (109 percent) in Thailand since 2003; quotas (121,254 short tons in 2007) in the European Union since 2005, which reportedly will expire upon Kazakhstan's accession to the WTO; and an antidumping duty order in Argentina which reportedly was in place from April 2002 to March 2007. Romanian exports of hot-rolled steel have faced the following import barriers: an antidumping duty order (40.48 percent) in Argentina since 2002; quotas (315,201 short tons for July 2006-July 2007) in Thailand since 2003; and an antidumping duty order in Peru reportedly was in place from 2002 to 2006. South African exports of hot-rolled steel have faced the following import barriers: antidumping duty orders in Argentina (55.26 percent) since 2002, in Australia (structural hot-rolled steel) since 2002, and in Thailand (128.11 percent) since 2003; and a normal value agreement in Canada since 2001. *Id.*

²⁶⁹ In these reviews, there was no price comparisons possible regarding subject imports from Kazakhstan; while there were 13 price comparisons possible regarding the subject imports from Romania (8 instances of underselling and 5 instances of overselling), the most recent was in the first quarter of 2003; and there were eight price comparisons possible regarding subject imports from South Africa (3 instances of underselling and 5 instances of overselling), with the most recent in the fourth quarter of 2003. CR/PR at Tables V-3, V-4, V-6, and V-7.

²⁷⁰ CR/PR at Table V-7.

²⁷¹ See Hearing Tr. at 219 (“Will this be disruptive? What’s the appropriate price level? What’s the appropriate volume level? Is done in such a way that it doesn’t disrupt or injure our operations here [United States].”).

²⁷² CR at II-43 and Table II-7; PR at II-30 and Table II-7.

²⁷³ CR at II-31, IV-13, and Table II-3; PR at II-21, IV-11, and Table II-3.

3. Likely Impact of Subject Imports

In evaluating the likely impact on the domestic industry, we note, as explained in more detail above, that we have not found that the domestic industry is vulnerable. Given that we do not find it likely that there will be a significant volume of subject imports from Kazakhstan, Romania, and South Africa on a cumulated basis or that there will likely be significant price effects from these imports, and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we find that revocation of the antidumping and countervailing duty orders on cumulated subject imports from Kazakhstan, Romania, and South Africa is not likely to lead to a significant adverse impact on the domestic industry within a reasonably foreseeable time.

Thus, we conclude that revocation of the antidumping and countervailing duty orders on cumulated subject imports from Kazakhstan, Romania, and South Africa would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

F. Revocation of the Countervailing Duty and Antidumping Duty Orders on Subject Imports from Argentina Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry²⁷⁴

1. Likely Volume of Subject Imports

As discussed in our no discernible adverse impact finding, prior to the imposition of the antidumping and countervailing duty orders, the volume of subject imports from Argentina did not rise above 118,920 short tons, or 0.2 percent of apparent U.S. consumption.²⁷⁵ Since the orders were imposed, after declining in 2001 and 2002, subject imports from Argentina did not enter the U.S. market again, except for a minimal quantity (198 short tons) that was imported in 2006, accounting for less than 0.05 percent of apparent U.S. consumption in each year since 2001.²⁷⁶ There were no subject imports from Argentina reported for either interim period (January-June) 2006 or the same period in 2007.²⁷⁷

Argentine production capacity is relatively small and has remained at levels relatively similar to those during the original investigations, with the slight increases that are expected to be *** production.²⁷⁸ Moreover, even with the small increases in capacity during the period of review, the already relatively high capacity utilization rate rose from a low of *** in 2006.²⁷⁹ Argentine capacity utilization was *** in interim period 2007; capacity utilization is projected to be *** in 2008.²⁸⁰

As also discussed above, the small Argentine hot-rolled steel industry is not export-oriented. Due to increasing home market demand, its focus on domestic shipments (combined internal consumption and

²⁷⁴ Commissioner Lane does not join this section.

²⁷⁵ CR/PR at Table I-1.

²⁷⁶ CR/PR at Table I-1.

²⁷⁷ CR/PR at Table IV-1.

²⁷⁸ CR at IV-23, IV-28-29 and Tables IV-10, IV-11, and IV-12; PR at IV-19-20 and Tables IV-10, IV-11, and IV-12. Argentina production capacity was *** in 2006; capacity is projected to be *** in 2008. *Id.*

²⁷⁹ CR/PR at Table IV-11. In the original investigation (in 2000), Argentine capacity utilization was *** *Id.* at Table IV-10.

²⁸⁰ CR/PR at Tables IV-11 and IV-12.

home market) accounted for an increasing share of total shipments, rising from *** in 2006.²⁸¹ Conversely, Argentina's exports as a share of total shipments, which were *** in the original investigation (in 2000) and *** in 2006.²⁸² The relatively small volume of shipments exported²⁸³ has been focused on customers located in South American markets, or to a diminishing extent, to long-time customers in European markets.²⁸⁴

The potential for product shifting appears insignificant. While Siderar reported that its hot-rolled steel facilities only produce hot-rolled steel, Acindar indicated that it also produces "long products" on the same rolling mill employed to produce hot-rolled steel.²⁸⁵ Moreover, Argentine inventories as a share of total shipments were low *** in 2006, and were only *** in interim 2007 as compared to *** in interim 2006.²⁸⁶ Finally, Argentine exports of hot-rolled steel have only been subject to a single trade barrier, an antidumping duty order in Thailand since 2003.²⁸⁷

Despite acknowledging many of these conditions, certain domestic producers contend that Argentine producers are still likely to ship significant volumes of subject merchandise to the United States and point to an announcement by Siderar's corporate parent that it intends to increase hot-rolled capacity by an additional 300,000 tons per year by 2011.²⁸⁸ Although Ternium has announced plans for capacity expansion of its hot-rolled facilities to meet home market and regional demand, these expansion projects have ***.²⁸⁹ Moreover, ***.²⁹⁰ Therefore, this proposed capacity expansion is merely speculative, and outside the time period that we consider within the reasonably foreseeable future.

For all of these reasons, and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we do not find it likely that the volume of

²⁸¹ CR/PR at Table IV-11. The Argentine economy reportedly expanded by about ***, and demand for hot-rolled steel is expected to continue to increase by *** from 2007 to 2008, and by an additional *** in 2009. CR at IV-30; PR at IV-20.

²⁸² CR/PR at Tables IV-10 and IV-11. Argentina's exports as a share of its total shipments were *** in interim period 2007; exports as a share of total shipments are projected to be *** in 2008. *Id.* at Tables IV-11 and IV-12.

²⁸³ The total volume of Argentine exports in 2006 were ***. We recognize that the total volume of Argentine exports was higher in interim period 2007 at *** than the total export volume in 2006 and are projected to be *** in 2008. CR/PR at Tables IV-11 and IV-12. These exports continue to be primarily to South American markets, followed by the European Union, with additional volume exported to ***." Siderar's Final Comments at 9-10; Siderar's August 3, 2007 Supplemental Response; US Steel's Final Comments at 11-12.

²⁸⁴ CR at IV-31 and Table IV-11; PR at IV-21 and Table IV-11. Siderar, which is part of the regional corporation Ternium, indicated that its corporate parent's strategy, is for each of its mills to focus on their home markets as their priority markets and that its exports ***. CR at IV-31; PR at IV-21. Siderar contends that it "has no plans to ship to the United States in the foreseeable future, and is constrained from shipping to the U.S. market at more than negligible levels, at the most, that are not likely to present any identifiable harm to the domestic industry." Siderar's Prehearing Brief at 12-13; Siderar's Posthearing Brief at 1-2, Response to Commission Question 12, and Exhibit 1.

²⁸⁵ CR at IV-31-32; PR at IV-21.

²⁸⁶ CR/PR at Table IV-11.

²⁸⁷ CR/PR at Table IV-9.

²⁸⁸ *See, e.g.*, Nucor's Prehearing Brief at 25; Nucor's Posthearing Brief, Exhibit 1 at 36; Mittal's Posthearing Brief, Response to Questions at Aranoff -15.

²⁸⁹ Siderar's Posthearing Brief, Exhibit 1 at Question 2 and Exhibit 4 (affidavit); Siderar's Final Comments at 6-7. According to Siderar, "*** will be evaluated and approved only if it makes sense in light of home market and regional demand projections. Because these are Siderar's priority markets, if forecasts for home market and regional demand are not adequate to *** in line with projections." Siderar's Posthearing Brief, Exhibit 1 at Question 2.

²⁹⁰ Siderar's Posthearing Brief, Exhibit 1 at Question 2 and Exhibit 4 (affidavit); Siderar's Final Comments at 6-7.

subject hot-rolled steel from Argentina would be significant, in absolute terms or relative to production or consumption in the United States, within a reasonably foreseeable time in the event of revocation.

2. Likely Price Effects of Subject Imports

In these reviews, virtually no pricing data specific to hot-rolled steel from Argentina were available to compare to the domestic like product.²⁹¹ In the original investigations, imports from Argentina undersold the domestic like product in only six of 30 comparisons.²⁹² Since the Argentine producers have *** available capacity, they have no incentive to price aggressively to move large volumes of hot-rolled steel into the U.S. market. Given the likely small volume of subject imports from Argentina in the event of revocation and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we find that revocation of the antidumping and countervailing duty orders on subject imports of hot-rolled steel from Argentina would not be likely to lead to significant underselling or significant price depression or suppression within a reasonably foreseeable time.

3. Likely Impact of Subject Imports

In evaluating the likely impact on the domestic industry, we note, as explained in more detail above, that we have not found that the domestic industry is vulnerable. Given that we do not find it likely that there will be a significant volume of subject imports from Argentina or that there will likely be significant price effects from these imports, and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we find that revocation of the antidumping and countervailing duty orders on subject imports from Argentina is not likely to lead to a significant adverse impact on the domestic industry within a reasonably foreseeable time.

Thus, we conclude that revocation of the antidumping and countervailing duty orders on subject imports from Argentina would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

Conclusion

For the foregoing reasons, we determine that revocation of the countervailing duty orders on hot-rolled steel from India, Indonesia, and Thailand, and that revocation of the antidumping duty orders on hot-rolled steel from China, India, Indonesia, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We also determine that revocation of the countervailing duty orders on hot-rolled steel from Argentina and South Africa, and that revocation of the antidumping duty orders on hot-rolled steel from Argentina, Kazakhstan, Romania, and South Africa 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.²⁹³

²⁹¹ In these reviews, there were only three price comparisons possible, all in 2001, regarding the subject imports from Argentina. CR/PR at Tables V-5 and V-7.

²⁹² CR/PR at Table V-7.

²⁹³ Commissioner Lane dissents with respect to the orders on subject imports from Argentina, Kazakhstan, Romania, and South Africa, and Commissioner Pinkert dissents with respect to the orders on subject imports from Kazakhstan, Romania, and South Africa.

DISSENTING VIEWS OF COMMISSIONER CHARLOTTE R. LANE AND COMMISSIONER DEAN A. PINKERT REGARDING CUMULATION

Based on the record in these five-year reviews, we have exercised our discretion to cumulate subject imports of hot-rolled carbon steel flat products from China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine. Thus, for the reasons explained below, although we concur with the majority in cumulating subject imports from China, India, Indonesia, Taiwan, Thailand, and Ukraine, we dissent in regard to the majority's determination not to cumulate those imports with subject imports from Kazakhstan, Romania, and South Africa.

As a general matter, where, in a five-year review, we do not find that the subject imports are likely to have no discernible adverse impact on the domestic industry and find that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, we cumulate such imports unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted.

Here, we agree with the majority regarding the application of the “no discernible adverse impact” standard to Kazakhstan, Romania, and South Africa, and we agree that such imports would be likely to compete with all subject imports and with the domestic like product in the U.S. market. Consequently, we have considered whether other factors warrant not cumulating Kazakhstan, Romania, and South Africa with the other subject countries, specifically, whether the relationship between Mittal USA, the largest domestic producer, and its related sister companies creates a condition or propensity that is likely to significantly limit competition between subject imports from these three countries and the other subject imports upon revocation. Inasmuch as the available evidence on the record in these reviews indicates that no such condition or propensity exists, we cumulate subject imports from Kazakhstan, Romania, and South Africa with the other subject countries.

Mittal USA expects to be fully merged into the Arcelor Mittal Group by the end of this year.¹ The Arcelor Mittal Group is a worldwide steel producer, with producers in fourteen countries around the world. Mittal USA is related to three Arcelor Mittal Group subject producers: JSC Mittal Steel Temirtau (“Temirtau”) in Kazakhstan, Mittal Steel Galati (“Galati”) in Romania, and Mittal South Africa. These three producers manufacture almost all of the subject merchandise in Kazakhstan, Romania, and South Africa.² Kazakh producer Temirtau, Romanian producer Galati, and Mittal South Africa are all members of the Arcelor Mittal Group, and produce all or almost all of the subject merchandise in their home countries.³ In its Final Comments, Mittal USA stated that it agrees with other domestic producers that “the decision whether to cumulate should not be based simply on whether the subject producers in *** are related to a U.S. producer.”⁴ We agree.

The record in these reviews indicates that Arcelor Mittal is a significant importer of hot-rolled steel into the U.S. market. One of Arcelor Mittal's five related importers, Arcelor International America, was *** U.S. importer of hot-rolled steel in 2006, importing *** short tons of hot-rolled steel from *** countries into the U.S. market.⁵ These imports constituted *** percent of total imports in that year. Three related Arcelor Mittal importers, Dofasco, Inc., Dofasco Tubular Products Corp., and Mittal

¹ CR/PR at Table III-1.

² CR at IV-68, IV-77, and IV-88-89; PR at IV-39, IV-45, and IV-47-48.

³ Mittal USA takes no position with respect to the orders on Kazakhstan, Romania, and South Africa. Mittal USA Prehearing Brief at 1, n.1.

⁴ Mittal USA Final Comments at 10.

⁵ Calculated from CR/PR at Table I-16.

Canada, Inc., imported *** over the period of review. These four importers imported *** short tons of hot-rolled steel from *** sources in 2006. Yet another related importer, Mittal Steel North America, imported *** from *** into the U.S. market during the period reviewed.⁶

Mittal Steel USA informed the Commission that Commercial Marketing Officers in the importing country decide what products will be imported into a country in which Arcelor Mittal has production operations.⁷ However, Mittal Steel USA did not identify which entity's interests these Commercial Marketing Officers represent. At the hearing, Mr. Schorsch, the Chief Executive Officer of Flat Carbon-Americas for Arcelor Mittal, testified that "the marketing or commercial organization" in the United States would have to consent to imports from sister companies.⁸ We note that both Mr. Schorsch and Mittal USA failed to identify the Arcelor Mittal entity or entities that exercise influence over this "marketing or commercial organization." It is entirely possible – indeed likely given the interests of the Arcelor Mittal Group as a whole – that the decision to export to the United States would be based upon a balancing of costs to Mittal USA against benefits to the exporting entity.

According to Mittal USA, Arcelor Mittal International, supervised by Arcelor Mittal Commercial Coordination Division, handles the logistics for the vast majority of Arcelor Mittal's exports of steel products.⁹ ***.¹⁰ ***.¹¹ This is consistent with our view that several entities likely have a say in whether, how, and to what extent subject imports produced by Arcelor Mittal companies are exported to the U.S. market.

We find that Arcelor Mittal likely balances the interests of its various operations when deciding whether to export subject merchandise to the U.S. market. While Mittal USA's interests would be a factor for Arcelor Mittal in deciding whether to export subject merchandise from Kazakhstan, Romania, and South Africa to the U.S. market, it is doubtful that these are the only interests taken into account in such decisions.

If the orders on Kazakhstan, Romania, and South Africa were revoked, Arcelor Mittal would likely take into account the interests of Temirtau, Galati, and Mittal South Africa in deciding whether to export subject merchandise produced by those companies to the United States. Temirtau, Galati, and Mittal South Africa are likely to need additional markets for their unused capacity and their exports, as their Asian markets are shrinking. The record indicates that all three related companies have excess capacity and are to a significant degree export oriented, especially Galati.¹² ¹³ Galati and Mittal South

⁶ An unrelated importer, ***, imported non-subject imports and subject imports, including subject imports from *** into the U.S. market during the period of review. *** accounted for *** percent of U.S. imports of hot-rolled steel in 2006, ***. CR/PR at Table I-16. Mittal USA Posthearing Brief, Answers to Commissioner Questions, Aranoff at 10.

⁷ Mittal USA Posthearing Brief, Answers to Commissioner Questions, Pinkert at 6.

⁸ Tr. at 218-219.

⁹ Mittal USA Posthearing Brief, Answers to Commissioner Questions, Pinkert at 6. Arcelor Mittal International consolidates trading and international sales in a worldwide network of more than 50 offices across five continents. Mittal USA Posthearing Brief, Answers to Commissioner Questions, Aranoff at 9.

¹⁰ Mittal USA Posthearing Brief, Answers to Commissioner Questions, Aranoff at 10.

¹¹ Mittal USA Posthearing Brief, Answers to Commissioner Questions, Pearson at 12-13.

¹² Capacity utilization for Temirtau was *** percent in 2006 and was projected to be approximately *** percent in 2007 and 2008. CR/PR at Tables IV-31 and IV-32. With an overall capacity of ***, Temirtau would have approximately *** short tons of excess capacity in 2007 and *** short tons of excess capacity in 2008.

Capacity utilization for Galati was *** percent in 2006 and was projected to be *** percent in 2007 and *** percent in 2008, when its capacity is projected to increase by ***. CR/PR at Table IV-35 and Table IV-36. With an overall capacity of ***, Galati would have *** short tons of excess capacity in 2007. With the increase in capacity in 2008 to ***, Galati would have a total of *** short tons of excess capacity in 2008.

Africa have largely lost their ability to make sales in China and appear to be losing their other Asian markets to exports from China. Temirtau has significantly decreased exports to China. Increasing exports to the United States would help make up for the losses in these markets.¹⁴

In addition, the U.S. market would be attractive to subject producers in Kazakhstan, Romania, and South Africa because Asian import prices are generally lower than U.S. prices for hot-rolled steel.¹⁵ Further, the average unit values (“AUVs”) of export shipments from Kazakhstan, Romania, and South Africa were lower than AUVs for U.S. commercial shipments of hot-rolled steel in 2006.¹⁶

Moreover, prior to the orders, subject imports from these countries competed aggressively in the U.S. market.¹⁷ Imports from two of the three subject countries have remained in the U.S. market during

Capacity utilization for Mittal South Africa was *** percent in 2006 and fell to *** percent in interim 2007. Mittal South Africa projects that its capacity utilization will be *** percent in 2007 and *** percent in 2008. CR/PR at Table IV-40 and Table IV-41. With an overall capacity of ***, Mittal South Africa would have an excess capacity of *** short tons in 2007 and *** short tons in 2008.

¹³ Exports constituted *** to *** percent of Temirtau’s total shipments over the period of review; *** to *** percent of Galati’s shipments; and *** to *** percent of Mittal South Africa’s shipments. CR/PR at Table II-2.

¹⁴ CR/PR at Table IV-8 (showing decreasing Chinese imports and increasing Chinese exports over the period of review). Kazakhstan’s exports to China decreased *** from a high of *** short tons in 2002 to *** short tons in 2006. CR/PR at Table IV-31. Romania’s exports to China decreased *** over the period of review from a high of *** short tons in 2003 to *** in 2006 and interim 2007, and its exports to Asia (other than China) decreased from *** short tons in 2005 to *** short tons in 2006. CR/PR at Table IV-35. Mittal South Africa has withdrawn from the China market and significantly decreased exports to other Asian markets. CR/PR at Table IV-40.

Reported Chinese exports of hot-rolled steel to other Asian countries increased from 342,782 short tons in 2001 to 2,891,085 short tons in 2006. CR/PR at Table IV-15. See also Thai Respondents Posthearing Brief, Answers to Commission Questions at 31 (Chinese exports of hot-rolled steel into ASEAN countries increased from 22,049 short tons in 2001 to 405,027 short tons in 2006).

¹⁵ *** data reflect that Far East Import data are lower than U.S. prices for hot-rolled steel, although the same is not true of Japanese domestic prices. Revision to Staff Report, Table IV-62. MEPS data for negotiated transaction prices reflect U.S. prices that are significantly higher than prices in China, Taiwan, or Japan. CR/PR at Table IV-61.

¹⁶ 2006 AUVs per short ton, CR/PR at Tables III-10 (\$564 for commercial U.S. shipments), IV-31 (\$*** for Kazakhstan exports), IV-35 (\$*** for Romanian exports), and IV-40 (\$*** for South Africa exports).

¹⁷ Temirtau is the successor to Ispat Karmet OJSC, the Kazakh producer at the time of the original investigations. CR at IV-68; PR at IV-39. Subject imports from Kazakhstan increased from 130,329 short tons in 1998 to 192,470 short tons in 2000, CR/PR at Table I-1, and undersold the domestic like product in six out of six available price comparisons during the original period of investigations. CR/PR at Table V-7. Subject imports from Kazakhstan have not been in the U.S. market since 2001; however, in that year, AUVs for subject imports from Kazakhstan, at \$181 per short ton, were much lower than AUVs for the domestic like product, \$262 per short ton, or AUVs for any of the other subject imports. CR/PR at Table I-1.

Galati is the successor to Sidex SA Galati, the largest Romanian hot-rolled producer at the time of the original investigations. CR at IV-77; PR at IV-45. Subject imports from Romania increased from 128,253 short tons in 1998 to 410,796 short tons in 2000, CR/PR at Table I-1, and undersold the domestic like product in 37 out of 43 available price comparisons during the original period of investigations. CR/PR at Table V-7.

Mittal South Africa is the successor to two firms, Iscor Ltd. and Saldanha Steel, Inc., which together accounted for *** percent of total U.S. imports of subject merchandise from South Africa in 2000. CR at IV-88; PR at IV-47. Subject imports from South Africa increased from 80,434 short tons in 1998 to 167,773 short tons in 2000, CR/PR at Table I-1, and undersold the domestic like product in 10 out of 19 available price comparisons during the original period of investigation. CR/PR at Table V-7.

the period of review and accounted for over 100,000 short tons in at least one surveyed year during the review period.¹⁸

Furthermore, Arcelor Mittal's representative, Mr. Schorsch, made it clear that imports from these subject countries can be managed in a way to largely avoid harming Mittal USA, while competing with its competitors in the United States, which make up *** of the U.S. domestic industry.¹⁹ Mr. Schorsch stated that Arcelor Mittal's imports might affect its competitors in one of its home markets, but that sales are "managed in such a way and controlled" in such a way as to protect Arcelor Mittal's production base in that market.²⁰

The record reflects that a strategy of steering imports away from direct competition with Mittal USA could well be effective. Mittal's production facilities are concentrated in the Midwest and East Coast.²¹ *** percent of Mittal's sales are within 100 miles of its production or storage facilities, *** percent of its sales are within 101 to 1,000 miles of those facilities, and only *** percent of its sales are over 1,000 miles of its facilities.²² Most subject imports, including those from Kazakhstan, Romania, and South Africa, enter the United States through customs districts in the Gulf of Mexico and California.²³ Upon revocation, Arcelor Mittal would be able to ship subject imports from both related and unrelated producers through the Gulf of Mexico and California, thus minimizing the impact on Mittal USA's operations.

We recognize that Arcelor Mittal, because of its connection to Mittal USA, may not compete as aggressively in terms of price in importing subject imports from Kazakhstan, Romania, and South Africa as it did prior to the issuance of the orders. We find, however, that it would have a strong incentive to increase U.S. exports from those countries and would have the ability to do so, especially given its related importers in the United States. Given the low AUVs of export shipments from these three subject countries, the Arcelor Mittal Group would have a strong incentive to increase its exports from these subject countries to the United States. It would likely be very competitive in terms of price, while striving to steer sales away from direct competition with Mittal USA.

Thus, in the event of revocation, all of Arcelor Mittal's subject imports would likely compete actively in the U.S. market with other subject imports and the domestic like product, and would likely adversely impact the U.S. industry as a whole. We conclude that the record evidence does not indicate that separating Kazakhstan, Romania, and South Africa from the other subject countries for purposes of

¹⁸ Subject imports from Romania remained in the market after the order on Romania was in place, reaching a high of 103,512 short tons in 2002, but they were not in the market at all in 2005 and interim 2007, and were 12,892 short tons in 2006. CR/PR at Table IV-1. During the period of review, subject imports from Romania undersold the domestic like product in eight out of 13 available price comparisons, at an average margin of 10.6 percent. CR/PR at Table V-7.

Subject imports from South Africa remained in the market after the order on South Africa was in place, reaching a high of 112,066 short tons in 2002, but they were generally at low volumes over the period of review. CR/PR at Table IV-1. During the period of review, subject imports from South Africa undersold the domestic like product in three out of eight available price comparisons, but it did so at an average margin of 25.3 percent. CR/PR at Table V-7.

¹⁹ Tr. at 219 ("It may affect competitors in this market who are in different geographies or serve different market segments, and so on").

²⁰ Id.

²¹ CR/PR at Table I-14.

²² Mittal Domestic Producer Questionnaire Response at 43.

²³ CR/PR at Table IV-4.

the injury analysis is warranted. Consequently, we exercise our discretion to cumulate subject imports from China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine.²⁴

²⁴ Commissioner Lane also cumulates subject imports from Argentina with all other subject imports.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On August 1, 2006, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of the countervailing duty orders on hot-rolled steel products (“hot-rolled steel”) from Argentina, India, Indonesia, South Africa, and Thailand and the antidumping duty orders on hot-rolled steel from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On November 6, 2006, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.⁴ Selected information relating to the schedule of the current five-year reviews is presented in the following tabulation:⁵

¹ 19 U.S.C. 1675(c).

² 71 FR 43521, August 1, 2006. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission’s notice of institution is presented in app. A.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. 71 FR 43443, August 1, 2006.

⁴ 71 FR 67366, November 21, 2006. The Commission found that the domestic interested party response to its notice of institution was adequate and that the respondent interested party responses were adequate with respect to Argentina, China, Netherlands, South Africa, and Thailand. Accordingly, the Commission unanimously determined that it would conduct full reviews with respect to hot-rolled steel from Argentina, China, Netherlands, South Africa, and Thailand pursuant to section 751(c)(5) of the Act. Commissioner Koplan determined that the respondent interested party group response with respect to China was inadequate, but determined to conduct a full review in order to promote administrative efficiency. The Commission did not receive any responses from respondent interested parties concerning India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine and determined that the respondent interested party responses with respect to India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine were inadequate. However, the Commission determined to conduct full reviews with respect to these countries to promote administrative efficiency in light of its decision to conduct full reviews with respect to Argentina, China, Netherlands, South Africa, and Thailand.

⁵ The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct expedited or full reviews may also be found at the web site. The list of witnesses that appeared at the Commission’s hearing is presented in app. B.

Effective date	Action
September 11, 2001	Commerce's countervailing duty order on hot-rolled steel from Argentina (66 FR 47173)
September 19, 2001	Commerce's antidumping duty orders on hot-rolled steel from Argentina and South Africa (66 FR 48242)
November 21, 2001	Commerce's antidumping duty order on hot-rolled steel from Kazakhstan (66 FR 58435)
November 29, 2001	Commerce's antidumping duty orders on hot-rolled steel from China, Netherlands, Romania, Taiwan, Thailand, and Ukraine (66 FR 59559, 59561, 59562, 59563, 59565, and 59566)
December 3, 2001	Commerce's antidumping and countervailing duty orders on hot-rolled steel from India and Indonesia and Commerce's countervailing duty orders on hot-rolled steel from South Africa and Thailand (66 FR 60192, 60194, 60197, 60198, and 60201)
August 1, 2006	Commission's institution of five-year reviews (71 FR 43521)
August 1, 2006	Commerce's initiation of five-year reviews (71 FR 43443)
November 6, 2006	Commission's determinations to conduct full five-year reviews (71 FR 67366, November 21, 2006)
December 5, 2006	Commerce's final results of expedited five-year reviews of the antidumping duty orders on hot-rolled steel from Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine (71 FR 70506)
December 7, 2006	Commerce's final results of expedited five-year reviews of the countervailing duty orders on hot-rolled steel from Argentina, India, Indonesia, South Africa, and Thailand (71 FR 70960)
January 11, 2007	Commission's scheduling of the reviews (72 FR 2556, January 29, 2007)
March 14, 2007	Commission's revised schedule of the reviews (72 FR 13123, March 20, 2007)
June 27, 2007	Commerce's final results of full five-year review of the antidumping duty order on hot-rolled steel from the Netherlands and revocation of the order effective November 29, 2006 (72 FR 35220, June 27, 2007)
June 27, 2007	Commission's termination of review regarding hot-rolled steel from the Netherlands (72 FR 40322, July 24, 2007)
July 31, 2007 August 1, 2007	Commission's hearing
October 10, 2007	Commission's vote
October 25, 2007	Commission's determinations transmitted to Commerce

The Original Investigations

The original investigations resulted from petitions filed on November 13, 2000, by counsel on behalf of Bethlehem Steel Corp. (“Bethlehem”); Gallatin; IPSCO; LTV Steel Co., Inc.; National Steel Corp. (“National”); Nucor; SDI; U.S. Steel; Weirton Steel Corp. (“Weirton”);⁶ and the labor union representing the organized workers at Weirton (the Independent Steelworkers Union).^{7 8} On the dates listed below, Commerce made final affirmative determinations of countervailing duties (“CVD”) to remedy subsidies and antidumping duties (“AD”) to remedy sales at less than fair value (“LTFV”) in the original investigations:

Effective date	Action
July 16, 2001	Commerce’s final affirmative LTFV determinations with respect to hot-rolled steel from Argentina and South Africa and final affirmative CVD determination with respect to hot-rolled steel from Argentina (66 FR 37001, 37002, and 37007).
September 28, 2001	Commerce’s final affirmative LTFV determinations with respect to hot-rolled steel from China, Indonesia, Romania, Taiwan, and Thailand and final affirmative CVD determinations with respect to hot-rolled steel from India and Indonesia (66 FR 49618, 49622, 49625, 49628, 49632, 49635, and 49637).
October 3, 2001	Commerce’s final affirmative LTFV determinations with respect to hot-rolled steel from India, Kazakhstan, Netherlands, and Ukraine and final affirmative CVD determinations with respect to hot-rolled steel from South Africa and Thailand (66 FR 50397, 50401, 50406, 50408, 50410, 50412, and 55637).

In August 2001, the Commission determined that an industry in the United States was materially injured by reason of imports from Argentina of hot-rolled steel that were found by Commerce to be subsidized by the Government of Argentina and sold in the United States at LTFV. The Commission also determined that an industry in the United States was materially injured by reason of imports from South Africa of hot-rolled steel that were found by Commerce to be sold in the United States at LTFV.⁹ In November 2001, the Commission determined that an industry in the United States was materially injured by reason of imports from India, Indonesia, South Africa, and Thailand of hot-rolled steel that was found by Commerce to be subsidized by the Governments of India, Indonesia, South Africa, and Thailand, respectively. The Commission also determined that an industry in the United States was materially injured by reason of imports from China, India, Indonesia, Kazakhstan, Netherlands, Romania, Taiwan, Thailand, and Ukraine of hot-rolled steel that was found by Commerce to be sold in the United States at LTFV.¹⁰ After receipt of the Commission’s determinations, Commerce issued countervailing duty orders

⁶ Weirton was not a petitioner in the investigation involving the Netherlands.

⁷ On November 16, 2000, the original petition was amended to include the United Steelworkers of America as co-petitioners.

⁸ *Hot-Rolled Steel Products From Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, August 2001, p. I-1; *Hot-Rolled Steel Products from China, India, Indonesia, Kazakhstan, The Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-405-408 (Final) and 731-TA-899-904 and 906-908 (Final)*, USITC Publication 3468, November 2001, p. I-1.

⁹ *Hot-Rolled Steel Products From Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, August 2001, p. 1.

¹⁰ *Hot-Rolled Steel Products From China, India, Indonesia, Kazakhstan, The Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-405-408 (Final) and Investigations Nos. 731-*

(continued...)

on imports of hot-rolled steel from Argentina, India, Indonesia, South Africa, and Thailand,¹¹ and antidumping duty orders on imports of hot-rolled steel from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.¹²

Summary Data

Table I-1 presents a summary of data from the original investigations and the current full five-year reviews.¹³

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

The Commission has conducted a number of previous import relief investigations on certain carbon steel products or substantially similar merchandise. Table I-2 presents data on previous and related title VII investigations for hot-rolled steel.

PREVIOUS AND RELATED SECTION 332 INVESTIGATIONS

The Commission has conducted a number of previous section 332 investigations on certain carbon steel products or substantially similar merchandise. Table I-3 presents data on previous and related general research investigations on hot-rolled steel.

¹⁰ (...continued)

TA-899-904 and 906-908 (Final), USITC Publication 3468, November 2001, p. 1.

¹¹ 66 FR 47173, September 11, 2001 (Argentina) and 66 FR 60197, 60198, and 60201, December 3, 2001 (India, Indonesia, South Africa, and Thailand).

¹² 66 FR 48242, September 19, 2001 (Argentina and South Africa); 66 FR 58435, November 21, 2001 (Kazakhstan); 66 FR 59559, 59561, 59562, 59563, 59565, 59566, November 29, 2001 (China, Netherlands, Romania, Taiwan, Thailand, and Ukraine); and 66 FR 60192 and 90194, December 3, 2001 (India and Indonesia).

¹³ Commerce published notice of its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands on June 27, 2007 (72 FR 35220). In those final results, Commerce revoked the order effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007). Therefore, throughout this report, data concerning the Netherlands are not presented as subject merchandise but are aggregated with the data from other nonsubject countries.

Table I-1**Hot-rolled steel: Summary data from the original investigations and the current full five-year reviews, 1998-2006***(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)*

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. consumption quantity: Amount	73,969,211	71,395,689	72,535,753	63,734,503	67,915,736	67,332,264	73,344,264	66,937,489	73,188,204
Producers' share ¹	84.1	91.1	89.9	95.4	93.1	96.0	93.0	94.2	91.2
Importer's share:									
Argentina ¹	0.0	0.2	0.2	(²)	(²)	0.0	0.0	0.0	(²)
China ¹	0.1	0.7	0.7	0.1	(²)	(²)	(²)	(²)	(²)
India ¹	0.1	0.7	1.2	0.1	(²)	0.0	(²)	(²)	0.1
Indonesia ¹	0.1	0.4	0.4	(²)	0.0	0.0	(²)	0.0	0.0
Kazakhstan ¹	0.2	0.2	0.3	(²)	0.0	0.0	0.0	0.0	0.0
Romania ¹	0.2	0.5	0.6	0.1	0.2	(²)	(²)	0.0	(²)
South Africa ¹	0.1	0.2	0.2	(²)	0.2	(²)	(²)	(²)	(²)
Taiwan ¹	0.3	0.6	1.0	0.1	(²)	(²)	(²)	(²)	(²)
Thailand ¹	0.0	0.1	0.3	(²)	0.2	0.1	0.1	0.1	0.2
Ukraine ¹	0.2	0.1	0.3	(²)	(²)	(²)	0.0	(²)	0.0
Subject subtotal ³	1.3	3.6	5.1	0.5	0.5	0.1	0.2	0.1	0.3
Other countries ^{1 3}	14.6	5.3	5.0	4.2	6.3	3.9	6.8	5.7	8.5
Total imports ¹	15.9	8.9	10.1	4.6	6.9	4.0	7.0	5.8	8.8

Table continued on following page.

Table I-1--Continued

Hot-rolled steel: Summary data from the original investigations and the current full five-year reviews, 1998-2006

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. consumption value: Amount	23,423,599	20,134,473	21,707,897	16,687,319	20,752,002	20,147,581	38,501,604	35,948,717	41,037,560
Producers' share ¹	86.0	91.7	89.9	95.3	93.1	95.6	93.2	94.1	91.8
Importer's share:									
Argentina ¹	0.0	0.1	0.2	(²)	(²)	0.0	0.0	0.0	(²)
China ¹	0.1	0.5	0.6	0.1	(²)	(²)	(²)	(²)	(²)
India ¹	0.1	0.6	1.2	0.1	(²)	0.0	(²)	(²)	0.1
Indonesia ¹	0.0	0.3	0.3	(²)	0.0	0.0	(²)	0.0	0.0
Kazakhstan ¹	0.1	0.1	0.2	(²)	0.0	0.0	0.0	0.0	0.0
Romania ¹	0.1	0.4	0.5	0.1	0.1	(²)	(²)	0.0	(²)
South Africa ¹	0.1	0.2	0.2	(²)	0.1	(²)	(²)	(²)	(²)
Taiwan ¹	0.3	0.5	1.0	0.1	(²)	(²)	(²)	(²)	(²)
Thailand ¹	0.0	0.1	0.3	(²)	0.2	0.1	0.1	0.1	0.2
Ukraine ¹	0.1	0.1	0.2	(²)	(²)	(²)	0.0	(²)	0.0
Subject subtotal ³	1.1	2.9	4.9	0.4	0.5	0.1	0.2	0.1	0.3
Other countries ^{1 3}	12.9	5.3	5.2	4.3	6.4	4.2	6.6	5.8	7.9
Total imports ¹	14.0	8.3	10.1	4.7	6.9	4.4	6.8	5.9	8.2

Table continued on following page.

Table I-1--Continued

Hot-rolled steel: Summary data from the original investigations and the current full five-year reviews, 1998-2006

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. imports from-- Argentina:									
Quantity	0	116,950	118,920	26,753	4,058	0	0	0	198
Value	0	29,765	34,192	6,067	1,330	0	0	0	181
Unit value	(⁴)	\$255	\$288	\$227	\$328	(⁴)	(⁴)	(⁴)	\$914
Ending inventory quantity	***	***	***	***	***	***	***	***	***
China:									
Quantity	102,588	467,380	485,299	42,184	47	28	6,456	418	3,851
Value	26,626	106,648	139,475	10,206	16	23	4,056	249	2,218
Unit value	\$260	\$228	\$287	\$242	\$346	\$817	\$628	\$596	\$576
Ending inventory quantity	***	***	***	***	***	***	***	***	***
India:									
Quantity	109,941	504,155	876,264	51,480	5,919	0	11,392	6,618	62,234
Value	30,062	119,121	253,991	12,309	1,857	0	7,819	4,951	32,418
Unit value	\$273	\$236	\$290	\$239	\$314	(⁴)	\$686	\$748	\$521
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Indonesia:									
Quantity	38,163	301,264	259,166	10,726	0	0	5	0	0
Value	11,021	69,343	74,574	2,576	0	0	5	0	0
Unit value	\$289	\$230	\$288	\$240	(⁴)	(⁴)	\$944	(⁴)	(⁴)
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-1--Continued

Hot-rolled steel: Summary data from the original investigations and the current full five-year reviews, 1998-2006

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. imports from-- Kazakhstan:									
Quantity	130,329	123,132	192,470	14,604	0	0	0	0	0
Value	34,306	24,727	45,070	2,640	0	0	0	0	0
Unit value	\$263	\$201	\$234	\$181	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Romania:									
Quantity	128,253	384,458	410,796	56,869	103,512	32,895	17,802	0	12,892
Value	32,896	80,543	104,291	11,607	26,269	8,745	10,227	0	6,933
Unit value	\$256	\$210	\$254	\$204	\$254	\$266	\$575	(⁴)	\$538
Ending inventory quantity	***	***	***	***	***	***	***	***	***
South Africa:									
Quantity	80,434	173,044	167,773	4,903	112,066	28,647	10,355	90	9,829
Value	22,321	40,440	47,229	1,344	30,914	8,013	5,510	67	4,361
Unit value	\$278	\$234	\$282	\$274	\$276	\$280	\$532	\$745	\$444
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Taiwan:									
Quantity	224,058	428,939	724,854	42,144	1,153	107	1,381	142	7,305
Value	61,858	104,003	222,532	11,578	363	116	929	136	4,583
Unit value	\$276	\$242	\$307	\$275	\$315	\$1,083	\$673	\$959	\$627
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-1--Continued

Hot-rolled steel: Summary data from the original investigations and the current full five-year reviews, 1998-2006

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. imports from Thailand:									
Quantity	18,050	38,637	233,762	15,847	139,856	34,162	93,414	43,289	155,824
Value	5,521	10,422	70,070	4,836	43,463	10,927	51,045	21,948	81,498
Unit value	\$306	\$270	\$300	\$305	\$311	\$320	\$546	\$507	\$523
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Ukraine:									
Quantity	126,648	72,907	213,764	25,694	612	11	0	1,558	0
Value	27,280	13,146	50,012	5,318	202	6	0	1,689	0
Unit value	\$215	\$180	\$234	\$207	\$330	\$545	(⁴)	\$1,084	(⁴)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject subtotal: ³									
Quantity	958,465	2,610,867	3,683,069	291,203	367,223	95,850	140,805	52,115	252,133
Value	251,891	598,156	1,041,434	68,481	104,414	27,830	79,591	29,040	132,192
Unit value	\$263	\$229	\$283	\$235	\$284	\$290	\$565	\$557	\$524
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-1--Continued

Hot-rolled steel: Summary data from the original investigations and the current full five-year reviews, 1998-2006

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. imports from-- All other countries: ³									
Quantity	10,795,773	3,761,369	3,633,555	2,657,040	4,302,509	2,607,407	5,004,490	3,816,715	6,190,441
Value	3,034,402	1,080,714	1,143,780	711,009	1,321,488	854,518	2,545,509	2,092,683	3,227,482
Unit value	\$281	\$287	\$315	\$268	\$307	\$328	\$509	\$548	\$521
Ending inventory quantity	116,535	90,387	55,942	***	***	***	***	***	***
All countries:									
Quantity	11,754,238	6,372,236	7,316,624	2,948,244	4,669,732	2,703,257	5,145,295	3,868,829	6,442,574
Value	3,286,293	1,678,870	2,185,214	779,489	1,425,902	882,348	2,625,100	2,121,722	3,359,674
Unit value	\$280	\$263	\$299	\$264	\$305	\$326	\$510	\$548	\$521
Ending inventory quantity	173,606	128,174	119,362	142,414	235,576	24,024	127,708	150,444	165,536
U.S. producers'--									
Capacity quantity	73,468,340	75,462,035	76,397,442	76,209,185	72,131,725	79,050,475	79,548,531	80,937,517	81,625,989
Production quantity	62,456,688	65,279,659	65,898,724	61,191,189	63,953,326	65,755,453	68,999,997	63,623,849	67,259,535
Capacity utilization	85.0	86.5	86.3	80.3	88.7	83.2	86.7	78.6	82.4
U.S. shipments:									
Quantity	62,214,973	65,023,453	65,219,129	60,786,259	63,246,004	64,629,007	68,198,969	63,068,660	66,745,630
Value	20,137,306	18,455,603	19,522,683	15,907,830	19,326,100	19,265,233	35,876,504	33,826,995	37,677,886
Unit value	\$324	\$284	\$299	\$262	\$306	\$298	\$526	\$536	\$564
Export shipments:									
Quantity	173,764	360,825	608,378	429,896	484,860	1,347,738	701,037	717,152	562,380
Value	58,960	114,386	198,031	143,067	162,679	396,423	378,642	393,604	331,743
Unit value	\$339	\$317	\$326	\$333	\$336	\$294	\$540	\$549	\$590

Table continued on following page.

Table I-1--Continued

Hot-rolled steel: Summary data from the original investigations and the current full five-year reviews, 1998-2006

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. producers'-- Ending inventory quantity	2,463,228	2,365,945	2,410,466	2,402,874	1,868,338	1,700,334	1,800,323	1,633,160	1,610,876
Inventories/total shipments ¹	3.9	3.6	3.7	3.9	2.9	2.6	2.6	2.6	2.4
Production workers	31,956	31,073	30,385	32,553	30,109	29,614	27,567	25,247	24,739
Hours worked (1,000 hours)	71,732	69,932	69,208	69,086	64,247	62,783	61,203	54,892	54,137
Wages paid (1,000 dollars)	1,746,327	1,731,700	1,737,694	1,795,750	1,705,625	1,833,951	1,871,916	1,723,671	1,778,044
Hourly wages	\$24.35	\$24.76	\$25.11	\$25.99	\$26.55	\$29.21	\$30.59	\$31.40	\$32.84
Productivity (tons/1,000 hours)	870.7	933.5	952.2	885.7	995.4	1,047.3	1,127.4	1,159.1	1,242.4
Unit labor costs	\$27.96	\$26.53	\$26.37	\$29.35	\$26.67	\$27.89	\$27.13	\$27.09	\$26.44
Net sales:									
Quantity	62,368,430	64,830,978	66,154,694	60,213,636	62,674,493	64,803,909	67,709,851	62,670,818	65,984,669
Value	20,279,125	18,454,261	19,882,231	15,768,995	19,152,783	19,274,792	35,633,304	33,576,733	37,242,158
Unit value	\$325	\$285	\$301	\$262	\$306	\$297	\$526	\$536	\$564
Cost of goods sold ("COGS")	18,893,389	18,649,602	19,545,579	19,621,646	19,262,770	20,259,034	26,716,513	27,775,350	30,374,814
Gross profit or (loss)	1,385,736	(195,341)	336,652	(3,852,651)	(109,987)	(984,242)	8,916,791	5,801,383	6,867,344
SG&A expenses	1,052,583	1,018,594	1,041,689	877,996	977,360	1,021,408	1,338,243	1,170,149	1,163,278
Operating income or (loss)	333,153	(1,213,935)	(705,037)	(4,730,647)	(1,087,347)	(2,005,650)	7,578,548	4,631,234	5,704,066
Capital expenditures	527,124	569,970	831,149	396,405	242,115	245,052	412,824	420,891	590,567

Table continued on following page.

Table I-1--Continued**Hot-rolled steel: Summary data from the original investigations and the current full five-year reviews, 1998-2006**

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006
U.S. producers'-- Unit COGS	\$303	\$288	\$295	\$326	\$307	\$313	\$395	\$443	\$460
Unit SG&A expenses	\$17	\$16	\$16	\$15	\$16	\$16	\$20	\$19	\$18
Unit operating income or (loss)	\$5	(\$19)	(\$11)	\$(79)	\$(17)	\$(31)	\$112	\$74	\$86
COGS/sales ¹	93.2	101.1	98.3	124.4	100.6	105.1	75.0	82.7	81.6
Operating income or (loss)/sales ¹	1.6	(6.6)	(3.5)	(30.0)	(5.7)	(10.4)	21.3	13.8	15.3

¹ In percent.² Less than 0.05 percent.

³ Commerce published notice of its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands on June 27, 2007 (72 FR 35220). In those final results, Commerce revoked the order effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007). Therefore, data concerning the Netherlands are not presented as subject merchandise but are aggregated with the data from other nonsubject countries.

⁴ Not applicable.

Source: *Hot-Rolled Steel Products From Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, August 2001, table C-1, and *Staff Report*, August 6, 2001 (INV-Y-141), table VII-12, for 1998-2000. Data for 2001-06 were compiled in response to Commission questionnaires and from official Commerce statistics.

Table I-2
Hot-rolled steel: Previous and related investigations, 1982-2007

Original investigation				First review		Current status
Date ¹	Number	Country	Outcome	Date ¹	Outcome	
1982	701-TA-94	Belgium	Affirmative ²	-	-	Petition withdrawn 10/29/82
1982	701-TA-95	Brazil	Negative ²	-	-	-
1982	701-TA-96	France	Affirmative ²	-	-	Petition withdrawn 10/29/82
1982	701-TA-97	Italy	Affirmative ²	-	-	Petition withdrawn 10/29/82
1982	701-TA-98	Luxembourg	Negative ²	-	-	-
1982	701-TA-99	Netherlands	Negative	-	-	-
1982	701-TA-100	United Kingdom	Negative ²	-	-	-
1982	701-TA-101	Germany	Affirmative ²	-	-	Petition withdrawn 10/29/82
1982	701-TA-156	Spain	Negative ²	-	-	-
1982	701-TA-171	Korea	Affirmative	-	-	ITA revoked 10/10/85
1982	731-TA-61	Belgium	Affirmative ²	-	-	Terminated 11/10/82
1982	731-TA-62	France	Affirmative ²	-	-	Terminated 11/10/82
1982	731-TA-63	Italy	Affirmative ²	-	-	Terminated 11/10/82
1982	731-TA-64	Luxembourg	Negative ²	-	-	-
1982	731-TA-65	Netherlands	Negative	-	-	-
1982	731-TA-66	United Kingdom	-	-	-	Petition withdrawn 1/30/82
1982	731-TA-67	Germany	Affirmative ²	-	-	Terminated 11/10/82
1983	701-TA-206	Brazil	Affirmative	-	-	ITA revoked 9/5/85
1984	731-TA-153	Brazil	Affirmative	-	-	ITA revoked 8/21/85
1985	701-TA-227	Austria	Negative	-	-	-
1985	701-TA-228	Sweden	Negative	-	-	-
1985	701-TA-229	Venezuela	Affirmative ²	-	-	Terminated 7/19/85
1985	731-TA-219	Austria	Negative	-	-	-
1985	731-TA-220	Finland	-	-	-	Petition withdrawn 1/18/85
1985	731-TA-221	Hungary	Affirmative ²	-	-	Petition withdrawn 6/4/85
1985	731-TA-222	Romania	Affirmative ²	-	-	Terminated 7/19/85
1985	731-TA-223	Venezuela	Affirmative ²	-	-	Terminated 7/19/85

Table continued on following page.

Table I-2--Continued
Hot-rolled steel: Previous and related investigations, 1982-2007

Original investigation				First review		Current status
Date ¹	Number	Country	Outcome	Date ¹	Outcome	
1992	701-TA-329	Belgium	Negative	-	-	-
1992	701-TA-330	Brazil	Negative	-	-	-
1992	701-TA-331	France	Negative	-	-	-
1992	701-TA-332	Germany	Negative	-	-	-
1992	701-TA-333	Italy	Negative ²	-	-	-
1992	701-TA-334	Korea	Negative	-	-	-
1992	701-TA-335	New Zealand	Negative	-	-	-
1992	731-TA-588	Belgium	Negative	-	-	-
1992	731-TA-589	Brazil	Negative	-	-	-
1992	731-TA-590	Canada	Negative	-	-	-
1992	731-TA-591	France	Negative	-	-	-
1992	731-TA-592	Germany	Negative	-	-	-
1992	731-TA-593	Italy	Negative ²	-	-	-
1992	731-TA-594	Japan	Negative	-	-	-
1992	731-TA-595	Korea	Negative	-	-	-
1992	731-TA-596	Netherlands	Negative	-	-	-
1998	701-TA-384	Brazil	Affirmative	2004	Affirmative	Order in place
1998	731-TA-806	Brazil	Affirmative	2004	Affirmative	Order in place
1998	731-TA-807	Japan	Affirmative	2004	Affirmative	Order in place
1998	731-TA-808	Russia	Affirmative	2004	Affirmative	Suspension agreement in place
2000	701-TA-404	Argentina	Affirmative	2006	-	Under review
2000	701-TA-405	India	Affirmative	2006	-	Under review
2000	701-TA-406	Indonesia	Affirmative	2006	-	Under review
2000	701-TA-407	South Africa	Affirmative	2006	-	Under review
2000	701-TA-408	Thailand	Affirmative	2006	-	Under review

Table continued on following page.

Table I-2--Continued
Hot-rolled steel: Previous and related investigations, 1982-2007

Original investigation				First review		Current status
Date ¹	Number	Country	Outcome	Date ¹	Outcome	
2000	731-TA-898	Argentina	Affirmative	2006	-	Under review
2000	731-TA-899	China	Affirmative	2006	-	Under review
2000	731-TA-900	India	Affirmative	2006	-	Under review
2000	731-TA-901	Indonesia	Affirmative	2006	-	Under review
2000	731-TA-902	Kazakhstan	Affirmative	2006	-	Under review
2000	731-TA-903	Netherlands	Affirmative	2006	-	Terminated 6/27/07 ³
2000	731-TA-904	Romania	Affirmative	2006	-	Under review
2000	731-TA-905	South Africa	Affirmative	2006	-	Under review
2000	731-TA-906	Taiwan	Affirmative	2006	-	Under review
2000	731-TA-907	Thailand	Affirmative	2006	-	Under review
2000	731-TA-908	Ukraine	Affirmative	2006	-	Under review

¹ "Date" refers to the year in which the investigation or review was instituted by the Commission.

² Preliminary determination.

³ Commerce published notice of its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands on June 27, 2007 (72 FR 35220). In those final results, Commerce revoked the order effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007).

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

Table I-3
Hot-rolled steel: Previous and related Section 332 investigations

Investigation No.	Year of investigation	Report title	Publication No.	Publication date
332-153	1983	Monthly Report on Selected Steel Industry Data	(¹)	(¹)
332-209	1985	Annual Survey Concerning Competitive Conditions in the Steel Industry and Industry Efforts to Adjust and Modernize	1729 1881 2019 2115 2226	Aug. 1985 Sept. 1986 Sept. 1987 Sept. 1988 Oct. 1989
332-214	1985	The Effects of Restraining U.S. Steel Imports on the Exports of Selected Steel-Consuming Industries	1788	Dec. 1985
332-226	1986	Monthly Reports on the Status of the Steel Industry ²	(³)	(³)
332-231	1986	U.S. Global Competitiveness: Steel Sheet and Strip Industry	2050	Jan. 1988
332-256	1988	The Western U.S. Steel Market: Analysis of Market Conditions and Assessment of the Effects of Voluntary Restraint Agreements on Steel Producing and Steel-Consuming Industries	2165	Mar. 1989
332-270	1989	The Effects of the Steel Voluntary Restraint Agreements on U.S. Steel-Consuming Industries	2182	May 1989
332-289	1990	Steel Industry Annual Report: On Competitive Conditions in the Steel Industry and Industry Efforts to Adjust and Modernize	2316 2436	Sept. 1990 Sept. 1991
332-327	1992	Steel: Semiannual Monitoring Report	2558 2655 2682 2759 2807 2878	Sept. 1992 June 1993 Sept. 1993 April 1994 Sept. 1994 June 1995
332-452	2003	Steel-Consuming Industries: Competitive Conditions with Respect to Steel Safeguard Measures	3632	Sept. 2003
<p>¹ The Commission issued 36 monthly reports beginning in February 1983 and ending in March 1986.</p> <p>² The reports were shifted to a quarterly basis with the first quarterly report being published in March 1991.</p> <p>³ As part of this investigation, the Commission issued 66 reports; USITC Publication 1942, January 1987, focused on carbon and alloy sheet and strip, while many publications under this investigation may have had data related to hot-rolled steel.</p> <p>Source: Cited Commission publications.</p>				

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 1974¹⁴ to determine whether certain steel products, including hot-rolled steel, 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.¹⁵ 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 1974.¹⁶ 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-201-73.¹⁷ On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission reached an affirmative determination with respect to certain carbon flat-rolled steel (including hot-rolled steel).

On March 5, 2002, following determinations regarding serious injury or threat of serious injury by the Commission under section 202 of the Trade Act of 1974, the President announced the safeguard measures that he planned to implement to facilitate efforts by various domestic steel industries and their workers to make a positive adjustment to import competition with respect to certain steel products. The safeguard measures encompassed 10 different product categories for which the Commission made affirmative determinations or was evenly divided. Presidential Proclamation 7529 implemented the safeguard measures, principally in the form of tariffs and tariff-rate quotas, effective March 20, 2002, for a period of three years and one day. Import relief relating to certain carbon flat-rolled steel (including hot-rolled steel) consisted of an additional tariff of 30 percent *ad valorem* on imports in the first year, 24 percent in the second year, and 18 percent in the third year.^{18 19} The President also instructed the Secretary of the Treasury and the Secretary of Commerce to establish a system of import licensing to facilitate the monitoring of imports of certain steel products.²⁰

The safeguard measures applied to imports of certain steel products from all countries except Canada, Israel, Jordan, and Mexico, which had entered into free trade agreements with the United States, and most developing countries that were members of the World Trade Organization.²¹ The President’s initial proclamation also excluded numerous specific products from the measures, and was followed by subsequent additional exclusions.

¹⁴ 19 U.S.C. § 2252.

¹⁵ *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.

¹⁶ 19 U.S.C. § 2251.

¹⁷ *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.

¹⁸ *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553, March 7, 2002.

¹⁹ The increased duties were reduced from 30 percent to 24 percent on March 20, 2003.

²⁰ The Department of Commerce published regulations establishing such a system on December 31, 2002.

²¹ Of the countries subject to these reviews, no safeguard measures were applied to imports from Argentina, Indonesia, or South Africa. While safeguard measures were applied to India, Romania, and Thailand for certain steel products, safeguard measures were not applied to carbon flat-rolled steel (including hot-rolled steel) from those countries.

On September 19, 2003, the Commission submitted a mid-term report to the President and the Congress on the results of its monitoring of developments in the steel industry, as required by section 204(a)(2) of the Trade Act of 1974.²² The Commission's monitoring report noted that, although growth in demand for carbon and alloy flat-rolled steel products (the product category that included hot-rolled steel) was at most modest and total imports increased, output-related indicators for the domestic industry such as production, capacity utilization, and shipments increased in the first relief year, as did labor productivity. Per-unit net sales rose while per-unit costs fell (despite rising raw material costs), resulting in improved financial performance.²³

On December 4, 2003, President Bush terminated the U.S. measure with respect to increased tariffs, following receipt of the Commission's mid-point monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, having determined that the effectiveness of the action taken had been impaired by changed circumstances.²⁴ Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.²⁵

On March 21, 2005, the Commission instituted an investigation under section 204(d) of the Trade Act of 1974 for the purpose of evaluating the effectiveness of the relief action imposed by the President on imports of certain steel products. The Commission's report on the evaluation was transmitted to the President and the Congress on September 19, 2005.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 751(c) of the 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

²² *Steel: Monitoring Developments in the Domestic Industry, Inv. No. TA-204-9*, USITC Publication 3632, September 2003.

²³ *Steel: Monitoring Developments in the Domestic Industry, Inv. No. TA-204-9*, Volume I, USITC Publication 3632, September 2003, p. ix.

²⁴ *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483, December 8, 2003.

²⁵ Proclamation 7741 terminated the tariff-rate quota and the increased import duties on certain steel products, but directed the Secretary of Commerce to continue the monitoring system until the earlier of March 21, 2005, or such time as the Secretary establishes a replacement program. On March 11, 2005, Commerce published an interim final rule to implement a replacement program for the period beyond March 21, 2005. *Steel Import Monitoring and Analysis System*, 70 FR 12133, March 11, 2005. On December 5, 2005, Commerce published its final rule. *Steel Import Monitoring and Analysis System*, 70 FR 72373, December 5, 2005.

subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(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.”

Organization of the Report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for the total and merchant hot-rolled steel markets as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of 16 U.S. producers of hot-rolled steel that are believed to have accounted for all domestic production of hot-rolled steel in 2006. U.S. import data and related information are based on Commerce’s official import statistics and the questionnaire responses of 52 U.S. importers of hot-rolled steel that are believed to have accounted for 70.5 percent of the total subject U.S. imports during 2006 and for 55.1 percent of the total U.S. imports of hot-rolled steel from other sources. Foreign industry data and related information are based on the questionnaire responses of 23 hot-rolled steel producers: two producers in Argentina accounting for 100 percent of total production, eight producers in China accounting for one-quarter to one-half of Chinese operations on hot-rolled steel, three producers in India accounting for approximately one-half of total production,²⁶ one producer in Kazakhstan accounting for 100 percent of total production, one producer in Romania accounting for all known production, one producer in South Africa accounting for *** percent of total production, three producers in Taiwan accounting for virtually all production, and three producers in Thailand accounting for 100 percent of total production. No foreign producers in Indonesia and Ukraine responded to the Commission’s questionnaires in these current reviews; therefore, foreign industry information presented in this report with respect to Indonesia and Ukraine is based on responses to the Commission’s notice of institution and cited published sources. Responses by U.S. producers, importers, purchasers, and foreign producers of hot-rolled steel to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation are presented in appendix D. Finally, supplemental financial data collected at the request of the domestic interested parties appear in appendix E.

²⁶ Essar, one of the three Indian producers that provided questionnaire responses, did not provide usable data in its response. Essar is estimated to account for approximately *** percent of hot-rolled steel production in India. Therefore, data for India presented in this report are estimated to account for about *** of total hot-rolled steel production in India.

COMMERCE'S REVIEWS

Administrative Reviews²⁷

The following tables present information on Commerce's administrative reviews of the subject orders.²⁸ Commerce did not initiate any antidumping duty order administrative reviews for Argentina, China, Indonesia, Kazakhstan, Taiwan, and Ukraine, and did not initiate any countervailing duty order administrative reviews for Argentina, Indonesia, South Africa, and Thailand.²⁹

India

Since the issuance of the countervailing duty order, three administrative reviews of the order have been completed with regard to subject imports of hot-rolled steel from India. The results of the administrative reviews are shown in the following table:

Table I-4
Hot-rolled steel: Administrative reviews of the countervailing duty order for India

Date results published	Period of review	Producer or exporter	Margin
May 13, 2004 (69 FR 26549)	4/20/2001 - 12/31/2001	Essar	1.69
		All others	16.10
May 13, 2004 (69 FR 26549)	1/1/2002 - 12/31/2002	Essar	16.88
		All others	16.10
May 17, 2006 (71 FR 28665)	1/1/2004 - 12/31/2004	Essar	4.56
		All others	16.10

Source: Cited *Federal Register* notices.

Since the issuance of the antidumping duty order, one administrative review of the order has been completed with regard to subject imports of hot-rolled steel from India. The results of the administrative review are shown in the following table:

Table I-5
Hot-rolled steel: Administrative review of the antidumping duty order for India

Date results published	Period of review	Producer or exporter	Margin
June 28, 2004 (69 FR 36060)	5/3/2001 - 11/30/2002	Essar	0.00
		All others	23.87

Source: Cited *Federal Register* notice.

²⁷ No duty absorption findings were made for any of the subject countries.

²⁸ For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

²⁹ Since the issuance of the antidumping duty order concerning hot-rolled steel from the Netherlands, three administrative reviews of the order have been completed by Commerce. However, since Commerce revoked the antidumping duty order concerning hot-rolled steel from the Netherlands effective November 29, 2006 (72 FR 35220, June 27, 2007) and the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007), information concerning the administrative reviews is not presented in this report.

Romania

Since the issuance of the antidumping duty order, three administrative reviews of the order have been completed with regard to subject imports of hot-rolled steel from Romania. The results of the administrative reviews are shown in the following table:

Table I-6
Hot-rolled steel: Administrative reviews of the antidumping duty order for Romania

Date results published	Period of review	Producer or exporter	Margin
June 14, 2005 (70 FR 34448)	11/1/2002 - 10/31/2003	Sidex	0.00
		All others	17.84
May 30, 2006 (71 FR 30656)	11/1/2003 - 10/31/2004	MS Galati	1.59
		All others	17.84
April 11, 2007 (72 FR 18204)	11/1/2004 - 10/31/2005	MS Galati	0.00
		All others	17.84

Source: Cited *Federal Register* notices.

South Africa

Since the issuance of the antidumping duty order, one administrative review of the order has been completed with regard to subject imports of hot-rolled steel from South Africa. The results of the administrative review are shown in the following table:

Table I-7
Hot-rolled steel: Administrative review of the antidumping duty order for South Africa

Date results published	Period of review	Producer or exporter	Margin
November 17, 2003 (68 FR 64853)	5/3/2001 - 8/31/2002	Highveld	9.28
		Iskor/Saldanha	9.28
		All others	9.28

Source: Cited *Federal Register* notice.

Thailand

Since the issuance of the antidumping duty order, two administrative reviews of the order have been completed with regard to subject imports of hot-rolled steel from Thailand. The results of the administrative reviews are shown in the following table:

Table I-8
Hot-rolled steel: Administrative reviews of the antidumping duty order for Thailand

Date results published	Period of review	Producer or exporter	Margin
April 13, 2004 (69 FR 19388)	5/3/2001 - 10/31/2002	SSI	0.00
		All others	3.86
May 17, 2006 (71 FR 28659) ¹	11/1/2003 - 10/31/2004	SSI	0.00
		All others	3.86
<p>¹ The antidumping duty order was revoked with respect to SSI. Commerce's regulations provide that it need not conduct an administrative review of an intervening year before deciding to revoke an order as long as shipments, "during each of the three (or five) years, there were exports to the United States in commercial quantities of the subject merchandise to which a revocation or termination will apply." An intervening year is defined as "any year between the first and final year of the consecutive period on which revocation or termination is conditioned." Therefore, Commerce revoked the antidumping duty order with respect to SSI, although no administrative review was conducted during the intervening year (70 FR 73197, December 9, 2005).</p> <p>Source: Cited <i>Federal Register</i> notices.</p>			

Results of Expedited and Full Five-Year Reviews

Tables I-9 and I-10 present the margins calculated by Commerce in its original investigations and first reviews.

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA") (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.³⁰ During the review period, qualified U.S. producers of hot-rolled steel were eligible to receive disbursements from the U.S. Customs and Border Protection ("Customs") under CDSOA relating to 11 antidumping duty and 5 countervailing duty orders on the subject product beginning in Federal fiscal year 2002.³¹ Tables I-11 and I-12 present CDSOA disbursements and claims for Federal fiscal years (October 1-September 30) 2002-06 by source and by firm, respectively.

³⁰ Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)).

³¹ 19 CFR 159.64 (g).

Table I-9

Hot-rolled steel: Commerce's original and first five-year review countervailing duty margins for producers/exporters, by subject country

Producer/exporter	Original margin (percent)	First five-year review margin (percent)
Argentina¹		
Siderar	41.69	41.69
All others	41.69	41.69
India²		
Essar	8.28	12.90
Ispat	31.89	36.51
SAIL	18.27	22.89
TISCO	9.17	13.79
All others	16.10	20.72
Indonesia³		
P.T. Krakatau Steel	10.21	10.21
All others	10.21	10.21
South Africa⁴		
Saldanha/Isacor	5.76	5.76
All others	5.76	5.76
Thailand⁵		
SSI	2.38	2.38
All others	2.38	2.38
¹ Countervailing duty order, 66 FR 47173, September 11, 2001; final results of first expedited sunset review, 71 FR 70960, December 7, 2006. ² Countervailing duty order, 66 FR 60198, December 3, 2001; final results of first expedited sunset review, 71 FR 70960, December 7, 2006. ³ Countervailing duty order, 66 FR 60198, December 3, 2001; final results of first expedited sunset review, 71 FR 70960, December 7, 2006. ⁴ Countervailing duty order, 66 FR 60201, December 3, 2001; final results of first expedited sunset review, 71 FR 70960, December 7, 2006. ⁵ Countervailing duty order, 66 FR 60197, December 3, 2001; final results of first expedited sunset review, 71 FR 70960, December 7, 2006.		
Source: Cited <i>Federal Register</i> notices.		

Table I-10
Hot-rolled steel: Commerce's original and first five-year review antidumping duty margins for producers/exporters, by subject country

Producer/exporter	Original margin (percent)	First five-year review margin (percent)
Argentina¹		
Siderar	44.59	44.59
All others	40.60	40.60
China²		
Angang Group Hong Kong Co., Ltd.	90.83	31.09
Angang Group International Trade Corp.	69.85	31.09
Baoshan Iron & Steel Co., Ltd.	90.83	12.39
Baosteel Group International Trade Corp.	90.83	12.39
Bengang Steel Plates Co., Ltd.	90.83	57.19
Benxi Iron & Steel Group Co., Ltd.	90.83	57.19
Benxi Iron & Steel Group International Economic & Trade Co., Ltd.	90.83	57.19
New Iron & Steel Co., Ltd.	90.83	31.09
Panzhuhua Iron & Steel (Group) Co.	65.59	65.59
Shanghai Baosteel Group Corp.	64.20	12.39
Wuhan Iron & Steel Group Corp.	65.59	65.59
All others	90.83	90.83
India³		
Ispat Industries	44.40	44.40
Essar	36.53	36.53
All others	38.72	38.72
Indonesia⁴		
PT Krakatau Steel	47.86	47.86
All others	47.86	47.86
Kazhakstan⁵		
Ispat Karmet	243.46	243.46
All others	243.46	243.46
The Netherlands⁶		
Corus Staal	2.59	(⁷)
All others	2.59	(⁷)

Table continued on following page.

Table I-10—Continued

Hot-rolled steel: Commerce’s original and first five-year review antidumping duty margins for producers/exporters, by subject country

Producer/exporter	Original margin (percent)	First five-year review margin (percent)
Romania⁸		
Sidex	16.34	16.34
Metalexportimport	18.04	18.04
Metanef	21.59	21.59
Metagrimex Business Group	16.29	16.29
All others	88.62	88.62
South Africa⁹		
Highveld/Vanadium	9.28	9.28
Iscor/Saldanha	9.28	9.28
All others	9.28	9.28
Taiwan¹⁰		
An Feng Steel	29.14	29.14
China Steel/Yieh Loong	29.14	29.14
All others	20.28	20.28
Thailand¹¹		
Sahaviriya Steel (“SSI”)	3.86	(¹²)
Siam Strip Mill	19.72	20.30
All others	3.86	4.44
Ukraine¹³		
All others	90.33	90.33
¹ Antidumping duty order, 66 FR 48242, September 19, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ² Antidumping duty order, 66 FR 59561, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ³ Antidumping duty order, 66 FR 60192, December 3, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ⁴ Antidumping duty order, 66 FR 60192, December 3, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ⁵ Antidumping duty order, 66 FR 58435, November 21, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ⁶ Amended antidumping duty order, 68 FR 74214, December 23, 2003. ⁷ Antidumping duty order revoked. 72 FR 25261, May 4, 2007; 72 FR 35220, June 27, 2007. ⁸ Antidumping duty order, 66 FR 59566, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ⁹ Antidumping duty order, 66 FR 48242, September 19, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ¹⁰ Antidumping duty order, 66 FR 59563, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ¹¹ Antidumping duty order, 66 FR 59562, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006. ¹² Antidumping duty order revoked with respect to SSI. 71 FR 28659, May 17, 2006. ¹³ Antidumping duty order, 66 FR 59559, November 29, 2001; final results of first expedited sunset review, 71 FR 70506, December 5, 2006.		
Source: Cited <i>Federal Register</i> notices.		

Table I-11

Hot-rolled steel: CDSOA disbursements, by source, and total claims, Federal fiscal years 2002-06

Item	Federal fiscal year				
	2002	2003	2004	2005	2006
Disbursements (1,000 dollars)					
Argentina	0	0	0	0	0
China	0	3	0	6	0
India	0	126	9	2	109
Indonesia	0	0	0	0	0
Kazakhstan	0	0	0	0	0
Netherlands ¹	0	33	1	2	4,843
Romania	0	1,869	1,843	0	764
South Africa	0	0	4,128	95	968
Taiwan	0	8	0	0	0
Thailand	0	0	692	60	157
Ukraine	0	0	0	0	0
Total	0	2,037	6,675	165	6,841 ²
Claims (1,000 dollars)					
Total	25,194,322	201,678,820	231,636,737	614,977,521	837,783,493
<p>¹ Commerce published notice of its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands on June 27, 2007 (72 FR 35220). In those final results, Commerce revoked the order effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007).</p> <p>² Includes disbursements held pending litigation.</p> <p>Note.--Because of rounding, figures may not add to the totals shown.</p> <p>Source: U.S. Customs and Border Protection's CDSOA <i>Annual Reports</i>. Retrieved from www.cbp.gov/xp/cgov/import/add_cvd.</p>					

Table I-12

Hot-rolled steel: CDSOA disbursements, by firm, Federal fiscal years 2002-06

Item	Federal fiscal year				
	2002	2003	2004	2005	2006
Disbursements (1,000 dollars)					
Gallatin Steel	0	64	220	11	293
International Steel Group	0	465	3,393	21	2,009
IPSCO	0	28	88	5	141
Nucor	0	394	709	28	1,616
Rouge Steel Company	0	96	0	0	0
Severstal	0	0	(¹)	12	344
Steel Dynamics	0	80	291	16	511
U.S. Steel	0	725	1,698	62	1,667
United Steelworkers of America	0	(¹)	(¹)	0	2
WCI Steel	0	55	173	7	199
Weirton Steel	0	96	0	0	0
Wheeling-Pittsburgh Steel	0	34	102	4	0
Total	0	2,037	6,675	165	6,781²

¹ Less than \$500.

² Does not include disbursements held pending litigation.

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

Source: U.S. Customs and Border Protection's CDSOA *Annual Reports*. Retrieved from www.cbp.gov/xp/cgov/import/add_cvd.

THE SUBJECT MERCHANDISE

Commerce's Scope

The imported product subject to the antidumping and countervailing duty orders under review, as defined by Commerce in its original orders, is

. . . certain hot-rolled flat rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope of this investigation are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of this investigation, regardless of definitions in the *Harmonized Tariff Schedule of the United States* (HTS), are products in which: (i) Iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium, or 0.15 percent of vanadium, or 0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this investigation unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of this investigation:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, *e.g.*, ASTM specifications A543, A387, A514, A517, A506).
- SAE/AISI grades of series 2300 and higher.
- Ball bearings steels, as defined in the HTS.
- Tool steels, as defined in the HTS.

- Silico-manganese (as defined in the HTS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTS.³²

Tariff Treatment

The subject merchandise is provided for in headings 7208, 7210, 7211, 7212, 7225, and 7226 of the HTS.³³ The column 1-general rate of duty on hot-rolled steel, applicable to all subject countries, ranged from 2.0 to 5.7 percent *ad valorem* in 1998. As a result of the U.S. tariff concessions in the World Trade Organization (“WTO”), the column 1-general rate of duty on hot-rolled steel was reduced in stages, beginning in 1995, and was completely eliminated by 2004. Goods entering the United States under HTS statistical reporting numbers applicable to hot-rolled steel are currently duty free under the column 1-general rate of duty.

³² 66 FR 47173, September 11, 2001 (Argentina CVD).

³³ Non-alloy hot-rolled steel is currently imported under the following statistical reporting numbers of the HTS: 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590, 7212.40.1000, 7212.40.5000, 7212.50.0000. Certain hot-rolled flat-rolled carbon-quality steel covered by this order (including vacuum degassed fully stabilized steel; high strength low alloy steel; and the substrate for motor lamination steel) may also enter under the following HTS statistical reporting numbers: 7225.11.0000, 7225.19.0000, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.5000, 7226.91.7000, 7226.91.8000, and 7226.99.0180 (7226.99.0000 prior to 2007). Although the HTS statistical reporting numbers are provided for convenience and customs purposes, the written description of the merchandise under order is dispositive.

THE DOMESTIC LIKE PRODUCT

Description and Applications³⁴

The merchandise subject to these reviews are recognized by the marketplace as hot-rolled carbon steel flat products,³⁵ including both traditional nonalloy steel and newer classes of certain steels in which the alloying elements do not exceed levels described as the “boundaries recognized by the current steel producing technology for carbon steel.” These newer steels include a range of carbon steels that have been modified through the addition of small amounts of alloying elements (microalloyed). These elements, the weight of which exceeds limits imposed in the HTS and traditional industry definitions of nonalloy steels, include silicon (to make a class of substrate materials for motor lamination and electrical steels); titanium (to make certain interstitial-free steels used in certain automotive applications); copper (to enhance the weathering ability of certain carbon steels); and niobium, vanadium, and boron (to enhance the hardenability and strength of nonalloy steels).³⁶

Most hot-rolled carbon steel products are consumed internally or transferred to an affiliated company to make cold-rolled and/or galvanized or plated products, formed and welded to make pipe, or cut to length to produce discrete plate or sheet. Where hot-rolled steel is used “as is,” the strength of the hot-rolled product generally serves a structural function. Although these uses historically include applications where surface finish and light weight have not been crucial, light weight is becoming increasingly important, as embodied in efforts by some U.S. producers to roll below 2 mm in thickness. Typical uses for hot-rolled steel include pipes and tubes, and automotive applications such as body frames.

American Iron and Steel Institute (“AISI”)³⁷ members report microalloyed steels under the carbon steel rubric and many foreign steelmakers consider microalloyed steels to be within the category of carbon steels. Major uses of HSLA steels include structural uses in construction, and in the automotive, machinery, and equipment industries, where they compete with other steels as well as aluminum, plastics, and advanced composites. Their competitiveness reflects the need for higher strength or greater corrosion resistance with less weight or no coating relative to other carbon steels or to specialty steels. An advantage of low-carbon IF steel is its deep drawing ability, making it suitable for automotive

³⁴ Unless otherwise indicated, the source for the information in this section is found in *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Invs. Nos. 701-TA-304 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, pp. I-17 and I-18.

³⁵ Flat products within the scope of these reviews are known within the steel industry as hot-rolled sheet or hot-rolled strip.

³⁶ Iron and nonalloy/alloy steel are defined in chapter 72 of the HTS. The subject products have not been further mechanically worked than hot-rolled, a rolling process in which the semifinished form (i.e., a slab) is heated and its thickness reduced by rolling. Certain downstream processing steps such as heat-treatments (annealing or normalizing, in which the temperature of the steel product is raised followed by controlled cooling), pickling, oiling, temper rolling, cutting-to-length, or slitting lengthwise do not affect this classification. Such products are excluded if they are coated with a metallic substance, such as tin, but are included in the scope if they are painted, varnished, or coated with plastics or other non-metallic substances. Improvements in steelmaking technology and advances in metallurgy and material performance allow steelmakers to adjust steel chemistry and metallurgical characteristics to produce high-performance steels with improved mechanical property values (e.g., tensile strength or impact and wear resistance), and greater resistance to atmospheric corrosion using only small amounts of alloying ingredients. These development efforts have given rise during the 1990s to new steel compositions, including high-strength low-alloy (HSLA), interstitial-free (IF), and electrical steels, that fall between the traditional definitions of carbon and alloy steels, but are considered by the steel industry to be carbon steels.

³⁷ The member companies of the AISI account for most U.S. steelmaking capacity.

stampings.³⁸ Motor lamination substrate has superior magnetic properties for use in motors and transformers.³⁹

Manufacturing Processes

The manufacturing processes for hot-rolled steel flat products are summarized below. In general, there are three distinct stages that include: (1) melting or refining raw steel, (2) casting raw steel into semi-finished forms, and (3) hot-rolling semi-finished forms into flat-rolled hot-rolled carbon steel mill products.⁴⁰ The melting and casting processes produce and transform raw steel into a solid form ready for rolling and do not, by themselves, produce the subject product as defined here. Also, some producers purchase slabs (a semi-finished solid form of rectangular cross-section where the width measures at least twice the thickness) for hot-rolling on their rolling mills. Reasons for purchasing slab include the lack of steel making ability, i.e., a “stand-alone” rolling mill, constraints imposed by steel production capacity on output, or the desire to roll specialized grades outside the normal product mix. There is no significant difference in the production process for making carbon (including microalloyed) steel between mills in the United States and those in the subject countries.⁴¹

Melt Stage

Steel is produced either by the integrated or nonintegrated process. The nonintegrated, or scrap-based (also called “minimill”), process produces molten steel by melting scrap or scrap substitutes in an electric arc furnace.⁴² The integrated process typically smelts iron ore and coke in a blast furnace to produce molten iron, which is subsequently poured into a steelmaking furnace, generally a basic oxygen furnace, together with a lesser amount of scrap metal. The hot metal is processed into steel when oxygen is blown into the metal bath. Lime is added to serve as a fluxing agent; it combines with impurities to

³⁸ Low-carbon IF steel is a type of steel containing a very low amount of carbon and very small amounts of certain alloying materials such as titanium. All steels contain carbon but for some applications it is desirable to reduce the amount of carbon to very low amounts. IF steel is particularly desirable for deep drawing, a process in which metal is formed into shapes that are more than half their diameters in depth.

³⁹ Motor lamination substrate is steel sheet designed for use in electromagnetic applications, such as electric motors. The substrate is sold to buyers who laminate the substrate.

⁴⁰ For a further description of the production and refining of steel, see *How Steel is Made*, American Iron and Steel Institute, found at http://www.steel.org/AM/Template.cfm?Section=How_Steel_is_Made&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=36&ContentID=8213, retrieved June 20, 2007. For a description of the thin-slab casting/flat-rolling processes, see *Commercialization of New Manufacturing Processes for Materials*, USITC Staff Research Study 22, USITC Publication 3100, April 1998, pp. 50-60.

⁴¹ Open hearth furnaces are used by two subject countries - India and Ukraine. In 2006, India produced an estimated 2.3 percent of its crude steel using open hearth furnaces and Ukraine produced an estimated 33.8 percent of its total crude steel in open hearth furnaces (International Iron and Steel Institute, *World Steel in Figures 2007: Crude steel production by process, 2006*, found at <http://www.worldsteel.org/?action=storypages&id=23>, retrieved June 20, 2007). Open hearth furnaces are energy inefficient and less productive (the open hearth furnace produces steel much more slowly than either an electric arc furnace or a basic oxygen furnace). The United States ended open hearth steel production by 1992 (Ernest Orlando Lawrence Berkeley National Laboratory, *Energy Efficiency and Carbon Dioxide Emissions Reduction Opportunities in the U.S. Iron and Steel Sector*, July 1992, pp. 1, 41, found at <http://www.energystar.gov/ia/business/industry/41724.pdf>, retrieved June 20, 2007).

⁴² Scrap often has high levels of undesirable elements. To improve steel quality, all of the new thin-slab flat-rolled mills are making some use of scrap substitutes such as direct-reduced iron, hot-briquetted iron, and iron carbide; four of these mills have integrated backwards to the production of these furnace-charge materials.

form a floating layer of slag, which is later removed. The molten steel is poured or “tapped” from the furnace to a ladle to be transported to a ladle metallurgy station and then to casting.

Whether produced by the integrated or nonintegrated process, it is now common for steelmakers to utilize a secondary steelmaking stage (also called a ladle metallurgy station). Shifting the final refining stages to the ladle metallurgy station allows shorter cycles in the primary steelmaking vessel, effectively raising steelmaking capacity. Steelmakers employ additional techniques to further refine and improve the steel.⁴³ Steelmakers may adjust the chemical content by adding alloying elements or by lowering the carbon content, or adjust the temperature of the steel for optimum casting. While carbon content may be reduced further by subsequent hydrogen annealing of the coiled steel, the steel's essential characteristics are established prior to the casting stage. Hence, carbon, IF, and HSLA carbon steel products are manufactured in the same manufacturing facilities, using the same production equipment and production employees. There have been no significant changes in industry practice since the original investigations.

Slab Casting Stage

Following the production of molten steel with the desired properties, the steel is cast into a form that can enter the rolling process. A mill's facilities for melting (or refining) raw steel and casting the raw steel into a semi-finished form, called a slab, are common to all products produced in a steel mill. The industry formerly used two principal methods of casting, ingot teeming and continuous casting, but continuous slab casting is the preferred, lower-cost method. The vast majority of carbon sheet steels now produced in the United States are continuously cast. The U.S. industry is using several types of continuous slab casting processes; the conventional process is used by most U.S. and foreign integrated producers of hot-rolled carbon steel products, whereas all of the greenfield minimill facilities use thin- or thinner-slab casting processes. Differences between thin-slab casting and conventional continuous-strand slab casting include the shape of the casting mold, the desired thickness of the slab, and the linkage of steel casting with direct hot-rolling in thin-slab facilities.⁴⁴

In recent developments, Nucor Corp. has commercialized a process, “strip casting,” in which liquid steel is directly cast into a strip less than 2 mm thick, eliminating the need for slabs. Nucor Corp. is the only firm in the United States to use this process.⁴⁵

⁴³ The goals of secondary steelmaking include controlling gases (e.g., decreasing the concentration of oxygen, hydrogen, and nitrogen, called degassing), reducing sulfur, removing undesirable nonmetallic inclusions such as oxides and sulphides, changing the composition and/or shape of oxides and sulphides that cannot be completely removed, and improving the mechanical properties of the finished steel. For a more detailed description of secondary steelmaking, see AISI, *Secondary Refining*, found at http://www.steel.org/AM/Template.cfm?Section=How_Steel_is_Made&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=36&ContentID=8213, retrieved June 20, 2007.

⁴⁴ For a more detailed description of thin-slab casting processes, see “Thin-Slab Casting and Rolling,” *Steel Times International*, July 1998, pp. 28-30.

⁴⁵ In 1988, BHP Steel of Australia and Ishikawajima-Harima Heavy Industries (“IHI”) of Japan began a collaborative effort to determine the commercial feasibility of strip casting of steel. BHP and IHI needed a partner with the ability to commercialize the process (trademarked as “Castrip”) and in 2000 Nucor Corp. joined BHP and IHI to form Castrip LLC. Castrip LLC owns the technology and Nucor Corp. has the exclusive license to the process in the United States. For more information on the Castrip® process, see Castrip LLC's website, www.castrip.com. Nucor Corp. plans to build a new Castrip® facility in Blytheville, AR. Production at the facility is scheduled to begin in the fall of 2008. *Nucor expects \$940 million in '07 capital expenditures*, American Metal Market, January 26, 2007.

Rolling Stage

Conventional hot-rolled steel products and microalloy steel products are generally manufactured using the same manufacturing processes and facilities. Since the original investigations there have been no substantial changes in industry practice. The principal type of mill producing hot-rolled steel products in the United States is the hot-strip mill. Hot-strip mills consist of a scalebreaker which removes surface scale, a roughing train consisting of four or five rolling mills that reduce the slab or a single reversing mill in which the slab is passed back and forth through the mill, and a finishing train with four to seven mills to reduce the steel to the desired thickness of the hot-rolled product.

Siderar stated that it typically produces steel to IRAM-IAS specifications rather than the thickness tolerances of ASTM specifications,⁴⁶ and contends that it cannot meet thickness tolerances more exacting than ASTM specifications. Siderar stated that U.S. customers generally want steel that has been produced to at least one-half of the ASTM thickness tolerance.⁴⁷ The company reported that it sells its hot-rolled steel to *** and meets *** specifications for thickness tolerances which are equivalent to *** of the ASTM thickness tolerance specification. According to the company, it would need to ***.⁴⁸

The flat-rolled product exits the finishing train where the product is subjected to a combination of water sprays, laminar jets, and/or air cooling to remove scale produced during the milling process and reduce the temperature of the steel. The steel is then coiled. Hot-strip mills are increasingly being equipped with a coilbox, an innovation that reduces the length of a hot-strip mill, lowers its operating costs, and offers improvements in product quality. One or two coilboxes may be located at the reversing mill or roughing train.

Siderar asserted that it is limited to production of coils of 500 pounds per inch of width (“PIW”) and that the U.S. market generally requires coils of 1,000 PIW (PIW is the ratio of coil weight/coil width).⁴⁹ In essence, PIW is a measure of the length of steel wound in a coil. The longer the piece of steel to be wound into a coil, the greater the PIW of the coil into which it is wound.⁵⁰ For Siderar to

⁴⁶ The American Society for Testing and Materials (“ASTM”) is a U.S. voluntary standards development organization which develops standards for steel (as well as many other products) through a consensus process. The members of ASTM’s technical committees include product producers, suppliers, purchasers, and end users who draft standards generally acceptable to both producers and users. Therefore, these standards are ones that can be generally met by U.S. producers and that are generally acceptable to U.S. end users. However, these standards are not mandatory or necessarily a limitation. Producers and purchasers are free to negotiate steel specifications although it is common in the United States for ASTM specifications to at least be a starting point in the negotiations. Both parties in the negotiations are free to agree to steel that does not meet ASTM specifications as well as steel that meets higher standards than ASTM specifications. ASTM specifications cover a wide range of factors such as steel chemistry, thickness and width tolerances, strength requirements, testing standards, etc. Other countries have their own specification systems. For example, IRAM-IAS specifications are developed by the Argentine Institute for the Rationalization of Materials (“IRAM”) in conjunction with the Argentine Steel Institute (“IAS”).

⁴⁷ Hearing transcript, pp. 457, 505 (Spak). Siderar’s posthearing brief, answers to Commissioner questions (questions 1, 13).

⁴⁸ Siderar’s posthearing brief, response to Commissioner questions 13 and 14. U.S. Steel disagrees, stating that “there is strong evidence that Argentine flat-rolled products are widely accepted outside of South America” and that “U.S. customers see Argentine hot-rolled steel as generally fungible with the domestic like product.” U.S. Steel’s posthearing brief, p. 42.

⁴⁹ Hearing transcript, p. 457 (Spak).

⁵⁰ The length of a sheet of steel rolled in a hot-strip mill is partially dependent on the length of the slab from which it is rolled. If a longer slab is required to produce larger coils, and the reheating furnaces is too small to contain the necessary size slabs, a larger reheating furnace is required.

In some production processes, slabs are produced at a different location than the hot-strip mill location.

(continued...)

produce larger coils, it would have to ***. Siderar stated that it believes that at least *** percent of U.S. customers typically require coil weights of 800-1000 PIW.⁵¹ Larger coil size may be desirable by some end users because use of larger coils may result in production efficiencies as the coil will not need to be replaced as often. Siderar estimated the loss of efficiency caused by the use of 500 PIW coils as approximately *** per ton.⁵²

Steckel mills share certain common features with both reversing and hot-strip mills. The primary distinction lies in the placement of a heated coilbox on either side of a single stand reversing mill. In this process the slab is passed through a scalebreaker and reduced to the desired intermediate thickness. It is then fed back and forth through the reversing mill from one coilbox to the other. The series of passes through the rolling stand reduces the product to the desired final thickness. Slabs can also be rolled back and forth without using the heated coilboxes, in which case the mill operates like a conventional reversing plate mill.

Although the overlap between the hot-rolled flat product and the cold-rolled flat product has traditionally been considered to start at approximately 2 mm and thinner, improvements in hot-rolling have allowed mills to hot-roll below 2 mm. Staff believes that, while mills in the United States have the capability to hot-roll below 2 mm, integrated mills tend not to hot-roll below 2 mm.

Subsequent Operations

Processing subsequent to hot-rolling can include a temper pass to improve surface finish, gauge tolerance, and coil tightness; pickling and light oil coating;⁵³ and operations that level, slit, or shear hot-strip mill products to width or length. If the hot-rolled product is designated for cold-rolling and coating, it is pickled, treated with an oil compatible with the mill's cold-rolling mill, cold-rolled,⁵⁴ annealed, and temper passed. It might then be coated with a metallic coating.⁵⁵ Pickling, oiling, tempering, leveling,

⁵⁰ (...continued)

During the time the slab is stored and then transported to the hot-strip mill, the slab cools to a temperature too cool to be rolled and must, before rolling in the hot-strip mill, be placed in a reheating furnace to be heated to a temperature at which it can be rolled in the hot-strip mill.

⁵¹ Siderar's posthearing brief, response to Commission question 13 and exhibit 5. U.S. Steel, in its posthearing brief, p. 41, disputes Siderar's assertions with respect to ***. U.S. Steel notes that the United States imported 116,950 tons of hot-rolled steel from Argentina in 1999 and 118,920 tons in 2000 and "customer attitudes regarding *** have not changed since that time. It also ***. U.S. Steel's posthearing brief, p. 41.

⁵² Siderar's posthearing brief, response to Commission question 13 and exhibit 5.

⁵³ Temper rolling (also known as hot-skin passing) is a light rolling operation that does not result in a large reduction in thickness but does improve some surface qualities of the steel. During the hot-rolling process, exposure to water and the atmosphere results in the formation of oxides on the surface of the steel which are removed through a process known as pickling. Pickling involves passing the hot-rolled product through a series of acid baths that remove the oxides. The material is then dried and oiled to prevent reformation of oxides, and recoiled.

⁵⁴ Cold-rolling involves a fairly large reduction in the thickness of a hot-rolled material, typically ranging from 25 to 90 percent. The term "cold-rolling" refers to any process in which the product is fed into a rolling mill at ambient temperature. Cold-rolling can be performed for a variety of reasons, including a desired reduction in product thickness, a need to impart specific mechanical properties, or to impart a specific surface texture. Several U.S. companies produce hot-rolled sheet in thicknesses (i.e., light-weight gauges) that have been more typically characteristic of, and to compete with, cold-rolled sheet.

⁵⁵ Flat-rolled steel products are coated with metals or nonmetallic substances to improve their aesthetics, reduce final product cost, improve corrosion resistance, and anticipate the requirements of downstream forming operations. Usually coated sheet uses a cold-rolled substrate, but coated hot-rolled sheet is a growing, albeit relatively small, product niche.

slitting, or shearing can take place at the mill; alternatively, a mill can arrange for these operations to be performed at a nearby service center.⁵⁶

Siderar indicated that it is limited in its skin pass capacity.⁵⁷ Its skin pass capacity is *** tons per year and that capacity is ***. The company asserted that U.S. customers require hot-rolled steel with surface qualities that are either the result of skin pass rolling or produced in mills which make steel of sufficient quality that skin pass rolling is unnecessary.⁵⁸ Siderar's mill is ***.⁵⁹ U.S. Steel states that "any limitations on Siderar's *** will not significantly affect its ability to make sales in the U.S. market."⁶⁰

Marketing

The majority of domestically produced hot-rolled steel is used internally or transferred to affiliates for downstream processing into cold-rolled steel and/or galvanized or plated products, coated steel, cut-to-length plate, and welded pipe. However, during the period of review, commercial shipments of hot-rolled steel accounted for more than one-third of U.S. hot-rolled steel production.

Commercial sales of hot-rolled steel are made to all major steel-consuming markets as well as to third-party processors and service centers. Steel is sold to a wide range of consuming industries including automotive, construction, appliance, transportation, container, machinery, and equipment. Major U.S. mills work with steel consumers to develop steel that meets the customer's needs rather than independently developing steel and then seeking out a market. Sales are also made to intermediate processors and service centers that typically act as intermediaries between the steel producers and the various end-user manufacturers that require further processing or inventory programs. The additional services performed by steel service centers and processors include pickling, galvanizing, cutting to length, slitting to size, leveling, blanking, shape correcting, edge rolling, shearing, and stamping. Steel service centers serve as distributors of flat-rolled steel products. Many service centers maintain extensive inventories of a variety of steel products, providing availability and inventory management services for customers of all sizes, including those with smaller purchasing needs that must place low-volume orders. Some service centers perform value-added processing, such as uncoiling, flattening, and cutting flat-rolled products to length or burning hundreds of intricate parts from a single sheet.⁶¹

Information summarizing the commercial channels of distribution for domestic and imported hot-rolled steel is presented in table I-13. As the data indicate, more than half of combined U.S. commercial shipments of hot-rolled steel made by domestic producers and by U.S. importers were made to service centers/distributors, although this percentage fluctuated for U.S. importers. Further, the domestic producers and U.S. importers reported that 17-20 percent and 4-13 percent, respectively, of their U.S.

⁵⁶ Steel service centers serve as distributors of flat-rolled steel products. Many service centers maintain extensive inventories of a variety of steel products, providing availability and inventory management services for customers of all sizes, including those with smaller purchasing needs that must place low-volume orders. Some service centers perform a wide range of value-added processing, such as uncoiling, flattening, and cutting flat-rolled products to length or burning hundreds of intricate parts from a single sheet.

⁵⁷ Hearing transcript, p. 457 (Spak); Siderar's posthearing brief, p. 3.

⁵⁸ See, e.g., Siderar's posthearing brief, p. 9.

⁵⁹ Siderar's posthearing brief, exhibit 5 and its prehearing brief, p. 11.

⁶⁰ U.S. Steel adds that "according to its own brief, Siderar can produce *** of hot-rolled steel that ***. This figure *** the total volume of exports that Argentina shipped to the United States in 1999 or 2000. ***. Thus, Siderar's ability to sell hot-rolled steel ***. U.S. Steel's posthearing brief, p. 43.

⁶¹ *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia: Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, pp. I-21 - I-22.

commercial shipments were made to manufacturers of tubular products with the remainder made to other end users.

Table I-13

Hot-rolled steel: Channels of distribution for domestic product and U.S. imports sold in the U.S. market (as a share of total shipments), 2001-06, January-June 2006, and January-June 2007¹

Item	2001	2002	2003	2004	2005	2006	January-June	
							2006	2007
Share of quantity (percent)								
U.S. producers' U.S. shipments to-- Distributors, processors, and service centers	62.3	60.0	62.3	60.2	60.1	58.6	58.8	59.5
Manufacturers of tubular products	16.7	17.8	17.7	18.6	18.8	19.7	19.2	18.8
Other end users	21.0	22.2	19.9	21.2	21.1	21.7	22.0	21.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Importers' U.S. shipments to-- Distributors, processors, and service centers	64.9	50.1	39.1	54.2	55.6	60.9	57.4	50.9
Manufacturers of tubular products	4.4	4.5	8.8	13.4	8.4	10.7	9.9	8.2
Other end users	30.6	45.3	52.1	32.4	36.0	28.4	32.8	40.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total U.S. shipments to-- Distributors, processors, and service centers	62.4	59.4	61.4	59.8	59.8	58.8	58.7	59.1
Manufacturers of tubular products	16.2	17.0	17.4	18.3	18.2	19.0	18.5	18.4
Other end users	21.4	23.6	21.2	22.0	21.9	22.3	22.8	22.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Internal consumption and transfers to related firms in the United States, which accounted for 61.3 percent of total U.S. producers' U.S. shipments in 2006 and 32.4 percent of total U.S. importers' U.S. shipments in the same year, are included as U.S. shipments in the data presented in this table. U.S. producers and importers that further process the hot-rolled steel that they produce or import generally categorized their internal consumption/transfer data as U.S. shipments to distributors, processors, and service centers.

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

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission defined the domestic like product as all hot-rolled steel products corresponding to Commerce's scope and it defined the domestic industry as all domestic producers of hot-rolled steel.⁶² In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.⁶³ Although none of the interested parties commenting on the Commission's definitions of domestic like product and domestic industry objected to the Commission's definitions, the Argentine and Chinese interested parties indicated in their responses that they wished to reserve the right to address the issue further at a later stage of the proceeding.⁶⁴ No party requested that the Commission collect information regarding the domestic like product or domestic industry in their comments on the Commission's draft questionnaires and no party raised domestic like product or domestic industry arguments in their briefs or at the hearing.

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigations, 21 firms supplied the Commission with information on their U.S. operations with respect to hot-rolled steel. These 21 firms accounted for over 90 percent of U.S. production hot-rolled steel products during 2000.⁶⁵ In these current reviews, the domestic interested parties identified the following 17 U.S. producers of hot-rolled steel in their response to the Commission's notice of institution: AK Steel; Beta Steel; CSI; Duferco Farrell Corp.; Gallatin; IPSCO; Mittal USA.; North Star BlueScope, Ltd.; Nucor; Olympic Steel, Inc.; Oregon Steel Mills, Inc.; Severstal North America, Inc.; SDI; Timken Latrobe Steel Co.; U.S. Steel; WCI; and WPS. The Commission mailed questionnaires to these 17 mills and to the following 5 additional firms believed to be producers (or future producers) of hot-rolled steel: California Coil Processors; Leo Inc.; Lone Star Steel; SeverCorr; and ThyssenKrupp. Sixteen mills, representing all current commercial U.S. production of hot-rolled steel in the United States, provided the Commission with information on their hot-rolled steel operations.⁶⁶ Six

⁶² *Hot-Rolled Steel Products From Argentina and South Africa: Investigation No. 701-TA-404 (Final) and Investigations Nos. 731-TA-898 and 905 (Final)*, USITC Publication 3446, August 2001, p. 6; *Hot-Rolled Steel Products From China, India, Indonesia, Kazakhstan, The Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-405-408 (Final) and Investigations Nos. 731-TA-899-904 and 906-908 (Final)*, USITC Publication 3468, November 2001, p. 3.

⁶³ 71 FR 43521, August 1, 2006.

⁶⁴ *Response* of the domestic interested parties, September 20, 2006, p. 30; *Response* of Siderar, September 20, 2006, p. 8; *Response* of Baosteel, September 20, 2006, p. 11; *Response* of Mittal SA, September 20, 2006, p. 12; *Response* of the Thai interested parties, September 20, 2006, p. 17.

⁶⁵ The 21 U.S. producers that supplied the Commission with usable questionnaire information during the original investigations are: AK Steel Corp. ("AK Steel"); Beta Steel Corp. ("Beta Steel"); Bethlehem; California Steel Industries, Inc. ("CSI"); Gallatin; Geneva Steel Co.; IPSCO; Ispat/Inland, Inc.; Lone Star Steel Co.; LTV Steel Co., Inc.; National; Newport Steel Corp.; North Star BHP Steel L.L.C.; Nucor; Rouge Steel Co.; SDI; Tuscaloosa Steel Corp.; U.S. Steel; WCI Steel, Inc. ("WCI"); Weirton; and Wheeling-Pittsburgh Steel Corp. ("WPS").

⁶⁶ California Coil Processors also responded to the Commission's request for information but provided no data since the firm has not yet begun production. The following three mills did not provide a response to the Commission's questionnaire in these reviews: Leo Inc.; Olympic Steel; and Timken Latrobe. These firms reported to the Commission in its 2005 reviews on hot-rolled steel from Brazil, Japan, and Russia that they do not produce hot-rolled steel. *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia:*

(continued...)

firms, representing *** percent of reported 2006 production, have filed notices of appearance in these reviews.⁶⁷ Five firms, representing *** percent of reported 2006 production, have not filed notices of appearance, but support the continuation of the orders; and six firms, representing about *** percent of reported 2006 production, either take no position on the orders or did not indicate their position. Domestic production of hot-rolled steel is concentrated in Alabama (4 mills), Illinois (3 mills), Indiana (5 mills), and Ohio (5 mills). Two mills are located in each of the following two states: Pennsylvania, and Michigan. One mill is located in each of the following 10 states: California, Iowa, Kentucky, Texas, Arkansas, South Carolina, Oregon, Maryland, Mississippi, and West Virginia. Only one domestic producer responding to the Commission's questionnaire reported the production of hot-rolled steel in a foreign trade zone. Beta Steel, whose production of hot-rolled steel accounted *** percent of total domestic hot-rolled steel production during 2006, reported that it produces hot-rolled steel in the foreign trade zone at the International Port of Indiana – Burns Harbor. Four domestic producers (***) reported that since January 1, 2001, they have been involved in toll agreements regarding the production of hot-rolled steel.⁶⁸ Details regarding each firm's production location(s), share of 2006 mill production, parent company, and position on the orders are presented in table I-14.

The domestic steel industry has restructured since the original investigations. Bankruptcies, consolidations, and reorganizations have changed the composition of domestic production. Several domestic steel producers filed for bankruptcy. Some closed their operations permanently, while others were acquired out of bankruptcy and are operating today. Through the Chapter 11 bankruptcy process, the Pension Benefit Guaranty Corporation (“PBGC”)⁶⁹ assumed the pension obligations of several domestic steel producers.⁷⁰ As a result of the PBGC's assumption of pension obligations, several companies were able to dramatically improve their cost structures, thus making them more attractive acquisitions. Bethlehem and LTV were both acquired by ISG after the PBGC took on an estimated pension liability of \$3.7 billion and \$1.9 billion for the companies, respectively. National Steel was acquired by U.S. Steel after the PBGC assumed National's estimated pension liability of \$1.1 billion.⁷¹ Table I-15 illustrates the changes in company ownership that have occurred since the original investigations.

⁶⁶ (...continued)

Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review), USITC Publication 3767, April 2005, p. I-22, fn. 90.

⁶⁷ ***.

⁶⁸ ***.

⁶⁹ The PBGC, a U.S. government agency, was established by Title IV of the Employee Retirement Income Security Act of 1974 (“ERISA”) to protect employee pension benefits when a defined benefit pension plan is terminated because of bankruptcy or for another reason. After a plan is terminated, PBGC becomes trustee of the plan and guarantees some benefits, the amount of which may differ from the original sponsor's plan. *How Pension Plans End*, found at <http://www.pbgc.gov/about/termination.html>, and *Who We Are*, found at <http://www.pbgc.gov/about/about.html>, retrieved June 12, 2007. *See also Steel: Monitoring Developments in the Domestic Industry*, Inv. No. TA-204-9, Volume 1, USITC Publication. 3632, September 2003, p. III-12; *Steel: Evaluation of the Effectiveness of Import Relief: Investigation No. TA-204-12*, USITC Publication 3797, September 2005, OVERVIEW III-15; and *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia: Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, p. I-23.

⁷⁰ The following steel companies had pension obligations assumed by the PBGC: Acme (est. 3,725 participants), Bethlehem (est. 97,015 participants), Geneva Steel (est. 1,525 participants), LTV (est. 82,950 participants), National (est. 5,000 participants), and Weirton (est. 9,200 participants).

⁷¹ *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia: Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, p. I-23.

Table I-14

Hot-rolled steel: U.S. mills, locations, parent companies, positions on the orders, and shares of 2006 production¹

Firm	Mill location(s)	Parent company	Position on orders	Share of production (percent)
AK Steel	Middletown, OH	AK Steel (U.S.)	***	***
Beta	Portage, IN	Detail (Liechtenstein) Neptunia (Liberia) Transmar (Liberia)	***	***
CSI	Fontana, CA	***% JFE Steel (Japan) ***% Cia. Vale do Rio Doce ("CVRD")(Brazil)	***	***
Duferco Farrell	Farrell, PA	Duferco (Switzerland)	***	***
Evrax Oregon Steel Mills	Portland, OR	Evrax Group S.A. (Luxembourg)	***	***
Gallatin Steel	Ghent, KY	***% Dofasco (Canada) ² ***% Gerdau-Ameristeel	***	***
IPSCO Steel	Axis, AL Montpelier, IA	SSAB (Sweden)	***	***
Lone Star	Lone Star, TX	U.S. Steel (U.S.)	***	***
Mittal Steel USA	Burns Harbor, IL Cleveland, OH East Chicago, IN Riverdale, IL Sparrows Point, MD ³ Weirton, WV	Mittal Steel (Netherlands)	***	***
North Star Blue Scope Steel	Delta, OH	***% NSS (U.S.) ***% Blue Scope Steel (Australia)	***	***
Nucor	Hickman, AR Decatur, AL Tuscaloosa, AL Crawfordsville, IN Berkeley, SC	Nucor (U.S.)	***	***
SeverCorr	Columbus, MS	Majority-owned by OAO Severstal (Russia)	***	*** ⁵
Severstal	Dearborn, MI	Severstal (U.S.)	***	***
Steel Dynamics	Butler, IN	Steel Dynamics (U.S.)	***	***
U.S. Steel	Fairfield, AL Granite City, IL Gary, IN Ecorse, MI Dravosburg, PA	U.S. Steel (U.S.)	***	***
WCI Steel	Warren, OH	WCI Steel (U.S.)	***	***
Wheeling Pittsburgh Steel	Steubenville, OH	Wheeling Pittsburgh Steel (U.S.) ⁶	***	***

¹ In addition to the firms listed in the body of this table, the following three firms have announced plans to begin production of hot-rolled steel in the United States: California Coil Processors, Leo, and ThyssenKrupp. For more information concerning these firms, see the "Potential New Operations" section in Part III of this report.

² On February 20, 2007, Dofasco announced that it has become part of the Arcelor-Mittal group.

³ The U.S. Department of Justice ruled that Mittal must divest its Sparrows Point, MD facility (formerly owned by Bethlehem Steel) for antitrust regulations concerning the production of tinmill products at Sparrows Point. Mittal has reached an agreement to sell that mill to a joint venture company called E2 Acquisition Corp. involving Esmark Inc., Wheeling-Pittsburgh Steel, and two equity investors (Brazilian iron ore producer CVRD and Ukraine's Industrial Union of Donbass).

⁴ ***
⁵ On August 29, 2007, SeverCorr announced that it started melt shop/hot-mill operations and produced a small number of coils during the last week of August 2007. The company also indicated that it expects within six months to be producing 1.5 million short tons of hot-rolled steel.

⁶ Wheeling-Pittsburgh's pending merger with Esmark Inc., a U.S.-owned service center company, is expected to be finalized by October 2007.

Source: Compiled from information submitted in response to Commission questionnaires; *SeverCorr Begins Producing Its Own Hot-Rolled Coils*, Platts, August 29, 2007, found at <http://www.platts.com/Metals/News/6449930.xml?src=Metalsrssheadlines1>, retrieved September 1, 2007; and *SeverCorr Plant Goes Hot, Produces First Steel Sheet*, American Metal Market, August 29, 2007, found at http://amm.com/2007-08-29_20-39-10.html, retrieved September 1, 2007.

Table I-15
Hot-rolled steel: Openings, closings, and consolidations of U.S. mills, 2000 and 2007

U.S. mills in 2000	U.S. mills in 2007
AK Steel	AK Steel
Beta	Beta
CSI	CSI
Duferco Farrell	Duferco Farrell
Oregon Steel Mills	Evraz Oregon Steel Mills
Gallatin Steel	Gallatin Steel
Geneva (closed in 2004 and core assets sold to firms in China)	
IPSCO Steel	IPSCO Inc.
Newport Steel	
Acme	Mittal Steel USA
Bethlehem	
Ispat Inland	
LTV Steel	
Weirton Steel	
North Star/BHP	North Star Blue Scope
Nucor	Nucor
Trico Steel	
Tuscaloosa Steel	
	SeverCorr (began producing hot-rolled steel in August 2007)
Rouge Steel	Severstal North America
Steel Dynamics	Steel Dynamics
Lone Star	U.S. Steel
National Steel	
U.S. Steel	
WCI Steel	WCI Steel
Wheeling Pittsburgh Steel	Wheeling Pittsburgh Steel (merger with Esmark in progress)

Source: Compiled from information submitted in response to Commission questionnaires; *Staff Report*, August 6, 2001 (INV-Y-141), pp. III-2 - III-3; *Press Release: Evraz Commences Tender Offer to Acquire Oregon Steel Mills*, November 30, 2006, found at <http://www.osm.com/Company/PressReleases/tabid/99/PressReleaseID/90/CategoryID/3/Default.aspx>, retrieved on June 27, 2007; *Press Releases: U.S. Steel Completes Purchase of Lone Star Technologies*, June 14, 2007, found at <http://uss.mediaroom.com/index.php?s=43&item=466>, retrieved on June 27, 2007; and table III-1; *Severstal North America, Inc., Corporate Profile*, found at <http://www.severstalna.com/about/corporate-profile.html>, retrieved on September 2, 2007; *W-P Refinancing Deal a Key Step for Tie-Up with Esmark*, American Metal Market, August 17, 2007, found at http://amm.com/wrappers/story.asp?file=/2007-08-17_23-02-43.xml, retrieved on September 2, 2007; *IPSCO—About IPSCO—History*, found at <http://www.ipSCO.com/About/AboutHistory.asp>, retrieved on September 2, 2007; *Duferco Farrell – History*, found at <http://www.dufercofarrell.com/main.html?about/history.html>, retrieved on September 2, 2007; *Courts Rule Against Bids to Block Mittal Steel Acquisition of Arcelor*, American Metal Market, August 27, 2007, found at http://amm.com/2007-08-27_15-53-44.html, retrieved on September 2, 2007.

Several domestic producers were identified as related parties in these reviews. Domestic producer Mittal USA is related to Mittal Steel Temirtau (a foreign manufacturer and exporter of hot-rolled carbon steel flat products in Kazakhstan), Mittal Steel Galati (a Romanian manufacturer and exporter of hot-rolled carbon steel flat products), and Mittal Steel South Africa (a South African manufacturer and exporter of hot-rolled carbon steel flat products). Mittal USA, however, ***. The firm is, however, related to Mittal Steel North America, ***.

U.S. Importers

In the original investigations, 25 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of hot-rolled steel. Of the responding U.S. importers, two (Bethlehem and U.S. Steel), were themselves domestic producers; two others, ***, were sister companies to domestic producers; four were U.S. subsidiaries of foreign producers in Argentina, India, the Netherlands, and South Africa; and six others were related to foreign producers in Canada, Germany, Japan, and the United Kingdom.

In response to Commission importers' questionnaires issued in these reviews, 52 firms supplied usable import data. Reported U.S. importers of hot-rolled steel are concentrated in three major geographic areas: the New York, New Jersey, and Connecticut area; the Illinois, Indiana, and Michigan area; and California. Table 1-16 presents a summary of information regarding U.S. importers of hot-rolled steel.

Reported imports were concentrated in a few firms. The top three importers accounted for *** percent of total reported imports during 2006, and the next largest five importers accounted for *** percent of reported imports in that year, yielding a total of 71.6 percent of total imports in 2006 handled by eight importers.⁷² No importer reported imports from Kazakhstan. None of the large importers reported importing from Taiwan, however, five importers reported importing hot-rolled steel from that source. Only one importer, ***, reported importing the subject product from Ukraine. Of the leading importers, *** only imported from nonsubject sources and *** imported from *** and nonsubject sources.

There are several business affiliations between U.S. importers and foreign companies producing hot-rolled steel in the countries. *** are related to firms producing the subject product in Kazakhstan, Romania, and South Africa. Further, U.S. importers *** are related to U.S. producers. Other importers are also U.S. producers: ***.

U.S. Purchasers

In response to Commission purchaser questionnaires issued in these reviews, 45 purchasers supplied usable data and 2 reported that they had not purchased hot-rolled steel during the period for which data were collected in these reviews. Respondents were concentrated in the upper Midwest and the Great Lakes area including Michigan, Ohio, Minnesota, Illinois, Indiana, Pennsylvania, and Wisconsin. Additionally, the Commission received purchaser responses from companies located in other regions, including Texas, California, and Connecticut. The geographic dispersion of hot-rolled steel purchasers reflects the variety of industries that rely on steel.

⁷² ***.

Table I-16

Hot-rolled steel: Reporting U.S. importers, parent companies, locations, sources of imports, and shares of reported U.S. imports, 2006

Firm	Parent	Source(s)	Location	Share of reported 2006 total U.S. imports (percent)
Abstoss International Steel Holding, Inc.	None	***	Stamford, CT	***
Amerifer Steel, LLC	None	***	San Antonio, TX	***
Arcelor International America	Arcelor, Luxembourg	***	New York, NY	***
Aries America Inc.	Aries Shipping & Trading, Ltd., BVI	***	New York, NY	***
Benson International	None	***	Houston, TX	***
Carbofer General Trading USA Corp.	Carbofer Finance, SA, Luxembourg	***	Stamford, CT	***
Cargill Inc.	None	***	Minnetonka, MN	***
Commercial Metals Co.	None	***	Irving, TX	***
Companhia Siderúrgica Nacional	CSN Panama, S.A., Luxembourg	***	Terre Haute, IN	***
Corus International Trading United	Corus Group, PLC, UK	***	Schaumburg, IL	***
Corus Staal BV	Corus Group, PLC, UK	***	Ijmuiden, Netherlands	***
Diroda Services LLC	None	***	Dallas, TX	***
DK America, Inc.	Donkuk Industries, Ltd., Korea	***	Torrance, CA	***
Dofasco, Inc.	Arcelor, Luxembourg	***	Ontario, Canada	***
Dofasco Tubular Products Corp.	Dofasco, Inc., Ontario, Canada	***	Pittsburgh, PA	***
Duferco Farrell Corp.	Duferco US Investment, Farrell, PA	***	Farrell, PA	***
Honda Trading America	Honda Trading Corp., Tokyo, Japan ***%; American Honda Motor, Torrance, CA ****%	***	Marysville, OH	***
Intermetals Corp.	None	***	Shrewsbury, NJ	***
JFE Shoji Trade America Inc.	JFE Shoji Trade Co., Tokyo, Japan	***	New York, NY	***

Table continued on following page.

Table I-16—Continued

Hot-rolled steel: Reporting U.S. importers, parent companies, locations, sources of imports, and shares of reported U.S. imports, 2006

Firm	Parent	Source(s)	Location	Share of reported 2006 total U.S. imports (percent)
JNK Steel Corp.	None	***	Torrance, CA	***
Kerrett International Corp.	None	***	Kennett Square, PA	***
KIT International, Inc.	None	***	Torrance, CA	***
Lone Star Steel Co.	U.S. Steel	***	Dallas, TX	***
MacSteel International USA Corp.	Macsteel International Holding, BV, Netherlands	***	White Plains, NY	***
Man Ferrostaal Inc.	Man Capital Corp.	***	Houston, TX	***
Marubeni-Itochu Steel America	Marubeni-Itochu Steel International, Tokyo, Japan	***	New York, NY	***
Metallia U.S.A., LLC	None	***	Fort Lee, NJ	***
Metalloyd Ltd.	Deneb Investments, Cypress ***%	***	London, UK	***
Metal One America, Inc.	Metal One Holdings, Inc.	***	Rosemont, IL	***
Mitsui & Co. (U.S.A.), Inc. & Mitsui Steel, Inc.	Mitsui & Co. Ltd., Tokyo, Japan	***	New York, NY	***
Mittal Steel North America	Mittal Steel Co. NV, Rotterdam, Netherlands	***	Chicago, IL	***
Mittal Canada Inc.	Mittal Steel Co. NV, Rotterdam, Netherlands	***	Quebec, Canada	***
MS Global Steel, Inc.	None	***	Santa Fe Springs, CA	***
Nexgen Metals Inc.	None	***	Torrance, CA	***
Nippon Steel Trading America, Inc.	Not provided	***	Los Angeles, CA	***
Norsteel	Arcelor, Luxembourg	***	New York, NY	***
Okaya (U.S.A.) Inc.	None	***	Torrance, CA	***
Quality Metals, Inc.	None	***	St. Paul, MN	***
Queen City Steel Inc.	None	***	Waxman, NC	***

Table continued on following page.

Table I-16—Continued

Hot-rolled steel: Reporting U.S. importers, parent companies, locations, sources of imports, and shares of reported U.S. imports, 2006

Firm	Parent	Source(s)	Location	Share of reported 2006 total U.S. imports (percent)
Ryerson, Inc.	None	***	Chicago, IL	***
Samuel, Son & Co., Ltd.	None	***	Ontario, Canada	***
Seco Steel Trading, Inc.	None	***	Hartsdale, NY	***
TATA Inc.	TATA Steel, Ltd., India	***	New York, NY	***
Severstal North America Inc.	OAO Severstal, Russia	***	Dearborn, MI	***
Steelco Mediterranean Trading Ltd.	None	***	Nicosia, Cyprus	***
Sunbelt Group L.P.	Sunbelt Group, Inc./ Fedmet Ent., Houston, TX	***	Houston, TX	***
Ternium International USA Corp.	Ternium Internacional, Uruguay	***	Houston, TX	***
ThyssenKrupp Materials N.A. Inc.	ThyssenKrupp USA, Inc., Troy, MI	***	Southfield, MI	***
Titan Steel Corp.	Titan Industrial Corp., New York, NY	***	Baltimore, MD	***
USS-POSCO Industries	U.S. Steel Corp., ***%; POSCO, Korea ***%	***	Pittsburg, CA	***
Voest Alpine Intertrading AG	Raiffeisen-Landesbank, Linz, Austria ***%; MBG, Linz, Austria ***%; Voest-Alpine, AG, Linz, Austria ***%; V-A Technology, AG, Linz, Austria ***%; RZB Bank, Vienna, Austria ***%; Bunk Austria, Vienna, Austria ***%; Erste Bank, Vienna, Austria ***%	***	Linz, Austria	***
Voest Alpine USA	Voestalpine Eurostahl, GMBH, Linz, Austria	***	Harrison, NY	***
Total				100.0
Source: Compiled from data submitted in response to Commission questionnaires.				

Purchasers of hot-rolled steel represent a variety of domestic industries but the predominant purchasers are in the automotive and construction industries. While larger companies may purchase steel directly from domestic mills, others rely on steel service centers for their supply. Steel service centers are businesses that inventory and distribute steel for industrial customers and perform first-stage processing. It is generally accepted that service centers can purchase, process, and deliver steel to end users in a more efficient and cost-effective manner than the end user could achieve by dealing directly with the steel producer or with intermediate steel processors. Most of the purchasers that submitted questionnaires in these reviews were automotive assemblers or suppliers, followed by service centers and processors, and steel products producers.

The automotive industry is a major purchaser of hot-rolled steel and has driven the development of lighter, stronger steels. In automobiles, hot-rolled steel is used extensively for body frames and wheels, pipes, and tubes. In addition to automobiles, hot-rolled steel is used in other transportation equipment including rail cars, ships, and barges. The construction industry uses hot-rolled steel extensively in structural applications for non-residential buildings. Other industries that rely on steel purchases include producers of appliances, machinery, and machine parts.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-17 presents U.S. shipments, imports, and apparent U.S. consumption of hot-rolled steel for 2001-06, January-June 2006, and January-June 2007. Table I-18 presents total U.S. consumption and market shares for the same period, and table I-19 presents open-market consumption and market shares. Apparent U.S. consumption (both open-market and total) was higher in 2006 than in 2001, but the level fluctuated during the annual periods from 2001 to 2006. Apparent U.S. consumption reported during the first half of 2007 was lower than the level reported during the same period in 2006. The share of domestic consumption (both open-market and total) held by U.S. producers of hot-rolled steel also fluctuated during the period for which data were collected, but the share held in 2006 was lower than that held in 2001. During the first half of 2007, however, the share held by U.S. producers was higher than that reported during the first half of 2006. Domestic producers accounted for between 80 and 90 percent of open-market consumption and between 91 and 96 percent of total consumption during the periods examined in these reviews. Subject imports accounted for 0.1 to 0.5 percent of apparent total consumption and 0.1 to 1.3 percent of apparent open-market consumption during the period of review.

Table I-17

Hot-rolled steel: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 2001-06, January-June 2006, and January-June 2007

Item	2001	2002	2003	2004	2005	2006	January-June	
							2006	2007
Quantity (<i>short tons</i>)								
U.S. producers'-- Open market shipments	22,369,951	23,347,394	24,986,585	26,062,595	24,151,642	25,847,726	13,798,231	12,494,397
Captive U.S. shipments	38,416,308	39,898,610	39,642,422	42,136,374	38,917,018	40,897,904	21,343,781	18,845,213
Subtotal	60,786,259	63,246,004	64,629,007	68,198,969	63,068,660	66,745,630	35,142,012	31,339,610
U.S. imports from--								
Argentina	26,753	4,058	0	0	0	198	0	0
China	42,184	47	28	6,456	418	3,851	822	692
India	51,480	5,919	0	11,392	6,618	62,234	24,402	17,631
Indonesia	10,726	0	0	5	0	0	0	0
Kazakhstan	14,604	0	0	0	0	0	0	0
Romania	56,869	103,512	32,895	17,802	0	12,892	4,826	0
South Africa	4,903	112,066	28,647	10,355	90	9,829	9,797	455
Taiwan	42,144	1,153	107	1,381	142	7,305	861	231
Thailand	15,847	139,856	34,162	93,414	43,289	155,824	22,772	2,116
Ukraine	25,694	612	11	0	1,558	0	0	0
Subtotal	291,203	367,223	95,850	140,805	52,115	252,133	63,481	21,125
Other sources	2,657,040	4,302,509	2,607,407	5,004,490	3,816,715	6,190,441	3,181,249	1,800,817
Total imports	2,948,244	4,669,732	2,703,257	5,145,295	3,868,829	6,442,574	3,244,731	1,821,941
Open-market U.S. consumption	25,318,195	28,017,126	27,689,842	31,207,890	28,020,471	32,290,300	17,042,962	14,316,338
Total U.S. consumption	63,734,503	67,915,736	67,332,264	73,344,264	66,937,489	73,188,204	38,386,743	33,161,551

Table continued on following page.

Table I-17--Continued

Hot-rolled steel: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 2001-06, January-June 2006, and January-June 2007

Item	2001	2002	2003	2004	2005	2006	January-June	
							2006	2007
Value (\$1,000)								
U.S. producers'-- Open market shipments	6,030,394	7,071,490	7,531,302	13,630,577	13,155,838	14,581,562	7,667,644	6,853,636
Captive U.S. shipments	9,877,436	12,254,610	11,733,931	22,245,927	20,671,157	23,096,324	11,824,034	10,357,136
Subtotal	15,907,830	19,326,100	19,265,233	35,876,504	33,826,995	37,677,886	19,491,678	17,210,772
U.S. imports ¹ from--								
Argentina	6,067	1,330	0	0	0	181	0	0
China	10,206	16	23	4,056	249	2,218	551	485
India	12,309	1,857	0	7,819	4,951	32,418	12,533	10,443
Indonesia	2,576	0	0	5	0	0	0	0
Kazakhstan	2,640	0	0	0	0	0	0	0
Romania	11,607	26,269	8,745	10,227	0	6,933	2,145	0
South Africa	1,344	30,914	8,013	5,510	67	4,361	4,350	434
Taiwan	11,578	363	116	929	136	4,583	362	138
Thailand	4,836	43,463	10,927	51,045	21,948	81,498	10,231	1,053
Ukraine	5,318	202	6	0	1,689	0	0	0
Subtotal	68,481	104,414	27,830	79,591	29,040	132,192	30,173	12,553
Other sources	711,009	1,321,488	854,518	2,545,509	2,092,683	3,227,482	1,564,064	973,983
Total imports	779,489	1,425,902	882,348	2,625,100	2,121,722	3,359,674	1,594,237	986,536
Open-market U.S. consumption	6,809,883	8,497,392	8,413,650	16,255,677	15,277,560	17,941,236	9,261,881	7,840,172
Total U.S. consumption	16,687,319	20,752,002	20,147,581	38,501,604	35,948,717	41,037,560	21,085,915	18,197,308
¹ Landed, duty-paid.								
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-18

Hot-rolled steel: Total U.S. consumption and market shares, 2001-06, January-June 2006, and January-June 2007

Item	2001	2002	2003	2004	2005	2006	January-June	
							2006	2007
<i>Quantity (short tons)</i>								
Apparent U.S. consumption ¹	63,734,503	67,915,736	67,332,264	73,344,264	66,937,489	73,188,204	38,386,743	32,609,068
<i>Value (1,000 dollars)</i>								
Apparent U.S. consumption ¹	16,687,319	20,752,002	20,147,581	38,501,604	35,948,717	41,037,560	21,085,915	17,879,072
<i>Share of quantity (percent)</i>								
U.S. producers' U.S. shipments	95.4	93.1	96.0	93.0	94.2	91.2	91.5	94.5
U.S. imports from--								
Argentina	(²)	(²)	0.0	0.0	0.0	(²)	0.0	0.0
China	0.1	(²)	(²)	(²)	(²)	(²)	(²)	(²)
India	0.1	(²)	0.0	(²)	(²)	0.1	0.1	0.1
Indonesia	(²)	0.0	0.0	(²)	0.0	0.0	0.0	0.0
Kazakhstan	(²)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.1	0.2	(²)	(²)	0.0	(²)	(²)	0.0
South Africa	(²)	0.2	(²)	(²)	(²)	(²)	(²)	(²)
Taiwan	0.1	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Thailand	(²)	0.2	0.1	0.1	0.1	0.2	0.1	(²)
Ukraine	(²)	(²)	(²)	0.0	(²)	0.0	0.0	0.0
Subtotal	0.5	0.5	0.1	0.2	0.1	0.3	0.2	0.1
Other sources	4.2	6.3	3.9	6.8	5.7	8.5	8.3	5.4
Total imports	4.6	6.9	4.0	7.0	5.8	8.8	8.5	5.5

Table continued on following page.

Table I-18--Continued

Hot-rolled steel: Total U.S. consumption and market shares, 2001-06, January-June 2006, and January-June 2007

Item	2001	2002	2003	2004	2005	2006	January-June	
							2006	2007
<i>Share of value (percent)</i>								
U.S. producers' U.S. shipments	95.3	93.1	95.6	93.2	94.1	91.8	92.4	94.6
U.S. imports from--								
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kazakhstan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
South Africa	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Thailand	0.0	0.2	0.1	0.1	0.1	0.2	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	0.4	0.5	0.1	0.2	0.1	0.3	0.1	0.1
Other sources	4.3	6.4	4.2	6.6	5.8	7.9	7.4	5.4
Total imports	4.7	6.9	4.4	6.8	5.9	8.2	7.6	5.4

¹ Includes internally consumed (captive) shipments of domestic producers.

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-19

Hot-rolled steel: Open-market U.S. consumption and market shares, 2001-06, January-June 2006, and January-June 2007

Item	2001	2002	2003	2004	2005	2006	January-June	
							2006	2007
<i>Quantity (short tons)</i>								
Open-market U.S. consumption ¹	25,318,195	28,017,126	27,689,842	31,207,890	28,020,471	32,290,300	17,042,962	14,316,338
<i>Value (1,000 dollars)</i>								
Open-market U.S. consumption ¹	6,809,883	8,497,392	8,413,650	16,255,677	15,277,560	17,941,236	9,261,881	7,840,172
<i>Share of quantity (percent)</i>								
U.S. producers' open-market U.S. shipments	88.4	83.3	90.2	83.5	86.2	80.0	81.0	87.3
U.S. imports from--								
Argentina	0.1	(²)	0.0	0.0	0.0	(²)	0.0	0.0
China	0.2	(²)	(²)	(²)	(²)	(²)	(²)	(²)
India	0.2	(²)	0.0	(²)	(²)	0.2	0.1	0.1
Indonesia	(²)	0.0	0.0	(²)	0.0	0.0	0.0	0.0
Kazakhstan	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.2	0.4	0.1	0.1	0.0	(²)	(²)	0.0
South Africa	(²)	0.4	0.1	(²)	(²)	(²)	0.1	(²)
Taiwan	0.2	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Thailand	0.1	0.5	0.1	0.3	0.2	0.5	0.1	(²)
Ukraine	0.1	(²)	(²)	0.0	(²)	0.0	0.0	0.0
Subtotal	1.2	1.3	0.3	0.5	0.2	0.8	0.4	0.1
Other sources	10.5	15.4	9.4	16.0	13.6	19.2	18.7	12.6
Total imports	11.6	16.7	9.8	16.5	13.8	20.0	19.0	12.7

Table continued on following page.

Table I-19--Continued

Hot-rolled steel: Open-market U.S. consumption and market shares, 2001-06, January-June 2006, and January-June 2007

Item	2001	2002	2003	2004	2005	2006	January-June	
							2006	2007
<i>Share of value (percent)</i>								
U.S. producers' open-market U.S. shipments	88.6	83.2	89.5	83.9	86.1	81.3	82.8	87.4
U.S. imports from--								
Argentina	0.1	(²)	0.0	0.0	0.0	(²)	0.0	0.0
China	0.1	(²)	(²)	(²)	(²)	(²)	(²)	(²)
India	0.2	(²)	0.0	(²)	(²)	0.2	0.1	0.1
Indonesia	(²)	0.0	0.0	(²)	0.0	0.0	0.0	0.0
Kazakhstan	(²)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.2	0.3	0.1	0.1	0.0	(²)	(²)	0.0
South Africa	(²)	0.4	0.1	(²)	(²)	(²)	(²)	(²)
Taiwan	0.2	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Thailand	0.1	0.5	0.1	0.3	0.1	0.5	0.1	(²)
Ukraine	0.1	(²)	(²)	0.0	(²)	0.0	0.0	0.0
Subtotal	1.0	1.2	0.3	0.5	0.2	0.7	0.3	0.2
Other sources	10.4	15.6	10.2	15.7	13.7	18.0	16.9	12.4
Total imports	11.4	16.8	10.5	16.1	13.9	18.7	17.2	12.6
¹ Does not include internally consumed (captive) shipments of domestic producers. ² 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

U.S. MARKET CHARACTERISTICS

Market participants generally agree that the hot-rolled steel market experiences recurrent expansions and contractions. In general, demand for hot-rolled steel tends to follow the broad demand trends in the U.S. economy, mainly in the automotive and construction markets.¹ U.S. purchasers were asked if the hot-rolled steel market was subject to business cycles or conditions of competition distinctive to the hot-rolled steel industry. Three-quarters of the responding purchasers answered in the affirmative. The distinctive competitive conditions cited include the consolidation of steel production, increases in demand in non-U.S. markets (especially China, India, Europe, and Asia), the fluctuations in the automotive and construction markets, and the price volatility due to downstream value-added products.

U.S. CHANNELS OF DISTRIBUTION

Hot-rolled steel is sold to distributors, processors, and service centers; pipe and tube producers; and other end users/manufacturers, including automobile assemblers and suppliers. As indicated in table I-13, slightly more than one-half of U.S. producers' U.S. shipments are made to service centers/distributors. Approximately 20-22 percent of U.S. producers' U.S. shipments are made to other end users, with the remainder going to manufacturers of tubular products. With respect to imports, roughly one-half of U.S. importers' U.S. shipments are made to service centers/distributors and approximately one-third are made to other end users.² A relatively small share of U.S. importers' U.S. shipments go to manufacturers of tubular products.

Producers and importers were requested to provide information on the market areas served by their hot-rolled steel. Table II-1 presents information provided by U.S. producers and importers on the market areas in which they sell hot-rolled steel. Producers tend to mostly serve the Midwest followed by the Pacific Coast, while importers tend to serve the Midwest, the Pacific Coast, and the Central Southwest.

¹ *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Invs. Nos. 701-TA-304 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, pp. II-1.

² Domestic producers maintain that the large independent distribution system in the United States facilitates sales by foreign producers in the U.S. market. U.S. Steel's posthearing brief, p. 3. Nucor's posthearing brief, exh. 1, p. 24. Thai producers, however, reported that trading companies play no role in setting the price because they would seldom, if ever, purchase hot-rolled steel without having an end customer that has already agreed to the sales terms. Thai producers' posthearing brief, exh. 1, pp. 24-25. Argentine producer Siderar, moreover, reports that it does not use trading companies for its limited exports, but rather ships them through Ternium. Siderar's posthearing brief, p. 9.

Table II-1**Hot-rolled steel: Geographic market areas in the United States served by domestic producers and importers**

Region	Producers	Importers
Mid-Atlantic	0	0
Northeast	6	10
Mountains	4	4
Central Southwest	6	11
Midwest ¹	12	14
Southeast	4	10
Pacific Coast	7	13
Other ²	1	0
<p>¹ One importer, ***, and one producer, ***, specified the Great Lakes area. ² One producer, ***, specified Alaska.</p> <p>Note.--There were a total of 13 U.S. producers and 21 importers that responded to this question. Firms were not limited in the number of market areas that they could report.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>		

SUPPLY AND DEMAND CONSIDERATIONS**U.S. Supply****Domestic Production**

Based on available information, staff believes that U.S. hot-rolled steel producers are likely to respond to changes in demand with small changes in shipments of U.S.-produced hot-rolled steel to the U.S. market. Factors contributing to this degree of responsiveness of supply (such as capacity utilization, technology, market conditions, and inventories) are discussed below.

Industry capacity

Hot-rolled steel capacity in the United States has increased since 2001, rising from 76.2 million short tons to 81.6 million short tons in 2006. U.S. producers' reported capacity utilization for hot-rolled steel slightly fluctuated over the period for which data were collected. Capacity utilization for domestic hot-rolled producers was at its lowest annual level in 2005 (78.6 percent) and at its highest level in 2002 (88.7 percent); it was at 82.4 percent in 2006. This level of capacity utilization indicates that U.S. producers of hot-rolled steel do have some available capacity with which they could increase production of hot-rolled steel in the event of a price change.

Availability of supply

Several purchasers reported in their questionnaire responses that supply of hot-rolled steel is constrained. Of 33 responding purchasers, 23 reported that suppliers refused to supply hot-rolled steel,

with most reporting that they faced shortages beginning in 2004. One of these purchasers reported having several production disruptions due to steel shortages in early 2005 and that some U.S. mills cancelled existing contracts in favor of new spot sales at drastically increased pricing.³ Two purchasers quantified the additional costs that these delivery problems caused: *** was affected by limited availability and late deliveries, while *** had to switch from *** gauge hot-rolled steel to cold-rolled steel at a \$*** per ton premium. In addition, GR Spring reported that it faced shortages beginning in November 2004 and that all of its contracts with hot-rolled steel suppliers were voided by March 2005.⁴ GR Spring further reported that supply shortages mostly occurred in 2004 and 2005 and that there are currently no supply shortages.⁵ E&E also reported experiencing shortages in 2004 and stated that it paid a premium of \$221,000 to acquire steel from another supplier.⁶ *** reported that *** imposed a price increase of *** percent from 2004 to 2005, a price *** percent greater than the average U.S. contract price. Due to re-sourcing procedures, it took *** 18 months to transfer all of the volume to another supplier. *** reported that *** informed *** that it would prefer not to sell hot-rolled steel to the *** industry, and rather focus on finishing operations for cold-rolled and coated product.⁷ *** reported that *** has refused to supply it hot-rolled steel since 2004, *** limited its sales to *** until 2006, and *** has limited its sales to *** since 2001 despite supplying “significant quantities of other steel products” to ***.⁸

The majority of responding U.S. producers, 9 of 14, reported that they have refused, declined, or were unable to supply hot-rolled steel since 2001.⁹ U.S. Steel, however, denies that there are currently any hot-rolled steel shortages and cites the fact that U.S. prices have fallen, indicating an excess supply of hot-rolled steel, along with the high levels of U.S. nonsubject imports over the review period.¹⁰ One producer, ***, reported it sometimes declines to sell to potential customers with poor credit or with whom it has had negative experiences. However, *** also reports that purchasers that buy from service centers, including ***, ***, and ***, cannot blame U.S. producers for broken contracts that the purchasers made with service centers, not with U.S. producers.¹¹ Another producer, ***, attributed customer allocation in 2006 to very strong market conditions. *** reported that it already produces at its maximum capacity and cannot increase production even if the market demands it. *** reported that it controlled entry and set maximum targets for customers from ***. This producer also reported that there were other periods of strong demand (***) during which there were extended lead times. AK Steel reported that it is committed to selling hot-rolled steel to any customer that wants it.¹²

Alternative markets

U.S. producers’ exports, as a percentage of total shipments, fluctuated during the review period; exports accounted for between 0.7 and 2.0 percent of total shipments during this time. The relatively low level of exports during the period indicates that U.S. hot-rolled steel producers are constrained in their

³ ***’s purchasers’ questionnaire, at III-15.

⁴ Hearing transcript, p. 432 (Emery).

⁵ Hearing transcript, p. 483 (Emery).

⁶ Hearing transcript, p. 434 (Knedgen).

⁷ *** purchasers’ questionnaire, at III-15.

⁸ *** purchasers’ questionnaire, at III-15.

⁹ One producer that responded “no” to this question ***.

¹⁰ U.S. Steel’s posthearing brief, exh. 1, p. 47.

¹¹ Nucor’s posthearing brief, exh. 1, p. 12. *** has cited supply issues with a product (automotive fasteners) that is generally produced from wire rod and SBQ bar, not hot-rolled steel. Nucor’s posthearing brief, exh. 1, p. 13.

¹² AK Steel’s posthearing brief, p. 13.

ability to shift shipments between the United States and other markets in response to price changes. Moreover, in their questionnaire responses, virtually all of the U.S. producers reported that they would find it difficult to shift their shipments to markets outside of the United States. Ten of 13 responding producers reported that it would be too difficult and expensive to shift markets because of high transportation costs. *** described the high import duties on hot-rolled steel that large markets such as China, India, or Brazil have imposed. *** explained that the lack of established foreign customer contacts makes it difficult to export hot-rolled steel. *** reported that while it explores exporting to Canada and Mexico when market conditions are favorable, it would still be very difficult to do so.

Inventory levels

U.S. producers' inventories, as a share of U.S. producers' total shipments, ranged from 2.4 percent to 3.9 percent between 2001 and 2006. These relatively small levels of inventories suggest that U.S. producers are constrained in their ability to respond to changes in demand with changes in the quantity shipped.

Production alternatives

Most producers, 9 of 15, stated that they were able to switch production from hot-rolled steel to other products. Most producers also reported that there is minimal or virtually no cost associated with such a switch in production. One producer reported that the increased cost is attributable to increased input costs and longer manufacturing times. Another producer reported that it could take three to four weeks to implement a switch in production.

Supply of Subject Imports to the U.S. Market

Based on available information, staff believes that subject hot-rolled steel producers are likely to respond to changes in demand with relatively large changes in shipments of hot-rolled steel to the U.S. market. Factors contributing to this degree of responsiveness of supply are discussed below and shown in table II-2.

Generally, factors such as relatively low levels of capacity utilization, relatively high inventory levels, and the existence of alternative markets indicate a relatively strong supply responsiveness. Alternative markets include export shipments, home market commercial sales, and internal consumption for the production of downstream products. Of these three factors, the existence of exports is generally the most important contributing factor to supply responsiveness, as it indicates the subject country's degree of export orientation and experience in export marketing. The second most important contributing factor is generally home market commercial sales, which could be diverted relatively easily to export markets, especially if the industry in the subject country is already experienced in exporting. Internal consumption is most likely the least easily diverted of the three markets because such diversion would require scaling back or idling the production of downstream products. However, the ease of diverting internal consumption may rise if the subject country has developed export markets and home market commercial sales. Moreover, economic conditions, production costs of hot-rolled steel relative to downstream products, and the current sales prices and profit margins in the hot-rolled steel market relative to the market for downstream products likely affect the degree to which subject producers would choose to divert internal consumption of hot-rolled steel to the commercial market.

Table II-2
Hot-rolled steel: Factors of supply of subject imports as reported by foreign producers

Country	Capacity range (short tons)		Capacity utilization range (percent)		Alternative products ¹	
	Low	High	Low	High		
Argentina	***	***	***	***	C-R, CORE	
China ²	30,216,549	57,643,686	86.8	97.2	C-R, CORE, CTL, Alloy	
India ³	***	***	***	***	C-R, CORE, CTL	
Indonesia	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	
Kazakhstan	***	***	***	***	C-R, CORE, Alloy	
Romania	***	***	***	***	C-R, CORE, CTL	
South Africa	***	***	***	***	C-R, CORE	
Taiwan	***	***	***	***	C-R, CORE, CTL, Alloy	
Thailand	***	***	***	***	None	
Ukraine	***5		***5		(⁴)	
Country	Export shipments range (percent of total shipments)		Home market commercial sales range (percent of total shipments)		Internal consumption range (percent of total shipments)	
	Low	High	Low	High	Low	High
Argentina	***	***	***	***	***	***
China ²	1.8	9.0	55.8	64.4	33.7	41.3
India ³	***	***	***	***	***	***
Indonesia	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Kazakhstan	***	***	***	***	***	***
Romania	***	***	***	***	***	***
South Africa	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Thailand	**	***	***	***	***	***
Ukraine	***6		(⁴)	(⁴)	(⁴)	(⁴)

Table continued on following page.

Table II-2--Continued

Hot-rolled steel: Factors of supply of subject imports as reported by foreign producers

Country	Inventories range (short tons)		Ratio of inventories to total shipments (percent)	
	Low	High	Low	High
Argentina	***	***	***	***
China ²	234,357	787,081	0.8	1.4
India ³	***	***	***	***
Indonesia	(⁴)	(⁴)	(⁴)	(⁴)
Kazakhstan	***	***	***	***
Romania	***	***	***	***
South Africa	***	***	***	***
Taiwan	***	***	***	***
Thailand	***	***	***	***
Ukraine	(⁴)	(⁴)	(⁴)	(⁴)

¹ Abbreviations for products listed are as follows: C-R (cold-rolled steel); CORE (corrosion-resistant steel); and CTL (cut-to-length steel products).
² Accounts for one-quarter to one-half of Chinese operations on hot-rolled steel.
³ Accounts for almost one-third of the capacity to produce hot-rolled steel in India.
⁴ Data not available.
⁵ Based on limited information available from secondary sources.
⁶ Ratio of exports to production.

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

One U.S. producer reported that the greatest portion of the fixed costs associated with producing downstream products is concentrated in hot-rolled steel production, and that it would be less costly to scale back production of the downstream products in the event of a decrease in the price of downstream products.¹³ Another U.S. producer reported that the production of downstream products need not be completely idled or shut down in a response to a change in market conditions, but rather production can be temporarily scaled back.¹⁴ A third U.S. producer reported that it is relatively simple to switch between various types of steel production, citing the fact that, over the period of review, Chinese producers switched from exporting hot-rolled steel to the United States to exporting pipe, which was not subject to an antidumping order. Nucor also states that the antidumping petitions on steel pipe from China may further encourage Chinese producers to switch back to exporting hot-rolled steel.¹⁵

¹³ Hearing transcript, p. 316 (Gant).

¹⁴ Hearing transcript, p. 317 (Schorsch).

¹⁵ Nucor's posthearing brief, exh. 1, p. 2.

Argentine producer Siderar reports that it is not economically rational for it to divert higher-profit downstream production to increased production of hot-rolled steel.¹⁶ Chinese producers reported that they are building capacity for downstream production, not for commercial sales of hot-rolled steel, and that this decision is based on the price for downstream products, particularly cold-rolled steel, in its home market.¹⁷ Thai producers report that internal consumption of hot-rolled steel is not divertible to the merchant market because of such factors as supplying established customers of downstream products, recouping downstream capital investments, and downstream production cost savings through internal sourcing.¹⁸ Furthermore, Thai producers contend that they have made a “corporate strategic decision” to increase internal consumption for producing cold-rolled steel.¹⁹ Moreover, they reported concentrating on obtaining more market share in its home market because of the higher price premiums they can receive in the home market based on home market advantage and logistics.²⁰ Thai producers also reported investment in pickling and oiling and skin-pass lines in the last two years in order to be able to use hot-rolled steel in the production of downstream products.²¹

Domestic industry witnesses contend that excess capacity in the subject countries is out-pacing demand and is an important influence on the supply responsiveness of subject countries.²² Special emphasis was placed on China’s growing capacity and its transition to a net exporter as a result. In particular, U.S. producer *** argues that additions to Chinese capacity made between 1999 and 2006 have displaced steel imports into China from countries such as Thailand, India, Ukraine, Kazakhstan, and other subject countries, noting that such subject product will likely be increasingly diverted to the U.S. market as a result. Another producer reported that China’s increased capacity may result in a glut of supply of hot-rolled steel in the global market.

One general factor that affected the supply of imports to the U.S. market early during the period for which data were collected was the imposition of tariffs on hot-rolled steel due to the safeguard measures put in place in 2002. As discussed in part I, these measures placed additional tariffs on certain steel products, including hot-rolled steel, that entered the U.S. market. One producer, ***, declared that “orders have been very effective in minimizing market disruptions by subject producers.” Another producer, ***, reported that “duties in place have been effective in stemming tide of unfairly traded hot-rolled steel from subject countries and as such current offers are not impacting prices.” However, two producers reported that imports surged in 2006 and another producer reported that it must compete with imports due to its location on the West Coast.

Three of the fifteen responding importers noted that safeguard measures (and antidumping orders) reduced import availability in the U.S. market. Only two of the nineteen responding foreign producers reported that the safeguard measures had affected the availability of foreign imports.

Respondent interested parties have also reported that the general depreciation of the U.S. dollar over the period of review means that foreign producers receive smaller returns in their domestic currency for sales in the United States, thus making exports to the United States less attractive to foreign

¹⁶ Siderar’s posthearing brief, p. 14, citing *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, and Germany: Investigation Nos. 731-TA-707-709 (Review)*, USITC Publication 3918, May 2007, p. 23 and n.146.

¹⁷ Hearing transcript, p. 512 (Bruno).

¹⁸ Thai producers’ posthearing brief, exh. 1, p. 8.

¹⁹ Hearing transcript, p. 513 (Pierce).

²⁰ Hearing transcript, p. 465 (Pierce).

²¹ Hearing transcript, p. 466 (Pierce).

²² Hearing transcript, p. 284 (Goodish) and pp. 287, 585 (Price).

producers.²³ One U.S. producer reported that the weakening dollar and increased ocean freight rates in 2004 along with strength of foreign demand led to a decreased supply of imports.²⁴ Purchasers in the auto industry also reported that such factors as high transportation costs and exchange rate movements have increased the costs of subject imports.²⁵

Subject Imports from Argentina

Based on available information, suppliers of hot-rolled steel from Argentina are likely to respond to changes in demand with relatively limited changes in the quantity shipped to the U.S. market. Supply responsiveness is constrained by limited non-U.S. export markets and a limited home market, limited excess capacity, and limited inventories.

Industry capacity

Reported Argentine capacity increased from *** short tons in 2001 to *** short tons in 2006. Two producers in Argentina, accounting for all known production, responded to the Commission questionnaire. During this period, capacity utilization of Argentine hot-rolled steel producers ranged from a low of *** percent in 2001 to a high of *** percent in 2006.

Inventory levels

Available data indicate that Argentine hot-rolled steel producers' inventories as a percentage of shipments ranged from a low of *** percent (in 2002 and 2003) to a high of *** percent in 2006.

Alternative markets

The majority of Argentine producers' shipments of hot-rolled steel was used for internal consumption and transfers (ranging from *** percent in 2002 to *** percent in 2006), followed by shipments to the home market (ranging between *** percent in 2002 to *** in 2006). Argentine producers of hot-rolled steel also exported product to the European Union (ranging between *** and *** percent), South America (ranging between *** and *** percent), and Africa (ranging between *** and *** percent).

Argentine producers have reported that they are focused on home market commercial sales and internal consumption, citing Argentina's decreased exports to Europe over the period of review.²⁶ Argentine producer Siderar reported that in 2004 it became part of Ternium group, whose corporate strategy is focused on its regional market, citing the fact that *** of Siderar's *** exports were to neighboring South American countries, which themselves are expected to experience growth over the upcoming years.²⁷ Moreover, Siderar projects continued growth in demand for hot-rolled steel in

²³ Hearing transcript, pp. 418-419 (McCullough) and p. 451 (Mroczka).

²⁴ ***'s producers' questionnaire submitted in reference to ***, at IV-B-17.

²⁵ Auto producers' posthearing brief, exh. 3, p. 26.

²⁶ Hearing transcript, p. 508 (Spak).

²⁷ Siderar's posthearing brief, pp. 5-6, 12.

Argentina, following increases in Argentine GDP and growth in the Argentine automotive industry of 20 percent in 2007 and 4 percent in 2008.²⁸ Siderar also reports that Argentine producer Acindar ***.²⁹

The ability of producers in Argentina to shift sales from their home market or from non-U.S. export markets to the U.S. market may also be moderated by differences in the products. As discussed in Part I, Siderar reported that it primarily manufactures hot-rolled steel grades in accordance with IRAM IAS or Mercosur standards which are less restrictive than U.S. ASTM standards in terms of tolerances, that it produces hot-rolled steel in lighter coil weights than are commonly demanded in the U.S. market, and that its skin-pass processing is limited.³⁰ However, U.S. producer U.S. Steel reported that it estimates that there are ***.³¹ U.S. Steel also contends that Siderar does not need to perform skin passing itself, but can rather ***.³² U.S. producer Nucor reported that it would be ***. Moreover, Nucor reported that ***.³³

Subject Imports from China

Based on available information, suppliers of hot-rolled steel from China 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 large capacity and the existence of strong home market commercial sales; however, very limited inventories and limited non-U.S. export markets may constrain China's ability to increase exports to the U.S. market.

Industry capacity

Reported Chinese capacity increased from 30.2 million short tons in 2001 to 57.6 million short tons in 2006. Eight producers in China, accounting for one-quarter to one-half of Chinese operations on hot-rolled steel, responded to the Commission questionnaires. During this period, capacity utilization of Chinese hot-rolled steel producers ranged from a low of 86.8 percent in 2003 to a high of 97.2 percent in 2006.

Inventory levels

Available data indicate that Chinese hot-rolled steel producers' inventories as a percentage of shipments ranged between 0.8 and 1.4 percent during the review period.

Alternative markets

The majority (55.8-64.4 percent) of Chinese hot-rolled steel shipments was sold commercially in the Chinese home market during the period 2001-06. A substantial share (33.7-41.3 percent) of Chinese producers' shipments of hot-rolled steel was consumed internally during this period. Chinese producers of hot-rolled steel also exported product to the European Union (ranging between 0.6 and 3.2 percent) and Asia (ranging between 1.0 and 5.3 percent).

²⁸ Siderar's posthearing brief, p. 11 and response to question 7.

²⁹ Siderar's posthearing brief, p. 10.

³⁰ Hearing transcript, pp. 457, 505 (Spak).

³¹ U.S. Steel's posthearing brief, exh. 1, p. 43 and exh. 53.

³² U.S. Steel's posthearing brief, exh. 1, p. 43.

³³ Nucor's posthearing brief, exh. 27.

The ability of producers in China to shift sales from their home market or from non-U.S. export markets to the U.S. market may be moderated by existing relationships with current customers. Five of seven responding producers in China reported that they have long-term relationships with existing customers and that it takes a long time to shift to new customers. One other producer noted that it is difficult to shift sales to other markets due to varying trade policies in different countries. Chinese producers also reported that demand for downstream products, such as cold-rolled steel, is increasing in China.³⁴ They also contend that demand for housing construction and appliances in China will increase as its economy grows and standard of living rises.³⁵ Moreover, Chinese producers report that the Chinese government has taken measures to curb exports of hot-rolled steel (by increasing the cost to export hot-rolled by 16 percent, or \$70 per ton on a Chinese home market price of \$425 per ton, and by limiting the quantity of exports through licensing), measures which have reportedly had a negative effect on Chinese producer ***'s exports in July 2007.³⁶ Chinese producers maintain that the trade restrictions will likely remain in effect until circumstances warrant additional changes "to ease trade frictions."³⁷ However, U.S. producers maintain that these measures are temporary and are unlikely to have an impact on Chinese exports.³⁸ *** also reports that restrictions placed on Chinese exports of downstream products will serve to increase Chinese supply of hot-rolled steel sheet.

Subject Imports from India

Based on available information, suppliers of hot-rolled steel from India 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 existence of non-U.S. export markets; however, limited excess capacity and limited inventories may constrain India's ability to increase exports to the U.S. market.

Industry capacity

Reported Indian capacity increased from *** short tons in 2001 to *** short tons in 2006. The Indian producers that responded to Commission questionnaires and provided usable data represent *** of the capacity to produce hot-rolled steel in India in 2006. During this period, the capacity utilization of Indian producers of hot-rolled steel ranged from a low of *** percent in *** to a high of *** percent in ***.

Inventory levels

Available data indicate that Indian hot-rolled steel producers' inventories as a percentage of shipments ranged between *** and *** percent during the review period.

Alternative markets

A substantial share (*** percent) of Indian producers' shipments of hot-rolled steel was consumed internally during the review period. Another substantial share (*** percent) of hot-rolled steel was sold commercially in the Indian home market during this period. Indian producers of hot-rolled steel

³⁴ Hearing transcript, p. 498-499 (Bruno).

³⁵ Hearing transcript, p. 440 (Bruno).

³⁶ Hearing transcript, p. 443 (Bruno). Chinese producers' posthearing brief, response to Commission questions, p. 2.

³⁷ Chinese producers' posthearing brief, response to Commission questions, p. 1.

³⁸ U.S. Steel's posthearing brief, p. 5. Nucor's posthearing brief, exh. 1, pp. 14-15.

also exported the product mostly to Asia (ranging between *** percent), China (ranging between *** percent, and the European Union (ranging between *** percent).

The ability of producers in India to shift sales from their home market or from non-U.S. export markets to the U.S. market may be moderated by existing relationships with current customers and product differences. According to ***, it manufactures value-added hot-rolled steel that is required by special customers mostly located in its home market. Another Indian producer reported that demand for hot-rolled steel is strong in India, citing GDP growth and growth in sectors such as the auto industry, construction, consumer durables, and capital goods, as well as a stable political environment.

Subject Imports from Indonesia

Data regarding Indonesian industry is limited. Based on available information, suppliers of hot-rolled steel from Indonesia are likely to respond to changes in demand with moderate changes in the quantity shipped to the U.S. market. Indonesian production levels have dropped substantially since 2001, suggesting available capacity. However, the Indonesian industry's supply responsiveness may be somewhat limited by the fact that it is a net importer of hot-rolled steel.

Subject Imports from Kazakhstan

Based on available information, suppliers of hot-rolled steel from Kazakhstan are likely to respond to changes in demand with relatively large changes in the quantity shipped to the U.S. market. Supply responsiveness is increased by the existence of excess capacity and strong non-U.S. export markets; however, very limited inventories may constrain the ability of producers in Kazakhstan to increase exports to the U.S. market.

Industry capacity

Reported capacity in Kazakhstan remained relatively constant at *** short tons over the period from 2001 to 2006. One producer in Kazakhstan, accounting for all known production, responded to the Commission questionnaire. During this period, capacity utilization of hot-rolled steel producers in Kazakhstan ranged from a low of *** percent in *** to a high of *** in ***.

Inventory levels

Available data indicate that inventories as a percentage of shipments of the hot-rolled steel producer in Kazakhstan ranged between *** and *** percent during the review.

Alternative markets

The majority of the Kazakh producer's shipments of hot-rolled steel was consumed internally over the period of review, ranging between *** percent of total shipments to *** percent. A substantial share of shipments was exported to Asia, China, and other markets, accounting for a low of *** percent and a high of *** percent share of total shipments. The home market accounted for only *** percent to *** percent of total shipments.

Subject Imports from Romania

Based on available information, suppliers of hot-rolled steel from Romania are likely to respond to changes in demand with relatively large changes in the quantity shipped to the U.S. market. Supply responsiveness is increased by the existence of excess capacity and strong non-U.S. export markets.

Industry capacity

Capacity reported by the responding Romanian producer, MS Galati, increased from *** short tons in 2001 to *** short tons in 2006. The reporting producer in Romania accounts for about *** of total production. Capacity utilization of the Romanian hot-rolled steel producer ranged from a low of *** percent in *** to a high of *** percent in ***.

Inventory levels

Available data indicate that MS Galati's inventories as a percentage of shipments ranged between *** and *** percent from 2001 to 2006.

Alternative markets

A substantial share (*** percent) of MS Galati's shipments of hot-rolled steel was exported during the period 2001-06, mostly to Asia and to the European Union. Another substantial share (*** percent) of shipments of the reporting Romanian producer was consumed internally. A limited share (*** percent) of shipments was sold commercially in the Romanian market during the period.

The ability of the producer in Romania to shift sales from the home market or from non-U.S. export markets to the U.S. market may be moderated by its current export orientation to the European Union, according to ***.

Subject Imports from South Africa

Based on available information, suppliers of hot-rolled steel in South Africa are likely to respond to changes in demand with relatively large changes in the quantity shipped to the U.S. market. Supply responsiveness is increased by excess capacity, the existence of non-U.S. export markets, and a relatively strong home market; however, limited inventories may constrain the ability of producers in South Africa to increase exports to the U.S. market.

Industry capacity

The reported capacity of producers in South Africa remained relatively constant over the review period at *** short tons. The reporting producer Mittal Steel SA in South Africa accounts for more than *** percent of total production. Capacity utilization for Mittal Steel SA ranged from a low of *** percent in *** to a high of *** percent in ***.

Inventory levels

Available data indicate that the South African hot-rolled steel producer's inventories as a percentage of total shipments ranged between *** and *** percent from 2001 to 2006.

Alternative markets

A substantial share (***) percent) of Mittal Steel SA's shipments of hot-rolled steel was sold commercially to the home market during the period 2001-06. Another substantial share (***) percent) of shipments was consumed internally during this period. The responding South African producer also exported the product to Asia (***) percent), Africa (***) percent), the European Union (***) percent), the United States (***) percent), and China (***) percent), with total exports accounting for between *** and *** percent of total production.

The ability of producers in South Africa to shift sales from their home market or from non-U.S. export markets to the U.S. market may also be moderated by existing sales agreements and transportation costs. Mittal S.A., the one responding producer from South Africa, reported that it *** because its affiliates, including ***, already supply the U.S. market. It will reportedly focus ***. It also noted that ***.

Subject Imports from Taiwan

Based on available information, suppliers of hot-rolled steel from Taiwan 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 relatively high levels of capacity, the existence of a strong home market and non-U.S. export markets; however, very limited excess capacity may constrain the ability of producers in Taiwan to increase exports to the U.S. market.

Industry capacity

Reported capacity of producers in Taiwan remained relatively constant during the review period at *** short tons. Three producers in Taiwan, accounting for virtually all production, responded to Commission questionnaires. Capacity utilization of hot-rolled steel producers in Taiwan ranged from a low of *** percent in *** to a high of *** percent in ***.

Inventory levels

Available data indicate that hot-rolled steel producers' inventories in Taiwan as a percentage of shipments ranged between *** and *** percent during the review period.

Alternative markets

A substantial share (***) percent) of producers in Taiwan's shipments of hot-rolled steel was consumed internally during the period 2000-06. Another substantial share (***) percent) of hot-rolled steel shipments was sold in the home market. Exports accounted for a range of (***) percent) of total shipments over the period.

The ability of producers in Taiwan to shift sales from their home market or from non-U.S. export markets to the U.S. market may be moderated by transportation costs and raw material supply instability. *** responding producers in Taiwan reported that the production of hot-rolled slabs in Taiwan is constricted by the supply of raw materials, which are all imported. Moreover, these producers and one other producer noted that rising ocean freight costs would likely preclude them from exporting to the United States. One of these producers also noted that demand in Taiwan and Asia in general is increasing. One of these producers, however, also reported that it could shift to third country markets because hot-rolled steel is generally interchangeable.

Subject Imports from Thailand

Based on available information, suppliers of hot-rolled steel from Thailand are likely to respond to changes in demand with relatively large changes in the quantity shipped to the U.S. market. Supply responsiveness is increased by excess capacity, relatively high inventory levels, a strong home market, and the existence of non-U.S. export markets.

Industry capacity

Reported capacity of producers in Thailand increased from *** short tons in 2001 to *** short tons in 2006. Three producers in Thailand, accounting for 100 percent of total production, responded to the Commission questionnaire. Capacity utilization of producers in Thailand ranged from a low of *** percent in *** to a high of *** percent in *** and then decreased to *** percent in 2006.

Inventory levels

Available data indicate that inventories of producers in Thailand as a percentage of shipments ranged between *** and *** percent during 2001-06.

Alternative markets

A relatively limited share (*** percent) of Thai producers' shipments of hot-rolled steel of production was consumed internally during the period of review. The majority (*** percent) of hot-rolled steel shipments, however, was sold commercially to the Thai home market during this period. The Thai producers exported the product to the European Union (*** percent), United States (*** percent), Asia (*** percent), and China (*** percent). Total exports of Thai producers increased from *** of total shipments in 2001 to *** percent in 2006.

The ability of producers in Thailand to shift sales from their home market or from non-U.S. export markets to the U.S. market may be moderated by existing sales agreements. The three responding producers in Thailand reported that they can not easily shift sales to the U.S. market because they are focused on shipping to the Asian market. Thai producers reported that demand for hot-rolled steel is growing in its home market, mostly due to growth in the construction and appliance sectors, as well as demand for downstream products, including automobiles.³⁹ Thai producers also reported that they are focused on sales to other ASEAN members and that its sales to the ASEAN market are projected to increase by 191 percent from 2006 to 2007.⁴⁰ Thai producers also reported that high freight costs and the depreciation of the U.S. dollar relative to the Thai baht would also limit the extent of Thai exports to the United States.⁴¹ They also reported that prices for hot-rolled steel are higher in Europe than in the United States and that the United States is thus an unattractive market for foreign producers.⁴² Thai producers also reported that Thai exports would be limited by the fact that none of the Thai mills have a U.S. affiliate or established sales agent, nor a "strategic alliance" with a U.S. distributor.⁴³ U.S. producer

³⁹ Thai producers reported that the automotive sector is up 158 percent from 2001 to 2005, and is expected to continue growing. Hearing transcript, pp. 447-8 (Mroczka). Growth in construction in Thailand reportedly includes an airport and mass transit projects beginning at the end of 2007. Hearing transcript, p. 534 (Pierce).

⁴⁰ Hearing transcript, p. 449 (Mroczka).

⁴¹ Thai producers' posthearing brief, exh. 1, pp. 1, 22.

⁴² Thai producers' posthearing brief, exh. 1, pp. 21-22.

⁴³ Thai producers' posthearing brief, exh. 1, p. 10.

Mittal, however, contends that this fact did not prevent Thai producers from importing into the United States in 2000.⁴⁴

Subject Imports from Ukraine

Based on limited information available from secondary sources, suppliers of hot-rolled steel from Ukraine are likely to respond to changes in demand with moderate to large changes in the quantity shipped to the U.S. market. Supply responsiveness is increased by available capacity and net export orientation.

Industry capacity

Ukrainian producers did not provide the Commission with any information. However, based on *** data, the Ukrainian industry operated at *** percent capacity utilization in 2006, with production consistently exceeding home market consumption by more than *** short tons over the period 2001-06. According to Canada International Trade Tribunal data, three-quarters of Ukraine's production of hot-rolled steel is exported.

U.S. Demand

Based on available information, hot-rolled steel consumers are likely to respond to changes in the price of hot-rolled steel with relatively small changes in their purchases of hot-rolled steel. The main contributing factors to the low responsiveness of demand are the low cost share and the lack of commercially viable substitute products.

Demand Characteristics

In 2006, approximately 60 percent of total domestic shipments of certain hot-rolled steel was either consumed internally within domestic mills or transferred to affiliated companies for further processing. The primary use for these intra-company transfers is in the production of cold-rolled steel. Hot-rolled steel is the only product that can be used in the cold-rolling process and substitution with other products is not possible.

U.S. demand for hot-rolled steel depends on the level of demand for downstream products using hot-rolled steel products. Some of the hot-rolled steel is sold to service centers that may further process the hot-rolled steel to customer specifications. Hot-rolled steel is used in many industries such as automobile and auto parts manufacturing, appliances manufacturing, and construction. Various U.S. producers and importers reported that their hot-rolled steel is used in coatings, pipes and tubes, auto parts, construction, tubing, cold-rolled strip, spiral tubing, and agricultural and industrial equipment. While the majority of U.S. producers and importers reported that they did not anticipate changes in the end uses of hot-rolled steel, one producer, ***, stated that new uses for hot-rolled steel have been found as producers have been able to produce lighter gauges of hot-rolled steel. However, these changes reportedly do not yet represent major new markets for hot-rolled steel.

According to data from the AISI, in 2006, U.S. producers' U.S. shipments in 2006 were processed into pipe and tube products, as well as other flat-rolled products (e.g. hot-rolled and cold-rolled

⁴⁴ Mittal's posthearing brief, p. 14.

sheets and strip).⁴⁵ The largest share of hot-rolled steel is consumed internally or shipped to related parties. In the commercial market, approximately 49 percent of hot-rolled steel shipments went to the automotive sector and approximately 38 percent went towards construction and contractors' products, while the remainder went to destinations such as the agricultural sector and the manufacture of machinery, industrial equipment, and tools (each accounting for approximately 3 percent of hot-rolled steel commercial shipments), among others. Demand for hot-rolled steel is driven by demand for its finished products, especially cold-rolled steel, tin- and chromium-coated steel sheets, and galvanized steel. The majority of cold-rolled steel commercial shipments (approximately 48 percent) went to the automotive sector in 2006, followed by sectors such as appliances, utensils, and cutlery (accounting for approximately 14 percent); electrical equipment (accounting for approximately 11 percent); and containers, packaging, and shipping material (accounting for approximately 10 percent). The vast majority of tin- and chromium-coated steel sheets went towards the manufacture of containers, packaging, and shipping material. The majority (approximately 64 percent) of galvanized steel commercial shipments in 2006 were made to the automotive sector, while approximately 28 percent went towards construction and contractors' products; approximately 6 percent went towards appliances, utensils, and cutlery; and approximately one percent went towards electrical equipment.

Apparent U.S. consumption fluctuated from year to year from 2001 to 2006, but increased overall by 14.8 percent. Apparent U.S. consumption in 2006, 73.2 million short tons, was only slightly lower than in the peak year of 2004, 73.3 million short tons.

As indicated in figure II-1, the production of motor vehicles in the United States remained relatively flat over the review period, decreasing overall by 1.4 percent from 2001 to 2006.⁴⁶ Production of motor vehicles decreased in 2006, down 5.7 percent from 2005.

As indicated in figure II-2, the total value of construction put in place on an annual basis increased by 38.0 percent from 2001 to 2006.⁴⁷ The average of the first seven months of 2007 show a slight downturn, decreasing by 2.1 percent from 2006, accounted for by a decrease in residential construction. Residential construction is expected to continue to decline in the near future as a result of current economic conditions in the housing and mortgage markets residential construction.⁴⁸ Nonresidential construction, on the other hand, has continued to increase in 2007.⁴⁹

⁴⁵ Data compiled from information contained in the 2006 AISI report 16C (Shipments By Market Classification - Carbon) and adjusted by subtracting seamless pipe shipments data contained in the 2006 AISI report 10-P (Shipments of steel tubular products).

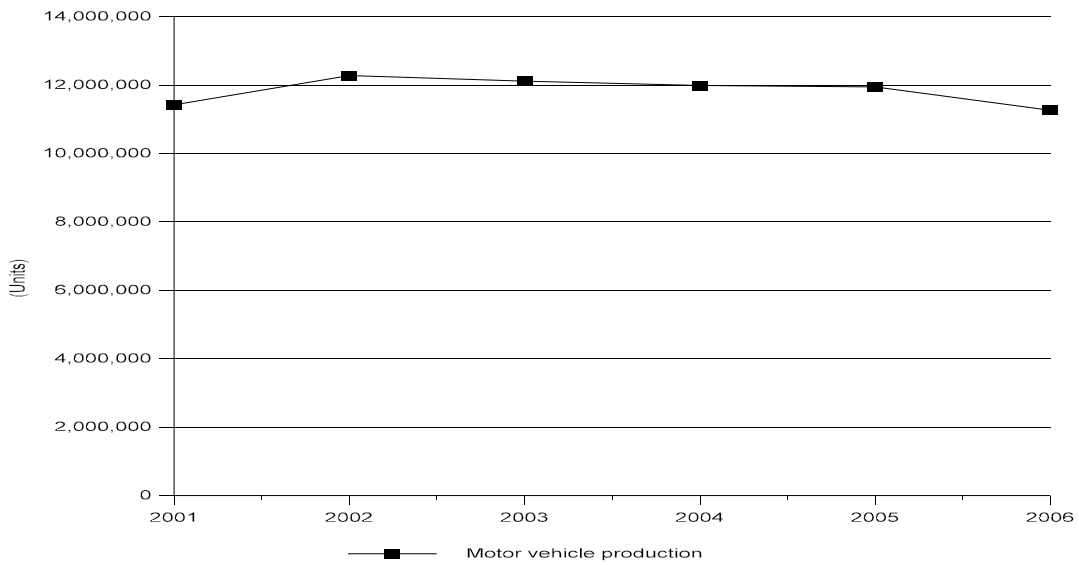
⁴⁶ Data include passenger cars, light commercial vehicles, heavy trucks, and buses and coaches. The International Organization of Motor Vehicle Manufacturers ("OICA"). <http://www.oica.net/htdocs/Main.htm>

⁴⁷ U.S. Census Bureau. <http://www.census.gov/const/www/sitemap.html>

⁴⁸ Gallatin, IPSCO, and Steel Dynamics's posthearing brief, p. 13.

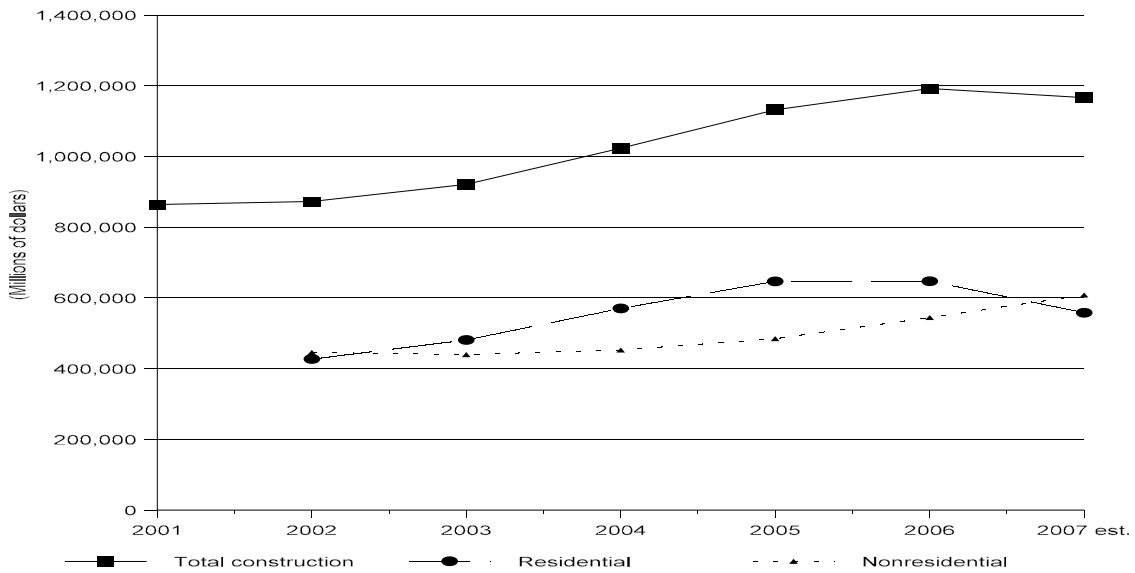
⁴⁹ U.S. Census Bureau. <http://www.census.gov/const/www/newresconstindex.html>

Figure II-1
Motor vehicle production: Annual production in units, 2001-06



Source: *International Organization of Motor Vehicle Manufacturers.*

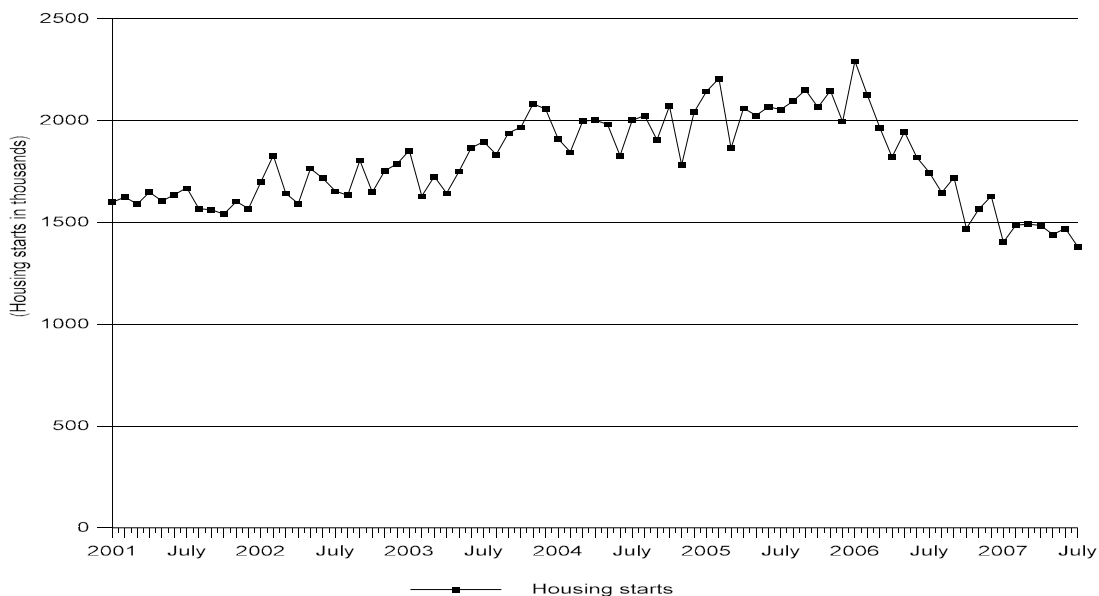
Figure II-2
Construction: Annual value of construction put in place, 2001-07 (estimated from January-July 2007)



Source: *U.S. Census Bureau.*

Moreover, as indicated in figure II-3, the number of housing starts on an annual average basis increased by 29.5 percent from 2001 to 2005 but have since decreased from a period high in January 2006 to a period low in July 2007.

Figure II-3
Housing starts: Monthly number of housing starts, January 2001-July 2007



Source: U.S. Census Bureau.

U.S. producers, importers, and purchasers were asked to discuss trends in demand in the United States during the review period. A majority of the producers (7 of 13) reported that demand has fluctuated. One producer, ***, described flat demand from 2001 to 2003, followed by an increase in demand until 2006 when it decreased again. However, another producer, *** described a dramatic decline from 2001 to 2003, followed by an increase in demand in 2004, a decrease again in 2005, and a slight recovery in 2006. Five producers reported an increase in demand. U.S. producer *** reported that demand was driven by a “strong” economy and a “fairly strong” automotive market, while U.S. producer *** reported that demand has been driven by general manufacturing growth. One producer, ***, reported a decrease in demand due to imports of structural tubing.

Importers’ responses were mixed. Nine of eighteen importers reported that demand for hot-rolled steel within the United States increased, while three reported that demand decreased. Importer *** reported that demand per capita decreased due to a drop in automotive production. Six importers stated that demand remained the same and one reported that it fluctuated over the period.

The majority of responding purchasers (21 out of 32) reported that demand for hot-rolled steel increased, while five reported that it decreased, five stated that it remained the same, and one stated that it fluctuated. The purchasers that reported increased demand attributed it to good economic conditions and increased demand for their end products, especially in the automotive industry. One purchaser that manufactures stampings for the automotive industry reported that it expects to see an eight-percent increase in demand next year.⁵⁰ Reasons cited for decreased demand included the movement of U.S. industries to other countries (***) and outsourcing (***). Purchasers were also asked to list the factors

⁵⁰ Hearing transcript, p. 470 (Emery).

affecting the change in demand. These factors included consolidation of U.S. steel producers, events such as September 11th, Hurricane Katrina, the rebuilding of New Orleans, the upswing in manufacturing, the weaker U.S. currency favoring domestic steel, and increasing auto sales.

Producers, importers, and purchasers were asked if demand for hot-rolled steel outside the United States had changed during the review period. The vast majority (seven of nine) of U.S. producers reported that demand outside the U.S. market increased during the period due to the increased Chinese demand. Two of these producers also mentioned the emergence of India as a major consumer of hot-rolled steel. One producer reported that demand remained unchanged and another producer reported that demand fluctuated over the review period. Sixteen of 18 responding importers reported that global demand for hot-rolled steel increased, mainly in China and Southeast Asia, as well as in Brazil, the Middle East, and in the Former Soviet Republics. Importer *** attributed this increased demand to expanding economies and technologies, democratization in some countries, and educational improvements. Two importers stated that demand remained unchanged. Thirty-two of 35 responding purchasers reported that global demand for hot-rolled steel increased during the period of review, with the remaining three firms reporting that global demand was unchanged.

When asked if they anticipate any future demand changes, 9 U.S. producers, 8 importers, and 14 purchasers reported “yes”. Three producers, 17 purchasers, and 10 importers reported that they do not anticipate any future demand changes. Four producers reported that they expect a future increase in demand. One producer, ***, expects future demand growth in Asia, Africa, and South America.

However, other producers have reported that they expect demand to decline. Producers Nucor and U.S. Steel cite *** projections that demand for hot-rolled steel in the United States in 2007 will decrease by *** percent from 2006 levels and is not expected to return to 2006 levels until 2010.⁵¹ Nucor also reports that the U.S. Department of Commerce forecasts that U.S. vehicle sales in 2007 will be the lowest in nine years.⁵² Nucor and U.S. Steel also cite the slowing construction sector, particularly in residential construction, and flat demand for appliances.⁵³ One U.S. producer, Gallatin Steel, reported that demand in 2007 will be weak due to downturns in residential construction, automotive and truck production, and the pipe and tube industry.⁵⁴

One purchaser, ***, reported that vehicle production is expected to remain stable if not improve in coming years, while it expects non-residential construction to increase by 12 percent in 2007 and 7.3 percent in 2008.⁵⁵ Purchaser GR Spring indicated that the automotive and housing sectors are slowing.⁵⁶ Appliance industry sources report that demand for appliances in 2007 are expected to remain flat.⁵⁷ Two importers, *** and ***, mentioned continuous growth in the Middle East, Asia, Former Soviet Union

⁵¹ Nucor’s posthearing brief, p. 3. U.S. Steel’s posthearing brief, exh. 1, p. 1.

⁵² Nucor’s posthearing brief, p. 3 and exh. 3.

⁵³ Nucor’s posthearing brief, pp. 4-5. U.S. Steel’s posthearing brief, p. 15.

⁵⁴ Hearing transcript, pp. 193-4 (Pospisil). With respect to the pipe and tube industry, Staff notes that new spiral-welded line pipe facilities that require hot-rolled steel as a raw material input are in the process of ramping up production (Evraz/Oregon Steel, 150,000 short tons of capacity) or have been announced with production dates to begin in 2008 (Berg, 180,000 short tons of capacity; PSL-North America, 300,000 short tons; United Spiral Pipe, 300,000 short tons; and Welspun, 300,000 short tons). *See American Metal Market*, “U.S. Steel forms tubing venture with Korea duo,” April 4, 2007, and “West Coast pipe mill to break ground on Oct.,” August 22, 2007; *See also GulfCoastNews.com*, “PSL-North America Locating New Pipe Manufacturing Facility in Hancock County,” filed May 3, 2007, found at <http://www.gulfcoastnews.com/GCNnewsNewPipePlantHancock.htm> and retrieved on September 21, 2007.

⁵⁵ ***’s purchaser questionnaire, exh. 1 and 2.

⁵⁶ Hearing transcript, p. 486 (Emery).

⁵⁷ Kathleen McLaughlin, *Appliance Demand Flat*, *Stamping Journal* (Mar. 13, 2007). Thai producers’ posthearing brief, exh. 5.

Republics, and Latin American economies. Another importer, ***, also mentioned future growth in Africa.

Substitute Products

Eleven U.S. producers and nine importers reported that some substitute products exist for hot-rolled steel; however, this substitution reportedly depends on the end use for which the hot-rolled steel will be used. Producers and importers listed cold-rolled steel (coil, sheet, or heavy gauge), aluminum, alloy steel, concrete, plastic, galvanized steel, and stainless steel as possible substitutes. Three producers and three importers reported that aluminum or composites are increasingly being substituted for hot-rolled steel in the production of bumper reinforcement beams. Producer *** noted that heavy gauge cold-rolled steel can be used as a substitute to manufacture pipes and tubes, that light plate can be used in manufacturing light truck bumpers, and that cold-rolled sections can be used in construction support structures. Producer *** reported that aluminum can be used for some applications in the manufacture of auto parts, including wheels and brackets, and that plastics can be used in auto parts requiring less strength. However, this producer also reported that the pace of substitution is slow as sourcing decisions only change with platform redesigns that take place every five to seven years. This producer also noted that other types of steel such as cold-rolled and galvanized sheet can be used for most applications for which hot-rolled steel is used but are usually substantially more expensive. Furthermore, U.S. producer *** reported that U.S. producer Nucor's Castrip technology has allowed it to produce lighter gauge hot-rolled steel that is sold as a substitute for certain cold-rolled steel products.⁵⁸ Industry sources also report that the gauge control and profile shape control of hot-rolled steel has improved, that alloyed steels are increasingly being used, and that customers are increasingly demanding high-strength grades of hot-rolled steel such as X-70 and above.⁵⁹ However, hot-rolled steel is still considered a commodity and these higher-strength grades are a small portion of the total market.⁶⁰

Purchasers were also asked to list any products that they considered to be substitutes for hot-rolled steel. Twenty-two of 45 responding purchasers reported substitutes for hot-rolled steel, with 12 citing cold-rolled steel. Other substitutes cited included aluminum, coated steel, stainless steel, plastic, wood, and concrete. However, one purchaser, *** reported that switching to substitute products would require major redesign and would be cost prohibitive. Another purchaser, ***, reported that there is some overlap between thin hot-rolled steel and thick cold-rolled steel but that it is not a viable direct substitute because it is more expensive than hot-rolled steel and is available from fewer sources. The reported applications in which other products can substitute for hot-rolled steel include other steel products for frame components, rails, tube applications, and brackets; plastic for seats and sprinklers; wood for building frames; concrete for building construction; heavy zinc for coatings; and wood for fences. Eight purchasers reported that there were no substitutes for hot-rolled steel.

When asked if changes in the prices of these products affected the price for hot-rolled steel, most producers, importers, and purchasers reported that they did not. Of the 13 responding producers, 11 stated “no”; of the 12 responding importers, 9 reported “no”. Similarly, 20 of the 26 responding purchasers reported that the prices of these substitute products had not affected the price for hot-rolled steel. The remaining six purchasers reported that prices of substitute products have affected the price of hot-rolled steel, most citing cold-rolled steel. Two purchasers reported that the prices of hot-rolled and cold-rolled steel move in unison. One purchaser reported that mills are increasing the efficiency of cold-

⁵⁸ U.S. producer Nucor reports that its Castrip technology has the same uses and customers as other hot-rolled sheet. Nucor’s posthearing brief, exh. 1, p. 29.

⁵⁹ Mittal’s posthearing brief, exh. 1, response to Chairman Pearson’s questions, p. 3.

⁶⁰ Hearing transcript, p. 295 (Schorsch).

rolled production and thus becoming more price competitive with lighter gauge hot-rolled steel. Another purchaser reported that the price of oil will affect the prices of plastic.

Purchasers were also asked if there have been any changes in the number or types of products that can be substituted for hot-rolled steel since 2001. Nearly all responding purchasers (19 of 20) reported that there had not been any such change. Most of these responding purchasers further stated that they did not anticipate any changes in terms of the substitutability of other products for hot-rolled steel in the future.

Cost Share

Price changes for hot-rolled steel will likely have a small to moderate effect on consumption because hot-rolled steel accounts for a relatively small to moderate percentage of the total cost of the end products in which hot-rolled steel is used. Producers and importers were asked to estimate the percentage of the total cost of the end product accounted for by the cost of the hot-rolled steel. Producers reported cost share estimates that ranged from less than 5 percent (automotive parts and construction) to about 80 to 90 percent (for pipe and tube). Importers reported cost share estimates that ranged from 10 to 85 percent (for pipe). Purchasers were also asked to provide information on the cost share of hot-rolled steel relative to the end products in which it is used. The range of cost estimates varied widely among purchasers as well. For example, some purchasers reported that the cost of hot-rolled steel accounted for a very small percentage (i.e., less than 2 percent); the end-use applications for which hot-rolled steel reportedly accounts for this small percentage include appliances (refrigerators, washers, and heaters). On the other hand, the auto industry purchasers reported a wide range of cost shares (i.e. 3-74 percent) for light duty trucks, motor vehicles, front rail outer frames for pickups, frames, and wheels. Several other purchasers reported very high cost shares (i.e., 70-90 percent); these end-use applications include casings, cut to length plate, tube, line pipe, and mechanical steel tube.

SUBSTITUTABILITY ISSUES

Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase hot-rolled steel (table II-3). Price was reported by the largest number of purchasers (16 firms) as the leading factor that they consider when choosing a supplier of hot-rolled steel. Quality was the second most frequently listed leading factor with 12 firms ranking it first. Quality was also the most frequently cited second most important factor considered (16 firms); 12 firms listed price as the second most important factor in deciding from which source to purchase hot-rolled steel. In addition, price and delivery time were the two most frequently listed third most important factors. Other factors reported by more than one firm were pre-arranged contracts, qualified supplier, product consistency, and other factors.

Table II-3
Hot-rolled steel: Most important factors in selecting a supplier, as reported by purchasers

Factor	First	Second	Third
Quality ¹	12	16	6
Price	16	12	11
Availability	6	6	2
Delivery time	0	4	9
Reliability	1	1	5
Service	0	1	1
Other	7	2	8

¹ Quality includes factors such as: surface quality, chemistry and process control, gauge control, formability, cleanliness, shape, thickness, product consistency, and tolerances.

Note.--“Other” includes pre-arranged contracts, qualified supplier, product consistency, minimum quantity requirements, capacity, product range, and sales terms.

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

Purchasers were asked to identify the factors that determine the quality of hot-rolled steel. Responding firms cited a number of factors, including mechanical and chemical properties, surface and gauge conditions, cleanness, process control capability, and delivery performance defects (skin lamination and scale). Purchasers were also asked to report whether they require certain listed product characteristics in the hot-rolled steel that they purchase and, if so, whether they would consider purchasing hot-rolled steel from the United States and the subject countries based on these characteristics.⁶¹ Table II-4 shows that a majority of purchasers generally require the factors listed (though edge and surface treatment are less often required) and that these quality characteristics are considered readily available from both U.S. producers and from all subject countries. In fact, the majority of responding purchasers requiring the quality characteristic listed tend to buy from all sources regardless of country of origin. However, there were a limited number of purchasers that indicated that they would not buy from certain sources based on these quality characteristics; such responses were most heavily concentrated in comparisons related to Kazakhstan, Romania, and Ukraine.

Purchasers were also asked if they specifically ordered hot-rolled steel from one country in particular over other sources of supply. Thirteen purchasers reported no such preference. Eleven purchasers reported a preference for U.S.-produced products (for various reasons) and one purchaser reported preference for domestic product only if its price matches price of imported product. The reasons cited for preferring U.S. products vary. Purchaser *** reported that U.S. producers have the correct mix of price, quality and availability of hot-rolled steel; *** cited the Buy American Provision; and *** cited logistics. Purchasers in the auto industry report that they have historically purchased, and will continue to purchase, the majority of their hot-rolled steel from North American producers, citing their physical proximity as an advantage in terms of on-site technical support and short delivery time schedules.⁶²

⁶¹ Those characteristics include surface quality, tight gauge control, steel cleanliness, coil-to-coil and batch-to-batch consistency, cut-edge, tight chemistry tolerances, and formability.

⁶² Auto producers’ posthearing brief, exh. 3, p. 25.

Table II-4

Hot-rolled steel: Information on certain quality factors required by U.S. purchasers, by factor and by source¹

Quality factor is required? ²	Yes	No	If so, would you purchase from: ³									
			Argentina		China		India		Indonesia		Kazakhstan	
			Y	N	Y	N	Y	N	Y	N	Y	N
Surface quality (i.e. skin passed)	33	9	9	4	16	4	12	4	8	5	7	7
Tight gauge control	42	1	11	4	17	5	16	4	9	5	8	8
Steel cleanliness	41	3	11	4	17	5	16	4	9	5	8	8
Coil-to-coil and batch-to-batch consistency	42	0	11	4	17	5	16	4	10	5	9	8
Cut-edge	30	11	7	3	11	3	8	3	5	4	5	4
Tight chemistry tolerances (carbon or other elements)	37	6	9	3	16	4	14	3	7	4	6	7
Formability	42	2	12	4	17	6	16	5	10	5	9	8
Quality factor is required? ²	Yes	No	If so, would you purchase from: ³									
			Romania		South Africa		Taiwan		Thailand		Ukraine	
			Y	N	Y	N	Y	N	Y	N	Y	N
Surface quality (i.e. skin passed)	33	9	7	6	10	5	14	4	10	5	9	7
Tight gauge control	42	1	7	6	12	5	17	4	11	5	9	8
Steel cleanliness	41	3	8	6	12	5	17	4	11	5	9	8
Coil-to-coil and batch-to-batch consistency	42	0	9	6	13	5	17	4	12	5	10	8
Cut-edge	30	11	6	4	6	4	10	3	6	4	6	4
Tight chemistry tolerances (carbon or other elements)	37	6	6	5	11	4	16	3	10	4	8	7
Formability	42	2	8	6	13	5	17	4	12	5	10	8
<p>¹ Purchasers were asked whether they require any of the listed product characteristics in the hot-rolled steel that they purchase and, if so, whether they would consider purchasing hot-rolled steel from the countries listed (taking into account that factor). Data in the table represent the number of purchasers for each factor.</p> <p>² While this question was only asked once in the questionnaire, the responses are shown in both the upper and lower panels of the table.</p> <p>³ List of countries continues in lower panel of table.</p>												
Source: Compiled from data submitted in response to Commission questionnaires.												

Purchasers were also asked to discuss whether or not certain grades/types/sizes of hot-rolled steel were available from only one source (either domestic or foreign). Answers were mixed, with 14 reporting “no” and 10 reporting “yes”. One purchaser cited country-specific standards, while others reported that dual phase hot-rolled steel is only available from Japan; certain grades for coil tubing applications are only available from France; ultra high-strength hot-rolled steel is only available from Sweden, Norway, France, and Germany; and 96-inch wide coil is only available from the United States and Canada. *** reported that within the United States, only *** can produce hot-rolled steel at widths over 76 inches and only *** can produce some advanced high-strength steels.

Purchasers were asked if they always, usually, sometimes, or never purchased the lowest priced hot-rolled steel. More than half of the responding purchasers (22 of 41) indicated that they usually buy the least expensive hot-rolled steel, while 4 reported always purchasing the lowest priced product. Twelve firms reported that they sometimes purchase the least expensive hot-rolled steel and four firms (***) reported that they never purchased the lowest priced product.⁶³

Purchasers were also asked if they purchased hot-rolled steel from one source although a comparable product was available at a lower price from another source. Twenty-four purchasers responded and provided reasons why they purchased from a source that might be more expensive. Reasons cited included availability, quality, reliability of supply, requirements for approved suppliers, lead times, transportation costs, service, and the desire to maintain long-term relationships with the suppliers.

Purchasers were asked to rate the importance of 18 factors in their purchasing decisions (table II-5). The factors listed as most important were availability (43 firms), price (41 firms), reliability of supply and product consistency (40 firms), overall quality meeting industry standards (38 firms), delivery time (38 firms), and U.S. transportation costs (27 firms). Factors with a large number of purchasers reporting the factor as “somewhat important” include product range (30 firms), traditional supplier (26 firms), proximity of supplying mill (26 firms), minimum quantity requirements (25 firms), discounts offered (24 firms), and technical support/service (21 firms). Extension of credit was cited by a relatively large number of purchasers as not important.

Purchasers were asked for a country-by-country comparison on the same factors (table II-6). In comparisons between the U.S. product and product from each of the subject countries, a majority of purchasers reported that the products were comparable, with the exception of the comparison with India, for which responses were split between ranking the U.S. product superior to Indian product and ranking it comparable. The U.S. product was mostly comparable to product from the subject countries, especially with regard to contracts with supplier, discounts, low price, minimum quantity requirements, overall quality meeting industry standards, overall quality exceeding industry standards, packaging, product consistency, and product range. The most frequently reported factors for which the U.S. product was ranked superior to the product from the subject countries were availability, delivery terms, delivery time, extension of credit, proximity of supplying mill, reliability of supply, and lower U.S. transportation costs. For the technical support factor, the U.S. product was ranked superior in comparison with the subject product from all subject countries. Similarly, for the traditional supplier factor, the U.S. product was ranked superior in comparison to product from China, India, Taiwan and Thailand, but it was ranked comparable with product from Argentina, Indonesia, Kazakhstan, Romania, and Ukraine. The comparison for the traditional supply factor was mixed with regard to South Africa.

⁶³ *** explained that it is unable to purchase the lowest priced product because its qualification process requires extensive trials and would take a minimum of eight months.

Table II-5
Hot-rolled steel: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	43	1	0
Contract with supplier	19	16	9
Delivery terms	22	18	4
Delivery time	38	5	0
Discounts offered	14	24	6
Extension of credit	9	14	21
Minimum quantity requirements	12	25	6
Overall quality meets industry standards	38	5	1
Overall quality exceeds industry standards	21	16	6
Packaging	11	24	9
Price	41	3	0
Product consistency	40	4	0
Product range	12	30	2
Proximity of supplying mill	15	26	3
Reliability of supply	40	4	0
Technical support/service	20	21	3
Traditional supplier	4	26	13
U.S. transportation costs	27	16	1

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

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

Table II-6

Hot-rolled steel: Comparisons of product by source country, as reported by purchasers

	U.S. vs. Argentina			U.S. vs. China			U.S. vs. India			U.S. vs. Indonesia			U.S. vs. Kazakhstan		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
<i>Number of firms responding</i>															
Availability	2	1	1	7	4	1	6	1	0	2	1	0	2	1	0
Contract with supplier	1	2	1	5	4	3	3	4	0	1	2	0	1	2	0
Delivery terms	2	1	1	6	4	2	3	3	1	2	1	0	2	1	0
Delivery time	2	1	1	7	2	3	5	2	0	2	1	0	2	1	0
Discounts	0	3	1	2	9	1	1	5	1	0	3	0	0	3	0
Extension of credit	2	1	1	6	6	0	4	3	0	2	1	0	2	1	0
Low price	0	3	1	2	7	3	1	4	2	0	3	0	0	3	0
Minimum quantity requirements	1	2	1	2	8	2	2	5	0	1	2	0	1	2	0
Overall quality meets industry standards	1	3	0	5	7	0	3	4	0	1	2	0	1	2	0
Overall quality exceeds industry standards	1	3	0	5	7	0	2	5	0	1	2	0	1	2	0
Packaging	0	4	0	1	11	0	1	6	0	0	3	0	0	3	0
Product consistency	1	3	0	5	7	0	4	3	0	1	2	0	1	2	0
Product range	0	4	0	3	9	0	2	5	0	0	3	0	0	3	0
Proximity of supplying mill	2	1	1	8	1	3	6	1	0	2	1	0	2	1	0
Reliability of supply	2	1	1	6	5	1	5	2	0	2	1	0	2	1	0
Technical support/service	2	1	1	7	4	1	6	1	0	2	1	0	2	1	0
Traditional supplier	1	2	1	6	3	3	5	2	0	1	2	0	1	2	0
Lower U.S. transportation costs	2	1	1	6	3	3	5	2	0	2	1	0	2	1	0

Table continued on next page.

Table II-6--Continued

Hot-rolled steel: Comparisons of product by source country, as reported by purchasers

	U.S. vs Romania			U.S. vs South Africa			U.S. vs Taiwan			U.S. vs Thailand			U.S. vs Ukraine			U.S. vs Other		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
<i>Number of firms responding</i>																		
Availability	2	1	0	3	1	1	4	3	1	4	1	1	2	1	0	18	10	3
Contract with supplier	1	2	0	1	3	1	3	4	1	2	3	1	1	2	0	9	20	2
Delivery terms	2	1	0	2	2	1	3	4	1	3	2	1	2	1	0	13	21	0
Delivery time	2	1	0	3	1	1	4	3	1	4	1	1	2	1	0	21	12	1
Discounts	0	3	0	0	4	1	1	7	0	0	4	2	0	3	0	1	32	1
Extension of credit	2	1	0	2	2	1	3	5	0	3	2	1	2	1	0	10	24	0
Low price	0	3	0	0	4	1	1	6	1	0	4	2	0	3	0	4	29	1
Minimum quantity requirements	1	2	0	1	3	1	1	7	0	2	3	1	1	2	0	11	22	1
Overall quality meets industry standards	1	2	0	1	3	1	1	7	0	1	4	1	1	2	0	5	27	2
Overall quality exceeds industry standards	1	2	0	1	3	1	1	7	0	1	4	1	1	2	0	4	28	2
Packaging	0	3	0	0	4	1	0	8	0	0	5	1	0	3	0	1	33	0
Product consistency	1	2	0	1	3	1	1	7	0	1	4	1	1	2	0	5	25	4
Product range	0	3	0	0	4	1	1	7	0	0	5	1	0	3	0	5	28	1
Proximity of supplying mill	2	1	0	3	1	1	4	2	2	4	1	1	2	1	0	24	6	4
Reliability of supply	2	1	0	2	2	1	3	4	1	3	2	1	2	1	0	15	17	2
Technical support/service	2	1	0	3	1	1	4	3	1	4	1	1	2	1	0	19	14	1
Traditional supplier	1	2	0	2	2	1	4	3	1	3	2	1	1	2	0	11	22	1
Lower U.S. transportation costs	2	1	0	2	2	1	4	3	1	3	2	1	2	1	0	16	15	3

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.

One purchaser, E&E, reported that it has had quality concerns with hot-rolled steel for several years, stating that 20 percent of its shipments in 2004 had significant surface quality problems resulting in increased costs and lost productivity due to reduced part yield, shortened tool life, and expensive testing.⁶⁴ Another purchaser, GR Spring, reported that recent hot-rolled steel shipments have lacked consistency.⁶⁵ Some purchasers also report that quality problems rise during times of shortages, citing problems such as layers separating, tears, and discoloration, among others.⁶⁶

U.S. producer Nucor disputes the claim that U.S.-produced hot-rolled steel is of inferior quality and states that the purchasers that complained of inferior quality do not buy directly from U.S. steel producers, but rather through service centers and that therefore the service centers are responsible.⁶⁷ Furthermore, Nucor states that some of the cited quality concerns are not even related to hot-rolled steel; in particular, it reports that the product to which purchaser E&E referred (automotive fasteners) are generally produced from wire rod and SBQ bar, not hot-rolled steel.⁶⁸ Producer AK Steel also disagrees with quality concerns reported, stating that quality claims against AK Steel occurred for only *** percent of its shipments between 2004 and July 2007.⁶⁹

Eight purchasers reported purchases from the subject countries since 2001. Of these responding purchasers, two purchased from Argentina, four from China, three from India, one from Kazakhstan, three from Romania, four from South Africa, two from Taiwan, two from Thailand, and one from Ukraine. Five of these firms reported a change in their pattern of purchasing from these countries and three reported discontinuing purchases from the subject countries. In particular, two firms reported that they discontinued purchases from the subject countries in general because of the antidumping and countervailing orders, and one firm, ***, specified discontinuation from Thailand, Argentina, and Taiwan. Three firms increased purchases from U.S. producers because of general firm growth or increase in demand for their products.

When asked about purchases from nonsubject countries, the responses were mixed. Twenty of 44 purchasers reported no change in their pattern of purchasing; 13 firms reported no purchases from nonsubject foreign sources since 2001; only one firm increased purchases, while 10 firms declared changing their buying pattern for reasons other than the order. Some of these reasons include pricing, availability, market conditions, and no international purchases due to lead time and price volatility.

Purchasers were also asked if they require their suppliers to become certified or pre-qualified for the hot-rolled steel that they purchase. Thirty-three of 46 purchasers reported that they have certification or qualification procedures for their suppliers of all hot-rolled steel purchases. Four reported that they require certifications for 80 to 95 percent of purchases and three reported that they did not have such procedures. Purchasers in the auto industry report that they contract only with qualified suppliers and their strict qualification processes severely limit their sourcing options and are not dependent on price.⁷⁰

Purchasers were asked to describe any additional factors that they consider when qualifying a new supplier. Purchasers reported that they consider such factors as quality, delivery, shipping reliability, price, yield, lead times, steel mill capabilities, product range and availability, financial condition,

⁶⁴ Hearing transcript, pp. 435-436 (Knedgen).

⁶⁵ In particular, this purchaser reported that it has returned 212 shipments since 2005. Hearing transcript, pp. 427-428 (Emery).

⁶⁶ The Motor and Equipment Manufacturers Association and Precision Metalforming Association's posthearing brief, p. 8.

⁶⁷ Nucor's posthearing brief, exh. 1, p. 12.

⁶⁸ Nucor's posthearing brief, exh. 1, p. 13.

⁶⁹ AK Steel's posthearing brief, p. 14.

⁷⁰ Auto producers' posthearing brief, exh. 3, p. 26.

technical capability, location, ease of doing business, and technical support. The reported time to qualify a new supplier ranged from two days to five years, mostly ranging from three months to one year.

Purchasers were asked if, since 2001, any domestic or foreign producers failed in their attempts to certify or qualify their hot-rolled steel with their firm or if any producers lost their approved status. Twenty-five of 35 responding purchasers indicated that no domestic or foreign producer had failed in its attempts to certify or qualify hot-rolled steel nor had any producers lost their approved status. However, nine firms reported in the affirmative.⁷¹ *** reported that suppliers have engaged in non-competitive practices, but did not specify whether these suppliers were domestic or foreign. *** cited damaged material and packaging from a supplier in ***. *** and *** cited quality issues with regard to product from domestic suppliers ***.

Purchasers were asked how frequently they and their customers purchased hot-rolled steel from specific producers and from specific countries. The following tabulation summarizes the responses.

<u>Purchaser / Customer Decision</u>	<u>Always</u>	<u>Usually</u>	<u>Sometimes</u>	<u>Never</u>
Purchaser makes decision based on producer ⁷²	10	10	11	13
Purchaser's customer makes decision based on producer	1	2	19	21
Purchaser makes decision based on country	3	5	13	22
Purchaser's customer makes decision based on country	0	1	17	23

Based on the information presented above, purchasers frequently make purchasing decisions based on the producer of hot-rolled steel, not necessarily the country of origin. For their customers, however, the producer is almost as important as the country of origin, but generally neither the producer nor the country factor significantly in the customers' decision-making process. Of those purchasers that reported that they always make decisions based on the producer, three noted that quality and availability factor into their decision.

Lead Times

Most U.S. producers and importers reported that the vast majority (and in many cases all) of their sales are produced to order rather than from inventory. All responding producers but two reported that 100 percent of their sales were made-to-order. One producer, ***, reported that 20 percent of its sales comes from inventory and producer *** reported that only 10 percent of its sales comes from inventory. Similarly for importers, 11 of the 17 responding firms reported that 100 percent of their sales were made-to-order. The other six importers reported a range between 1 and 100 percent for their sales from inventory. Lead times for most of the U.S. producers ranged from 3 days to eight weeks, two producers reported that lead times vary, and one reported a range of two to five months. Importers reported lead times that ranged from about one day to five months. Producers and importers were also asked to report if their lead times had increased, decreased, or stayed the same over the review period. Most producers (9 of 11) and importers (13 of 16) reported that their lead times had remained unchanged since 2001. One U.S. producer and two importers reported that lead times had increased, while only one producer and one importer stated that they had decreased.

⁷¹ *** purchaser responding in the affirmative was excluded because it specified a domestic supplier of cold-rolled steel.

⁷² *** reported both always and sometimes, and was included in the always category.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Producers, importers, and purchasers were asked to report how frequently hot-rolled steel from different countries were used in the same applications (table II-7). With regard to the interchangeability between domestic and subject imported hot-rolled steel products, virtually all responding U.S. producers and the majority of U.S. importers and purchasers reported that the domestic and imported products are always or frequently interchangeable. When comparing domestic product with subject product from China, India, and Thailand, five importers in each case found the products only sometimes interchangeable. A few purchasers found the domestic and subject imported products interchangeable only sometimes, most notably in the case of U.S. product compared to product from China (with 7 of 20 firms reporting sometimes).

Producers, importers, and purchasers also provided information on the degree of interchangeability between hot-rolled steel products from among the different subject countries (as shown in table II-7). The majority of producers, and purchasers reported that imports from the subject countries were always or frequently interchangeable with one another. However, the responses from importers were mixed, with most reporting “always” or “frequently” for most country comparisons. Comparisons for which a relatively large number of importers reported “sometimes” include Argentina versus Thailand, China versus Ukraine, Indonesia versus Thailand, and Taiwan versus Thailand.

Purchasers and importers also provided comments on factors that limit or preclude interchangeable use. One importer, ***, and five purchasers provided information, with two of these firms citing quality issues: purchaser *** noted two Chinese producers that failed their global certifications due to quality difficulties, and purchaser *** noted that quality levels are not interchangeable even between domestic mills. Another purchaser, ***, also noted problems with the inability of Chinese producers to produce to the type of specifications they require. However, another purchaser, *** noted that while it needs specific approval between the steel mill and their metallurgist, it is able to purchase the majority of the steel they require from any country. *** noted that the quality of the product from Japan and that available from Mexico was comparable and in some cases superior to U.S. product, and that the quality of the product from Egypt was comparable.

Producers, importers, and purchasers also provided information on the degree of interchangeability between hot-rolled steel products from the United States, the subject countries, and nonsubject countries (table II-7). The U.S. producers generally reported that domestic and nonsubject imports were always or frequently interchangeable with nonsubject imports. Importers were split with nine firms reporting always or frequently and seven firms reporting sometimes. Most purchasers reported that the domestic product was frequently or sometimes interchangeable with nonsubject imports and three firms reporting only sometimes being interchangeable with regard to subject imports compared to nonsubject imports.

Producers and importers were asked to assess how often differences other than price were significant in sales of hot-rolled steel from the United States, subject countries, or nonsubject countries (table II-8). Questionnaire data indicate that most U.S. producers believe that non-price differences between hot-rolled steel produced in the United States and in other countries were never a significant factor in their sales of the products. One producer indicated that sometimes and another producer indicated that always the differences between hot-rolled steel produced in the United States and in other countries were a significant factor in their sales of the products. In all country pairings, the 10 of 11 of U.S. producers reported never, with one producer reporting always. The responding importers were mixed in their answers, reported that non-price differences between hot-rolled steel produced in the United States were mostly concentrated in the “always” category followed by the “sometimes” category.

Table II-7
Hot-rolled steel: U.S. firms' perceived degree of interchangeability of products produced in the United States and other countries¹

Country comparison	U.S. producers				U.S. importers				Purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Argentina	11	2	0	0	4	3	2	0	6	3	2	0
U.S. vs. China	11	1	1	0	3	4	5	0	8	5	7	0
U.S. vs. India	11	1	1	0	3	5	5	0	6	5	3	0
U.S. vs. Indonesia	11	2	0	0	2	6	3	0	6	2	0	0
U.S. vs. Kazakhstan	10	2	0	0	2	3	1	2	6	1	0	0
U.S. vs. Romania	10	1	1	0	2	4	3	0	6	3	2	0
U.S. vs. South Africa	11	1	0	0	3	4	1	0	6	5	1	0
U.S. vs. Taiwan	11	2	1	0	2	7	4	0	7	7	1	0
U.S. vs. Thailand	10	1	0	0	2	5	5	0	6	4	2	0
U.S. vs. Ukraine	10	1	1	0	2	3	3	1	6	3	2	1
U.S. vs. Other	10	2	0	0	2	8	7	0	6	3	3	0
Argentina vs. China	10	2	0	0	4	1	0	0	7	1	1	0
Argentina vs. India	10	2	0	0	3	1	1	0	6	3	0	0
Argentina vs. Indonesia	11	1	0	0	3	2	1	0	6	1	0	0
Argentina vs. Kazakhstan	10	2	0	0	2	1	2	0	6	1	0	0
Argentina vs. Romania	11	0	0	0	3	1	1	0	6	1	1	0
Argentina vs. South Africa	10	2	0	0	2	1	2	0	6	3	0	0
Argentina vs. Taiwan	10	2	0	0	2	2	2	0	6	3	0	0
Argentina vs. Thailand	10	1	0	0	2	1	3	0	6	2	0	0
Argentina vs. Ukraine	11	0	0	0	2	1	2	0	6	1	2	0
Argentina vs. Other	10	2	0	0	2	2	4	0	6	2	0	0
China vs. India	11	1	0	0	3	2	3	0	6	4	0	0
China vs. Indonesia	11	1	0	0	3	3	1	0	6	2	0	0
China vs. Kazakhstan	10	2	0	0	2	1	2	0	6	1	1	0

Table continued on next page.

Table II-7--Continued

Hot-rolled steel: U.S. firms' perceived degree of interchangeability of products produced in the United States and other countries¹

Country comparison	U.S. producers				U.S. importers				Purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
China vs. Romania	10	1	0	0	3	1	1	0	6	1	1	0
China vs. South Africa	11	1	0	0	2	1	3	0	6	2	0	0
China vs. Taiwan	11	1	0	0	3	2	4	0	6	5	0	0
China vs. Thailand	10	1	0	0	3	2	4	0	6	2	0	0
China vs. Ukraine	10	1	0	0	2	1	3	0	6	1	2	0
China vs. Other	10	2	0	0	2	3	5	0	7	2	0	0
India vs. Indonesia	11	1	0	0	3	3	2	0	6	2	0	0
India vs. Kazakhstan	10	2	0	0	2	1	2	0	6	1	1	0
India vs. Romania	10	1	0	0	3	2	0	0	6	1	1	0
India vs. South Africa	11	1	0	0	2	2	1	0	6	2	0	0
India vs. Taiwan	11	1	0	0	3	2	2	0	6	3	0	0
India vs. Thailand	10	1	0	0	3	2	3	0	6	2	0	0
India vs. Ukraine	11	0	0	0	2	2	2	0	6	1	2	0
India vs. Other	10	2	0	0	3	2	4	0	6	2	0	0
Indonesia vs. Kazakhstan	10	2	0	0	3	1	1	0	6	1	1	0
Indonesia vs. Romania	10	1	0	0	3	2	0	0	6	2	0	0
Indonesia vs. South Africa	11	1	0	0	2	2	1	0	6	1	0	0
Indonesia vs. Taiwan	11	1	0	0	3	2	3	0	6	3	0	0
Indonesia vs. Thailand	10	1	0	0	3	1	4	0	6	2	0	0
Indonesia vs. Ukraine	11	0	0	0	3	1	1	0	6	1	1	0
Indonesia vs. Other	10	2	0	0	3	2	4	0	6	1	1	0
Kazakhstan vs. Romania	10	1	0	0	2	2	2	0	6	1	1	0

Table continued on next page.

Table II-7--Continued

Hot-rolled steel: U.S. firms' perceived degree of interchangeability of products produced in the United States and other countries¹

Country comparison	U.S. producers				U.S. importers				Purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
Kazakhstan vs. South Africa	10	2	0	0	2	2	0	1	6	1	1	0
Kazakhstan vs. Taiwan	10	2	0	0	2	2	2	0	6	1	0	1
Kazakhstan vs. Thailand	10	1	0	0	2	2	2	0	6	1	1	0
Kazakhstan vs. Ukraine	11	0	0	0	2	2	2	0	6	2	0	0
Kazakhstan vs. Other	10	2	0	0	3	1	4	0	6	1	1	0
Romania vs. South Africa	10	1	0	0	2	1	2	0	6	2	0	0
Romania vs. Taiwan	10	2	0	0	2	2	1	0	6	2	1	0
Romania vs. Thailand	10	1	0	0	2	2	1	0	6	2	1	0
Romania vs. Ukraine	10	1	0	0	2	2	1	0	6	1	1	0
Romania vs. Other	10	2	0	0	2	2	4	0	6	1	1	0
South Africa vs. Taiwan	11	1	0	0	3	2	1	0	6	2	1	0
South Africa vs. Thailand	10	1	0	0	3	1	2	0	6	2	1	0
South Africa vs. Ukraine	10	1	0	0	3	1	1	0	6	1	2	0
South Africa vs. Other	10	2	0	0	3	2	2	0	6	1	1	0
Taiwan vs. Thailand	10	0	0	0	2	1	5	0	6	3	0	0
Taiwan vs. Ukraine	10	1	0	0	2	2	1	0	6	1	2	0
Taiwan vs. Other	10	2	0	0	2	3	5	0	6	1	1	0
Thailand vs. Ukraine	10	1	0	0	2	2	1	0	6	1	2	0
Thailand vs. Other	10	2	0	0	2	3	5	0	4	1	1	0
Ukraine vs. Other	10	2	0	0	2	1	4	0	4	1	1	0

¹ Producers, importers, and purchasers were asked if hot-rolled steel produced in the United States and in other countries is used interchangeably.

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

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

Table II-8
Hot-rolled steel: U.S. firms' perceived significance of differences other than price between hot-rolled steel produced in the United States and hot-rolled steel produced in other countries¹

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. Argentina	1	0	1	10	3	1	2	2
U.S. vs. China	1	0	1	10	4	2	3	2
U.S. vs. India	1	0	1	10	5	1	4	2
U.S. vs. Indonesia	1	0	1	10	4	1	3	2
U.S. vs. Kazakhstan	1	0	1	10	3	1	2	2
U.S. vs. Romania	1	0	1	10	3	1	2	2
U.S. vs. South Africa	1	0	1	10	3	1	2	2
U.S. vs. Taiwan	1	0	1	10	4	1	5	2
U.S. vs. Thailand	1	0	1	10	4	1	4	2
U.S. vs. Ukraine	1	0	1	10	3	1	2	2
U.S. vs. Other	1	0	1	10	3	1	10	2
Argentina vs. China	1	0	0	10	2	0	1	1
Argentina vs. India	1	0	0	10	2	0	1	1
Argentina vs. Indonesia	1	0	0	10	2	0	1	1
Argentina vs. Kazakhstan	1	0	0	10	2	0	1	1
Argentina vs. Romania	1	0	0	10	2	0	1	1
Argentina vs. South Africa	1	0	0	10	2	0	1	1
Argentina vs. Taiwan	1	0	0	10	2	0	1	1
Argentina vs. Thailand	1	0	0	10	2	0	1	1
Argentina vs. Ukraine	1	0	0	10	2	0	1	1
Argentina vs. Other	1	0	0	10	2	0	3	1
China vs. India	1	0	0	10	2	0	2	2
China vs. Indonesia	1	0	0	10	2	0	2	2
China vs. Kazakhstan	1	0	0	10	2	0	2	2

Table continued on next page.

Table II-8--Continued

Hot-rolled steel: U.S. firms' perceived significance of differences other than price between hot-rolled steel produced in the United States and hot-rolled steel produced in other countries¹

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
China vs. Romania	1	0	0	10	2	0	1	1
China vs. South Africa	1	0	0	10	2	0	2	1
China vs. Taiwan	1	0	0	10	2	0	3	2
China vs. Thailand	1	0	0	10	2	0	3	2
China vs. Ukraine	1	0	0	10	2	0	2	1
China vs. Other	1	0	0	10	2	0	5	2
India vs. Indonesia	1	0	0	10	2	0	2	2
India vs. Kazakhstan	1	0	0	10	2	0	1	1
India vs. Romania	1	0	0	10	2	0	1	1
India vs. South Africa	1	0	0	10	2	0	1	1
India vs. Taiwan	1	0	0	10	2	0	1	2
India vs. Thailand	1	0	0	10	2	0	1	2
India vs. Ukraine	1	0	0	10	2	0	2	1
India vs. Other	1	0	0	10	2	0	4	2
Indonesia vs. Kazakhstan	1	0	0	10	2	0	1	1
Indonesia vs. Romania	1	0	0	10	2	0	1	1
Indonesia vs. South Africa	1	0	0	10	2	0	1	1
Indonesia vs. Taiwan	1	0	0	10	2	0	2	2
Indonesia vs. Thailand	1	0	0	10	2	0	2	2
Indonesia vs. Ukraine	1	0	0	10	2	0	1	1
Indonesia vs. Other	1	0	0	10	2	0	4	2
Kazakhstan vs. Romania	1	0	0	10	2	0	2	1

Table continued on next page.

Table II-8--Continued

Hot-rolled steel: U.S. firms' perceived significance of differences other than price between hot-rolled steel produced in the United States and hot-rolled steel produced in other countries¹

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
Kazakhstan vs. South Africa	1	0	0	10	2	0	1	1
Kazakhstan vs. Taiwan	1	0	0	10	2	0	1	1
Kazakhstan vs. Thailand	1	0	0	10	2	0	1	1
Kazakhstan vs. Ukraine	1	0	0	10	2	0	2	1
Kazakhstan vs. Other	1	0	0	10	2	0	4	1
Romania vs. South Africa	1	0	0	10	2	0	1	1
Romania vs. Taiwan	1	0	0	10	2	0	1	1
Romania vs. Thailand	1	0	0	10	2	0	1	1
Romania vs. Ukraine	1	0	0	10	2	0	1	1
Romania vs. Other	1	0	0	10	2	0	4	1
South Africa vs. Taiwan	1	0	0	10	2	0	1	1
South Africa vs. Thailand	1	0	0	10	2	0	1	1
South Africa vs. Ukraine	1	0	0	10	2	0	1	1
South Africa vs. Other	1	0	0	10	2	0	3	1
Taiwan vs. Thailand	1	0	0	10	2	0	3	2
Taiwan vs. Ukraine	1	0	0	10	2	0	1	1
Taiwan vs. Other	1	0	0	10	2	0	5	2
Thailand vs. Ukraine	1	0	0	10	2	0	1	1
Thailand vs. Other	1	0	0	10	2	0	5	2
Ukraine vs. Other	1	0	0	10	1	0	4	1

¹ Producers and importers were asked if differences other than price between hot-rolled steel produced in the United States and in other countries were a significant factor in their sales of the products.

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates.

U.S. Supply Elasticity⁷³

The domestic supply elasticity for hot-rolled steel measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of hot-rolled steel. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced hot-rolled steel. Earlier analysis of these factors indicates that the U.S. industry has a limited ability to increase or decrease shipments to the U.S. market; an estimate in the range of 1 to 3 is suggested.⁷⁴

U.S. Demand Elasticity

The U.S. demand elasticity for hot-rolled steel measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of hot-rolled steel. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of hot-rolled steel in the production of any downstream products. Based on the available information, the aggregate demand for hot-rolled steel is likely to be in the range of -0.8 to -0.4.⁷⁵ Purchasers would not likely be very sensitive to changes in the price of hot-rolled steel and would continue to demand fairly constant quantities over a considerably wide range of prices.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.⁷⁶ Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between domestic and subject hot-rolled steel is likely to be relatively high and in the range of 4 to 7.⁷⁷

⁷³ A supply function is not defined in the case of a non-competitive market.

⁷⁴ In the original investigations, staff estimated that the domestic supply elasticity was in the range of 1 to 2. In these reviews, while reported levels of capacity utilization, inventories, and exports have remained virtually the same as those reported in the original investigation, U.S. producers have also reported a relatively moderate ability to shift production to alternate products; therefore, staff has slightly increased the high end of the range of this estimate.

⁷⁵ Staff estimated this same range for U.S. demand elasticity in the original investigations.

⁷⁶ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

⁷⁷ Staff estimated this same range for substitution elasticity in the original investigations.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

Beginning in 2000 and continuing through the current review period, the U.S. industry has experienced substantial consolidation. In addition, several U.S. mills have been acquired by foreign companies. Table III-1 summarizes important industry events that have taken place in the U.S. industry since January 2000.

Table III-1
Hot-rolled steel: Important industry events, 2000-07

Year	Company	Description of event (Merger, shutdown, bankruptcy, change in capacity)
2000	Gulf States Steel	Closure: In Chapter 11 bankruptcy proceedings and had ceased production during the original investigations. Company is liquidated and equipment is sold to companies in China.
	LTV Steel	Bankruptcy: Files for Chapter 11 bankruptcy protection.
	Wheeling-Pittsburgh Steel Corp.	Bankruptcy: Files for Chapter 11 bankruptcy protection.
2001	Bethlehem Steel Corp.	Bankruptcy: Files for Chapter 11 bankruptcy protection.
	Geneva Steel Co.	Emergence from bankruptcy: Emerges from Chapter 11 bankruptcy protection filed in 1999 but ceases production in November 2001. Although Geneva Steel once again enters Chapter 11 bankruptcy proceedings in 2002, the company never re-starts production.
	NS Group	Closure: Ceases producing its own hot-rolled steel and purchases hot-rolled steel as an input for its downstream products.
	Trico Steel Co.	Closure and bankruptcy: Ceases operations after receiving no funding from its major shareholder, LTV, and files for Chapter 11 bankruptcy protection.
2002	Acme Steel	Bought out: In Chapter 11 bankruptcy protection during the original investigations. Company is liquidated and a new company, the International Steel Group (ISG), purchases and operates Acme's major assets.
	Gallatin Steel Co.	Acquisition: Purchases assets of Huntco Steel (a service center) in Ghent, KY and is now able to process its own hot-rolled steel products.
	Geneva Steel	Bankruptcy: Files for Chapter 11 bankruptcy protection again.
	ISG	Acquisition: ISG is created by the acquisition of LTV and Acme Steel.
	LTV Steel	Bought out: ISG purchases many of the assets of LTV and LTV is liquidated.
	National Steel	Bankruptcy: Files for Chapter 11 bankruptcy protection.
	Nucor	Acquisition: Acquires Trico Steel Co.
	Trico Steel Co.	Bought out: Acquired by Nucor.
2003	Bethlehem Steel	Bought out: Acquired by ISG.
	Geneva Steel	Bankruptcy: Enters Chapter 7 bankruptcy proceedings.
	International Steel Group ("ISG")	Acquisition: Acquires Bethlehem Steel.
	National Steel	Bought out: U.S. Steel purchases and operates substantially all of the assets and National is liquidated.

Table continued on following page.

Table III-1--Continued
Hot-rolled steel: Important industry events, 2000-07

Year	Company	Description of event (Merger, shutdown, bankruptcy, change in capacity)
2003	Oregon Steel	Manufacturing Change: Idles melt shop in Portland, OR, and relies solely on purchased slabs for feedstock at that facility.
	Rouge Steel	Bankruptcy: Files for Chapter 11 bankruptcy protection.
	U.S. Steel	Acquisition: Acquires the integrated steelmaking assets of National Steel.
	WCI	Bankruptcy: Files for Chapter 11 bankruptcy protection.
	Weirton Steel	Bankruptcy: Files for Chapter 11 bankruptcy protection.
	Wheeling-Pittsburgh	Bankruptcy: Emerges from Chapter 11 bankruptcy protection.
2004	Corus Tuscaloosa	Bought out: Nucor purchases substantially all of Tuscaloosa's steelmaking assets.
	Geneva Steel	Closure: Core assets sold to firms in China and are no longer operating in the United States.
	ISG	Acquisition: Purchases substantially all of the assets of Weirton Steel.
	North Star	Bought out: Cargill, Inc. (parent company of North Star) sells fixed assets and working capital of North Star to Gerdau Ameristeel.
	Nucor	Acquisition: Purchases substantially all of the steelmaking assets of Corus Tuscaloosa.
	Rouge Steel	Bought out: Acquired by the Severstal Group, a Russian-owned entity, and is renamed Severstal North America.
	Weirton Steel	Bought out: ISG acquires the assets of Weirton Steel.
2005	Ispat Inland	Bought out: LNM Holdings and Ispat International (parent company of U.S. steel mill Ispat Inland) merge, creating a new entity - Mittal Steel Co. NV.
	ISG	Bought out: ISG is acquired by a new entity - Mittal Steel Co. NV.
	Mittal Steel USA Inc.	Acquisition: Mittal Steel Co. NV is a new entity created by the acquisition of Ispat International (parent company of U.S. steel company Ispat Inland) and LNM Holdings (all are companies headquartered in the Netherlands). As part of the same transaction, Mittal subsequently acquires ISG.
2006	Mittal Steel USA Inc.	Acquisition: Mittal Steel Co. NV (parent company of Mittal Steel USA Inc.) announces merger with Arcelor SA (Luxembourg-based), creating a new entity Arcelor Mittal; the legal completion of the merger between Mittal and Arcelor is expected by the end of 2007.
	Oregon Steel	Bought out: Acquired by the Evraz Group, a Russian-owned company.
2007	Mittal Steel USA Inc.	Divestiture: The U.S. Department of Justice ruled that Mittal must divest its Sparrows Point, MD facility (formerly owned by Bethlehem Steel) for antitrust regulations concerning the production of tinmill products. Mittal has reached an agreement to sell that mill to E2 Acquisition Corp., a joint venture involving Esmark Inc., Wheeling-Pittsburgh Steel, and two equity investors (Brazilian iron ore producer CVRD and Ukraine's Industrial Union of Donbass).
	IPSCO	Bought out: Acquired by SSAB (Sweden).
	Lone Star	Bought out: Acquired by U.S. Steel, which subsequently announces the permanent closure of Lone Star's steelmaking and rolling capability.
	Wheeling-Pittsburgh	Merger: Wheeling-Pittsburgh's pending merger with Esmark Inc. is expected to be finalized by October 2007.
	U.S. Steel	Acquisition: U.S. Steel has agreed to acquire Stelco, Inc. (Ontario, Canada). The acquisition is expected to be completed by December 2007.
Source: American Metal Market (various issues); <i>Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia: Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review)</i> , USITC Publication 3767, April 2005, pp. I-23 - I-29; <i>Steel: Monitoring Developments in the Domestic Industry</i> , Inv. No. TA-204-9, Volume 1, USITC Publication 3632, September 2003, pp. FLAT I-2 - FLAT I-6; and <i>Steel: Evaluation of the Effectiveness of Import Relief: Investigation No. TA-204-12</i> , USITC Publication 3797, September 2005, pp. FLAT I-2 - FLAT I-7.		

Background

Information in this section is based on the questionnaire responses of 16 producers that are believed to have accounted for all U.S. production during 2006. In addition, one new operation (SeverCorr) and three potential new operations (California Coil Processors, Leo, and ThyssenKrupp) provided responses to several of the narrative questions in the Commission's questionnaire. Data regarding U.S. steel producers' raw steel capacity, production, and capacity utilization are presented in table III-2. The information presented in table III-2 includes raw steel capacity for companies that produce products other than hot-rolled steel. As such the data substantially overstate the raw steel capacity of U.S. hot-rolled steel producers. However, the trend in capacity utilization, which increased sporadically during 2001-06, is consistent with hot-rolled steel producers' responses shown in table III-3, reflecting the changing structure of the hot-rolled steel industry discussed in Part I of this report.

Table III-2

Raw steel: U.S. steel producers' total capacity, production, and capacity utilization, 2001-06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Raw steel:						
Capacity (<i>net tons</i>)	125,500,000	113,700,000	121,600,000	116,100,000	119,549,000	123,696,000
Production (<i>net tons</i>)	99,321,000	100,958,000	103,261,000	109,069,000	104,606,000	108,234,000
Capacity utilization (<i>percent</i>)	79.2	88.8	84.9	93.8	87.5	87.5
Source: <i>Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 and 731-TA-806-808 (Review)</i> , USITC Publication 3767, April 2005, p. III-I for 2001-04 data and American Iron and Steel Institute, AIS 7 Report, "Pig Iron and Raw Steel Production" for 2005-06 data.						

The Commission requested information on raw steel capacity and production from hot-rolled steel producers. Their data on raw steel capacity, production, and capacity utilization are presented in table III-3. Consistent with the broader raw steel measure, the level of capacity utilization for raw steel, as reported by responding domestic producers, fluctuated between 84 and 93 percent throughout the period of review, reaching relatively higher levels in 2002, 2004, and 2006.

Table III-3

Raw steel: U.S. hot-rolled steel producers' total capacity, production, and capacity utilization, 2001-06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Raw steel:						
Capacity (<i>short tons</i>)	76,978,358	74,556,125	80,758,055	80,122,197	78,408,770	79,741,474
Production (<i>short tons</i>)	64,430,807	66,510,360	69,547,657	74,222,682	67,599,082	71,723,802
Capacity utilization (<i>percent</i>)	83.7	89.2	86.1	92.6	86.2	89.9
Source: Compiled from data submitted in response to Commission questionnaires.						

Changes Experienced in Operations

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons including revision of labor agreements (including pension or health care obligations of retirees or current employees); or any other change in the character of their operations or organization relating to the production of hot-rolled steel since 2001. Seven domestic producers indicated that they had not experienced any such changes since 2001¹ but nine domestic producers indicated that they had. Eight of the nine domestic producers that indicated that they had experienced changes in the character of their operations producing hot-rolled steel provided details concerning these changes.² Their responses are presented in table III-4.

Table III-4
Hot-rolled steel: Changes in the character of U.S. operations

* * * * *

Anticipated Changes in Capacity

Several domestic producers have announced anticipated increases in their capacity to produce hot-rolled steel in the United States. In addition, there is one new entrant and three potential new entrants to the domestic hot-rolled steel industry. Information concerning these announced anticipated increases in the domestic capacity to produce hot-rolled steel in the United States is presented in table III-5.

Table III-5
Hot-rolled steel: Announced anticipated changes in capacity, 2007-10

* * * * *

Anticipated Changes in Operations

The Commission requested that domestic producers provide a copy of their company business plans or other internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel. While 10 domestic producers reported that they did not have any company business plans or other internal documents concerning hot-rolled steel,³ six domestic producers indicated that they possess such materials.⁴ *** reported that it develops forecasts only for the current year and provided a copy of the firm's most recent forecast for calendar year 2007. The company indicated in its forecast that it expects the firm's 2007 production and shipment levels to ***. It also forecasted that the price it would sell its product would be ***. *** reported that it prepares monthly sales and shipment forecasts for hot-

¹ Domestic producers that indicated that they had no change in the character of their hot-rolled steel operations include: ***.

² *** did not provide the Commission with details concerning the company's change in the character of operations.

³ The domestic producers that reported that neither they nor any related firm had such a business plan include: ***, ***.

⁴ Domestic producers that provided the company business plans or other internal documents with their questionnaire responses include: ***, ***.

rolled sheet, which include volume and price forecasts for total commercial shipments. The company provided its forecasts for 2007, indicating ***. In ***'s internal strategy summary, the company identified its primary issue concerning its operations as being *** and it summarized the following key marketing issues: ***. *** provided a 2007 business plan that reported monthly quantity and value data for hot-rolled steel for calendar year 2007 indicating ***.

The Commission also asked domestic producers to report anticipated changes in the character of their operations relating to the production of hot-rolled steel. Seven domestic producers reported that they do not anticipate any operational changes,⁵ while seven domestic producers provided a variety of responses detailing such anticipated changes.⁶ Two firms (***) did not provide a response to the Commission's question. The responses are presented in table III-6.

**Table III-6
Hot-rolled steel: Anticipated changes in the character of U.S. operations**

* * * * *

New Operations

There are one new entrant (SeverCorr) and three potential new entrants (California Coil Processors, Leo Inc., and ThyssenKrupp) to the domestic hot-rolled steel industry. The Commission sent producer questionnaires to all four firms with specific instructions to respond to questions concerning projections and anticipated changes in the character of their operations. SeverCorr simply indicated that it had not produced hot-rolled steel at any time since January 1, 2001.⁷ The other three firms provided substantive responses to the Commission's request for information.

SeverCorr

SeverCorr, which is majority-owned by Russian steelmaker OAO Severstal,⁸ was formed in 2003 to design, engineer, build, and operate a state-of-the-art steel facility to service growing manufacturing opportunities in the Southern United States. In October 2005, the firm broke ground on a "next-generation" steel mill near Columbus, MS, utilizing an electric arc furnace capable of melting 1.7 million short tons of steel annually. By the first quarter of 2008, the company projects the plant to have the capacity to produce over 1.5 million tons of high-quality steels a year for use in the automotive, building, agricultural, pipe and tube, and appliance industries. Severcorr's annual production will include 350,000 short tons of hot-rolled steel, which will be available for direct sale. The balance of the firm's hot-rolled steel production, which will be feedstock for SeverCorr's pickling and oiling line, cold mill, and galvanizing lines, is as follows: 250,000 short tons of hot-rolled pickled and oiled steel, 600,000 short tons of cold-rolled steel, and 400,000 short tons of coated steel (galvanized and galvanized). SeverCorr reported that the hot-rolled steel chemistry will cover the range of industry products, up to and including interstitial-free, ultra-low carbon (IF-ULC) steel required for automotive exposed applications. While the

⁵ The producers that reported no anticipated operational changes are ***. *** added that although it has no anticipated changes to report at this time, its actions ***.

⁶ Domestic producers that reported such anticipated changes include: ***.

⁷ Numerous attempts by staff to solicit a response to the Commission's questions from SeverCorr concerning the company's projections and anticipated changes in the character of its operations have gone unanswered. Therefore, the information concerning SeverCorr's operations presented in this report are from public sources.

⁸ SeverCorr is a joint venture formed by OAO Severstal (Russia) and a group of investors and executives headed by John Correnti, chief executive officer of SeverCorr.

hot-rolled steel SeverCorr plans to produce will be up to 74 inches wide, the bulk of product will be between 42 and 66 inches wide.

Following the launch of the pickling line early in 2007, SeverCorr announced on June 6, 2007, that its second major production area, i.e., the cold mill, became operational at its facility in Columbus, MS. On August 29, 2007, the firm announced a major move toward full operations with the initial production of hot-rolled steel coils. By late October or early November 2007, the firm's galvanizing line is expected to become operational as construction is completed.⁹

California Coil Processors

*** California Coil Processors, a steel pickling operation located in Torrance, CA, were purchased in 2003 by Klaus J. Abstoss, a steel trader and processor based in Greenwich, CT.¹⁰ *** for the building of a \$*** slab conversion operation on the Torrance site that is expected to produce about 1.2 million tons of hot-rolled coil a year from imported slabs ***. ***.¹¹ ***. Despite the delays and growing skepticism in the market that he will build the slab conversion plant, Abstoss "remains steadfast in his conviction that he'll get it built."¹²

Leo Inc.

Mr. Matthew Botsford, developer and chief executive officer of Leo Inc., began developing plans to construct a combined carbon and hot-rolled steel slab conversion facility along the banks of the Ohio River near Louisville, KY, in the mid-1990s; however, financing-related delays prevented the company from moving forward at that time.¹³ Recent press reports indicate that Leo Inc. has received preliminary

⁹ *Cold Mill Operational at SeverCorr's Next Generation Steel Mill*, SeverCorr Media Center, June 6, 2007, found at http://www.severcorr.com/media_center/news_releases/2007.06.06.coldmill.asp, retrieved June 16, 2007; *SeverCorr, Products, By Type, Hot Roll Bands*, found at <http://www.severcorr.com>, retrieved June 16, 2007; *SeverCorr Begins Producing Its Own Hot-Rolled Steel Coils*, Platts, August 29, 2007, found at <http://www.platts.com/Metals/News/6449930.xml?src=Metalsrsshedlines1>, retrieved September 1, 2007; *SeverCorr Plant Goes Hot, Produces First Steel Sheet*, American Metal Market, August 29, 2007, found at http://amm.com/2007-08-29_20-39-10.html, retrieved September 1, 2007; *SeverCorr Launches Melt Shop and Hot Mill Operations*, SeverCorr Media Center, August 29, 2007, found at http://www.severcorr.com/Media_Center/news_releases/2007.08.29.Melt.Shop.asp, retrieved September 3, 2007.

¹⁰ *** and is presently negotiating to purchase the property from its current owners. Although Mr. Abstoss has confirmed industry reports that negotiations are under way for the sale of the property from its current owners to an unidentified buyer, he maintains that California Coil Processors is protected through its right of first refusal for the property and that he has financing commitments that would enable him to remain at that site for the long term and pursue his proposed project. Frank Haflich, *Abstoss Forging Ahead with W. Coast Mill Plan*, American Metal Market, April 19, 2006, found at http://findarticles.com/p/articles/mi_m3MKT/is_15-3_114/ai_n16135314, retrieved June 15, 2007; *Site Specific*, American Metal Market, February 9, 2007, found at http://amm.com/2007-02-09_14-13-21.html, retrieved June 22, 2007.

¹¹ ***.

¹² *Executive Summary*, submitted with questionnaire response of California Coil Processors; Frank Haflich, *Abstoss Forging Ahead with W. Coast Mill Plan*, American Metal Market, April 19, 2006, found at http://findarticles.com/p/articles/mi_m3MKT/is_15-3_114/ai_n16135314, retrieved June 15, 2007; *Site Specific*, American Metal Market, February 9, 2007, found at http://amm.com/2007-02-09_14-13-21.html, retrieved June 22, 2007; and correspondence with ***, California Coil Processors, August 29, 2007.

¹³ *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia: Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, p. III-6; Maria Guzzo, *Leo* (continued...)

approval for \$5 million in state tax incentives, which are set to expire in five years. According to plans filed with the state of Kentucky, 70 percent of the \$225-million project would be financed through a bank loan and the remaining 30 percent would be funded through equity investors. Lending institutions, apparently backing the plan, considered “the recent upswing in the North American steel industry, sparked by global consolidation” as the key factors in agreeing to provide financing.¹⁴

The proposed Kentucky facility will be a slab conversion operation expected to produce about *** short tons of hot-rolled coil a year utilizing slabs purchased from *** sources. Initial production operations at the proposed Leo Inc. hot-rolled steel facility are currently targeted for ***, with operations projected to reach full annual capacity of *** short tons by ***.¹⁵

ThyssenKrupp

ThyssenKrupp Steel USA, LLC has announced plans to invest \$3.7 billion in a new carbon and stainless steel manufacturing facility to be built in Calvert (Mt. Vernon), AL. The company indicated that construction on the new facility is expected to begin by the end of 2007 and the plant is expected to begin steel production operations by 2010. When fully operational, the facility is expected to employ 2,700 workers and have an estimated annual capacity of over 6 million short tons of end product, approximately 5 million short tons of which will be carbon steel and about 1 million short tons of which will be stainless steel. The new facility will include a hot strip mill which will be used primarily to process steel slabs from the company’s new steel mill in Brazil, currently under construction.¹⁶ It will also feature cold rolling and hot-dip coating capacity for high-quality end products of flat carbon steel. Utilizing its hot-rolled steel production as feedstock, ThyssenKrupp’s cold rolling facility will be designed initially to produce over 350,000 short tons of cold strip and 110,000 short tons of pickled hot strip.

ThyssenKrupp reported that its U.S.-produced steel products will be marketed in North America and will be used by the automotive, construction, utility, and electrical industries, and will also be used by manufacturers of appliances, precision machinery and engineered products, and other consumer and specialty products. The company indicated that it hopes to achieve a 5-percent North American market share with the automotive sector as the major market segment for the firm. In fact, press reports indicate that much of ThyssenKrupp’s domestic production is expected to be directed to foreign vehicle manufacturers that are locating production facilities throughout the Southeastern United States. The firm indicated that its reason behind deciding to build a new plant in the United States was that it “has a long history of partnership with the United States dating back to 1837 and recognizes the importance of the

¹³ (...continued)

Mill Project Still Alive, Cash Hunt Continues, American Metal Market, August 10, 2005, found at http://findarticles.com/p/articles/mi_m3MKT/is_31-3_113/ai_n14921128/print, retrieved June 15, 2007.

¹⁴ *LEO Steel Tries Again with Plan for Steel Plant Here*, Business First, March 29, 2007, found at <http://www.bizjournals.com/louisville/stories/2007/03/26/daily25.html?t=printable>, retrieved September 3, 2007; *Leo Ready to Roar with \$5M in Kentucky Tax Incentives*, American Metal Market, April 4, 2007, found at http://amm.com/2007-04-04_19-15-48.html, retrieved June 20, 2007; *Heard Off the Street: Fallen Steel Entrepreneur Eyes New Start in Kentucky*, Pittsburgh Post-Gazette, April 8, 2007, found at <http://www.post-gazette.com/pg/pp/07098/775890.stm>, retrieved September 3, 2007.

¹⁵ Correspondence with ***, Leo Inc., September 3, 2007.

¹⁶ The ThyssenKrupp Brazilian steel slab facility will have an annual capacity of 5.5 million short tons and is expected to begin production in 2009.

U.S. marketplace. North America is a future source of growth for steel products, and we have established a goal of increasing our business in this important market.”¹⁷

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

Data on U.S. producers’ capacity, production, and capacity utilization for hot-rolled steel are presented in table III-7. Capacity data provided by six domestic producers (i.e., ***) indicate certain changes in the firms’ capacity to produce hot-rolled steel during 2001-06; however, only three (i.e., IPSCO Steel, Mittal Steel USA, and North Star Blue Scope Steel) provided an explanation as to the reason behind changes in the reported capacity. IPSCO Steel indicated that its production capacity increased with the ramp-up of its Mobile facility in the *** quarter of 2001. Mittal Steel USA indicated that changes in its reported capacity were due to numerous acquisitions, consolidations, prolonged shutdowns, and closures during the period of review.¹⁸ North Star Blue Scope Steel reported that ***. As shown in table III-7, U.S. producers’ hot-rolled steel capacity fell from 2001 to 2002 but has increased in every subsequent period to a level in 2006 higher than that reported in 2001. Production of hot-rolled steel increased from 2001 to 2004, fell in 2005, but increased again in 2006. Although slightly lower than the capacity utilization measure for raw steel, the level of capacity utilization for hot-rolled steel followed similar trends during the period for which data were collected, fluctuating between 76 and 89 percent throughout the period and reaching relatively higher levels in 2002 and 2004. Domestic hot-rolled steel production and capacity utilization were lower during January-June 2007 than reported for the same period in 2006.

Table III-7

Hot-rolled steel: U.S. capacity, production, and capacity utilization, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Capacity (<i>short tons</i>) ¹	76,209,185	72,131,725	79,050,475	79,548,531	80,937,517	81,625,989	41,119,907	41,531,240
Production (<i>short tons</i>)	61,191,189	63,953,326	65,755,453	68,999,997	63,623,849	67,259,535	35,554,202	32,052,762
Capacity utilization (<i>percent</i>)	80.3	88.7	83.2	86.7	78.6	82.4	86.5	77.2

¹ U.S. producers reported capacity based on 48-168 hours per week, 50-52 weeks per year.

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

¹⁷ Telephone interview with ***, ThyssenKrupp Steel North America, on August 28, 2007; *ThyssenKrupp Steel USA Appoints Soulliere to Head up \$37B Ala. Mill*, American Metal Market, August 2, 2007, found at http://amm.com/2007-08-02_20-34-33.html, retrieved September 1, 2007; and *ThyssenKrupp - New Steel & Stainless Steel Facility in the US*, found at <http://www.thyssenkruppnewusplant.com>, retrieved September 3, 2007.

¹⁸ See section titled “Changes Experienced in Operations” for a complete listing of Mittal Steel USA’s acquisitions, consolidations, prolonged shutdowns, and closures.

Constraints on Capacity

The Commission asked domestic producers to report constraints on their capacity to produce hot-rolled steel. Four domestic producers responded that they did not experience capacity constraints¹⁹ and four domestic producers did not provide a response to the Commission's question. The remaining eight firms provided the information presented in table III-8 regarding their constraints on capacity.

Table III-8
Hot-rolled steel: U.S. producers' constraints on capacity

* * * * *

Alternative Products

The Commission asked domestic producers to report production of other or downstream products on the same equipment and machinery, and/or using the same production and related workers employed to produce hot-rolled steel. Nine companies (***) indicated that they produce other products on their hot-rolled steel equipment and machinery. Seven domestic producers (***) responded that they do not produce other products on the same equipment and machinery used to make hot-rolled steel. *** indicated that "while the hot rolled steel produced by *** is used in downstream products such as corrosion resistant steel, the downstream product cannot be produced on the hot rolling mills." Although *** indicated that they do not produce other products on the same equipment and machinery or using the same production and related workers employed to produce hot-rolled steel, the firms provided capacity and production data for cold-rolled steel sheet and strip, coated steel sheet and strip, cut-to-length plate, and/or other nonsubject hot-rolled steel.

Data on domestic producers' capacity, production, and capacity utilization for alternative steel products are presented in table III-9. The reported capacity, production, and capacity utilization for all four categories of steel products fluctuated throughout the period for which data were collected with reported capacity and production levels generally higher during 2006 than reported during 2001. Mittal Steel USA, Nucor, U.S. Steel, and WCI Steel were the only domestic companies that produced cold-rolled steel sheet and strip, coated steel sheet and strip, and cut-to-length plate. Nine other companies reported producing one or two other forms of flat-rolled steel. In total, 10 companies (AK Steel, California Steel, Duferco Farrell, Mittal Steel USA, Nucor, Severstal, Steel Dynamics, U.S. Steel, WCI Steel, and Wheeling Pittsburgh Steel) reported producing cold-rolled sheet and strip, 9 companies (AK Steel, California Steel, Mittal Steel USA, Nucor, Severstal, Steel Dynamics, U.S. Steel, WCI Steel, and Wheeling Pittsburgh Steel) reported producing coated steel sheet and strip, and 7 companies (IPSCO Steel, Lone Star, Mittal Steel USA, Nucor, Oregon Steel, U.S. Steel, and WCI Steel) reported producing cut-to-length plate. Mittal Steel USA and Nucor were the only respondents that reported producing alloy or other nonsubject hot-rolled steel. Nucor's capacity to produce alloy/other nonsubject hot-rolled steel products *** over the entire period for which data were collected in these reviews. The firm's production of these products amounted to *** short tons over the most recent six years. Mittal Steel USA's capacity to produce alloy or other nonsubject hot-rolled steel products was reported to be ***. The firm's production of this product was ***, amounting to *** short tons over the most recent five years.

¹⁹ The domestic producers that indicated that they had no constraints on capacity include ***.

Table III-9

Hot-rolled steel: U.S. producers' capacity, production, and capacity utilization for alternative products, by products, 2001-06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Capacity (short tons)						
Cold-rolled steel sheet and strip ¹	42,987,800	44,080,800	42,237,151	42,915,286	43,652,786	44,082,786
Coated steel sheet and strip ²	19,906,340	20,099,720	19,726,217	20,007,613	19,951,169	20,421,918
Cut-to-length plate ³	4,747,300	5,082,300	5,132,300	4,286,300	4,258,800	4,690,800
Alloy/other nonsubject hot-rolled steel ⁴	***	***	***	***	***	***
Production (short tons)						
Cold-rolled steel sheet and strip ¹	30,427,415	32,247,467	28,812,969	31,638,039	29,700,604	29,787,672
Coated steel sheet and strip ²	15,187,169	15,967,985	15,399,120	17,017,193	16,002,003	16,084,466
Cut-to-length plate ³	1,912,885	2,009,645	2,014,280	1,908,908	1,869,854	2,376,747
Alloy/other nonsubject hot-rolled steel ⁴	***	***	***	***	***	***
Capacity utilization (percent)						
Cold-rolled steel sheet and strip ¹	70.8	73.2	68.2	73.7	68.0	67.6
Coated steel sheet and strip ²	76.3	79.4	78.1	85.1	80.2	78.8
Cut-to-length plate ³	40.3	39.5	39.2	44.5	43.9	50.7
Alloy/other nonsubject hot-rolled steel ⁴	***	***	***	***	***	***
<p>¹ The following domestic producers reported data concerning cold-rolled steel sheet and strip: AK Steel, California Steel, Duferco Farrell, Mittal Steel USA, Nucor, Severstal, Steel Dynamics, U.S. Steel, WCI Steel, and Wheeling Pittsburgh Steel.</p> <p>² The following domestic producers reported data concerning coated steel sheet and strip: AK Steel, California Steel, Mittal Steel USA, Nucor, Severstal, Steel Dynamics, U.S. Steel, WCI Steel, and Wheeling Pittsburgh Steel.</p> <p>³ The following domestic producers reported data concerning cut-to-length plate: IPSCO Steel, Lone Star, Nucor, Oregon Steel, U.S. Steel, and WCI Steel. ***'s discrete plate is not cut from coils produced on a hot-strip mill and, therefore, is not included in this table.</p> <p>⁴ The following domestic producers reported data concerning alloy/other nonsubject hot-rolled steel: Mittal Steel USA and Nucor. ***.</p>						
Source: Compiled from data submitted in response to Commission questionnaires.						

U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

Data on domestic producers' shipments of hot-rolled steel are presented in table III-10. Between 2001 and 2004, the industry's U.S. commercial shipments (on the basis of quantity and value) rose steadily; they fell in 2005 and rose again in 2006. Unit values of the U.S. industry's commercial shipments rose consistently in almost every period from \$270 per short ton in 2001 to \$564 per short ton in 2006. Internal consumption fluctuated over the period, but overall experienced an increase of more than 3 million short tons. The industry's quantities and unit values of U.S. commercial shipments and internal consumption were down during the first half of 2007 compared with the same period in 2006. During the period for which data were collected, the quantities of commercial shipments, as well as internal consumption, reached their highest level in 2004. Export shipments by the U.S. industry peaked in 2003 at over 1.3 million short tons but fell to approximately one-half that level during 2004-06. The industry's export shipments, however, were up during the first half of 2007 compared with the same period in 2006. Regardless, export shipments accounted for only 0.7 to 2.0 percent of the domestic producers' total shipments of hot-rolled steel during the periods examined. The unit values of export shipments were higher than the unit values for U.S. commercial shipments in every period examined except 2003, when export values were lower by \$7 per short ton.

U.S. PRODUCERS' INVENTORIES

Data collected in these reviews on domestic producers' end-of-period inventories of hot-rolled steel are presented in table III-11. The domestic industry's inventories of hot-rolled steel fell overall during the period for which data were collected, with the lowest level of inventories reported for the entire period occurring in 2006. Inventories held in June 2007 were reported to be higher than those held in June 2006. Inventories relative to production and total shipments remained at relatively low levels, falling from a high of 3.9 percent in 2001 to a low of 2.4 percent in 2006. Those ratios were 2.9 percent on an annualized basis in June 2007. The ratio of inventories to U.S. commercial shipments followed the same general trend but were higher, falling from 10.7 percent in 2001 to 6.2 percent in 2006, before rising to 7.5 percent on an annualized basis in June 2007.

Steel inventories are held by numerous market participants, including producers, end users, importers, and service centers. Steel service centers inventory and distribute steel for industrial customers.²⁰ Figure III-1 illustrates the trends in steel service center shipments and inventories that have taken place over the period for which data were collected in these reviews. Data compiled by the Metal Service Center Institute indicate that steel service centers had an average of 3.2 months of carbon flat-rolled steel inventory on hand during the first seven months of 2007.²¹

²⁰ *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia: Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, p. III-14.

²¹ Included in carbon flat-rolled inventory are hot-rolled steel, as well as nonsubject cold-rolled steel and coated products. Cut-to-length plate is not included in the data. Inventories fell from 3.5 months' supply in January 2007 to 3.1 months' supply in July. *Metals Activity Report for Carbon Flat-Rolled Steel*, Metal Service Center Institute, July 2007.

Table III-10

Hot-rolled steel: U.S. producers' shipments, by types, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Quantity (short tons)								
Commercial shipments	22,369,951	23,347,394	24,986,585	26,062,595	24,151,642	25,847,726	13,798,231	12,494,397
Internal consumption	36,000,150	37,726,125	36,982,449	40,582,767	37,657,480	39,388,325	20,571,320	17,946,135
Transfers to related firms	2,416,158	2,172,485	2,659,973	1,553,607	1,259,538	1,509,579	772,461	899,078
U.S. shipments	60,786,259	63,246,004	64,629,007	68,198,969	63,068,660	66,745,630	35,142,012	31,339,610
Export shipments	429,896	484,860	1,347,738	701,037	717,152	562,380	333,051	525,090
Total	61,216,155	63,730,864	65,976,745	68,900,006	63,785,812	67,308,010	35,475,063	31,864,700
Value (1,000 dollars)								
Commercial shipments	6,030,394	7,071,490	7,531,302	13,630,577	13,155,838	14,581,562	7,667,644	6,853,636
Internal consumption	9,156,907	11,544,088	10,888,193	21,372,043	20,017,731	22,261,892	11,408,631	9,864,065
Transfers to related firms	720,529	710,522	845,738	873,884	653,426	834,432	415,403	493,071
U.S. shipments	15,907,830	19,326,100	19,265,233	35,876,504	33,826,995	37,677,886	19,491,678	17,210,772
Export shipments	143,067	162,679	396,423	378,642	393,604	331,743	192,424	299,118
Total	16,050,897	19,488,779	19,661,656	36,255,146	34,220,599	38,009,629	19,684,102	17,509,890
Unit value (per short ton)								
Commercial shipments	\$270	\$303	\$301	\$523	\$545	\$564	\$556	\$549
Internal consumption	254	306	294	527	532	565	555	550
Transfers to related firms	298	327	318	562	519	553	538	548
U.S. shipments	262	306	298	526	536	564	555	549
Export shipments	333	336	294	540	549	590	578	570
Average	262	306	298	526	536	565	555	550
Share of shipment quantity (percent)								
Commercial shipments	36.5	36.6	37.9	37.8	37.9	38.4	38.9	39.2
Internal consumption	58.8	59.2	56.1	58.9	59.0	58.5	58.0	56.3
Transfers to related firms	3.9	3.4	4.0	2.3	2.0	2.2	2.2	2.8
U.S. shipments	99.3	99.2	98.0	99.0	98.9	99.2	99.1	98.4
Export shipments	0.7	0.8	2.0	1.0	1.1	0.8	0.9	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.								

Table III-11

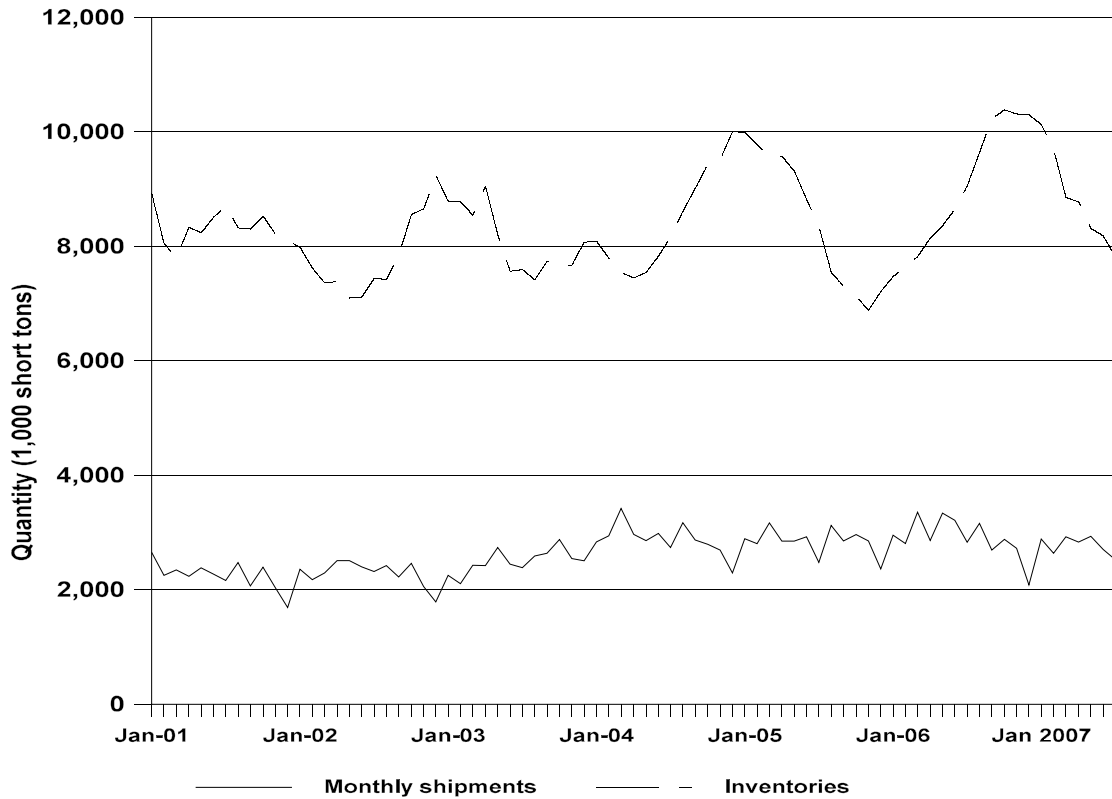
Hot-rolled steel: U.S. producers' end-of-period inventories, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Inventories (<i>short tons</i>)	2,402,874	1,868,338	1,700,334	1,800,323	1,633,160	1,610,876	1,720,120	1,872,260
Ratio of inventories to production (<i>percent</i>)	3.9	2.9	2.6	2.6	2.6	2.4	2.4	2.9
Ratio of inventories to U.S. commercial shipments (<i>percent</i>)	10.7	8.0	6.8	6.9	6.8	6.2	6.2	7.5
Ratio of inventories to total U.S. shipments (<i>percent</i>)	4.0	3.0	2.6	2.6	2.6	2.4	2.4	3.0
Ratio of inventories to total shipments (<i>percent</i>)	3.9	2.9	2.6	2.6	2.6	2.4	2.4	2.9

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

Figure III-1

Carbon steel flat-rolled product (excluding plate): Steel service centers' monthly shipments and inventories, January 2001-July 2007



Source: Compiled from Metal Service Center Institute data.

U.S. PRODUCERS' IMPORTS AND PURCHASES

*** was the only U.S. producer that imported hot-rolled steel from a subject country (***) during 2001-06. Producers reporting imports from nonsubject sources were *** and ***. *** indicated in its questionnaire response that its imports of nonsubject material were supplied by ***. ***, indicated that during the period for which information was collected in these reviews it conducted trials of imported hot-rolled steel from various countries, but that these trials ***.²² Producers' imports are presented in table III-12.

Table III-12

Hot-rolled steel: U.S. producers' imports, 2001-06, January-June 2006, and January-June 2007

* * * * *

The Commission asked domestic producers to report purchases, other than direct imports, of hot-rolled steel since 2001. There were no domestic purchases (other than direct imports) of hot-rolled steel from subject sources reported by domestic producers during this time. Three domestic producers reported domestic purchases from other domestic producers during 2001-06; two domestic producers reported domestic purchases of hot-rolled steel imported from nonsubject countries during 2002 and 2006; and two domestic producers reported domestic purchases of hot-rolled steel from other sources during 2002-05. *** explained that it purchased *** hot bands from domestic producers *** during 2001 and 2002 for ***. Its purchases of hot-rolled steel accounted for *** of its domestic production during 2001-02 combined. The firm indicated that ***. *** reported purchases of hot-rolled steel from other sources, which accounted for *** of its production during 2002-04, but did not provide a reason for purchasing this product and did not identify the source of the purchases. *** explained that it purchased hot-rolled steel from domestic producers *** during 2005 and 2006 and that it purchased nonsubject imports of hot-rolled steel domestically during 2006. The firm's purchases of domestically produced hot-rolled steel during 2005-06 accounted for *** of its domestic production during that two-year period and its domestic purchases of nonsubject imports during 2006 accounted for *** of its domestic production during that year. *** reported that it opted to purchase the hot-rolled steel because of the "difficulty making the type of product on *** equipment." *** reported that most of its purchases during the period for which data were collected in these reviews were from domestic sources during 2001-04, ***. The company explained that ***.²³

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for hot-rolled steel are presented in table III-13. The number of production-related workers ("PRWs") employed by U.S. hot-rolled steel producers declined between 2001 and 2006. The majority of the decline in the total number of PRWs was accounted for by ***.²⁴ Over this same period, hourly wages generally increased, productivity increased, and unit labor costs decreased. These trends, however, reversed during the six-month interim period in 2007, relative to the first half of 2006.

²² ***.

²³ Questionnaire response of ***.

²⁴ As indicated earlier in this section, *** reported numerous changes to the character of its hot-rolled steel operations during the period of review. See section titled "Existing Operations" for a complete listing of *** acquisitions, consolidations, prolonged shutdowns, and closures.

Table III-13

Hot-rolled steel: U.S. producers' employment-related indicators, 2001-06, January-June 2006, and January-June 2007¹

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Production and related workers (PRWs)	32,553	30,109	29,614	27,567	25,247	24,739	24,519	25,004
Hours worked by PRWs (1,000 hours)	69,086	64,247	62,783	61,203	54,892	54,137	28,752	28,208
Wages paid to PRWs (1,000 dollars)	1,795,750	1,705,625	1,833,951	1,871,916	1,723,671	1,778,044	936,826	903,798
Hourly wages	\$25.99	\$26.55	\$29.21	\$30.59	\$31.40	\$32.84	\$32.58	\$32.04
Productivity (short tons produced per 1,000 hours)	885.7	995.4	1,047.3	1,127.4	1,159.1	1,242.4	1,236.6	1,136.3
Unit labor costs (per short ton)	\$29.35	\$26.67	\$27.89	\$27.13	\$27.09	\$26.44	\$26.35	\$28.20

¹ Employment levels throughout the period for which data were collected are modestly understated because *** did not allocate employment for its internal consumption of hot-rolled steel.

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

The principal union representing steelworkers in the United States is the United Steelworkers of America (“USWA”). It is through the USWA that labor agreements with most steel production facilities in the United States are negotiated. At its Basic Steel Industry Conference in September 2002, the USWA adopted a new set of bargaining principles that it has used successfully to secure labor agreements with domestic producers. These principles, which were designed to reduce fixed costs, improve productivity, and protect retiree welfare, are the basis of labor agreements reached with domestic producers ISG (now Mittal Steel USA), U.S. Steel, and Wheeling-Pittsburgh Steel in 2003, WCI Steel in 2006, and AK Steel in 2007.²⁵

²⁵ *Steel: Evaluation of the Effectiveness of Import Relief, Investigation No. TA-204-12*, USITC Publication 3797, September 2005, pp. OVERVIEW III-18 - OVERVIEW III-19; *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Investigations Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, p. III-12; *WCI Set to Exit Ch. 11 as USW Ratifies Contract*, American Metal Market, May 1, 2006, found at http://amm.com/2006-04-28_20-19-03.html, retrieved June 27, 2007; and *It Felt the Pain . . . Now AK is Counting the Gain at its Middletown Works*, American Metal Market, April 27, 2007, found at http://amm.com/2007-04-29_19-05-32.html, retrieved June 27, 2007.

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Sixteen firms,²⁶ which accounted for the vast majority of the U.S. production of hot-rolled steel during 2001-06, supplied financial data on their hot-rolled steel operations. As discussed earlier in Part III, these firms either internally consumed or transferred to related parties a substantial portion of their hot-rolled steel to produce further manufactured products, such as cold-rolled steel, corrosion-resistant steel, and tin- and chromium-coated steel sheet. On a quantity basis, from 2001 through the first half of 2007, 39 percent of hot-rolled steel was sold commercially, 58 percent was internally consumed, and 3 percent was transferred to related parties.²⁷

Operations on Commercial Sales of Hot-Rolled Steel

Aggregate income-and-loss data for the U.S. producers on their commercial-only sales of hot-rolled steel are presented in table III-14. From 2001 to 2003, even though unit operating costs were relatively stable, sales quantities increased by 15 percent, and unit sales values increased by 11 percent, the industry reported \$1.43 billion in aggregate operating losses. The situation changed in 2004, as net sales values increased by 77 percent and operating income reached \$3.07 billion (22.2 percent of net sales). Central to this turnaround was the industry's ability to increase its unit sales prices by \$222, which more than covered the \$86 increase in unit raw materials. Increases in unit sales prices in the two succeeding full-year periods (\$22 in 2005 and \$21 in 2006) did not quite keep pace with increased unit operating costs (\$55 in 2005 and \$7 in 2006) over the same two year period, but did allow the industry to maintain operating profit margins in the mid-teens.

The results of the domestic producers declined measurably when comparing January-June 2007 data to January-June 2006 data. Sales quantities declined by approximately 7 percent, and the modest \$9 per ton decrease in unit sales price, coupled with increases in unit operating costs, principally raw materials (\$29) and all other factory costs (\$11),²⁸ resulted in a decrease in the operating margin from 18.2 to 8.6 percent.²⁹

²⁶ The firms (and their respective fiscal year ends if other than December 31) are: AK Steel, Beta, CSI, Duferco (Sep. 30), Gallatin, IPSCO, Lone Star, Mittal Steel USA, North Star (May 31), Nucor and Nucor Decatur, Oregon, SDI, Severstal, U.S. Steel, WCI, and Wheeling Pittsburgh. Nucor provided separate data for its Decatur facility (formerly Trico Steel).

²⁷ In the original investigations 33 percent was sold commercially, 62 percent was internally consumed, and 5 percent was transferred to related parties. *Hot-Rolled Steel Products from Argentina and South Africa: Investigations Nos. 701-TA-404 (Final) and 731-TA-898 and 905 (Final)*, USITC Publication 3446, August 2001, p. VI-5.

²⁸ Several producers noted increased prices for raw materials and energy at the Commission's July 31 and August 1, 2007 hearing. Hearing transcript, p. 193 (Pospisil), p. 240 (Schorsch), p. 241 (Ferriola), p. 381 (Goodish), p. 382 (Bouchard), and p. 385 (Busse).

²⁹ Publicly available financial statements covering the first half of 2006 and the first half of 2007 were issued by nine of the producers. The data for these producers, which accounted for *** percent of sales quantities in the interim periods, indicated a decline in their overall or segment operating margins from 12.7 percent the first half of 2006 to 10.2 percent the first half of 2007; see EDIS document number 282320. Thus, while this reported decrease in profitability is consistent with the reported decline in hot-rolled profitability, the decrease in profitability for hot-rolled steel as reported in the questionnaire responses is more pronounced than the decrease reported by producers on their overall or segment operations in their public financial statements. The ability to directly compare data in published financial statements and questionnaire data gathered by the Commission is, as always, limited, because the product line data gathered by the Commission is much narrower than a company's overall or segment financial data.

Table III-14

Hot-rolled steel: Results of U.S. producers' commercial operations,¹ fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Quantity (short tons)							
Net sales	22,703,359	23,617,501	26,098,649	26,510,786	24,620,990	26,172,821	13,949,857	13,009,320
	Value (\$1,000)							
Net sales	6,139,265	7,149,617	7,834,421	13,845,015	13,400,721	14,775,063	7,770,576	7,132,962
Cost of goods sold:								
Raw materials	3,233,718	3,244,731	4,046,066	6,398,880	7,071,222	7,679,929	3,980,075	4,082,346
Direct labor	856,084	740,339	832,475	866,086	805,383	816,715	426,614	455,247
All other factory costs	2,923,808	2,669,105	3,030,736	3,046,173	3,055,067	3,298,145	1,738,997	1,775,361
Total COGS	7,013,610	6,654,175	7,909,277	10,311,139	10,931,672	11,794,789	6,145,686	6,312,954
Gross profit/(loss)	(874,345)	495,442	(74,856)	3,533,876	2,469,049	2,980,274	1,624,890	820,008
SG&A expenses	307,471	318,353	347,934	463,654	411,002	418,478	211,375	206,661
Operating income/(loss)	(1,181,816)	177,089	(422,790)	3,070,222	2,058,047	2,561,796	1,413,515	613,347
All other								
Interest expense	323,092	261,708	201,838	213,957	130,912	126,259	55,858	63,300
All other expenses	105,729	130,781	84,610	142,881	46,616	78,041	25,393	26,493
CDSOA (Byrd)	2,139	1,123	2,858	8,656	3,964	10,894	2,786	1,452
All other income	82,656	50,523	27,619	115,340	28,786	43,729	12,683	12,358
Net, other exp/inc	344,026	340,843	255,971	232,842	144,778	149,677	65,782	75,983
Net income (loss)	(1,525,842)	(163,754)	(678,761)	2,837,380	1,913,269	2,412,119	1,347,733	537,364
Depreciation above	576,950	527,555	475,648	385,351	422,400	480,528	217,361	251,090
Cash flow	(948,892)	363,801	(203,113)	3,222,731	2,335,669	2,892,647	1,565,094	788,454
	Number of firms reporting							
Operating losses	13	6	12	0	5	2	1	3
Data	16	16	17	17	17	17	17	17

Table continued on following page.

Table III-14--Continued

Hot-rolled steel: Results of U.S. producers' commercial operations,¹ fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Ratio to net sales (percent)								
Cost of goods sold:								
Raw materials	52.7	45.4	51.6	46.2	52.8	52.0	51.2	57.2
Direct labor	13.9	10.4	10.6	6.3	6.0	5.5	5.5	6.4
All other factory costs	47.6	37.3	38.7	22.0	22.8	22.3	22.4	24.9
Total COGS	114.2	93.1	101.0	74.5	81.6	79.8	79.1	88.5
Gross profit/(loss)	(14.2)	6.9	(1.0)	25.5	18.4	20.2	20.9	11.5
SG&A expenses	5.0	4.5	4.4	3.3	3.1	2.8	2.7	2.9
Operating inc./ (loss)	(19.3)	2.5	(5.4)	22.2	15.4	17.3	18.2	8.6
Net income/(loss)	(24.9)	(2.3)	(8.7)	20.5	14.3	16.3	17.3	7.5
Unit value (per short ton)								
Net sales	\$270	\$303	\$300	\$522	\$544	\$565	\$557	\$548
Cost of goods sold:								
Raw materials	142	137	155	241	287	293	285	314
Direct labor	38	31	32	33	33	31	31	35
All other factory costs	129	113	116	115	124	126	125	136
Total COGS	309	282	303	389	444	451	441	485
Gross profit/(loss)	(39)	21	(3)	133	100	114	116	63
SG&A expenses	14	13	13	17	17	16	15	16
Operating inc/(loss)	(52)	7	(16)	116	84	98	101	47
Unit value (per short ton)								
Net sales	\$270	\$303	\$300	\$522	\$544	\$565	\$557	\$548
Less raw materials	142	137	155	241	287	293	285	314
Equals metal margin	128	165	145	281	257	271	272	234
Less conversion costs	166	144	148	148	157	157	155	171
Equals gross margin	(39)	21	(3)	133	100	114	116	63
Less SG&A expenses	14	13	13	17	17	16	15	16
Equals op inc./ (loss)	(52)	7	(16)	116	84	98	101	47
¹ The producers are AK Steel, Beta, CSI, Duferco, Gallatin, IPSCO, Lone Star, Mittal Steel USA, North Star, Nucor, Nucor Decatur, Oregon, SDI, Severstal, U.S. Steel, WCI, and Wheeling Pittsburgh.								
Source: Compiled from data submitted in response to Commission questionnaires.								

Table III-14 presents the industry's unit costs in two separate ways. The first is the traditional sales minus cost of goods sold equals gross profit minus SG&A expenses equals operating profit. The second is sales minus raw materials equals metal margin minus conversion costs equals gross profit minus SG&A expenses equals operating profit. As noted in both presentations, the industry's direct labor expenses and its other factory costs (which together are conversion costs) and its SG&A expenses were generally stable from 2001 to 2006 (although other factory costs did decrease from 2001 to 2004 and increase through 2006). The big change has been the increase in the metal margin, defined as the spread between sales value and raw materials. The metal margin was in the \$130 to \$165 per ton range from 2001 to 2003, but climbed to the \$260 to \$280 range from 2004 to 2006. The combination of increased contribution to profitability at the metal margin level and stable conversion costs and SG&A expense has resulted in increased operating profits during 2004 to 2006 compared to prior periods.

The reverse was true when comparing January-June 2007 to January-June 2006. The metal margin decreased to \$234, while conversion costs increased, resulting in decreased profitability. The trend of increased unit costs and contracting unit margins was generally substantiated by the data reported in public financial statements, based on unit revenues and unit costs for eight of the producers (accounting for *** percent of sales quantities in the interim periods) for the first half of 2006 and the first half of 2007. While noting the differences between questionnaire data and segment or overall data in published financial statements discussed in footnote 29, all eight of the producers reported rising unit costs in interim 2007 as compared to interim 2006, and six reported smaller unit gross margins or unit metal margins. Reasons for increased unit costs as reported in the public financial statements included: higher raw materials costs and operating inefficiencies due to reduced production (U.S. Steel); unplanned outages and increases in raw materials and fuel costs (Wheeling Pittsburgh); increases in raw materials costs (SDI); higher raw materials costs, but lower maintenance shutdown and labor costs (AK Steel); and, increased raw materials and energy costs (Nucor).

Some integrated producers such as U.S. Steel and Mittal Steel USA (which did not publish half-year financial statements) might own all or substantially all of some of their raw materials inputs (such as iron ore), and thus are shielded from price increases of that specific input. Nonetheless, they must also purchase coal, scrap, and energy in the open market (all of which have been increasing in price, as described in Part V of this report), although long-term contracts or hedging could mitigate price increases.

Selected financial data on a company-by-company basis are presented in table III-15. Four firms (Mittal Steel USA, North Star, Nucor (including Nucor Decatur), and U.S. Steel) accounted for approximately *** of sales quantities, sales values, and operating profits in each period. Although these firms tended to be *** than the other firms,³⁰ the trends for both groups were quite similar. In fact, most trends tended to cut across the entire industry. For example, from 2001 to 2006, all companies reported increases in sales values and all but one company reported increases in the absolute level of operating profits, operating margin, and the average unit value of its sales and its metal margin. When comparing January-June 2007 to January-June 2006, 13 producers reported decreases in sales values, all reported decreases in the absolute level of operating profits,³¹ 11 reported decreases in the average unit values of

³⁰ The operating margins for the four large firms were *** percent for 2004, 2005, 2006, January-June 2006, and January-June 2007, respectively, while the corresponding margins for the other firms were *** percent.

³¹ Wheeling Pittsburgh, whose sales of hot-rolled steel ***, was particularly hard hit by the decrease in profits. Wheeling Pittsburgh's most recent 10-Q states:

“We have experienced recent substantial losses, have used a substantial amount of cash, may need additional liquidity in the foreseeable future and have received a going concern modification in the report of our independent registered public accounting firm.

During the six months ended June 30, 2007, we incurred unexpected substantial net losses and used an unexpected
(continued...)

their sales, 16 reported decreases in their operating margin, and 14 reported decreases in their metal margins.

Table III-15

Hot-rolled steel: Selected commercial-only financial data, by firm, fiscal years 2001-06, January-June 2006, and January-June 2007

* * * * *

**Operations on Commercial Sales, Internal Consumption,
and Related Party Transfers of Hot-Rolled Steel**

Constructed income-and-loss data for the U.S. producers on their commercial sales of hot-rolled steel and their internal consumption and related party transfers valued at fair market value are presented in table III-16.³² The Commission's Producer Questionnaire instructed domestic producers to construct a profit-and-loss statement for the internally consumed or transferred hot-rolled steel using the Commission's Fair Market Value (FMV) methodology.

In the FMV methodology, the sales price and cost of the internally consumed hot-rolled steel is estimated to be the same as the sales price and cost of the hot-rolled steel sold commercially, unless there are actual physical differences between the hot-rolled steel sold commercially and the hot-rolled steel internally consumed; if there are differences, producers are instructed to adjust the sales price and cost for these differences.³³ The Commission typically instructs all producers in all investigations or reviews (whether or not the product is steel) to value their non-commercial sales in this manner, irrespective of the

³¹ (...continued)

substantial amount of cash for capital investments and working capital, principally as a result of increased scrap market prices and changes in vendor contracts and decreased selling prices and volumes. In addition, restrictions in our revolving credit agreement prevent us from making full use of our available inventory and receivables as eligible collateral. Further, based on management's current projected results of operations, it is more likely than not that we will not be able to comply with the fixed charge coverage ratio covenant under our term loan agreement, as amended, which will become effective again as of April 1, 2008. In the past, we have been able to obtain relief from such covenants. At this time, however, management cannot assure whether it will be able to obtain such covenant relief. Management anticipates that we may require additional liquidity in the foreseeable future. Additionally, our independent registered public accounting firm included an explanatory paragraph in its report on the consolidated financial statements included in our Form 10-K/A for the year ended December 31, 2006 that indicated that there is substantial doubt about our ability to continue as a going concern." See Wheeling Pittsburgh's 10-Q for the quarterly period ending June 30, 2007, p. 40.

³² The sales quantity and value data in this table are approximately 1.0 to 1.3 million tons and \$282 million to \$767 million less, respectively, than the quantity and value of shipments in table III-10 during the full-year periods. These differences amount to between 1.7 and 2.1 percent. Almost all of the differences are because ***.

³³ For example, assume (all values in dollars per ton) a producer sold hot-rolled steel commercially for \$565, the cost of goods sold was \$450, and the SG&A expenses were \$15; thus, the resulting operating profit was \$100. Next, assume that same producer also internally consumed hot-rolled steel to produce corrosion-resistant steel, and it knew that product mix differences resulted in the cost of goods sold of the hot-rolled steel used to produce corrosion-resistant steel being \$20 higher, or \$470. Using the FMV methodology, the producer would construct a profit and loss statement for the hot-rolled steel internally consumed to produce corrosion resistant steel as follows: sales price equals the commercial sales price (\$565) plus \$20 for known differences, for a total of \$585; cost of goods sold equals \$470, SG&A expenses equals \$15, and operating profit equals \$100.

Table III-16

Hot-rolled steel: Constructed results of U.S. producers¹ commercial and non-commercial operations, with non-commercial sales valued at fair market value, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Quantity (short tons)							
Net sales								
Commercial	22,703,359	23,617,501	26,098,649	26,510,786	24,620,990	26,172,821	13,949,857	13,009,320
Internal consumption	34,997,690	36,669,895	35,843,187	39,392,467	36,542,486	38,095,319	19,864,869	17,393,652
Related party transfers	2,512,587	2,387,097	2,862,073	1,806,598	1,507,342	1,716,529	916,009	941,676
Total	60,213,636	62,674,493	64,803,909	67,709,851	62,670,818	65,984,669	34,730,735	31,344,648
	Value (\$1,000)							
Net sales								
Commercial	6,139,265	7,149,617	7,834,421	13,845,015	13,400,721	14,775,063	7,770,576	7,132,962
Internal consumption	8,875,005	11,207,992	10,511,955	20,750,202	19,373,864	21,498,085	11,015,514	9,545,829
Related party transfers	754,725	795,174	928,416	1,038,087	802,148	969,010	505,689	520,761
Total	15,768,995	19,152,783	19,274,792	35,633,304	33,576,733	37,242,158	19,291,779	17,199,552
Cost of goods sold:								
Raw materials	8,633,071	8,990,098	9,964,189	15,935,966	17,089,313	19,024,013	9,705,840	9,678,965
Direct labor	2,756,505	2,437,636	2,417,218	2,612,708	2,480,492	2,560,832	1,279,531	1,331,223
All other factory costs	8,232,070	7,835,039	7,877,628	8,167,838	8,205,544	8,789,969	4,567,726	4,497,466
Total COGS	19,621,646	19,262,773	20,259,035	26,716,512	27,775,349	30,374,814	15,553,097	15,507,654
Gross profit/(loss)	(3,852,651)	(109,990)	(984,243)	8,916,792	5,801,384	6,867,344	3,738,682	1,691,898
SG&A expenses	877,997	977,358	1,021,407	1,338,243	1,170,151	1,163,278	577,660	532,581
Operating inc./ (loss)	(4,730,648)	(1,087,348)	(2,005,650)	7,578,549	4,631,233	5,704,066	3,161,022	1,159,317
	Number of firms reporting							
Operating losses	12	6	12	0	5	2	2	4
Data	16	16	17	17	17	17	17	17

Table continued on following page.

Table III-16--Continued

Hot-rolled steel: Constructed results of U.S. producers¹ commercial and non-commercial operations, with non-commercial sales values at fair market value, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Ratio to net sales (percent)							
Cost of goods sold:								
Raw materials	54.7	46.9	51.7	44.7	50.9	51.1	50.3	56.3
Direct labor	17.5	12.7	12.5	7.3	7.4	6.9	6.6	7.7
All other factory costs	52.2	40.9	40.9	22.9	24.4	23.6	23.7	26.1
Total COGS	124.4	100.6	105.1	75.0	82.7	81.6	80.6	90.2
Gross profit/(loss)	(24.4)	(0.6)	(5.1)	25.0	17.3	18.4	19.4	9.8
SG&A expenses	5.6	5.1	5.3	3.8	3.5	3.1	3.0	3.1
Operating income/(loss)	(30.0)	(5.7)	(10.4)	21.3	13.8	15.3	16.4	6.7
	Unit value (per short ton)							
Net sales								
Commercial	\$270	\$303	\$300	\$522	\$544	\$565	\$557	\$548
Internal consumption	254	306	293	527	530	564	555	549
Related party transfers	300	333	324	575	532	565	552	553
Total	262	306	297	526	536	564	555	549
Cost of goods sold:								
Raw materials	143	143	154	235	273	288	279	309
Direct labor	46	39	37	39	40	39	37	42
All other factory costs	137	125	122	121	131	133	132	143
Total COGS	326	307	313	395	443	460	448	495
Gross profit/(loss)	(64)	(2)	(15)	132	93	104	108	54
SG&A expenses	15	16	16	20	19	18	17	17
Operating inc/(loss)	(79)	(17)	(31)	112	74	86	91	37

Table continued on next page.

Table III-16--Continued

Hot-rolled steel: Constructed results of U.S. producers¹ commercial and non-commercial operations, with non-commercial sales values at fair market value, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Unit value (per short ton)							
Net sales	\$262	\$306	\$297	\$526	\$536	\$564	\$555	\$549
Less raw materials	143	143	154	235	273	288	279	309
Equals metal margin	119	162	144	291	263	276	276	240
Less conversion costs	182	164	159	159	171	172	168	186
Equals gross margin	(64)	(2)	(15)	132	93	104	108	54
Less SG&A expenses	15	16	16	20	19	18	17	17
Equals op inc./ (loss)	(79)	(17)	(31)	112	74	86	91	37
¹ The producers are ***. Source: Compiled from data submitted in response to Commission questionnaires.								

relative size of the transactions.³⁴ Although sales quantities and values of the commercial and non-commercial sales in table III-16 using the FMV methodology are two and one-half times the size of the commercial-only sales in table III-14, aside from the differences in absolute values, the trends, average unit values, and profitability margins are quite similar to the commercial-only data in table III-14.

In response to concerns raised by certain domestic producers that such a method incorrectly states profitability,³⁵ domestic producers were also instructed to construct a profit-and-loss statement for internally consumed or transferred hot-rolled steel that valued the internally consumed or transferred hot-rolled steel at its cost.³⁶ These data are presented in table E-1. Although the general trends for these data

³⁴ This methodology was formalized in the 1993 investigations on flat-rolled (including hot-rolled) steel and has been utilized ever since. *See Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, and the United Kingdom, Inv. Nos. 701-TA-319-332, 334, 336-342, and 347-353 (Final) and 731-TA-573-579, 581-592, 594-597, 599-609, and 612-619 (Final)*, USITC Publication 2664, August 1993, pp. I-64-83; *Certain Hot-Rolled Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 (Final) and 731-TA-806-808 (Final)*, USITC Publication 3202 (Japan), June 1999, pp. VI-4, and Publication 3223 (Brazil and Russia), August 1999, pp. 3; *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, pp. III-17-20; and *Certain Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA-404-408 (Final) and 731-TA-898-906 and 908 (Final)*, USITC Publication 3446 (Argentina and South Africa), August 2001, pp. VI-3-7, and USITC Publication 3468 (China, India, Indonesia, Kazakhstan, the Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine), November 2001, pp. 3.

³⁵ *See, e.g.*, the April 5, 2007 questionnaire comments filed on behalf of U.S. Steel at comment 2; the April 5, 2007 questionnaire comments filed on behalf of Nucor at 4-6; and, the April 5, 2007 questionnaire comments filed on behalf of Mittal Steel USA at 3-8.

³⁶ For example, assume the same facts as in footnote 33. In this scenario, the constructed profit and loss statement for the hot-rolled steel used to produce the corrosion resistant steel would be as follows: sales price (\$485)
(continued...)

– operating losses during 2001 to 2003, a sharp increase in sales values and operating income in 2004, followed by further increases in sales but gradual declines in profitability until interim 2007, when sales and profitability dropped noticeably – are the same as the data in tables III-14 and III-16, the operating margins are much smaller.³⁷ Thus, while the operating margins in tables III-14 and III-16 are in the 21-22 percent range in 2004, decline to the mid-teen range the next two years, and then decrease to the 7-8 percent range the first half of 2007, the margins in table E-1 are 9.3 percent for 2004, 6.4 and 8.0 percent the next two years, and then 3.6 percent the first half of 2007.

Lastly, in response to issues raised by the domestic industry in their prehearing briefs,³⁸ the Commission staff also gathered financial data from the domestic industry that allocates profitability to hot-rolled steel that is either internally consumed or transferred to a related party based upon both the profitability of the downstream product and the relative share of cost the hot-rolled steel represents.³⁹ Eight producers, accounting for 80-82 percent of total commercial and non-commercial sales quantities in the most recent periods, reported data. The results, presented in table E-4, indicate the general trends for these data are quite similar to those in the three other tables. Since the operating margins of the downstream products that are the basis for the non-commercial data are generally not very large in either direction,⁴⁰ it follows that the operating margins in table E-4 are generally compatible with, although a bit higher than, those in table E-1 (non-commercial sales at cost).

The variance analysis showing the effects of prices and volume on the producers' commercial-only sales of hot-rolled steel, and of costs and volume on their total cost, is shown in table III-17. The analysis confirms that the increase in operating income is the result of sales prices increasing much more than costs and expenses. The summary at the bottom of the table illustrates that from 2001 to 2006 the effect of increased prices (\$7.7 billion) was more than twice the effect of increased costs (\$3.8 billion); most of the increase in price (\$5.9 billion) and increase in costs (\$2.4 billion) occurred between 2003 and 2004. The analysis also confirms that most of the increase in costs was attributable to raw materials (\$4.4 billion), as opposed to other factory costs (increase of \$0.4 billion), SG&A expenses (increase of \$0.1 billion), and direct labor (which decreased by \$39 million).

When comparing interim 2007 data to interim 2006 data, the \$0.8 billion decrease in operating profits was largely the result of increased costs (principally raw materials), with decreased sales volume and decreased unit sales prices also factors.

Capital Expenditures and Research and Development Expenses

The capital expenditures and research and development (R&D) expenses are presented in table III-18. Capital expenditures increased steadily from 2002 onwards, and totaled \$2.544 billion during the period of review. Nonetheless, the expenditures were less than the \$3.120 billion depreciation expense reported in table III-14. Not included in the capital expenditure data are expenditures by either SeverCorr or ThyssenKrupp. SeverCorr's \$880 million facility near Columbus, MS, recently began producing hot-

³⁶ (...continued)

equals cost of goods sold (\$470) plus SG&A expenses (\$15), so the profit is \$0.

³⁷ Using the non-commercial sales at cost methodology will always result in relatively small operating ratios (whether positive or negative) because approximately 60 percent of sales every period are assigned a profit margin of zero.

³⁸ See, e.g., the July 20, 2007 prehearing brief filed on behalf of Mittal Steel USA, pp. 81-84.

³⁹ See the August 7, 2007 supplemental questionnaire issued by the Commission staff.

⁴⁰ The operating margins of the products produced from hot-rolled steel were negative 1.6 percent, negative 5.0 percent, negative 1.9 percent, 9.5 percent, 7.7 percent, 4.5 percent, 6.1 percent, and 1.5 percent for 2001, 2002, 2003, 2004, 2005, 2006, January-June 2006, and January-June 2007, respectively. See table E-5.

Table III-17

Hot-rolled steel: Variance analysis of commercial-only operations of U.S. producers, 2001-06, January-June 2006, and January-June 2007

Item	Between fiscal years						Jan.- June
	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Value (1,000 dollars)						
Total net sales:							
Price variance	7,697,613	763,157	(66,302)	5,886,877	542,635	529,711	(113,701)
Volume variance	938,185	247,195	751,106	123,717	(986,929)	844,631	(523,913)
Total sales variance	8,635,798	1,010,352	684,804	6,010,594	(444,294)	1,374,342	(637,614)
Cost of sales:							
Raw materials:							
Cost variance	(3,952,044)	119,191	(460,458)	(2,288,921)	(1,128,480)	(163,016)	(370,618)
Volume variance	(494,167)	(130,204)	(340,877)	(63,893)	456,138	(445,691)	268,347
Total RM variance	(4,446,211)	(11,013)	(801,335)	(2,352,814)	(672,342)	(608,707)	(102,271)
Direct labor:							
Cost variance	170,193	150,215	(14,359)	(20,465)	(1,035)	39,430	(57,396)
Volume variance	(130,824)	(34,470)	(77,777)	(13,146)	61,738	(50,762)	28,763
Total direct labor variance	39,369	115,745	(92,136)	(33,611)	60,703	(11,332)	(28,633)
Other factory cost:							
Cost variance	72,471	372,429	(81,227)	32,423	(226,038)	(50,521)	(153,612)
Volume variance	(446,808)	(117,726)	(280,404)	(47,860)	217,144	(192,557)	117,248
Total OFC variance	(374,337)	254,703	(361,631)	(15,437)	(8,894)	(243,078)	(36,364)
Total cost of goods sold:							
Cost variance	(3,709,379)	641,835	(556,044)	(2,276,963)	(1,355,553)	(174,107)	(581,627)
Volume variance	(1,071,800)	(282,400)	(699,058)	(124,899)	735,020	(689,010)	414,359
Total COGS variance	(4,781,179)	359,435	(1,255,102)	(2,401,862)	(620,533)	(863,117)	(167,268)
Gross profit variance	3,854,619	1,369,787	(570,298)	3,608,732	(1,064,827)	511,225	(804,882)
SG&A variance:							
Expense variance	(64,020)	1,498	3,864	(110,226)	19,601	18,429	(9,537)
Volume variance	(46,987)	(12,380)	(33,445)	(5,494)	33,051	(25,905)	14,251
Total SG&A variance	(111,007)	(10,882)	(29,581)	(115,720)	52,652	(7,476)	4,714
Operating income variance	3,743,612	1,358,905	(599,879)	3,493,012	(1,012,175)	503,749	(800,168)

Table continued on following page.

Table III-17--Continued

Hot-rolled steel: Variance analysis of commercial-only operations of U.S. producers, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Between fiscal years						Jan.- June
	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	<i>Value (1,000 dollars)</i>						
Summarized as:							
Price variance	7,697,613	763,157	(66,302)	5,886,877	542,635	529,711	(113,701)
Cost/expense variance	(3,773,399)	643,334	(552,181)	(2,387,188)	(1,335,952)	(155,678)	(591,164)
Net volume variance	(180,602)	(47,585)	18,604	(6,676)	(218,858)	129,716	(95,303)
Note.— The price, cost, expense, and volume variances in this table correspond with the changes in sales quantities, sales revenues, operating costs and expenses, and gross and operating profits (or losses) presented in table III-14. Unfavorable variances are shown in parentheses; all others are favorable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

rolled steel coils,⁴¹ while ThyssenKrupp recently began construction of a \$2.7 billion facility in Alabama.⁴²

Four companies reported R&D expenses. *** expenses, which accounted for over *** percent of the total, are related to the establishment, commercialization, and operation of its ***.

Assets and Return on Investment

The industry's assets and its return on investment are presented in table III-19. In response to questioning at the hearing,⁴³ the domestic industry was largely able to separate the assets used in the production, warehousing, and sale of hot-rolled steel from the assets used in the production, warehousing, and sale of downstream products. The increase in the value of the hot-rolled steel assets from 2004 on is the result of increases in the value of inventories and accounts receivable, and increased profits resulting in increased cash, while the very large increase in downstream product assets from 2004 on was largely because ***, which reported asset values of ***, was unable to report the value of assets for earlier periods.

⁴¹ *SeverCorr Launches Melt Shop and Hot Mill Operations*, SeverCorr Media Center, August 29, 2007, and *SeverCorr Receives "Deal of the Year" Award from Project Finance*, SeverCorr Media Center, March 7, 2006, both found at http://www.severcorr.com/media_center/news_releases/, retrieved September 17, 2007.

⁴² *Steel's Latest Hot Spot: The U.S.*, found at <http://metalsplace.com/news/?a=14185>, retrieved September 17, 2007.

⁴³ Hearing transcript, pp. 523-524 (Lane).

Table III-18

Hot-rolled steel: Capital expenditures and R&D expenses, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Value (\$1,000)							
Capital expenditures:								
	*	*	*	*	*	*		
Total	396,405	242,115	245,052	412,824	420,891	590,567	213,994	235,865
R&D expenses:								
	*	*	*	*	*	*		
Source: Compiled from data submitted in response to Commission questionnaires.								

Table III-19

Hot-rolled steel: Value of assets and return on investment, fiscal years 2001-06

Item	Fiscal years ending					
	2001	2002	2003	2004	2005	2006
	Value (\$1,000)					
Assets used in the production, warehousing, and sale of:						
Hot-rolled steel	9,592,144	9,915,449	8,557,695	10,919,332	11,344,338	13,066,952
Downstream products	6,014,227	6,448,212	6,899,772	12,671,397	14,377,965	13,120,394
Total	15,606,371	16,363,661	15,457,467	23,590,729	25,722,303	26,187,346
Operating income associated with the sale of hot-rolled steel:						
Operating income	(1,181,816)	177,089	(422,790)	3,070,222	2,058,047	2,561,796
	Ratio of Operating Income to Hot-Rolled Assets (percent)					
Return on investment	(12.3)	1.8	(4.9)	28.1	18.1	19.6
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 141 firms believed to have imported hot-rolled steel between 2001 and 2006, and received usable data from 52 of the firms.¹ Based on official Commerce statistics for imports of hot-rolled steel, importers' questionnaire data accounted for 56.9 percent of total U.S. imports during 2006 and 70.5 percent of total subject imports in 2006. Firms responding to the Commission's questionnaire accounted for the following shares of individual subject country's subject imports during 2006:

- 0 percent of the subject imports from Argentina;
- 0.3 percent of the subject imports from China;
- 20 percent of the subject imports from India;
- At least 100 percent of the subject imports from Romania and South Africa;
- 8 percent of the subject imports from Taiwan;
- 84 percent of the subject imports from Thailand; and
- There were no subject imports from Indonesia, Kazakhstan, and Ukraine in 2006.

Due to less-than-complete questionnaire coverage for U.S. imports, import data in this report are derived from official Commerce statistics for non-alloy hot-rolled steel. Imports of micro-alloy steel accounted for 8.6 percent of the total quantity of imports reported by all U.S. importers in their questionnaire responses during 2006. All reported imports of micro-alloy steel were from nonsubject sources. During 2006, micro-alloy steel accounted for *** percent of reported imports of hot-rolled steel from the Netherlands and *** percent of reported imports of hot-rolled steel from all other nonsubject countries combined.²

No importers reported entering or withdrawing hot-rolled steel from foreign trade zones or bonded warehouses. In addition, no importers reported imports of hot-rolled steel under the temporary importation under bond program.

Imports of hot-rolled steel from each of the subject countries and from all nonsubject countries for the annual periods 2001-06, January-June 2006, and January-June 2007 appear in table IV-1. The combined quantity of imports from the subject countries experienced relatively wide fluctuations from 2001 to 2006, with aggregate subject imports for 2006 reported at a level moderately lower than that reported for 2001. Imported product from Romania, South Africa, and Thailand contributed substantially to the aggregate subject import increases in 2002 and (in the case of Thailand) 2004 and imported product from India and Thailand figured prominently in the aggregate increase in 2006. Subject imports from Indonesia and Kazakhstan ceased after the imposition of the orders in 2001, with the exception of 5 short tons from Indonesia in 2004. In addition, subject imports from Argentina and Ukraine were markedly lower after the imposition of the orders, dropping to nil during 2003-05 for Argentina and during 2004 and 2006 for Ukraine. The ratio of U.S. imports of hot-rolled steel from the 10 subject countries to U.S. production of hot-rolled steel did not exceed 0.6 percent during 2001-06.

¹ Forty-seven of the firms reported that they did not import hot-rolled steel during the period for which data were collected and 32 firms did not respond to the Commission's questionnaire. Questionnaires addressed to 10 firms were returned as undeliverable because the company could not be located.

² Imports of micro-alloy steel from the Netherlands, as reported by Corus, were ***. Imports of micro-alloy steel from all other nonsubject countries combined, as reported by nine U.S. importers were ***.

Table IV-1
Hot-rolled steel: U.S. imports, by sources, 2001-06, January-June 2006, and January-June 2007

Source	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Quantity (short tons)								
Argentina	26,753	4,058	0	0	0	198	0	0
China	42,184	47	28	6,456	418	3,851	822	692
India	51,480	5,919	0	11,392	6,618	62,234	24,402	17,631
Indonesia	10,726	0	0	5	0	0	0	0
Kazakhstan	14,604	0	0	0	0	0	0	0
Romania	56,869	103,512	32,895	17,802	0	12,892	4,826	0
South Africa	4,903	112,066	28,647	10,355	90	9,829	9,797	455
Taiwan	42,144	1,153	107	1,381	142	7,305	861	231
Thailand	15,847	139,856	34,162	93,414	43,289	155,824	22,772	2,116
Ukraine	25,694	612	11	0	1,558	0	0	0
Subtotal	291,203	367,223	95,850	140,805	52,115	252,133	63,481	21,125
Other sources	2,657,040	4,302,509	2,607,407	5,004,490	3,816,715	6,190,441	3,181,249	1,800,817
Total	2,948,244	4,669,732	2,703,257	5,145,295	3,868,829	6,442,574	3,244,731	1,821,941
Value (1,000 dollars)¹								
Argentina	6,067	1,330	0	0	0	181	0	0
China	10,206	16	23	4,056	249	2,218	551	485
India	12,309	1,857	0	7,819	4,951	32,418	12,533	10,443
Indonesia	2,576	0	0	5	0	0	0	0
Kazakhstan	2,640	0	0	0	0	0	0	0
Romania	11,607	26,269	8,745	10,227	0	6,933	2,145	0
South Africa	1,344	30,914	8,013	5,510	67	4,361	4,350	434
Taiwan	11,578	363	116	929	136	4,583	362	138
Thailand	4,836	43,463	10,927	51,045	21,948	81,498	10,231	1,053
Ukraine	5,318	202	6	0	1,689	0	0	0
Subtotal	68,481	104,414	27,830	79,591	29,040	132,192	30,173	12,553
Other sources	711,009	1,321,488	854,518	2,545,509	2,092,683	3,227,482	1,564,064	973,983
Total	779,489	1,425,902	882,348	2,625,100	2,121,722	3,359,674	1,594,237	986,536

Table continued on next page.

Table IV-1--Continued

Hot-rolled steel: U.S. imports, by sources, 2001-06, January-June 2006, and January-June 2007

Source	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Unit value (per short ton)								
Argentina	\$227	\$328	(²)	(²)	(²)	\$914	(²)	(²)
China	242	346	\$817	\$628	\$596	576	\$670	\$701
India	239	314	(²)	686	748	521	514	592
Indonesia	240	(²)	(²)	944	(²)	(²)	(²)	(²)
Kazakhstan	181	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Romania	204	254	266	575	(²)	538	444	(²)
South Africa	274	276	280	532	745	444	444	953
Taiwan	275	315	1,083	673	959	627	420	598
Thailand	305	311	320	546	507	523	449	498
Ukraine	207	330	545	(²)	1,084	(²)	(²)	(²)
Average	235	284	290	565	557	524	475	594
Other sources	268	307	328	509	548	521	492	541
Average	264	305	326	510	548	521	491	541

Table continued on next page.

Table IV-1--Continued

Hot-rolled steel: U.S. imports, by sources, 2001–06, January-June 2006, and January-June 2007

Source	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Share of quantity (percent)								
Argentina	0.9	0.1	0.0	0.0	0.0	(³)	0.0	0.0
China	1.4	(³)	(³)	0.1	(³)	0.1	(³)	(³)
India	1.7	0.1	0.0	0.2	0.2	1.0	0.8	1.0
Indonesia	0.4	0.0	0.0	(³)	0.0	0.0	0.0	0.0
Kazakhstan	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Romania	1.9	2.2	1.2	0.3	0.0	0.2	0.1	0.0
South Africa	0.2	2.4	1.1	0.2	(³)	0.2	0.3	(³)
Taiwan	1.4	(³)	(³)	(³)	(³)	0.1	(³)	(³)
Thailand	0.5	3.0	1.3	1.8	1.1	2.4	0.7	0.1
Ukraine	0.9	(³)	(³)	0.0	(³)	0.0	0.0	0.0
Subtotal	9.9	7.9	3.5	2.7	1.3	3.9	2.0	1.2
Other sources	90.1	92.1	96.5	97.3	98.7	96.1	98.0	98.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)								
Argentina	0.8	0.1	0.0	0.0	0.0	(³)	0.0	0.0
China	1.3	(³)	(³)	0.2	(³)	0.1	(³)	(³)
India	1.6	0.1	0.0	0.3	0.2	1.0	0.8	1.1
Indonesia	0.3	0.0	0.0	(³)	0.0	0.0	0.0	0.0
Kazakhstan	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Romania	1.5	1.8	1.0	0.4	0.0	0.2	0.1	0.0
South Africa	0.2	2.2	0.9	0.2	(³)	0.1	0.3	(³)
Taiwan	1.5	(³)	(³)	(³)	(³)	0.1	(³)	(³)
Thailand	0.6	3.0	1.2	1.9	1.0	2.4	0.6	0.1
Ukraine	0.7	(³)	(³)	0.0	0.1	0.0	0.0	0.0
Subtotal	8.8	7.3	3.2	3.0	1.4	3.9	1.9	1.3
Other sources	91.2	92.7	96.8	97.0	98.6	96.1	98.1	98.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-1--Continued

Hot-rolled steel: U.S. imports, by sources, 2001-06, January-June 2006, and January-June 2007

Source	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Ratio of import quantity to U.S. production (percent)								
Argentina	(³)	(³)	0.0	0.0	0.0	(³)	0.0	0.0
China	0.1	(³)	(³)	(³)	(³)	(³)	(³)	(³)
India	0.1	(³)	0.0	(³)	(³)	0.1	0.1	0.1
Indonesia	(³)	0.0	0.0	(³)	0.0	0.0	0.0	0.0
Kazakhstan	(³)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.1	0.2	0.1	(³)	0.0	(³)	(³)	0.0
South Africa	(³)	0.2	(³)	(³)	(³)	(³)	(³)	(³)
Taiwan	0.1	(³)	(³)	(³)	(³)	(³)	(³)	(³)
Thailand	(³)	0.2	0.1	0.1	0.1	0.2	0.1	(³)
Ukraine	(³)	(³)	(³)	0.0	(³)	0.0	0.0	0.0
Subtotal	0.5	0.6	0.1	0.2	0.1	0.4	0.2	0.1
Other sources	4.3	6.7	4.0	7.3	6.0	9.2	8.9	5.7
Total	4.8	7.3	4.1	7.5	6.1	9.6	9.1	5.8

¹ Landed, duty-paid.

² Not applicable.

³ Less than 0.05 percent.

Source: Import data presented are from official Commerce statistics under HTS statistical reporting numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, and 7211.19.7590.

Between 2001 and 2006, the share of total U.S. imports held by subject imports fell from a high of 9.9 percent in 2001 to a low of 1.3 percent in 2005, before rising to 3.9 percent in 2006. Imports of hot-rolled steel from all other (nonsubject) sources grew initially but then decreased markedly in 2003, before increasing irregularly thereafter.³

The unit values of imported hot-rolled steel from all sources increased from \$264 per short ton in 2001 to \$548 per short ton in 2005, before falling back to \$521 per short ton in 2006. The unit values of subject imports followed a similar trend.

One importer reported arrangements for the importation of hot-rolled steel from two of the 10 subject countries for delivery after March 31, 2007. The responding U.S. importer reported that it had arranged for the delivery of *** short tons and *** short tons during the second and third quarters of 2007, respectively, from *** and *** short tons and *** short tons during the second and third quarters of 2007, respectively, from ***.⁴

Leading Nonsubject Sources of Imports

During the period for which data were collected, imports of hot-rolled steel entered the United States from a variety of sources other than the ten subject countries. The leading nonsubject suppliers are shown in table IV-2. The total quantity of hot-rolled steel imports from all nonsubject sources fluctuated during 2001-06, with lows recorded in 2001, 2003, and 2005. Nonsubject imports peaked during the even years of the review period, and reached their highest level in 2006. Countries that were responsible for much of the increase in 2006 include Egypt, Russia, Turkey, Korea, Malaysia, Australia, and Mexico. Imports from Russia have been subject to a suspension agreement since 1999, and achieved peak levels in 2004 and 2006.

U.S. IMPORTERS' INVENTORIES

Data relating to U.S. importers' inventories of hot-rolled steel are presented in table IV-3. Information summarizing the inventory levels of U.S. producers and U.S. service centers is presented in Part III.

As the data presented in table IV-3 illustrate, inventories of subject imports fluctuated between 2001 and 2006, ranging from a low of *** reported in 2003 to a high of *** short tons reported in 2002, but overall were noticeably lower in December 2006 than in December 2001. Inventories were also lower in June 2007 than they were in June 2006. Imported material from *** and *** accounted for the majority of the aggregate subject import inventory levels. Inventories of nonsubject imports fell from 2001 to 2003, but increased in the remaining periods. Relative to import quantity, inventories of subject imports were relatively low throughout the entire period examined, ranging from a low of *** percent of imports in 2003 to a high of *** percent of imports in 2002.

³ See Part I of this report for a description of the U.S. safeguard measure in effect in 2003.

⁴ Orders were reported by ***.

Table IV-2
Hot-rolled steel: U.S. imports from leading nonsubject sources, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Quantity (short tons)								
Covered by order or suspension agreement since 1999								
Brazil ¹	2,583	324	0	2,912	0	2,237	286	14
Japan ¹	5,158	3,646	3,445	8,005	5,009	11,795	6,161	5,417
Russia ¹	5,845	160,712	32,485	903,564	299,275	789,288	281,355	91,525
Subtotal	13,586	164,682	35,931	914,481	304,284	803,320	287,802	96,956
Not covered by order or suspension agreement								
Canada	358,443	856,312	671,265	680,313	940,655	984,396	492,071	715,372
Korea ¹	301,053	742,026	567,700	721,812	670,553	955,873	514,509	340,215
Egypt	42,599	199,999	98,736	423,105	165,434	685,802	443,066	4,844
Australia ¹	249,922	316,942	337,763	347,359	281,618	479,082	255,373	172,081
Mexico	259,903	367,157	118,863	356,978	272,591	402,957	169,567	183,090
Turkey	259,914	370,080	128,138	196,408	97,698	387,059	301,754	772
Malaysia	0	0	0	186,871	123,192	375,488	171,780	49,595
Netherlands ²	377,909	356,860	184,586	274,734	306,093	336,709	135,090	82,873
France ¹	355,837	293,685	192,940	231,291	239,905	170,666	92,563	57,200
Italy ¹	34,432	62,986	1,494	154,371	95,946	133,058	79,538	88
New Zealand ¹	68,357	63,927	77,112	98,387	59,654	129,226	68,440	59,165
Germany ¹	58,632	57,078	22,348	62,480	45,678	95,922	39,952	19,530
All others	276,454	450,775	170,530	355,899	213,414	250,883	129,742	19,035
Total nonsubject	2,657,040	4,302,509	2,607,407	5,004,490	3,816,715	6,190,441	3,181,249	1,800,817

Table continued on following page.

Table IV-2--Continued

Hot-rolled steel: U.S. imports from leading nonsubject sources, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Value (1,000 dollars)²								
Covered by order or suspension agreement since 1999								
Brazil ¹	970	125	0	1,335	0	1,856	248	17
Japan ¹	2,499	2,386	2,341	6,259	3,911	8,549	4,014	3,662
Russia ¹	1,670	52,268	10,951	477,591	169,124	411,375	131,179	43,988
Subtotal	5,139	54,780	13,292	485,186	173,035	421,780	135,440	47,667
Not covered by order or suspension agreement								
Canada	111,334	280,226	230,133	364,718	548,535	603,798	296,825	409,384
Korea ¹	83,799	217,951	183,834	320,267	327,720	454,540	232,984	164,484
Egypt	10,261	62,997	35,087	220,676	95,426	323,462	200,731	3,046
Australia ¹	57,420	81,202	97,316	150,458	151,528	231,445	114,469	87,706
Mexico	62,302	122,537	38,656	206,242	141,769	226,267	93,276	95,758
Turkey	57,695	86,014	37,726	106,608	55,959	179,900	133,684	438
Malaysia	0	0	0	70,878	72,683	184,465	77,928	28,045
Netherlands	105,489	124,859	59,810	130,328	153,606	176,248	67,435	45,076
France ¹	102,525	100,796	67,088	123,293	143,011	101,858	52,334	36,044
Italy ¹	8,968	19,256	519	91,278	52,651	63,481	35,657	53
New Zealand ¹	18,120	20,387	25,486	54,188	36,551	71,054	34,731	33,017
Germany ¹	19,924	21,495	10,207	31,061	29,512	58,846	23,346	11,333
All others	68,033	128,987	55,366	190,328	110,697	130,337	65,224	11,931
Total nonsubject	711,009	1,321,488	854,518	2,545,509	2,092,683	3,227,482	1,564,064	973,983

Table continued on following page.

Table IV-2--Continued

Hot-rolled steel: U.S. imports from leading nonsubject sources, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Unit value (per short ton)								
Covered by order or suspension agreement since 1999								
Brazil ¹	\$375	\$387	(³)	\$458	(³)	\$830	\$866	\$1,208
Japan ¹	485	655	\$679	782	\$781	725	652	676
Russia ¹	286	325	337	529	565	521	466	481
Subtotal	378	333	370	531	569	525	471	492
Not covered by order or suspension agreement								
Canada	311	327	343	536	583	613	603	572
Korea ¹	278	294	324	444	489	476	453	483
Egypt	241	315	355	522	577	472	453	629
Australia ¹	230	256	288	433	538	483	448	510
Mexico	240	334	325	578	520	562	550	523
Turkey	222	232	294	543	573	465	443	567
Malaysia	(³)	(³)	(³)	379	590	491	454	565
Netherlands	279	350	324	474	502	523	499	544
France ¹	288	343	348	533	596	597	565	630
Italy ¹	260	306	347	591	549	477	448	605
New Zealand ¹	265	319	331	551	613	550	507	558
Germany ¹	340	377	457	497	646	613	584	580
All others	246	286	325	535	519	520	503	627
Total nonsubject	268	307	328	509	548	521	492	541

¹ Countries subject to safeguard duties during 2002-03.² Landed, duty-paid.³ Not applicable.

Note.—All other sources include Austria, Belgium, Bulgaria, Czech Republic, Saudi Arabia, Spain, and Venezuela. Shaded columns are years affected by safeguard duties. Not included in the data presented are imports of micro-alloy steel, which accounted for *** percent of total imports of hot-rolled steel from the Netherlands during 2006 as reported in response to Commission questionnaires. Imports of micro-alloy steel from the Netherlands, as reported by Corus, were as follows: ***. Also not included are imports of micro-alloy steel from other nonsubject countries, which accounted for *** percent of total imports of hot-rolled steel from other nonsubject countries during 2006 as reported in response to Commission questionnaires. Imports of micro-alloy steel from all other nonsubject countries combined, as reported by nine U.S. importers were as follows: ***.

Source: Import data presented are from official Commerce statistics under HTS statistical reporting numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.0000, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, and 7211.19.7590.

Table IV-3

Hot-rolled steel: U.S. importers' end-of-period inventories of imports, by source, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Imports from Argentina:								
Inventories (<i>short tons</i>)	***	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Imports from China:								
Inventories (<i>short tons</i>)	***	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Imports from India:								
Inventories (<i>short tons</i>)	***	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Imports from Romania:								
Inventories (<i>short tons</i>)	***	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Imports from South Africa:								
Inventories (<i>short tons</i>)	***	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Imports from Thailand:								
Inventories (<i>short tons</i>)	***	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Imports from subject sources:								
Inventories (<i>short tons</i>)	***	***	***	***	***	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***	***	***	***	***	***

Table continued on following page.

Table IV-3--Continued

Hot-rolled steel: U.S. importers' end-of-period inventories of imports, by source, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Imports from all other sources:								
Inventories (short tons)	***	***	***	***	***	***	***	***
Ratio to imports (percent)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***	***	***	***
Imports from all sources:								
Inventories (short tons)	142,414	235,576	24,024	127,708	150,444	165,536	293,281	66,322
Ratio to imports (percent)	9.9	9.8	1.6	4.2	6.3	4.5	7.5	3.8
Ratio to U.S. shipments of imports (percent)	10.0	10.5	1.4	4.4	6.5	4.7	8.2	3.8
¹ Not applicable.								
Note.—There were no subject inventories of imports reported from Indonesia, Kazakhstan, Taiwan, or Ukraine.								
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 generally has considered 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 Parts I and II of this report. Additional information concerning geographical markets and simultaneous presence in the market is presented below.

Geographic Markets

As noted previously, hot-rolled steel produced in the United States is shipped nationwide. Information summarizing the regional shipment of hot-rolled steel imported from the subject countries is presented in table IV-4. Additional information on geographic markets may be found in Part II of this report. As information presented in table IV-4 illustrates, the top two Customs districts for subject imports during 2001-06 were Houston-Galveston, TX and Los Angeles, CA. Since 2001, more than one-half of the subject merchandise entered the United States through these two Customs districts. In addition, imports of subject merchandise from every one of the ten subject countries entered the United States through at least one of the top two Customs districts during 2001-06.

Table IV-4

Hot-rolled steel: U.S. imports from subject countries, by Customs district, 2001-06

Customs district	Argentina	China ¹	India	Indonesia	Kazakhstan	Romania	South Africa ²	Taiwan	Thailand	Ukraine ³	Total subject countries
Quantity (short tons)											
Houston-Galveston, TX	8,307	18,360	92,655	0	13,066	137,837	61,384	7,943	550	7,572	347,673
Los Angeles, CA	0	14,661	6,817	7,562	0	0	19,058	30,236	246,131	0	324,464
New Orleans, LA	12,621	1,604	23,505	0	1,261	54,674	40,370	6,358	19,955	2,858	163,206
San Francisco, CA	0	0	2,316	3,164	0	0	32	1,275	122,951	0	129,738
Columbia-Snake, OR	0	7,045	0	0	0	0	0	0	76,592	0	83,637
Philadelphia, PA	6,102	3,382	8,479	0	0	18,236	28,790	4,317	0	3,326	72,632
Detroit, MI	0	5,137	1,031	0	0	0	441	72	15,384	12,550	34,614
Boston, MA	3,781	173	0	0	0	0	14,185	0	0	0	18,139
Chicago, IL	0	0	0	0	0	11,051	25	1,152	0	0	12,228
Tampa, FL	0	0	2,598	0	0	2,172	0	66	692	0	5,529
All others	198	2,623	242	5	277	0	1,603	813	137	1,569	7,468
Total	31,008	52,984	137,643	10,731	14,604	223,971	165,889	52,231	482,392	27,875	1,199,329

¹ The primary "other" port of entry for hot-rolled steel from China was Seattle, WA.

² The primary "other" ports of entry for hot-rolled steel from South Africa were Laredo, TX and Seattle, WA.

³ The primary "other" port of entry for hot-rolled steel from Ukraine was Milwaukee, WI.

Source: Compiled from official Commerce statistics.

Presence in the Market

Table IV-5 presents data on the monthly entries of U.S. imports of hot-rolled steel, by source, during 2001-06. Hot-rolled steel produced in each of the subject countries was generally present in several months during 2001, with the exception of hot-rolled steel from Indonesia and Thailand which were present in only one month of that year. From 2002 to 2006, after the imposition of the orders, the presence of subject imports in the market appeared relatively more sporadic, with no monthly entries for imports of hot-rolled steel for the following: Argentina (2003-05), India (2003), Indonesia (2002-03 and 2005-06), Kazakhstan (2002-06), Romania (2005), and Ukraine (2004 and 2006). Imports from all other sources combined were present throughout the period.

Table IV-5
**Hot-rolled steel: U.S. imports, monthly entries into the United States, by sources, January 2001-
 June 2007**

Country	Calendar year						January- June
	2001	2002	2003	2004	2005	2006	2007
Argentina	3	1	0	0	0	1	0
China	8	2	1	4	5	11	5
India	8	5	0	5	6	10	3
Indonesia	1	0	0	1	0	0	0
Kazakhstan	3	0	0	0	0	0	0
Romania	4	5	1	3	0	3	0
South Africa	7	9	4	3	1	5	1
Taiwan	6	2	3	6	6	5	1
Thailand	1	5	1	4	4	8	1
Ukraine	4	2	1	0	3	0	0
All others	12	12	12	12	12	12	6

Source: Compiled from official statistics of Commerce.

THE SUBJECT FOREIGN INDUSTRIES

Actual and Anticipated Changes in Capacity

More than 20 foreign producers in Argentina, China, India, and Thailand reported or announced increases in their capacity to produce hot-rolled steel during 2001-06.⁵ In addition, at least 29 foreign producers in Argentina, China, India, Indonesia, and Thailand have announced anticipated increases in the capacity to produce hot-rolled steel in their home markets during 2007-10; one foreign producer in Argentina reported an anticipated shutdown of capacity.⁶ Information concerning these actual and anticipated changes in the capacity to produce hot-rolled steel in the subject countries, supplemented with information derived from data published by ***, is presented in table IV-6.

Table IV-6

Hot-rolled steel: Capacity changes in the subject countries, 2001-06 (actual/estimated) and 2007-10 (forecasted)

* * * * *

Exports

As shown in table IV-7, Ukraine was the largest subject country exporter during 2001-04. During 2005-06, Ukraine was overtaken by China. Not only was China the largest subject country exporter in 2006, it had the largest increase, during 2001-06, of all subject countries (1,011 percent) followed by Thailand (939 percent). India had the third largest increase in exports during this period (207 percent).

Net Trade Balance

Data concerning the net trade balance reported for each subject country is presented in table IV-8. These data show that, in the aggregate, the ten subject countries were net importers during 2001 and 2003, but have increasingly become larger net exporters since that time. Five subject countries (Argentina, Romania, South Africa, Taiwan, and Ukraine) have historically remained net exporters of hot-rolled steel since the imposition of the orders and two subject countries (Indonesia and Thailand) have remained net importers of hot-rolled steel since 2001. India's imports and exports of hot-rolled steel during 2001-04 were fairly balanced; however, since that time, India has become an increasingly larger net importer. China, while a net importer of hot-rolled steel during 2001-04, has experienced the largest swing from net importer to net exporter during 2005-06.

⁵ The following producers reported or announced capacity increases during 2001-06: ***.

⁶ The following producers announced anticipated capacity increases during 2007-10: ***.

Table IV-7

Hot-rolled steel: Reported worldwide exports from subject countries, top 10 nonsubject countries, and all other countries, 2001-06, January-June 2006, and January-June 2007

Exporting country	2001	2002	2003	2004	2005	2006	Jan.-June 2006	Jan.-June 2007
	Quantity (short tons)							
Argentina	346,560	363,156	265,837	47,716	164,527	104,196	(¹)	(¹)
China	922,200	1,021,088	1,084,864	3,798,237	4,931,039	10,247,728	4,157,000	6,212,000
India	439,571	745,420	1,077,825	1,113,955	1,351,146	1,675,061	(¹)	(¹)
Indonesia	283,772	311,592	416,415	305,048	306,055	518,824	(¹)	(¹)
Kazakhstan ²	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Romania ³	641,666	1,207,486	1,132,290	875,148	1,347,363	1,124,857	378,000	406,000
South Africa	1,149,605	1,172,738	1,711,698	959,733	1,211,164	855,018	(¹)	(¹)
Taiwan	2,124,293	2,115,377	2,070,330	1,894,653	1,947,732	2,330,684	1,195,000	1,348,000
Thailand	73,532	237,149	283,762	645,972	852,837	763,681	180,000	476,000
Ukraine	2,471,598	3,741,071	3,758,634	4,404,365	4,338,670	4,168,866	(¹)	(¹)
Subtotal, subject countries	8,452,797	10,915,076	11,801,654	14,044,828	16,450,535	21,788,915	5,910,000	8,442,000
Japan	8,433,630	9,732,028	8,342,694	7,842,966	6,458,925	7,570,249	3,835,000	3,688,000
Russia	4,876,321	6,527,919	5,871,592	6,185,149	6,672,063	5,737,025	(¹)	(¹)
Belgium ³	4,910,789	4,623,462	4,401,988	4,944,841	4,512,288	5,474,855	1,757,000	2,201,000
Korea	2,726,287	2,625,036	3,023,373	2,902,054	2,945,104	3,573,479	1,859,000	1,855,000
Germany ³	2,960,642	3,065,444	2,759,427	3,780,621	2,652,477	3,320,586	922,000	1,203,000
France ⁴	2,948,068	2,459,204	1,956,156	2,312,257	2,394,066	3,161,687	1,444,000	1,247,000
Netherlands ³	2,037,517	2,258,711	2,595,290	2,654,622	2,355,140	2,817,448	916,000	850,000
Italy ³	1,681,044	1,579,323	1,558,944	2,097,556	2,206,724	2,502,875	890,000	883,000
Brazil	428,258	780,782	1,323,673	1,450,342	1,454,810	1,511,020	786,000	659,000
Malaysia	132,742	223,942	799,596	1,055,451	544,898	1,496,714	(¹)	(¹)
Subtotal, top nonsubject countries	31,135,298	33,875,851	32,632,733	35,225,858	32,196,494	37,165,938	12,409,000	12,586,000
All other countries	6,902,736	9,282,419	9,670,196	9,233,693	10,492,739	10,979,074	(¹)	(¹)
World	46,490,831	54,073,345	54,104,582	58,504,378	59,139,767	69,933,928	18,319,000	21,028,000

¹ Interim period data are unavailable.

² Kazakhstan does not report its trade data to the Global Trade Atlas.

³ Interim period data are for the periods January-April 2006 and January-April 2007.

⁴ Interim period data are for the periods January-May 2006 and January-May 2007.

Source: Compiled from Global Trade Atlas for HTS codes : 7208.10, 7208.25, 72078.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19

Table IV-8
Hot-rolled steel: Subject country exports, imports, and trade balances, 2001-06¹

Country	2001			2002			2003			2004			2005			2006		
	Exports	Imports	Trade balance	Exports	Imports	Trade balance	Exports	Imports	Trade balance	Exports	Imports	Trade balance	Exports	Imports	Trade balance	Exports	Imports	Trade balance
	Quantity (short tons)																	
Argentina	347	164	183	363	105	258	266	24	241	48	28	20	165	15	150	104	14	90
China	922	3,150	(2,228)	1,021	4,752	(3,731)	1,085	8,939	(7,855)	3,798	5,307	(1,508)	4,931	4,083	848	10,248	2,058	8,190
India	440	510	(71)	745	758	(13)	1,078	978	99	1,114	1,098	16	1,351	2,525	(1,173)	1,675	2,765	(1,090)
Indonesia	284	493	(209)	312	576	(265)	416	637	(221)	305	953	(648)	306	1,074	(767)	519	726	(208)
Romania	642	62	580	1,207	65	1,143	1,132	100	1,032	875	51	824	1,347	61	1,286	1,125	144	981
South Africa	1,150	18	1,131	1,173	7	1,165	1,712	19	1,693	960	13	947	1,211	27	1,184	855	55	800
Taiwan	2,124	1,037	1,088	2,115	1,194	921	2,070	1,261	809	1,895	1,656	238	1,948	1,312	636	2,331	949	1,382
Thailand	74	2,302	(2,228)	237	2,342	(2,105)	284	2,572	(2,288)	646	2,466	(1,820)	853	2,754	(1,901)	764	2,090	(1,326)
Ukraine	(²)	(²)	(²)	3,741	55	3,686	3,759	41	3,718	4,404	34	4,370	4,339	27	4,311	4,169	83	4,085
Total	5,983	7,736	(1,754)	10,914	9,854	1,059	11,802	14,571	(2,772)	14,045	11,606	2,439	16,451	11,878	4,574	21,790	8,884	12,904

¹ Positive numbers presented for "trade balance" show net exports and numbers in parentheses presented for "trade balance" show net imports.

² Ukraine did not begin to report its trade data to the Global Trade Atlas until 2002.

Note.--Kazakhstan does not report its trade data to the Global Trade Atlas.

Note.--Because of rounding, exports minus imports may not equal the trade balance.

Source: Compiled from data obtained from the Global Trade Atlas for HTS codes: 7208.10, 7208.25, 72078.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19.

Tariff or Non-Tariff Barriers to Trade

The Commission asked producers of hot-rolled steel in the subject countries to identify tariff or non-tariff barriers to trade (for example, antidumping or countervailing duty findings or remedies, tariffs, quotas, or regulatory barriers) concerning their exports of hot-rolled steel to countries other than the United States. The Commission also asked the subject foreign producers to identify ongoing investigations in countries other than the United States that could result in tariff or non-tariff barriers to trade for their exports of hot-rolled steel. The responses of the foreign producers are presented in table IV-9. As the table illustrates, hot-rolled steel produced in all but one of the subject countries for which the Commission received foreign producer questionnaire responses is subject to countervailing and/or antidumping duty orders in at least one country other than the United States. The hot-rolled steel producers in Thailand reported that Indonesia is currently conducting an antidumping investigation concerning hot-rolled steel exports from Thailand but that no other barriers to trade are currently in place. In addition, other non-tariff barriers to trade were reported concerning Kazakhstan's exports of hot-rolled steel to the European Union, Romania's exports to Thailand, and South Africa's exports to Canada.

THE INDUSTRY IN ARGENTINA

Overview

Two firms, accounting for all Argentine production of hot-rolled steel, provided data in response to the Commission's questionnaire in the original investigations: Acindar Industria Argentina de Aceros, S.A. ("Acindar") and Siderar S.A.I.C. ("Siderar"). Siderar was by far the largest producer of hot-rolled steel in Argentina at that time, accounting for *** percent of all hot-rolled steel production in Argentina during 2000 and *** percent of the exports of such merchandise to the United States.⁷

The structure of the hot-rolled steel industry in Argentina has changed little since the imposition of the orders, with Siderar producing *** percent of the subject merchandise in that country. Responses to the Commission's questionnaire were received from the only known producers in Argentina, Siderar and Acindar.⁸ Accordingly, the data presented on Argentine production of hot-rolled steel for the current reviews are for Siderar and Acindar, which represent virtually all production of hot-rolled steel in Argentina. Table IV-10 presents comparative information available from the original investigations and these first reviews.

⁷ *Staff Report*, August 6, 2001 (INV-Y-141), p. VII-1.

⁸ During the period of review, Acindar was part of the Arcelor/Mittal Group. Also included in the Arcelor/Mittal Group producing hot-rolled steel are the following: Mittal Steel USA Inc. (accounting for *** percent of U.S. production of hot-rolled steel in 2006); Mittal Steel Canada, Inc.; Dofasco, Canada; Mittal Steel Galati SA (Romania); Mittal Steel South Africa; Mittal Steel Temiratau (Kazakhstan); Mittal Steel, Algeria; Mittal Steel Ostrava Czech Republic; Mittal Steel Poland; Mittal Steel Skopje, Macedonia; Arcelor Leige, Belgium; Arcelor Gent, Belgium; Arcelor Dunkerque, France; Arcelor Florange, France; Arcelor Fos-sur-Mer, France; Arcelor Bremen, Germany; Arcelor Eisenhüttenstadt, Germany; ACB Grupo Arcelor, Spain; Arcelor Asturias, Spain; and Companhia Siderurgica de Tubarao S.A., Brazil. Questionnaire response of Mittal Steel USA, Inc.

Table IV-9

Hot-rolled steel: Subject countries' tariff or non-tariff barriers to trade in countries other than the United States

Subject country	Country	Year imposed	Type of barrier/investigation
Argentina	Thailand	2003	Antidumping duty order
China	Canada	2001	Antidumping duty order
	Australia	2004	Antidumping duty order (hot-rolled steel plate)
	Indonesia	Ongoing investigation	Antidumping duty investigation
	Mexico	Ongoing investigation	Antidumping duty investigation
India	Canada	2001	Antidumping/countervailing duty measure
	Indonesia	2002	Antidumping duty order
	Thailand	2003	Antidumping duty order (26.81 percent)
Indonesia	Australia	2004	Antidumping duty order (hot-rolled steel plate)
			Minimum export price undertakings
	Thailand	2003	Antidumping duty order
Kazakhstan	Argentina	April 2002-March 2007	Antidumping duty order
	Thailand	2003	Antidumping duty order (109 percent)
	European Union	2005	Quotas (93,696 short tons (2005); 96,039 short tons (2006); and 121,254 short tons (2007)) ¹
Romania	Argentina	2002	Antidumping duty order (40.48 percent)
	Peru	2002-06	Antidumping duty order
	Thailand	2003	Quotas (The quota for July 2006-July 2007 was 315,201 short tons)
South Africa	Australia	2002	Antidumping duty order (structural hot-rolled steel)
	Argentina	2002	Antidumping duty order (55.26 percent)
	Canada	2001	Normal value agreement
	Thailand	2003	Antidumping duty order (128.11 percent)
Taiwan ²	Canada	2001	Antidumping duty order (China Steel and Chung Hung (77 percent))
	European Union	November 1998 - March 2003	Antidumping duty order (China Steel (2.7 percent) and Chung Hung (2.1 percent))
			Countervailing duty order (China Steel (4.4 percent))
	Indonesia	Ongoing investigation	Antidumping investigation (China Steel and Chung Hung)
Thailand	2003	Antidumping/countervailing duty measure	
Thailand	Indonesia	Ongoing investigation	Antidumping investigation
	Australia	2002	Antidumping duty order (structural hot-rolled steel)
Ukraine	European Union	1995	Quotas (The quota for 2007 was 609,875 short tons for flat products)
	Canada	2001	Antidumping/countervailing duty measure
	Argentina	2006	Antidumping duty order
	Peru	1999	Antidumping duty order
	Thailand	2003	Antidumping duty order
	Mexico	2005	Antidumping duty order

¹ The U.S. embassy reported that the quota mechanism is set to expire upon Kazakhstan's accession to the World Trade Organization.

² Taiwan manufacturer Shang Shing indicated that its exports of hot-rolled steel are not subject to tariff or non-tariff barriers to trade in any countries other than the United States and that its exports of hot-rolled steel are not subject to any current investigations in countries other than the United States that might result in tariff or non-tariff barriers to trade.

Note.—Questionnaires responses were not submitted by foreign producers in Indonesia and Ukraine.

Source: Compiled from data submitted in response to Commission questionnaires; U.S. Steel's Prehearing brief, pp. 88 and 97-98; and Mittal Steel USA's Prehearing Brief, pp. 12-13 and exhibit 1.

Table IV-10

Hot-rolled steel: Comparison of select Argentine industry data, 2000 and 2006

* * * * *

Hot-Rolled Steel Operations

Data provided by Siderar and Acindar concerning their hot-rolled steel operations in Argentina during calendar years 2001-06, January-June 2006, and January-June 2007 are presented in table IV-11. The firms' projections for calendar years 2007-08 are presented in table IV-12. The two Argentine producers reported that neither they nor any related firm had a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel.

Table IV-11

Hot-rolled steel: Argentine capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007

* * * * *

Table IV-12

Hot-rolled steel: Argentine capacity, production, shipments, and inventories, projections for 2007-08

* * * * *

Production Capacity in Argentina

The combined capacity to produce hot-rolled steel in Argentina increased in 2003 and 2006 and further increases in capacity are projected for 2007. These increases were solely the result of ***.

Siderar indicated that its reported hot-rolled steel capacity, which is based on operating *** hours per week, *** weeks per year, increased in 2003 and in 2006. The company explained that the capacity increase experienced in 2003 was as a result of ***. It further indicated that ***. With this ***, the firm reported that ***. Siderar reported that it has *** additional plans to add, expand, curtail, or shut down production capacity and/or production of hot-rolled steel in Argentina in the foreseeable future. Changes to the character of its operations since 2001 were described as follows: ***.

The firm reported ***. Siderar also explained that there are a number of technical and production-related limitations that prevent it from supplying hot-rolled steel to the U.S. market. The firm noted that since the U.S. market requires hot-rolled steel that has undergone skin pass rolling, its constraints on its skin pass annual capacity is a barrier to exporting to the United States.⁹ The hot-rolled steel that has undergone this process is primarily consumed in the home market, which Siderar explained is its first priority. Siderar also explained that it produces primarily to the Argentine IRAM standard for its Argentine customers and the vast majority of its export customers rather than to the ASTM standard used in the U.S. market.¹⁰

Argentine producer Acindar reported that, during 2001-06, its hot-rolled steel capacity, which was based on operating *** hours per week, *** weeks per year, ***. The firm reported that, during the

⁹ Siderar explained that it faces limitations on its skin-pass rolling capacity, and that it only produces coils in 500 pound per inch width rather than 1,000 pound per inch width, which it claimed is primarily demanded in the U.S. market. Hearing transcript, pp. 456-457 (Spak).

¹⁰ Ibid.

period of review, all of its production of hot-rolled steel (or “skelp”¹¹) in Argentina was used ***. However, in January 2006, Acindar sold its facilities that produced tubes to Argentine hot-rolled steel producer Siderar. ***.¹²

Shipments of Hot-Rolled Steel Produced in Argentina

Despite falling slightly during 2004, total shipments of hot-rolled steel by Argentine producers increased over the period of review. The Argentine producers’ internal consumption accounted for the majority of the firms’ total shipments of hot-rolled steel during the period of review and the firms’ combined home market shipments (internal consumption and commercial), which accounted for *** percent of the firms’ total shipments during 2001, increased during the same period. By 2006, the Argentine producers’ combined home market shipments accounted for more than *** percent of total shipments. With increases in shipments to the European Union, South America, and North American countries (other than the United States) during the first half of 2007, however, the Argentine producers’ combined home market shipments fell to *** percent of total shipments. Siderar indicated in its questionnaire response that demand for hot-rolled steel in the Argentine market ***. It explained further that the best performing sectors in the Argentina economy ***. Based on a combination of third party projections of growth in the gross domestic product in Argentina, Siderar projected that Argentine demand for hot-rolled steel is expected to continue to increase by *** percent from 2007 to 2008, and by an additional *** percent in 2009. Siderar argued that the projected increase in the home market demand will ensure that the Argentine industry maintains its capacity utilization levels in the foreseeable future.¹³ Siderar reported that its sales of hot-rolled steel in the Argentine market are directed to distributors (*** percent of home market shipments in 2006) and end users (*** percent of home market shipments in 2006). The firm indicated that its home market customers are unrelated companies but that it “makes an enormous effort to generate value added services that result in customer loyalty in the home market.”¹⁴ It also reported that its corporate parent’s strategy (i.e., Ternium’s strategy) is for each of its mills to focus on its home market as its priority market.¹⁵

Total Argentine export shipments of hot-rolled steel have fallen overall since 2001, both absolutely and relatively, although increases were reported from 2001 to 2002, from 2004 to 2005, and from the first half of 2006 to the comparable period in 2007. The Argentine producers’ data show that there were no exports of hot-rolled steel to the United States during January 2001 to June 2007. Siderar has argued that it has no economic incentive to divert any of its capacity to produce hot-rolled steel in order to ship to the U.S. market. It explained that it is the only producer of higher value-added downstream flat-rolled steel products in Argentina, such as cold-rolled and galvanized steel, and that it has no incentive to leave its downstream mills idle in order to produce less profitable hot-rolled steel for the U.S. market. Siderar stated further that although it is “***.” The company indicated that it ***. The Argentine producers reported in their questionnaire responses that their relatively minor amount of exports have been focused on customers located in the South American and the European Union markets. Siderar, which is part of the regional corporation Ternium that comprises steel companies in Venezuela

¹¹ Skelp is hot-rolled steel that is intended to be rolled and welded to form a tube.

¹² Questionnaire response of Acindar; Siderar’s Posthearing Brief, response to question 6; and correspondence with ***, Arcelor Mittal (on behalf of Acindar), August 22-29, 2007.

¹³ Siderar’s Posthearing Brief, response to question 7.

¹⁴ Siderar provides the *** Siderar’s Posthearing Brief, response to questions 4 and 10.

¹⁵ Siderar’s Posthearing Brief, response to question 5.

(Sidor) and Mexico (Hylsa), indicated that its exports *** because these countries ***¹⁶ and because ***. In addition, Siderar indicated that it expects ***.¹⁷

Alternative Products

Siderar, *** the largest producer of hot-rolled steel in Argentina, reported that the subject merchandise represented about *** percent of its total 2006 company sales.¹⁸ In response to a question concerning the production of other products (such as cut-to-length plate or alloy hot-rolled steel) or downstream products (such as cold-rolled or coated steel), Siderar reported that its hot-rolled steel facilities only produce hot-rolled steel but the product continues downstream in its facilities as an input for the production of other products, including cold-rolled and coated steel sheet and strip. The company indicated that ***. Sales of hot-rolled steel accounted for *** percent of Acindar's total 2006 company sales. Acindar indicated that it also produces "long products" on the same rolling mill employed to produce hot-rolled steel. Data regarding Siderar's and Acindar's raw steel capacity and production, as well as the capacity and production of other forms of flat-rolled steel produced by Siderar, are presented in table IV-13.

Table IV-13
Other products: Argentine capacity, production, and capacity utilization, 2001-06

* * * * *

THE INDUSTRY IN CHINA

Overview

The following five Chinese producers of the subject merchandise provided the Commission with information on their hot-rolled steel operations in China in the original investigations: Angang Group International Trade Corp. ("Angang"); Shanghai Baosteel Group Corp. ("Shanghai Baosteel"); Benxi Iron and Steel Group Co. ("Benxi"); Pangang Group International Economic & Trading Corp. ("Pangang"); and International Economic & Trading Corp. Wugang Group ("Wugang"). These five firms accounted for 75.7 percent of U.S. imports of the Chinese subject merchandise during 2000.¹⁹ Shanghai Baosteel, the largest of the responding Chinese producers at that time, accounted for *** percent of total reported Chinese production of hot-rolled steel products during 2000.²⁰

In these current reviews, the domestic interested parties indicated that there are about 35 producers of hot-rolled steel in China, with the largest five producers (i.e., Anshan Iron and Steel Group Corp. ("Anshan"), Baoshan Iron and Steel Co., Benxi, Tangshan Iron and Steel, and Wuhan Iron and Steel Co. ("Wuhan")) representing slightly more than one-half of the total capacity to produce hot-rolled steel in China. They provided the Commission with a listing of 19 Chinese producers of hot-rolled steel in their response to the notice of institution in these reviews. The Commission obtained contact

¹⁶ Siderar indicated ***. *Response of Siderar*, September 20, 2006, pp. 1-2.

¹⁷ Siderar's Posthearing Brief, response to question 8.

¹⁸ Acindar did not provide the share of its total company sales in 2006 accounted for by its hot-rolled steel.

¹⁹ USITC Publication 3446, p. VII-2.

²⁰ *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Investigations Nos. 701-TA-404-408 (Final) and 731-TA-898-908 (Final)*, INV-Y-141, August 6, 2001, p. VII-3.

information and issued questionnaires to 29 possible producers in China, 8 of which responded.²¹ Accordingly, the data presented on Chinese production of hot-rolled steel for the current reviews are for the following eight producers in China: Anshan;²² Baosteel Iron & Steel Co. (“Baosteel”);²³ Benxi; Jiangsu Shagang Group Co., Ltd. (“Jiangsu Shagang”); Maanshan Iron & Steel Co. Ltd. (“Maanshan”); Panzhihua Iron & Steel (Group) Co. (“Panzhihua”);²⁴ Taiyuan Iron & Steel (Group) Co. Ltd. (“Taiyuan”); and Wuhan.²⁵ These firms represented between one-quarter and one-half of total production of hot-rolled steel in China during 2006.²⁶ The largest responding Chinese hot-rolled steel producer, Baosteel, alone accounted for an estimated *** percent of total production of hot-rolled steel in China during 2006.²⁷ Table IV-14 presents comparative information available from the original investigations and these first reviews.

²¹ Numerous attempts by Commission staff to solicit questionnaire responses from the largest non-responding Chinese producers were unsuccessful.

²² Anshan is the parent company of Angang, the sole agent of the import and export business for Anshan. Angang International webpage, found at <http://www.ansteelinternational.com/en/about/about-2.html>, retrieved on September 12, 2007.

²³ Baosteel is a large iron and steel conglomerate in China. Its iron and steel business includes the following large firms: Baoshan Iron and Steel Co., Ltd.; Baosteel Group Shanghai No. 1 Steel Co., Ltd.; Baosteel Group Shanghai No. 3 Steel Co., Ltd.; Baosteel Group Shanghai No. 5 Steel Co., Ltd.; Baosteel Group Shanghai Meishan Co., Ltd.; Ningbo Baoxin Stainless Steel Co., Ltd. Baosteel webpage, found at http://www.baosteel.com/group_e/05steel/Index.asp, retrieved on September 12, 2007.

²⁴ Panzhihua is the parent company of Pangang, a specialized corporation engaged in domestic trade, overseas trade, and international economic cooperation. The business scope of Pangang includes metallurgical raw materials, steel products, vanadium products, titanium products, mechanical and electrical equipments, automobile trade, and bidding agency. Pangang Group webpage, found at http://www.pietc.com/pietc_e.htm, retrieved on September 12, 2007.

²⁵ Wugang is the parent company of Wuhan.

²⁶ A Chinese coverage figure of 47 percent was calculated by comparing the commercial shipment data provided by the eight Chinese producers with the commercial production data calculated by ***. The Commission has obtained information on all of the Chinese companies in these reviews that responded to the Commission’s questionnaire in the original investigations. In addition, three Chinese firms (Maanshan, Taiyuan, and Jiangsu Shagang) that were hot-rolled steel producers during 2001 but did not provide information in the original investigations provided a response to the Commission’s questionnaires in these reviews. Staff notes, however, that reported capacity for 2006 compared to estimates by World Steel Dynamics yields a coverage estimate of *** percent, while a comparison of reported exports to trade data compiled by Global Trade Atlas yields a coverage estimate of 49 percent. See World Steel Dynamics, *Core Report ZZZZ*, July 2007, p. 22, and Global Trade Atlas data presented in this report in table IV-7.

²⁷ Baosteel’s coverage figure was calculated by comparing the firm’s commercial shipment data with the commercial production data calculated by ***.

Table IV-14**Hot-rolled steel: Comparison of select Chinese industry data, 2000 and 2006**

Item	2000	2006
Capacity (<i>short tons</i>)	19,168,541	57,643,686
Production (<i>short tons</i>)	20,911,275	56,010,651
Capacity utilization (<i>percent</i>)	109.1	97.2
Exports/shipments (<i>percent</i>)	8.5	9.0
Inventories/shipments (<i>percent</i>)	1.5	1.4
Note.--Data for 2000 were provided by Angang, Baosteel, Benxi, Pangang, and Wugang. Data for 2006 were provided by Anshan, Baosteel, Benxi, Jiangsu, Maanshan, Panzhihua, Taiyuan, and Wuhan.		
Source: USITC Publication 3446, p. VII-3, table VII-2; and 2007 questionnaire responses identified above.		

Hot-Rolled Steel Operations

Data concerning hot-rolled steel operations in China during calendar years 2001-06, January-June 2006, and January-June 2007 are presented in table IV-15. The firms' projections for calendar years 2007-08 are presented in table IV-16.

The Commission asked firms to indicate whether they or any related firm have a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel (including, by way of example, reports or studies relating to contemplated investments, plant closings, or shutdowns for maintenance or any other reasons; and budgets or forecasts of economic activity). Baosteel indicated that it had a "Strategy Development Plan" for 2007-09, which it submitted to the Commission with its questionnaire response. In that plan, Baosteel forecasted ***. Chinese producer Maanshan provided a single-page company announcement dated August 2001 concerning its "****." In the announcement, the company indicated that it ***.²⁸ It also reported that it ***. Benxi provided a single-page summary of its production and sales plan for 2007. In that plan, the company indicated that it ***. It anticipates the key areas of development for hot-rolled steel to be ***. Taiyuan provided its company's business plan and market analysis report for 2006. In its business plan, the company's production estimate for 2006 ***. The firm's market analysis report reveals that the company expected ***. Panzhihua, Jiangsu Shagang, and Wuhan reported that neither they nor any related firm had a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel. Anshan did not indicate whether it has such a business plan.

²⁸ Maanshan listed the main elements of the project as follows: ***.

Table IV-15
Hot-rolled steel: Chinese capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Quantity (short tons)								
Capacity	30,216,549	33,192,406	40,703,714	46,331,648	51,953,172	57,643,686	29,220,121	31,236,600
Production	27,418,575	31,405,622	35,315,264	43,235,111	48,771,192	56,010,651	27,065,179	30,955,525
End of period inventories	234,357	245,369	262,451	375,974	516,617	787,081	494,582	863,884
Shipments:								
Internal consumption	11,321,103	11,653,879	11,655,031	14,993,092	16,338,777	19,570,265	9,380,318	12,288,519
Commercial home market shipments	15,553,861	19,183,348	22,242,767	25,164,199	28,775,225	30,986,619	15,504,285	15,978,896
Exports:								
United States	25,420	0	0	0	0	0	0	0
North America (other than the U.S.) ¹	1,578	9,202	6,069	43,464	16,357	73,417	40,821	15,235
South America ²	0	0	0	0	363	55,475	18,639	39,110
European Union ³	174,074	250,031	214,337	285,646	268,567	1,783,721	931,727	733,507
Asia (other than China) ⁴	342,782	289,168	401,298	1,836,135	2,553,428	2,891,085	1,112,376	1,777,460
Africa	0	0	0	0	0	0	0	1,417
All other markets ⁵	2,374	8,981	31,948	76,910	55,080	204,601	19,295	56,513
Total exports	546,228	557,382	653,651	2,242,156	2,893,794	5,008,299	2,122,859	2,623,243
Total shipments	27,421,192	31,394,609	34,551,450	42,399,447	48,007,797	55,565,183	27,007,462	30,890,658
Value (\$1,000)								
Commercial shipments:								
Home market	3,531,326	4,715,999	6,888,301	10,519,290	12,244,097	11,838,670	5,507,262	6,965,125
Exports to--								
United States	4,859	0	0	0	0	0	0	0
North America (other than the U.S.) ¹	260	2,685	1,712	19,897	7,963	29,770	13,478	7,131
South America ²	0	0	0	0	162	23,860	6,967	18,085
European Union ³	29,305	54,881	55,377	125,451	115,778	745,898	345,195	338,647
Asia (other than China) ⁴	59,002	63,691	111,856	845,281	1,277,431	1,241,958	423,512	835,748
Africa	0	0	0	0	0	0	0	680
All other markets ⁵	467	2,020	8,835	33,435	29,081	89,462	7,688	28,819
Total exports	93,893	123,277	177,780	1,024,064	1,430,415	2,130,948	796,840	1,229,110
Total commercial shipments	3,625,220	4,839,276	7,066,082	11,543,353	13,674,512	13,969,617	6,304,101	8,194,235

Table continued on following page.

Table IV-15--Continued

Hot-rolled steel: Chinese capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Unit value (per short ton)								
Commercial shipments: Home market	\$227	\$246	\$310	\$418	\$426	\$382	\$355	\$436
Exports to-- United States	191	(⁶)	(⁶)	(⁶)	(⁶)	(⁶)	(⁶)	(⁶)
North America (other than the U.S.) ¹	165	292	282	458	487	405	330	468
South America ²	(⁶)	(⁶)	(⁶)	(⁶)	446	430	374	462
European Union ³	168	219	258	439	431	418	370	462
Asia (other than China) ⁴	172	220	279	460	500	430	381	470
Africa	(⁶)	(⁶)	(⁶)	(⁶)	(⁶)	(⁶)	(⁶)	479
All other markets ⁵	197	225	277	435	528	437	398	510
Total exports	172	221	272	461	497	425	375	469
Total commercial shipments	225	245	309	421	432	388	358	440
Ratios and shares (percent)								
Capacity utilization	90.7	94.6	86.8	93.3	93.9	97.2	92.6	99.1
Inventories to production	0.9	0.8	0.7	0.9	1.1	1.4	0.9	1.4
Inventories to total shipments	0.9	0.8	0.8	0.9	1.1	1.4	0.9	1.4
Share of total quantity of: Internal consumption	41.3	37.1	33.7	35.4	34.0	35.2	34.7	39.8
Home market	56.7	61.1	64.4	59.4	59.9	55.8	57.4	51.7
Exports to-- United States	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North America (other than the U.S.) ¹	0.0	0.0	0.0	0.1	0.0	0.1	0.2	0.0
South America ²	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
European Union ³	0.6	0.8	0.6	0.7	0.6	3.2	3.4	2.4
Asia (other than China) ⁴	1.3	0.9	1.2	4.3	5.3	5.2	4.1	5.8
Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All other markets ⁵	0.0	0.0	0.1	0.2	0.1	0.4	0.1	0.2
Total exports	2.0	1.8	1.9	5.3	6.0	9.0	7.9	8.5
<p>¹ Principal North America (other than the U.S.) export markets include Canada and Mexico.</p> <p>² Principal South America export markets include Brazil, Chile, Columbia, Ecuador, Peru, and Venezuela.</p> <p>³ Principal European Union export markets include Belgium, Germany, Italy, Netherlands, Portugal, Spain, Sweden, and United Kingdom.</p> <p>⁴ Principal Asia export markets include Bengal, Hong Kong, India, Indonesia, Iran, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore, Taiwan, Thailand, and Vietnam. In addition, *** included Saudi Arabia in its listing of principal Asia export markets.</p> <p>⁵ Principal other export markets include Australia, New Zealand, and Turkey. In addition, *** reported that its principal other export market was Saudi Arabia.</p> <p>⁶ Not applicable.</p>								
Source: Compiled from data submitted in response to Commission questionnaires.								

Table IV-16
Hot-rolled steel: Chinese capacity, production, shipments, and inventories, projections for 2007-08¹

Item	Projected	
	2007	2008 ²
Quantity (short tons)		
Capacity	60,150,316	62,292,746
Production	59,750,846	61,988,515
End of period inventories	795,486	783,449
Shipments:		
Internal consumption	24,244,555	25,198,116
Commercial home market shipments	30,570,498	31,872,313
Exports:		
United States	0	0
North America (other than the U.S.) ³	38,950	37,848
South America ³	72,168	44,610
European Union ³	1,501,269	1,523,315
Asia (other than China) ³	3,224,023	3,229,534
Africa ³	0	0
All other markets ³	102,696	102,696
Total exports	4,939,106	4,938,004
Total shipments	59,754,159	62,008,433
Value (\$1,000)		
Commercial shipments:		
Home market	13,716,206	14,385,415
Exports to--		
United States	0	0
North America (other than the U.S.) ³	18,823	18,583
South America ³	40,447	22,922
European Union ³	700,903	717,517
Asia (other than China) ³	1,603,459	1,633,408
Africa ³	0	0
All other markets ³	52,550	52,650
Total exports	2,416,182	2,445,080
Total commercial shipments	16,132,388	16,830,495

Table continued on following page.

Table IV-16--Continued

Hot-rolled steel: Chinese capacity, production, shipments, and inventories, projections for 2007-08¹

Item	Projected	
	2007	2008 ²
Unit value (per short ton)		
Commercial shipments:		
Home market	\$449	\$451
Exports to--		
United States	(4)	(4)
North America (other than the U.S.) ³	483	491
South America ³	560	514
European Union ³	467	471
Asia (other than China) ³	497	506
Africa ³	(4)	(4)
All other markets ³	512	513
Total exports	489	495
Total commercial shipments	454	457
Ratios and shares (percent)		
Capacity utilization	99.3	99.5
Inventories to production	1.3	1.3
Inventories to total shipments	1.3	1.3
Share of total quantity of:		
Internal consumption	40.6	40.6
Home market	51.2	51.4
Exports to--		
United States	0.0	0.0
North America (other than the U.S.) ³	0.1	0.1
South America ³	0.1	0.1
European Union ³	2.5	2.5
Asia (other than China) ³	5.4	5.2
Africa ³	0.0	0.0
All other markets ³	0.2	0.2
Total exports	8.3	8.0
¹ See table IV-15 for identification of principal countries in each export market. ² *** provided production and capacity data for 2007 and 2008 and inventory and shipment data for 2007, but it did not provide inventory and shipment data for 2008. ³ Projections are based on the assumption that the subject order remains in effect. If the subject order were to be revoked, *** indicated that the projected figures reported would be no different. ⁴ Not applicable.		
Source: Compiled from data submitted in response to Commission questionnaires.		

Production Capacity in China

Combined hot-rolled steel capacity reported by the eight Chinese producers, which was based on companies operating 116-160 hours per week, 46-52 weeks per year, increased consistently from 2001 to 2006, and again during the partial-year periods of 2006 and 2007. The firms projected that there will be a further increase in aggregate capacity for 2007-08. Capacity utilization ranged from a low of 86.8 percent in 2003 to a high of 99.1 percent in January-June 2007.²⁹ Projections indicate that capacity utilization will remain at greater than 99 percent during 2007-08.³⁰ No bottlenecks in production were reported by the Chinese producers.

The Commission asked producers of hot-rolled steel in China a series of questions concerning changes in the character of their operations since 2001 and their forecasts for changes in the future. A summary of the responses are as follows:

- Baosteel ***.
- Maanshan reported that ***.
- Panzhihua indicated ***.³¹
- Jiangsu Shagang reported ***.
- Benxi reported the following changes to the character of its operations since 2001: ***.
- Taiyuan reported ***.
- Wuhan reported ***³²***.
- Anshan reported ***.

Several additional planned capacity developments, outlined by ***, are reportedly to take place within China in the coming years. Some of these developments have already started. These company changes are outlined below:³³

* * * * *

Shipments of Hot-Rolled Steel Produced in China

The Chinese producers' combined commercial shipments of hot-rolled steel to the home market increased in every period examined in these reviews. While accounting for between 52 and 65 percent of the firms' total shipments during the period of review, their commercial home market shipments

²⁹ ***'s production equaled or exceeded its capacity to produce ***. The company explained that ***.

³⁰ Hot-rolled steel producer ***, which accounted for approximately *** percent of 2006 hot-rolled steel production in China, anticipates its projected production to exceed its capacity to produce during 2007 and 2008, yielding capacity utilization rates of *** percent and *** percent, respectively. The company explained that ***. By excluding ***'s capacity and production information from the aggregate data, the aggregate Chinese capacity utilization rates drop by only *** percentage points to *** percent in 2007 and *** percent in 2008.

³¹ The firm explained that ***.

³² According to information published by ***, Wuhan has been building at its operations in Hubei a two-strand 2.5 million ton per year compact strip mill for the production of high grade hot-rolled coil. Material ranging from 900mm to 1,600mm and from 0.8mm to 12.7mm in thickness will produce grades for the manufacture of electric sheet, but also dual-phase steels for the automobile industry, sheeting for containers, and pipe grades. ***.

³³ ***.

increased relative to total shipments from 2001 to 2003, but the relative share has fallen overall since that time. Internal consumption was large as a share of total shipments during 2001-06, ranging from a high of 41 percent in 2001 to a low of 34 percent in 2003 and 2005. In response to a Commission question concerning how demand for hot-rolled steel in the home market has changed since 2001, the Chinese producers indicated that the demand for hot-rolled steel in their home market has increased. They explained that the principal factor behind this change was the rapid growth in the Chinese economy, creating a much stronger demand for steel products, including hot-rolled steel, and creating development in the downstream industries in China. Chinese producers indicated further that they expect the economic trend to steadily continue in the future. Most of the responding Chinese producers indicated further that they allocate most of their goods to the domestic market in order to satisfy the demands of local customers, with only a small portion of the product allocated to export markets.

Exports of hot-rolled steel, while accounting for a relatively minor share of total shipments, increased during the entire period examined in these reviews on an absolute and relative basis. The Commission asked producers of hot-rolled steel in China a series of questions concerning their exports of hot-rolled steel, including a request to elaborate on the factors that led to the development of their export markets. The Chinese producers reported that the primary factor leading to the development of their export markets includes the increase in the demand for hot-rolled steel on the international market, spurred by the rapid development of downstream industries, such as ship-building and machine-making. The firms indicated that they determine the share of their exports destined for particular markets according to the demand for hot-rolled steel in each export market. Although reportedly producing primarily to meet domestic demand, several Chinese producers reported that countries in the Asian region were their main export markets. Indeed, the reported data show that the Asian market was the largest export market for Chinese hot-rolled steel producers during the period examined in these reviews. In contrast, responding Chinese producers ceased exporting the subject merchandise to the United States after 2001.

Available information from *** on China's hot-rolled steel market and industry operations (capacity, production, consumption, and net exports) for 2001-06 is presented in table IV-17. Table IV-18 presents data on projected Chinese production, consumption, and net exports, from 2007 to 2011. Production and consumption of hot-rolled steel in China grew more than four-fold from 2001 to 2006; production and consumption are expected to increase further from the 2006 level by the year 2011, according to ***. From 2001 to 2005, China was a net importer of hot-rolled steel to meet the increasing demand in the home market; however, beginning in 2006 China became a net exporter of hot-rolled steel. By the year 2011, China is still expected to be a net exporter, with a projected surplus of almost *** short tons of hot-rolled steel.

Table IV-17

Hot-rolled steel: Chinese capacity, production, consumption, and net exports, 2001-06

* * * * *

Table IV-18

Hot-rolled steel: Chinese projected production, consumption, and net exports, 2007-11

* * * * *

Alternative Products

Sales of hot-rolled steel represent *** percent of Anshan's total sales, *** percent of Baosteel's total sales, *** percent of Benxi's total sales, *** percent of Jiangsu's total sales, *** percent of Maanshan's total sales, *** percent of Panzhihua's total sales, *** percent of Taiyuan's total sales, and *** percent of Wuhan's total sales. In response to a question concerning the production of other products (such as cut-to-length plate or alloy hot-rolled steel) or downstream products (such as cold-rolled or coated steel), Baosteel indicated that it produces cut-to-length steel plate and cold-rolled and coated steel on the same equipment and machinery and/or using the same production and related workers employed to produce hot-rolled steel. Although Anshan, Benxi, Maanshan, Panzhihua, Taiyuan, and Wuhan indicated that they produce no other products on the same equipment and machinery and/or using the same production and related workers employed to produce hot-rolled steel, the firms provided the Commission with data concerning the capacity and production of cold-rolled steel sheet and strip, coated steel sheet and strip, cut-to-length plate, and/or other nonsubject hot-rolled steel. Jiangsu Shagang indicated that it produces no other product on the same equipment and machinery and/or using the same production and related workers employed to produce hot-rolled steel.

Data regarding the Chinese producers' raw steel capacity and production, as well as their capacity and production of other forms of flat-rolled steel, are presented in table IV-19.

Table IV-19
Other products: Chinese capacity and production, 2001-06

Item	2001	2002	2003	2004	2005	2006
Capacity (short tons)						
Raw steel	60,646,388	67,906,040	75,214,266	85,119,661	98,483,054	107,332,032
Cold-rolled steel sheet and strip	9,076,005	9,602,420	10,298,328	12,876,633	12,892,066	15,670,743
Coated steel sheet and strip	2,335,419	2,549,048	2,781,548	4,566,246	6,627,224	8,224,060
Cut-to-length plate	7,178,973	7,901,623	8,065,095	9,341,692	9,376,525	10,616,533
Alloy/other nonsubject hot-rolled steel	1,719,588	2,733,704	2,336,876	2,336,876	2,226,646	4,453,292
Production (short tons)						
Raw steel	58,135,352	65,001,942	69,976,750	80,078,317	89,090,284	102,075,642
Cold-rolled steel sheet and strip	8,336,252	9,433,197	9,710,849	11,678,481	13,363,639	14,670,173
Coated steel sheet and strip	2,295,215	2,491,710	2,666,574	4,194,900	5,417,587	6,284,045
Cut-to-length plate	6,914,773	7,739,616	7,709,182	9,115,591	9,030,659	10,371,292
Alloy/other nonsubject hot-rolled steel	1,699,661	2,646,917	2,301,685	2,089,186	2,161,777	4,406,421
Capacity utilization (percent)						
Raw steel	95.9	95.7	93.0	94.1	90.5	95.1
Cold-rolled steel sheet and strip	91.8	98.2	94.3	90.7	103.7	93.6
Coated steel sheet and strip	98.3	97.8	95.9	91.9	81.7	76.4
Cut-to-length plate	96.3	97.9	95.6	97.6	96.3	97.7
Alloy/other nonsubject hot-rolled steel	98.8	96.8	98.5	89.4	97.1	98.9
Source: Compiled from data submitted in response to Commission questionnaires.						

THE INDUSTRY IN INDIA

Overview

Four firms responded to the Commission's questionnaire in the original investigations: Ispat Industries, Ltd. ("Ispat"); Essar Steel, Ltd. ("Essar"); Steel Authority of India, Ltd. ("SAIL"); and Tata Iron and Steel Co., Ltd. ("Tata"). The four responding firms accounted for 79.1 percent of U.S. imports of the subject merchandise during 2000.³⁴

There reportedly are ten producers of hot-rolled steel in India. The largest five producers (i.e., Essar, Ispat, Jindal Vijayanagar (predecessor firm to JSW Steel Ltd. ("JSW")),³⁵ SAIL, and Tata) currently represent more than 90 percent of the total commercial capacity to produce hot-rolled steel in India.³⁶

The Commission obtained contact information and issued questionnaires to six possible producers in India, two of which, JSW and Tata, responded with usable data. Essar, which represents approximately *** percent of the capacity to produce hot-rolled steel in India, also provided a response to the questionnaire but provided little usable data in its response.³⁷ In addition, the largest hot-rolled steel producer in India, SAIL, refused to provide the Commission with a questionnaire response despite several attempts to obtain the information. SAIL, which alone accounts for *** percent of the total capacity to produce hot-rolled steel in India, transmitted a letter to the Commission indicating that "as already communicated we would like to **waive our right to participate** and we shall be asking for review as per rules."³⁸ Accordingly, the data presented on Indian production of hot-rolled steel for the current reviews are for JSW and Tata, which represented *** of the capacity to produce hot-rolled steel in India in 2006.³⁹ Table IV-20 presents comparative information available from the original investigations and these first reviews.

³⁴ USITC Publication 3446, p. VII-2.

³⁵ The Jindal Group acquired Piramal Steel Ltd. in 1982 and renamed the mill Jindal Iron and Steel Co. Ltd. ("JISCO"). See <http://www.jsw.in/JVSLUS.htm>, retrieved July 19, 2007. Effective ***, JISCO merged with Jindal Vijayanagar Steel Ltd. ("JVSL") and the name was changed to JSW Steel Ltd.

³⁶ ***.

³⁷ Attempts by staff to elicit corrections from Essar to the limited data that it provided went unanswered.

³⁸ Letter addressed to The Director, United States International Trade Commission, from Dy. General Manager (Marketing-ITD), Steel Authority of India Limited, on September 3, 2007 (emphasis in original).

³⁹ The Indian producers' coverage figures presented were derived from hot-strip rolling capacity data presented in ***.

Table IV-20**Hot-rolled steel: Comparison of select Indian industry data, 2000 and 2006**

Item	2000	2006 ¹
Capacity (<i>short tons</i>)	12,140,341	***
Production (<i>short tons</i>)	10,415,739	***
Capacity utilization (<i>percent</i>)	85.8	***
Exports/shipments (<i>percent</i>)	13.4	***
Inventories/shipments (<i>percent</i>)	7.5	***
<p>¹ As presented in table IV-23, ***. As presented in table IV-25, the Global Trade Atlas calculated the following 2006 data for India: exports (1,675,061 short tons). Based on these data, Indian exports of hot-rolled steel accounted for *** percent of that country's total commercial production in 2006.</p> <p>Note.--Data for 2000 were provided by Essar, Ispat, SAIL, and Tata, and data for 2006 were provided by JSW and Tata.</p> <p>Source: USITC Publication 3446, p. VII-4, table VII-3; and 2007 questionnaire responses identified above.</p>		

Hot-Rolled Steel Operations

Data provided by JSW and Tata concerning their hot-rolled steel operations in India during calendar years 2001-06, January-June 2006, and January-June 2007 are presented in table IV-21. The firms' projections for calendar years 2007-08 are presented in table IV-22. A third producer in India, i.e., Essar, also provided a foreign producer questionnaire response in these reviews, however, as indicated earlier, the firm provided little usable data in its response.

Table IV-21**Hot-rolled steel: Indian capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007**

* * * * *

Table IV-22**Hot-rolled steel: Indian capacity, production, shipments, and inventories, projections for 2007-08**

* * * * *

JSW reported that it has a business plan that details the "projected workings of the company in the coming year." However, the firm indicated that its business plan does not contain any market projections or any forecast with regard to the hot-rolled steel business activities of JSW. JSW did not provide a copy of its business plan with its questionnaire response but indicated that it ***. Essar reported that it also has a business plan but did not provide the Commission with the requested document, stating that ***. Tata provided a copy of its business plans which indicate that the firm ***. It also listed information concerning ***.⁴⁰

⁴⁰ Tata reported the following increases in the capacity to produce hot-rolled steel in India: ***.

Production Capacity in India

The capacity to produce hot-rolled steel in India ***. In response to a request for information concerning any changes in the character of hot-rolled steel operations since 2001, JSW reported that ***.⁴¹ Another change in the character of JSW's business occurred in April 2003 when the steel business of Jindal Iron and Steel Co. Ltd. ("JISCO"), a manufacturer of hot-rolled plates, cold-rolled sheet and strip, and galvanized products, was merged with Jindal Vijayanagar Steel Ltd. ("JVSL"). After the merger the name of the company was changed to JSW Steel Ltd. The firm reported that *** in the character of its operations relating to the production of hot-rolled steel during 2007 and 2008. However, multiple sources have commented on expansion plans in 2009-10.⁴²

Concerning changes in the character of hot-rolled steel operations of Tata since 2001, the firm reported ***. However, the company indicated that since 2001 its capacity to produce hot-rolled steel ***. *** the firm's capacity to produce hot-rolled steel further by 2010. The firm indicated that it is planning ***.

Essar did not provide any usable capacity data in its questionnaire response. Although Essar indicated in its response that it ***.⁴³

Shipments of Hot-Rolled Steel Produced in India

Internal consumption and commercial shipments of hot-rolled steel to the home market, which together accounted for over *** percent of total shipments, increased overall during the period for which data were collected in these reviews. The firms' internal consumption of hot-rolled steel accounted for *** percent of total reported shipments during 2001-06. In response to a Commission question concerning how demand in the home market has changed since 2001, all three Indian firms indicated that demand in the home market ***. In particular, JSW explained that ***. JSW added that "****." Tata also noted in its questionnaire response the large growth in the construction and automotive industries as reasons for the increase in demand in the Indian market.

Tata reported exports of hot-rolled steel to the United States during only ***. These exports of subject merchandise to the United States accounted for much less than *** percent of the firms' reported total shipments. *** exports to the United States were reported by JSW during January 2001-June 2007. Tata's and JSW's aggregate total exports, which accounted for only *** percent of the firms' aggregate total shipments, increased during 2001-03, declined in 2004, increased in 2005, and fell again in 2006. Overall, total exports in 2006 were higher than the level reported in 2001. A further increase in the aggregate total exports was reported during the first half of 2007 as compared with the comparable period in 2006. JSW indicated that most of its exports are destined for markets in ***. The company also indicated that it has developed various export markets since 2001, including ***. Factors leading to these developments identified by JSW include ***. Tata reported that most of its exports during 2006 were destined for markets in ***. It also indicated that it has developed export markets in ***. Although no usable export data were provided by Essar in its questionnaire response, the firm reported that its primary export markets are ***.

Additional available information on India's hot-rolled steel market and industry operations (capacity, production, consumption, and net exports) is presented in table IV-23.

⁴¹ ***.

⁴² ***.

⁴³ ***.

Table IV-23

Hot-rolled steel: Indian capacity, production, consumption, and net exports, 2001-06

* * * * *

Production and consumption of hot-rolled steel in India is expected to grow about by almost *** percent from the 2006 level by the year 2011, according to ***. By the year 2011, India is still expected to be a net importer, with a projected shortfall of *** short tons of hot-rolled steel. Table IV-24 presents data on projected Indian production, consumption, and net exports, from 2007 to 2011.

Table IV-24

Hot-rolled steel: Indian projected production, consumption, and net exports, 2007-11

* * * * *

Detailed information on the export destinations for Indian hot-rolled steel is presented in table IV-25. The top export destinations for Indian hot-rolled steel during 2006 include Belgium, Italy, United Arab Emirates, Iran, and Spain.

Alternative Products

Hot-rolled steel represented *** and *** percent of JSW's and Tata's total sales during 2006, respectively. Essar did not indicate the share of total sales held by its sales of hot-rolled steel. In response to a question concerning the production of other products (such as cut-to-length plate or alloy hot-rolled steel) or downstream products (such as cold-rolled or coated steel), all three producers indicated that they produce cold-rolled steel sheet and strip, coated steel sheet and strip, and cut-to-length plate in addition to hot-rolled steel. Data regarding raw steel capacity and production of JSW and Tata, as well as their capacity and production of other forms of flat-rolled steel, are presented in table IV-26.

THE INDUSTRY IN INDONESIA

Overview

The Commission identified one Indonesian producer of hot-rolled steel (i.e., PT Krakatau Steel (“Krakatau”)) in the original investigations.⁴⁴ In the current reviews, the Commission issued questionnaires to two possible producers in Indonesia, PT Gunung Raja Paksi and Krakatau, neither of which responded. In 2000, sales of hot-rolled steel represented *** percent of Krakatau's total sales. Table IV-27 presents comparative information available from the original investigations for 2000 and from other sources for 2005 and 2006.

⁴⁴ USITC Publication 3446, p. VII-5.

Table IV-25
Hot-rolled steel: Exports from India, by destinations, in descending order of quantities shipped, 2001-06

Destination	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
United States	10,938	60,983	1,272	36,017	20,124	146,394
Others:						
Belgium	0	19,871	8,615	124,529	216,388	471,397
Italy	2,973	33,965	63,280	144,024	41,295	161,607
United Arab Emirates	44,927	23,832	8,687	22,233	55,277	121,138
Iran	24,918	254	100,888	83,883	140,880	95,699
Spain	55,338	56,732	10,563	127,527	35,841	92,222
United Kingdom	553	239	1,102	17,629	9,862	77,941
Indonesia	41,619	86,682	154,063	150,478	192,117	61,489
Djibouti	0	97	171	14,154	66,088	52,687
Kenya	3,293	7,667	8,701	3,495	10,957	52,653
Philippines	537	19,999	28,445	28,366	197,880	43,476
Saudi Arabia	14,319	28,263	11,623	6,712	21,202	34,537
South Africa	4,049	0	2,229	2,070	5,300	27,695
Unidentified country	0	0	9	11	358	27,570
Australia	603	40	823	4,773	13,732	25,505
Portugal	0	0	20	0	(¹)	21,760
Singapore	4,487	462	9,156	538	14,930	17,952
Bangladesh	20,745	102,809	96,958	53,292	57,927	15,788
Kuwait	136	2,345	16,446	8,353	14,947	15,766
Sri Lanka	6,489	8,256	16,147	17,803	13,580	14,656
Netherlands	27	14,144	0	5,627	31	11,220
All others	203,620	278,780	538,628	262,439	222,414	85,910
Total world	439,571	745,420	1,077,824	1,113,954	1,351,130	1,675,061

Table continued on next page.

Table IV-25--Continued**Hot-rolled steel: Exports from India, by destinations, in descending order of quantities shipped, 2001-06**

Destination	2001	2002	2003	2004	2005	2006
Value (1,000 dollars)						
United States	3,571	25,445	1,092	22,165	12,490	79,819
Others:						
Belgium	0	4,948	2,495	68,117	113,732	234,154
Italy	1,476	8,913	17,127	79,688	20,752	81,779
United Arab Emirates	10,950	6,123	2,959	11,701	31,132	66,454
Iran	6,896	61	29,398	38,755	83,863	59,492
Spain	14,203	14,552	2,937	69,031	20,540	45,740
United Kingdom	155	92	533	9,599	4,960	35,987
Indonesia	7,663	21,388	42,969	60,251	86,997	24,103
Djibouti	0	21	77	7,750	29,933	26,161
Kenya	1,032	2,088	2,234	1,706	5,045	25,014
Philippines	209	4,495	7,499	15,783	93,791	17,504
Saudi Arabia	2,804	8,120	4,007	3,682	10,616	19,957
South Africa	1,374	0	617	819	2,174	11,754
Unidentified country	0	0	4	5	329	14,558
Australia	114	16	293	1,560	7,624	15,627
Portugal	0	0	4	0	(²)	9,097
Singapore	850	93	2,531	253	6,020	6,443
Bangladesh	4,138	26,617	35,643	23,847	31,260	7,176
Kuwait	40	696	5,604	4,789	9,427	9,505
Sri Lanka	1,833	1,836	4,712	8,097	7,713	7,117
Netherlands	30	3,815	0	3,268	42	5,597
All others	38,874	65,962	166,444	107,042	123,180	61,534
Total world	96,213	195,282	329,180	537,907	701,621	864,573

Table continued on next page.

Table IV-25--Continued

Hot-rolled steel: Exports from India, by destinations, in descending order of quantities shipped, 2001-06

Destination	2001	2002	2003	2004	2005	2006
Unit value (per short ton)						
United States	\$326	\$417	\$859	\$615	\$620	\$545
Others:						
Belgium	⁽³⁾	249	290	547	526	497
Italy	496	262	271	553	503	506
United Arab Emirates	244	257	341	526	563	549
Iran	277	242	291	462	595	622
Spain	257	257	278	541	573	496
United Kingdom	280	385	484	544	503	462
Indonesia	184	247	279	400	453	392
Djibouti	⁽³⁾	218	448	548	453	497
Kenya	313	272	257	488	460	475
Philippines	389	225	264	556	474	403
Saudi Arabia	196	287	345	549	501	578
South Africa	399	⁽³⁾	277	396	410	424
Unidentified country	⁽³⁾	⁽³⁾	396	443	918	528
Australia	190	394	355	327	555	613
Portugal	⁽³⁾	⁽³⁾	204	⁽³⁾	953	418
Singapore	189	201	276	471	403	359
Bangladesh	199	259	368	447	540	455
Kuwait	298	297	341	573	631	603
Sri Lanka	282	222	292	455	568	486
Netherlands	1,096	270	⁽³⁾	581	1,362	499
All others	191	237	309	408	554	716
Total world	219	262	305	483	519	516

¹ Less than 500 pounds.

² Less than \$500.

³ Not applicable.

Note.--Interim period data are not available.

Source: Compiled from Global Trade Atlas including HTS codes: 7208.10, 7208.25, 72078.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19.

Table IV-26
Other products: Indian capacity and production, 2001-06

* * * * *

Table IV-27
Hot-rolled steel: Comparison of select Indonesian industry data: 2000, 2005, and 2006

Item	2000	2005	2006
Capacity (<i>short tons</i>)	***	(¹)	***
Production (<i>short tons</i>)	***	774,925 ²	(¹)
Capacity utilization (<i>percent</i>)	***	(¹)	(¹)
Exports/shipments (<i>percent</i>)	***	(³)	(¹)
Inventories/shipments (<i>percent</i>)	***	(¹)	(¹)
Exports	314,156	306,055	518,824

¹ Not available.
² Production data published by World Steel Dynamics for Indonesia are assumed to be only for the merchant market. Production data published by World Steel Dynamics for 2000 were 860,905 short tons.
³ The calculation for exports/shipments is not available. Based on the available data, Indonesian exports of hot-rolled steel were equivalent to *** percent of that country's total merchant market production in 2005.

Note.--Data for 2000 were provided by Krakatau; production data for 2005 are from World Steel Dynamics; 2006 capacity data are from ***; 2005 and 2006 export data are compiled from Global Trade Atlas. World Steel Dynamics reported 2005 export data for 2005 at 307,542 short tons.

Source: Confidential original report (INV-Y-141, August 6, 2001), tables IV-1 and VII-4; *Global Steel Mill Product Matrix: 1993 to 2005, 2015 Forecast, Core Report YYYY*, World Steel Dynamics, June 2007; Global Trade Atlas; and ***.

Hot-Rolled Steel Operations

No overall production figures are available for Krakatau for 2006. However, using 2004 data, the domestic interested parties estimated a production level of 2.0 million tons of hot-rolled steel for Krakatau.⁴⁵ Moreover, in 2005, Krakatau's hot strip mill had a capacity of 2.2 million tons,⁴⁶ and according to ***, its capacity is estimated to increase by *** in 2008, *** in 2009, and *** in 2010.⁴⁷ In addition to Krakatau, PT Gunung Raja Paksi, part of the Gunung Steel Group, also produces hot-rolled coils in Indonesia.⁴⁸

Available information from *World Steel Dynamics* on Indonesia's hot-rolled steel market and industry operations (production, consumption, imports, and exports) is presented in table IV-28. These data show that consumption of hot-rolled steel in Indonesia has outstripped the level of production in every year since 2001.

⁴⁵ Domestic interested party's response to the notice of institution, p. 16.

⁴⁶ <http://www.krakatausteel.com/process/hsm.asp>, retrieved June 12, 2007.

⁴⁷ Domestic interested party's response to the notice of institution, exh. 6.

⁴⁸ <http://www.grdsteel.com/index.asp?pglnk=00212>, retrieved June 12, 2007.

Table IV-28**Hot-rolled steel: Indonesian production, consumption, imports, and exports, 2001-05**

	2001	2002	2003	2004	2005
Quantity (short tons)					
Production	1,016,331	846,575	586,430	832,245	774,925
Consumption	1,345,922	1,154,120	856,496	1,547,645	1,636,932
Imports	613,987	621,704	656,978	1,018,536	1,169,552
Exports	284,396	284,396	386,911	303,136	307,545
Note.--Production data published by World Steel Dynamics for Indonesia are assumed to be only for the merchant market.					
Source: <i>Global Steel Mill Product Matrix: 1993 to 2005, 2015 Forecast, Core Report YYYY</i> , World Steel Dynamics, June 2007.					

Detailed information compiled by *Global Trade Atlas* on the export destinations for Indonesian hot-rolled steel is presented in table IV-29. The top export destination for Indonesian hot-rolled steel during 2006 was India. However, during 2001-04, the top export destinations for Indonesian hot-rolled steel were countries in the “all other” category. Indonesia’s exports to these countries fell dramatically from 2001 to 2006. Most of the decrease to these destinations was accounted for by the decrease in exports to Italy and Thailand.

THE INDUSTRY IN KAZAKHSTAN

Overview

Ispat Karmet OJSC (“Ispat Karmet”) was the only producer of hot-rolled steel in Kazakhstan during the time the Commission’s original investigations were conducted. The Kazakh producer provided the Commission with a questionnaire response in the original investigations.⁴⁹ Ispat Karmet’s successor company, JSC Mittal Steel Temirtau (“Temirtau”), is currently Kazakhstan’s only hot-rolled steel producer. The Commission issued a questionnaire to this Kazakh producer in these current reviews and received a timely response. Accordingly, the data presented on Kazakh production of hot-rolled steel for the current reviews are for Temirtau,⁵⁰ which represents all of Kazakh production of hot-rolled steel. Table IV-30 presents comparative information available from the original investigations and these first reviews.

⁴⁹ USITC Publication 3446, p. VII-5.

⁵⁰ Temirtau is part of the Arcelor/Mittal Group. Also included in the Arcelor/Mittal Group producing hot-rolled steel are the following: Mittal Steel USA Inc. (accounting for *** percent of U.S. production of hot-rolled steel in 2006); Mittal Steel Canada, Inc.; Dofasco, Canada; Mittal Steel Galati SA (Romania); Mittal Steel South Africa; Acindar, Argentina; Mittal Steel, Algeria; Mittal Steel Ostrava Czech Republic; Mittal Steel Poland; Mittal Steel Skopje, Macedonia; Arcelor Leige, Belgium; Arcelor Gent, Belgium; Arcelor Dunkerque, France; Arcelor Florange, France; Arcelor Fos-sur-Mer, France; Arcelor Bremen, Germany; Arcelor Eisenhüttenstadt, Germany; ACB Grupo Arcelor, Spain; Arcelor Asturias, Spain; and Companhia Siderurgica de Tubarao S.A., Brazil. Questionnaire response of Mittal Steel USA, Inc.

Table IV-29**Hot-rolled steel: Exports from Indonesia, by destinations, in descending order of quantities shipped, 2001-06**

Destination	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
United States	6	241	9	7,389	(¹)	131
Others:						
India	(¹)	37	(¹)	(¹)	51,196	130,857
Canada	6,881	39,527	6,383	13,219	11,221	58,839
Belgium	3,821	10,771	27,006	20,100	12,323	52,063
Netherlands	39,006	14,778	3,477	15,302	14,093	47,148
Singapore	8,803	8,108	5,564	17,139	15,309	46,304
Portugal	2,629	2,692	0	5,846	3,485	36,212
Australia	14,191	4,101	10,660	4,056	12,689	29,015
Malaysia	4,137	10,857	23,665	37,254	51,190	26,204
United Kingdom	25,346	14,551	3,949	16,986	4,398	18,553
Spain	44,425	16,280	3,296	12,965	10,341	18,498
Saudi Arabia	778	3,366	5,231	3,795	2,037	17,422
Philippines	0	2,741	0	7,508	0	10,776
Japan	12,660	11,326	35,268	29,986	17,556	7,588
Bangladesh	0	0	0	0	0	6,049
Korea	2	4	8	9,288	64,288	5,576
United Arab Emirates	(¹)	0	0	(¹)	366	3,715
New Zealand	985	565	(¹)	116	647	1,253
Sri Lanka	0	0	657	4,581	5,548	1,105
All others	120,102	171,648	291,241	99,519	29,368	1,516
Total world	283,772	311,592	416,415	305,048	306,055	518,824

Table continued on next page.

Table IV-29--Continued**Hot-rolled steel: Exports from Indonesia, by destinations, in descending order of quantities shipped, 2001-06**

Destination	2001	2002	2003	2004	2005	2006
Value (1,000 dollars)						
United States	95	52	19	4,056	(²)	53
Others:						
India	(²)	31	(²)	(²)	17,046	50,868
Canada	2,253	10,246	1,701	6,375	4,846	26,200
Belgium	795	2,199	7,227	9,137	7,373	27,883
Netherlands	8,411	3,071	969	8,747	7,640	25,540
Singapore	1,773	1,960	2,004	8,473	8,407	25,436
Portugal	711	509	0	3,569	2,236	16,814
Australia	2,825	820	3,202	1,449	6,770	14,160
Malaysia	918	2,486	7,206	16,637	25,360	12,789
United Kingdom	5,820	2,994	935	9,446	1,916	8,121
Spain	9,105	3,250	839	7,471	6,485	9,944
Saudi Arabia	157	639	1,455	1,928	920	9,075
Philippines	0	685	0	3,612	0	5,276
Japan	2,751	2,406	10,913	13,258	11,189	4,709
Bangladesh	0	0	0	0	0	2,758
Korea	10	11	5	4,219	25,726	1,807
United Arab Emirates	(²)	0	0	(²)	164	2,263
New Zealand	211	156	(²)	47	310	571
Sri Lanka	0	0	210	2,284	3,466	545
All others	22,177	42,833	76,190	38,711	13,539	1,081
Total world	58,012	74,348	112,873	139,421	143,392	245,893

Table continued on next page.

Table IV-29--Continued**Hot-rolled steel: Exports from Indonesia, by destinations, in descending order of quantities shipped, 2001-06**

Destination	2001	2002	2003	2004	2005	2006
Unit value (per short ton)						
United States	(³)	\$214	(³)	\$549	(³)	\$408
Others:						
India	(³)	(³)	(³)	(³)	\$333	389
Canada	\$327	259	\$266	482	432	445
Belgium	208	204	268	455	598	536
Netherlands	216	208	279	572	542	542
Singapore	201	242	360	494	549	549
Portugal	270	189	(⁴)	611	641	464
Australia	199	200	300	357	534	488
Malaysia	222	229	304	447	495	488
United Kingdom	230	206	237	556	436	438
Spain	205	200	254	576	627	538
Saudi Arabia	201	190	278	508	451	521
Philippines	(⁴)	250	(⁴)	481	(⁴)	490
Japan	217	212	309	442	637	621
Bangladesh	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	456
Korea	(³)	(³)	(³)	454	400	324
United Arab Emirates	(³)	(⁴)	(⁴)	(³)	449	609
New Zealand	214	276	(³)	410	480	456
Sri Lanka	(⁴)	(⁴)	319	499	625	493
All others	185	250	262	389	461	713
Total world	204	239	271	457	469	474

¹ Less than 500 pounds.² Less than \$500.³ Calculated unit value data are not meaningful because of the minor amount of quantities and values of exports reported.⁴ Not applicable.

Source: Compiled from Global Trade Atlas including HTS codes: 7208.10, 7208.25, 72078.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19.

Table IV-30
Hot-rolled steel: Comparison of select Kazakh industry data, 2000 and 2006

* * * * *

Hot-Rolled Steel Operations

Data provided by Temirtau concerning its hot-rolled steel operations in Kazakhstan during calendar years 2001-06, January-June 2006, and January-June 2007 are presented in table IV-31. The firm’s projections for calendar years 2007-08 are presented in table IV-32. Temirtau provided a business plan indicating projected sales of hot-rolled steel by region for 2007 and 2008; the plan forecast ***.

Production Capacity in Kazakhstan

Temirtau has been described as one of the largest single-site integrated steel plants in the world, with a capacity to produce 5.1 million short tons of hot-rolled steel annually. It operates with its own captive produced coal, iron ore, and power reserves.⁵¹ The firm reported that its hot-rolled steel capacity is based on the operation of its hot rolling mill *** hours per week, *** weeks per year. It reported that regular and extraordinary maintenance *** of total hours available during 2001-06.⁵² Temirtau reported *** changes to its operations during the review period. The firm’s reported capacity did not change from 2001 to the first half of 2007, and the firm anticipates *** in capacity.⁵³ It indicated that it experiences bottlenecks in the hot rolling mill because it cannot ***, but that there are no plans to ***.

Table IV-31
Hot-rolled steel: Kazakh capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007

* * * * *

Table IV-32
Hot-rolled steel: Kazakh capacity, production, shipments, and inventories, projections for 2007-08

* * * * *

⁵¹ *Kazakhstan Information for USITC Antidumping and Countervailing Duty Reviews*, U.S. State Department Telegram from the American Embassy in Astana, July 2007.

⁵² ***. In addition, U.S. embassy personnel reported to the Commission that a methane explosion at one of the Temirtau-complex coal mines in September 2006 killed 41 miners. The embassy explained that, following the explosion, Temirtau’s steelworkers joined the coal workers in a labor strike, demanding pay raises and improved safety conditions. The U.S. embassy reported that “it is unclear whether the explosion and the subsequent strike have had a long-term effect on production.”

⁵³ In response to a request from the U.S. embassy for information concerning the hot-rolled steel industry in Kazakhstan, U.S. embassy personnel reported that “in December 2006, Temirtau completed a five-year, \$584 million investment program, reconstructing blast furnaces and providing other upgrades of fixed steel-production assets.”

Shipments of Hot-Rolled Steel Produced in Kazakhstan

Most of Temirtau's production of hot-rolled steel is used internally in the production of downstream products. In fact, during 2001-06, the firm's internal consumption of hot-rolled steel accounted for *** percent of total reported shipments. Internal consumption and commercial shipments of hot-rolled steel to the home market, which together accounted for *** percent of total shipments, increased from 2001 to 2004, but fell in 2006 to a level below that reported in 2001. An increase was reported during the first half of 2007 as compared with the first half of 2006 and increases into 2008 are projected by the firm. Temirtau's commercial shipments of hot-rolled steel to the home market, which accounted for a *** proportion of the firm's total shipments, fluctuated within a range of *** short tons from 2001 to 2006, but increased by almost *** during the first half of 2007 as compared with the comparable period in 2006. Further increases are projected for calendar years 2007-08. In response to a Commission question concerning how demand in the home market has changed since 2001, Temirtau indicated that demand in the home market ***. It explained that the principal factor that affected this trend was the growth rate of the Kazakh economy. Temirtau also projected ***.

Temirtau's shipments of hot-rolled steel to export markets after 2001 remained relatively stable, with declines in 2005 and 2006, which mirrored Temirtau's reduced capacity utilization in those years. However, a slight increase in export shipments during the first half of 2007 as compared with the comparable period in 2006 was reported. From 2001 to 2006, *** was the primary market for Temirtau's hot-rolled steel shipments, remaining fairly stable at around *** percent of shipments of hot-rolled steel, but projected to decline somewhat in 2007 and 2008.⁵⁴ Although the European Union ("EU") market is a *** export market for Temirtau, the firm's exports to the EU *** over the period, and Temirtau projects that they will *** in 2007 and 2008.⁵⁵ Additionally, Temirtau identifies *** as an important export market, citing ***. Indeed, the firm predicts that shipments to *** countries will *** between 2006 and 2007, *** percent of Temirtau's export shipments. Temirtau made *** shipments of hot-rolled steel to the United States during the period and, because of freight costs, which are *** the cost of shipping to ***, plans *** shipments to the United States in the near future.

Alternative Products

Sales of hot-rolled steel represented *** percent of Mittal Steel Temirtau's total sales during 2006. In response to a question concerning the production of other products (such as cut-to-length plate or alloy hot-rolled steel) or downstream products (such as cold-rolled or coated steel), Temirtau indicated that it produces *** on the same equipment and machinery and/or using the same production and related workers employed to produce hot-rolled steel.

Data regarding Temirtau's raw steel capacity and production, as well as its capacity and production of other forms of flat-rolled steel, are presented in table IV-33. Temirtau is an integrated mill with output from one process used as input in the next, with an emphasis on *** products. The firm indicated that its total steel melting capacity for 2006 was *** short tons, its steel casting capacity was *** short tons, and its total hot-rolling production capacity was *** short tons. Its crude steel is first sent to Temirtau mills engaged in the production of cold-rolled steel, coated products, and pipes, and then the remaining steel is allocated to hot-rolled production.

⁵⁴ Principal markets in Asia (other than China) identified by Temirtau are ***.

⁵⁵ Principal EU markets identified by Temirtau include ***.

Table IV-33
Other products: Kazakh capacity and production, 2001-06

* * * * *

THE INDUSTRY IN ROMANIA

Overview

The original petition listed two Romanian producers of hot-rolled steel, Sidex SA Galati (“Sidex”) and Gavazzi Steel, S.A. (“Gavazzi”) Sidex, by far the larger of the two producers at that time, submitted information in response to the Commission’s questionnaire in the original investigations.⁵⁶ The domestic interested parties indicated in their response in these current reviews that there are still two producers of hot-rolled steel in Romania; however, producer Sidex (now known as Mittal Steel Galati (“MS Galati”)) reported that it is currently the sole producer in Romania.⁵⁷ In the current reviews, the Commission issued questionnaires to two possible producers in Romania, one of which, MS Galati, responded.⁵⁸ Accordingly, the data presented on Romanian production of hot-rolled steel for the current reviews are for MS Galati, which currently represents all known production of hot-rolled steel in Romania. Table IV-34 presents comparative information available from the original investigations and these first reviews.

Table IV-34
Hot-rolled steel: Comparison of select Romanian industry data: 2000 and 2006

* * * * *

Hot-Rolled Steel Operations

Data provided by MS Galati concerning its hot-rolled steel operations in Romania during calendar years 2001-06, January-June 2006, and January-June 2007 are presented in table IV-35. The firm’s projections for calendar years 2007-08 are presented in table IV-36. MS Galati reported that neither it nor any related firm had a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel.

⁵⁶ USITC Publication 3446, p. VII-6.

⁵⁷ MS Galati is part of the Arcelor/Mittal Group. Also included in the Arcelor/Mittal Group producing hot-rolled steel are the following: Mittal Steel USA Inc. (accounting for *** percent of U.S. production of hot-rolled steel in 2006); Mittal Steel Canada, Inc.; Dofasco, Canada; Mittal Steel Temirtau (Kazakhstan); Mittal Steel South Africa; Acindar, Argentina; Mittal Steel, Algeria; Mittal Steel Ostrava Czech Republic; Mittal Steel Poland; Mittal Steel Skopje, Macedonia; Arcelor Leige, Belgium; Arcelor Gent, Belgium; Arcelor Dunkerque, France; Arcelor Florange, France; Arcelor Fos-sur-Mer, France; Arcelor Bremen, Germany; Arcelor Eisenhuettenstadt, Germany; ACB Grupo Arcelor, Spain; Arcelor Asturias, Spain; and Companhia Siderurgica de Tubarao S.A., Brazil. Questionnaire response of Mittal Steel USA, Inc.

⁵⁸ The second Romanian firm, Gavazzi, did not provide a response to the Commission’s questionnaire. Initially owned by an Italian firm, Gavazzi was nationalized by the Romanian government and sold to a Russian firm. It is unclear whether Gavazzi currently produces long products or flat-rolled steel products. Gavazzi is not listed as a hot-rolled steel producer in Romania by ***. Regardless, the plant is very small, producing only about 400 short tons of steel annually. *Ductil Steel Put Again in Service the Otelu Rosu Iron-and-Steel Work*, Ductil Steel, July 2004, found at <http://www.ductilsteel.ro/newsEN01.html>, retrieved on July 23, 2007.

Table IV-35

Hot-rolled steel: Romanian capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007

* * * * *

Table IV-36

Hot-rolled steel: Romanian capacity, production, shipments, and inventories, projections for 2007-08

* * * * *

Capacity to Produce in Romania

MS Galati's hot-rolled steel capacity is based on the firm's hot rolling mill that operates *** shifts, *** days per week, resulting in *** hours per year. The firm reported that there were *** of regular and extraordinary maintenance performed during 2007 and that regular and extraordinary maintenance ranged from *** to *** percent of total hours available during 2001-06. Data provided by the firm indicated that its capacity generally increased from 2001 to 2006, fell during the partial-year periods from January-June 2006 to January-June 2007, and is projected to increase in 2007-08. Nevertheless, MS Galati indicated *** during the review period. MS Galati indicated that this apparent discrepancy in the data reported and its statement on capacity is explained by the manner in which it allocates the amount of liquid steel each year to the hot rolling mill.

Shipments of Hot-Rolled Steel Produced in Romania

MS Galati's commercial shipments of hot-rolled steel to the home market, while accounting for *** percent of the firm's total shipments during 2001, fell *** during the period of review, although the firm's internal consumption of hot-rolled steel generally increased. In the first half of 2007, the firm's commercial home market remained close to the same level that was reported for the corresponding period during 2006, but the firm's internal consumption was lower during the first half of 2007 as compared with the comparable period in 2006. In response to a Commission question concerning how demand in the home market has changed since 2001, MS Galati indicated that demand in the home market has increased. It explained that the principal factor that affected this change was the general growth in the Romanian economy, partially fueled by an increase in the sectors using steel. In addition, MS Galati reported that ***.

The increasing trend in MS Galati's shipments of hot-rolled steel to export markets after 2001 coincides with its November 2001 acquisition by the Arcelor Mittal group. MS Galati explained that under the ownership of the Arcelor Mittal group it "****." From 2001 to 2006, Asia (other than China) was historically the *** market for MS Galati's hot-rolled shipments,⁵⁹ although the EU market, according to MS Galati, *** in the future.⁶⁰ On January 1, 2007, Romania became a member of the EU, an event which MS Galati expects will facilitate trade with other countries in the EU. MS Galati indicated that it *** as a result of the entry of Romania into the membership of the EU. Exports to almost all other major markets,⁶¹ including the United States, declined *** during the period for which information was collected in these reviews. In fact, *** exports of hot-rolled steel to the United States

⁵⁹ Principal markets in Asia (other than China) identified by MS Galati include ***.

⁶⁰ Principal *** markets identified by MS Galati include ***.

⁶¹ *** principal export markets identified by MS Galati include the following: ***.

were reported for the first half of 2007 and, according to MS Galati’s projections, the firm ***. As indicated in table IV-37, MS Galati exported hot-rolled steel to at least 20 countries during 2006; however, over *** of the firm’s exports were destined for the markets in ***.

Table IV-37
Hot-rolled steel: Romanian export markets, 2006

* * * * *

Alternative Products

Sales of hot-rolled steel represented *** percent of MS Galati’s total sales during 2006. In response to a question concerning the production of other products (such as cut-to-length plate or alloy hot-rolled steel) or downstream products (such as cold-rolled or coated steel), MS Galati indicated that it produces certain cut-to-length plate with thicknesses between 4.75mm and 12mm on the same equipment and machinery and/or using the same production and related workers employed to produce hot-rolled steel. MS Galati reported that there is *** involved in switching production between hot-rolled steel and cut-to-length plate since “***.” MS Galati estimated that approximately *** percent of the 2006 production at its hot-rolling mill had been cut into sheets.

Data regarding MS Galati’s raw steel capacity and production, as well as its capacity and production of other forms of flat-rolled steel, are presented in table IV-38. MS Galati explained that it “is an integrated mill with metallurgical and auxiliary plants for all of the production and service activities necessary for a continuous and autonomous technological flow designed to produce iron and steel products.” The firm indicated that its total steel melting capacity for 2006 was *** short tons. It indicated that its crude steel is sent to various MS Galati rolling mills (i.e., heavy plate mill, hot-rolling mill, cold-rolling mill, hot dip galvanizing line, and semi-finished products rolling mill) all situated in the same area.

Table IV-38
Other products: Romanian capacity and production, 2001-06

* * * * *

THE INDUSTRY IN SOUTH AFRICA

Overview

The original petition listed three firms in South Africa that were believed to have produced hot-rolled steel at that time. The Commission received questionnaire responses from two of the three firms during the original investigations, i.e., Iscor, Ltd. (“Iscor”) and Saldanha Steel, Inc. (“Saldanha”).⁶² Total exports by Iscor and Saldanha during 2000 accounted for *** percent of total U.S. imports of the subject merchandise from South Africa. Iscor was reportedly the larger of the two firms, accounting for *** percent of reported total 2000 production.⁶³ According to the domestic and respondent interested parties in these current reviews, Mittal Steel South Africa, Ltd. (“Mittal Steel SA”)(Iscor and Saldanha’s

⁶² USITC Publication 3446, p. VII-7.

⁶³ *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-404-408 (Final) and 731-TA-898-908 (Final)*, INV-Y-141, August 6, 2001, p. VII-15.

successor) is currently South Africa’s largest producer, accounting for more than *** percent of that country’s production of hot-rolled steel.⁶⁴ In its response, Mittal also reported that there is *** producer of hot-rolled steel in South Africa, i.e., Highveld Steel and Vanadium Corp. Ltd (“Highveld”).

In the current reviews, the Commission issued questionnaires to two possible producers in South Africa, one of which, Mittal Steel SA responded and is a party.⁶⁵ Mittal’s predecessor firm was Iscor, and the establishments covered by its questionnaire response include Saldanha. Accordingly, the data presented on South African production of hot-rolled steel for the current reviews are for Mittal Steel SA, which represents *** percent of production of hot-rolled steel in South Africa.⁶⁶ Sales of hot-rolled steel, in turn, represent *** percent of Mittal’s total sales. Table IV-39 presents comparative information available from the original investigations (as modified) and these first reviews.

Table IV-39
Hot-rolled steel: Comparison of select South African industry data, 2000 and 2006

* * * * *

Hot-Rolled Steel Operations

Data provided by Mittal Steel SA concerning its hot-rolled steel operations in South Africa during calendar years 2001-06, January-June 2006, and January-June 2007 are presented in table IV-40. The firm’s projections for calendar years 2007-08 are presented in table IV-41. Mittal Steel SA provided some internal documents relating to a business plan that describes, discusses, or analyzes expected future market conditions for hot-rolled steel. In those documents it indicated that it anticipates *** in exports and *** in domestic sales during 2007-08. It characterizes its plans as the result of extensive market research and asserts that as a part of the Mittal Group of companies, Mittal Steel SA would “***.”⁶⁷ ***.⁶⁸

Table IV-40
Hot-rolled steel: South African capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007

* * * * *

⁶⁴ Also included in the Arcelor/Mittal Group producing hot-rolled steel are the following: Mittal Steel USA Inc. (accounting for *** percent of U.S. production of hot-rolled steel in 2006); Mittal Steel Canada, Inc.; Dofasco, Canada; Mittal Steel Galati SA (Romania); Mittal Steel Temiratau (Kazakhstan); Acindar, Argentina; Mittal Steel, Algeria; Mittal Steel Ostrava Czech Republic; Mittal Steel Poland; Mittal Steel Skopje, Macedonia; Arcelor Leige, Belgium; Arcelor Gent, Belgium; Arcelor Dunkerque, France; Arcelor Florange, France; Arcelor Fos-sur-Mer, France; Arcelor Bremen, Germany; Arcelor Eisenhuttenstadt, Germany; ACB Grupo Arcelor, Spain; Arcelor Asturias, Spain; and Companhia Siderurgica de Tubarao S.A., Brazil. Questionnaire response of Mittal Steel USA, Inc.

⁶⁵ The only other producer of hot-rolled steel in South Africa, Highveld, has a ***. Mittal Steel SA response to the notice of institution, September 20, 2006, exh. 1, letter from ***.

⁶⁶ A calculation of capacity provided by Mittal and Highveld for 2006 reveals about *** short tons, about *** percent of which is accounted for by Mittal. Ibid. Mittal estimated the production quantity of Highveld during 2005 to be *** short tons. Mittal Steel SA response to the notice of institution, September, 20, 2006, p. 9.

⁶⁷ Mittal Steel SA’s response to the notice of institution, September 20, 2006, p. 4.

⁶⁸ Mittal Steel SA’s questionnaire response.

Table IV-41

Hot-rolled steel: South African capacity, production, shipments, and inventories, projections for 2007-08

* * * * *

Capacity to Produce in South Africa

Mittal Steel SA's hot-rolled steel capacity is based on the firm's hot rolling mill operating *** shifts per day, *** days per week. The firm reported that "cognizance had been taken of the ***." Mittal Steel SA responded that *** changes to its operations during 2001-05, but during 2006 it ***.

Capacity reported by Mittal SA during 2001-06 remained steady, and is not projected to change in 2007-08. Capacity utilization fluctuated upward, ending at around *** percent in 2006. Despite a *** decline in production during the first half of 2007 resulting in a drop in the capacity utilization rate to *** percent during that time, the firm reported that it expects production to increase into 2008 resulting in capacity utilization rates of *** percent during 2007-08. Domestic interested parties argued that there is unused capacity in the industry in South Africa, both in the facilities of Mittal and those of Highveld.⁶⁹ Highveld's theoretical capacity of *** short tons and its 2005 production of *** short tons would indicate unused capacity with a capacity utilization rate of *** percent, whereas its reported practical capacity of *** tons would seem to indicate that it was producing at ***, with a capacity utilization rate of *** percent.⁷⁰

Shipments of Hot-Rolled Steel Produced in South Africa

Mittal Steel SA's commercial shipments of hot-rolled steel to the home market fluctuated from *** percent to *** percent of total shipments during the period of review. Internal consumption and transfers to related firms accounted for about *** of total shipments during the period, with the exception of 2001 and the first half of 2007, when they accounted for about *** percent. As shipments to the home market increased, export shipments fluctuated downward during 2001-06, ending at about *** percent of total shipments. In response to a question concerning how demand in the home market has changed since 2001, Mittal Steel SA indicated that ***. Capital intensive projects by the South African government such as the Gau Train project, erection of new power stations, and the hosting of the 2010 World Cup Soccer event which requires the establishment of several stadiums, is the rationale for the trend in home market and export sales by Mittal SA. It is also partially explained by the general growth in the South African economy, with a growth in real government consumption of 5 percent, household consumption growth of 7 percent, and fixed investment growth of over 13 percent.

Mittal Steel SA's shipments of hot-rolled steel to export markets after 2001 ***. Mittal SA reports that it is "****."⁷¹

Alternative Products

Hot-rolled steel represented *** percent of Mittal Steel SA's total sales during 2006. In response to a question concerning the production of other products (such as cut-to-length plate or alloy hot-rolled

⁶⁹ Domestic interested parties' response to the notice of institution, September 20, 2006, pp. 20-21.

⁷⁰ Mittal Steel SA response to the notice of institution, September 20, 2006, exh. 1, letter from ***.

⁷¹ Mittal SA's questionnaire response.

steel) or downstream products (such as cold-rolled or coated steel), Mittal Steel SA indicated that it does not produce other products on the same equipment and machinery as hot-rolled steel.

Data regarding Mittal Steel SA’s raw steel capacity and production, as well as its capacity and production of other forms of flat-rolled steel, are presented in table IV-42. Mittal Steel SA explained that “***.” The firm indicated that its total steel melting capacity for 2006 was *** short tons, its steel casting capacity was *** short tons, and its total hot-rolling production capacity was *** short tons.⁷²

Table IV-42

Other products: South African capacity and production, 2001-06

* * * * *

THE INDUSTRY IN TAIWAN

Overview

During the Commission’s original investigations, the hot-rolled steel industry in Taiwan was comprised of two known firms, China Steel Corp. (“China Steel”) and Yieh Loong Enterprise Co., Ltd. (“Yieh Loong”).⁷³ The exports to the United States of these two firms combined represented *** percent of total U.S. imports of the subject merchandise from Taiwan during 1998-2000. China Steel was the larger of the two firms, accounting for *** percent of reported production during 2000.⁷⁴

In their response to the Commission’s notice of institution in these current reviews, the interested parties indicated that Taiwan’s largest steel producer remains China Steel today. They also listed the following two additional major hot-rolled steel producers that currently operate in Taiwan: Chung Hung Steel Corp. (“Chung Hung”)(formerly Yieh Loong) and Shang Shing Industrial Co., Ltd. (“Shang Shing”)(formerly An Feng Steel Co., Ltd. (“An Feng”)).⁷⁵ In these current reviews, the Commission issued questionnaires to three possible producers in Taiwan, all of which responded. Accordingly, the data presented on Taiwan production of hot-rolled steel for the current reviews are for China Steel, Chung Hung, and Shang Shing,⁷⁶ which account for all production of hot-rolled steel in Taiwan. China Steel accounted for *** percent of Taiwan production during 2006, Chung Hung accounted for *** percent, and Shang Shing accounted for *** percent. Table IV-43 presents comparative information available from the original investigations and these first reviews.

Table IV-43

Hot-rolled steel: Comparison of select Taiwan industry data, 2000 and 2006

* * * * *

⁷² Ibid.

⁷³ USITC Publication 3446, p. VII-8.

⁷⁴ *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-404-408 (Final) and 731-TA-898-908 (Final)*, INV-Y-141, August 6, 2001, p. VII-18.

⁷⁵ ***.

⁷⁶ Shang Shing indicated in its questionnaire response ***.

Hot-Rolled Steel Operations

Data provided by China Steel, Chung Hung, and Shang Shing⁷⁷ concerning their hot-rolled steel operations in Taiwan during calendar years 2001-06, January-June 2006, and January-June 2007 are presented in table IV-44. The firms' projections for calendar years 2007-08 are presented in table IV-45. Chung Hung and Shang Shing reported that neither they nor any related firm had a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel. In response to the Commission's request for a business plan, China Steel reported its plans to bring on-line two production lines that will consume hot-rolled steel as the input material—one a continuous galvanizing line scheduled to start in November 2007 and one an annealing and coating line scheduled to start in February 2008.

Table IV-44

Hot-rolled steel: Taiwan capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007

* * * * *

Table IV-45

Hot-rolled steel: Taiwan capacity, production, shipments, and inventories, projections for 2007-08

* * * * *

Capacity to Produce Hot-Rolled Steel in Taiwan

China Steel's and Chung Hung's hot-rolled steel capacity is based on operating *** hours per week, *** weeks per year. Shang Shing reported that its capacity is based on operating *** hours per week, *** weeks per year. The aggregate capacity level reported by the three producers of hot-rolled steel in Taiwan remained constant throughout the entire period of review. Production, on the other hand, increased overall, resulting in reported capacity utilization levels *** percent.⁷⁸ The only change in the character of the operations was reported by ***. No other changes to their character of their operations in Taiwan were reported and none of the hot-rolled steel producers in Taiwan anticipate any changes in the character of their operations relating to the production of hot-rolled steel in the future. In addition, Chung Hung and Shang Shing indicated in their questionnaire responses that they have *** plans to add, expand, curtail, or shut down production capacity and/or production of hot-rolled steel in the future; however, China Steel reported that ***.

Shipments of Hot-Rolled Steel Produced in Taiwan

Combined commercial home market shipments and internal consumption of hot-rolled steel by producers in Taiwan increased overall from 2001 to 2006, with a slight drop reported in 2005. These combined home market shipments accounted for over 80 percent of the firms' total shipment quantities during the period of review. In response to a Commission question concerning how demand for hot-rolled steel in the home market has changed since 2001, all three hot-rolled steel producers in Taiwan indicated that current demand in the home market is higher than the 2001 level. They explained that the

⁷⁷ As indicated earlier, ***.

⁷⁸ All three producers reported capacity utilization levels *** during several periods examined in these reviews. ***. China Steel reported ***. In its explanation concerning its reported capacity utilization levels, China Steel stated the following: “***.” Chung Hung reported ***. The company explained that “***.”

principal factor that affected this change was the steady and stable growth of the economy in Taiwan, which was in line with the strong global demand for steel products. They added that there has been continuously strong demand in the entire Asian market as well as in the home market for hot-rolled steel. China Steel indicated in its response that it ***.

The export data provided by the three hot-rolled steel producers in Taiwan show that the firms' primary export markets remained countries within the Asian region during the entire period for which data were collected in these reviews, with exports to the United States accounting for a relatively minimal or nonexistent share during the years following the imposition of the orders in 2001. ***. The producers explained that the absence of exports to the United States was due to the strong demand in the Taiwan market and the rest of Asia. They projected that the same level of demand in these markets will continue in the near future. The firms indicated that they developed these export markets in Asia based on the strong demand for hot-rolled steel and the relatively low cost of ocean freight. In fact, Chung Hung stated that “***.”

Alternative Products

Sales of hot-rolled steel represented *** percent of China Steel's total sales, *** percent of Chung Hung Steel's total sales, and *** percent of Shang Shing's total sales. In response to a question concerning the production of other products (such as cut-to-length plate or alloy hot-rolled steel) or downstream products (such as cold-rolled or coated steel), the hot-rolled steel producers in Taiwan indicated that they do not produce other products on the same equipment and machinery and/or using the same production and related workers employed to produce hot-rolled steel; however all three reported data concerning the capacity and production of cold-rolled steel sheet and strip and two reported data concerning the capacity and production of coated steel sheet and strip, cut-to-length plate, and other nonsubject hot-rolled steel products. Shang Shing reported that *** of its hot-rolled steel production capacity (*** percent) is used to feed the firm's cold-rolled and other value-added production lines. China Steel is an integrated mill, producing a wide range of steel products at one manufacturing site in Taiwan. China Steel reported that its merchant market sales of hot-rolled steel are expected to *** in the next few years because of ***.⁷⁹ Chung Hung and Shang Shing ***.

Data regarding China Steel's raw steel capacity and production, as well as the capacity and production data for other forms of flat-rolled steel reported by all three producers in Taiwan, are presented in table IV-46.

Table IV-46
Other products: Taiwan capacity and production, 2001-06

* * * * *

⁷⁹ ***.

THE INDUSTRY IN THAILAND

Overview

The Commission received information from three Thai firms (i.e., Nakornthai Strip Mill Public Co. Ltd. (“Nakornthai”), Sahaviriya Steel Industries Public Co. Ltd. (“Sahaviriya”), and Siam Strip Mill Public Co. Ltd. (“Siam”)) on their operations concerning the subject merchandise during the original investigations.⁸⁰ Exports of the subject merchandise to the U.S. market by these three firms accounted for *** percent of total U.S. imports of subject merchandise from Thailand during 1998-2000.⁸¹ The three Thai producers participating in these current reviews (i.e., G Steel Public Co. Ltd. (“G Steel”)(successor firm to Siam),⁸² Nakornthai, and Sahaviriya) indicated in their response to the Commission’s notice of institution that they currently account for all production of the subject merchandise in Thailand. During 2006, G Steel accounted for *** percent of hot-rolled steel production in Thailand, Nakornthai accounted for *** percent, and Sahaviriya accounted for *** percent. Accordingly, the data presented on Thai production of hot-rolled steel for the current reviews are for G Steel, Nakornthai, and Sahaviriya, which represent 100 percent of production of hot-rolled steel in Thailand. Table IV-47 presents comparative information available from the original investigations and these first reviews.

Table IV-47
Hot-rolled steel: Comparison of select Thai industry data, 2000 and 2006

* * * * *

Hot-Rolled Steel Operations

Data provided by G Steel, Nakornthai, and Sahaviriya concerning their hot-rolled steel operations in Thailand during calendar years 2001-06, January-June 2006, and January-June 2007 are presented in table IV-48. The firms’ projections for calendar years 2007-08 are presented in table IV-49. Although Nakornthai reported that neither it nor any related firm had a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel, G Steel reported that it has prepared, for internal use, an annual business plan for calendar year 2007. G Steel provided the requested business plan as an attachment to its questionnaire response. In its business plan, G Steel outlined many company-wide strategies and objectives. Listed below are G Steel’s strategies and objectives related to hot-rolled steel:

- Business strategies: ***.
- *** strategy: ***.
- Marketing objectives: ***.
- Production objectives: ***.

⁸⁰ USITC Publication 3446, p. VII-8.

⁸¹ *Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-404-408 (Final) and 731-TA-898-908 (Final)*, INV-Y-141, August 6, 2001, p. VII-20.

⁸² In 2001, at the time of the financial crisis in Thailand, Siam filed for bankruptcy and undertook a debt restructuring program. By 2003, Siam emerged from bankruptcy and began operations under its new name, G Steel.

Table IV-48

Hot-rolled steel: Thai capacity, production, shipments, and inventories, 2001-06, January-June 2006, and January-June 2007

* * * * *

Table IV-49

Hot-rolled steel: Thai capacity, production, shipments, and inventories, projections for 2007-08

* * * * *

In addition, Thai producer Sahaviriya indicated that it has prepared a “Medium Term Business Plan” for the three-year period from 2007 to 2009 and, like G Steel, provided the requested business plans as an attachment to its questionnaire response. In its business plan, Sahaviriya projected ***. Concerning the steel industry in Thailand, Sahaviriya explained ***, the company forecasted **. In its business plan, Sahaviriya indicated that it expects that during 2007-09, there will be **. It added that it expects **. Concerning its export markets, the company indicated that it **.

Capacity to Produce Hot-Rolled Steel in Thailand

Reported capacity to produce hot-rolled steel in Thailand increased during each period for which data were collected in these reviews. Capacity utilization also increased from ** percent in 2001 to ** percent in 2003, but fell to ** percent during 2006. Reported capacity utilization fell further during the first half of 2007 to ** percent. The three Thai producers projected that the capacity levels will continue to rise in 2007 and 2008, as will the capacity utilization rate. The firms’ projections concerning capacity utilization during 2007 and 2008 are ** percent.

G Steel indicated that its reported hot-rolled steel capacity was based on operating ** hours per week, ** weeks per year. While G Steel’s reported data indicate ** changes in its capacity to produce hot-rolled steel during 2001-06, the firm reported that it experienced the following changes to the character of its operations during that time: **. The firm also reported that it is planning **. ⁸³ However, G Steel indicated that **.

Nakornthai reported that it **. It indicated that, during 2004-06, its capacity to produce hot-rolled steel ** and was based on operating ** hours per week, ** weeks per year. The firm reported that, with its standard product mix, its production **. ⁸⁴ The producer reported that it anticipates ** changes in the character of its hot-rolled steel operations **.

Sahaviriya reported that it **. The firm’s capacity to produce hot-rolled steel increased overall from 2001 to 2006, despite a capacity decline from 2003 to 2004. Sahaviriya indicated that its hot-rolled steel capacity is based on operating ** hours per week, ** weeks per year **. The firm added that its plant is **. The firm reported that it **. Sahaviriya reported that it experienced the following changes to the character of its hot-rolled steel operations since 2001:

- **.
- **.

The firm also reported that it plans to **.

⁸³ The firm explained **.

⁸⁴ In the case of narrow products, Nakornthai indicated that **.

Shipments of Hot-Rolled Steel Produced in Thailand

The Thai producers' home market shipments (commercial and internal consumption) of hot-rolled steel, which accounted for *** of the firms' total shipments during 2001, generally increased during 2001-06 on an absolute basis but generally fell on a relative basis. Home market shipments fell on both an absolute and relative basis during the first half of 2007 but still accounted for *** of the total shipments by the Thai producers. The Thai producers indicated in their questionnaire responses that demand for hot-rolled steel in the home market has increased since 2001. They explained that the principal factor behind the increase during 2001-06 was the strong economic growth in Thailand and, in particular, strong growth in the hot-rolled steel consuming sectors of the economy. Nakornthai also noted in its questionnaire response that it expects the domestic demand for hot-rolled steel to ***.

The Thai producers' export shipments have increased overall since 2001, both absolutely and relatively. G Steel and Nakornthai reported that their primary strategy was to ***.⁸⁵ Regardless, since 2001, the firms reported that they have ***. G Steel described ***. The firm projected that in the future it will "****."

Sahaviriya indicated that it, too, has ***. The firm explained that, since 2001, demand for hot-rolled steel had increased in many areas around the world. The demand for hot-rolled steel in China had grown since 2001 due to substantial increases in construction. Also, the demand for hot-rolled steel in countries in ASEAN grew because of high economic growth in these countries. The firm expects that, for the next three years, there will be ***. The firm also noted that ***.

In their response to the Commission's notice of institution in these current reviews, the Thai interested parties noted the following concerning exports of hot-rolled steel to the United States: ***.⁸⁶ The Thai interested parties further noted that not only has the global demand for steel substantially improved since the original investigations, the demand for steel in the Southeast Asian regional market, in particular, is forecasted to increase by between 6 percent and 6.5 percent a year over the next several years, with the highest rates of demand growth originating in Thailand, Vietnam, and Malaysia.⁸⁷

Alternative Products

Sales of hot-rolled steel represented *** of the total sales of the three Thai producers during 2006.⁸⁸ In response to a question concerning the production of other products (such as cut-to-length plate or alloy hot-rolled steel) or downstream products (such as cold-rolled or coated steel), the Thai producers indicated that they do not produce such products.⁸⁹ As earlier indicated, Sahaviriya does not have steel melting and casting capacity. Data regarding the raw steel capacity and production reported by G Steel and Nakornthai are presented in table IV-50.

Table IV-50
Raw steel: Thai capacity and production, 2001-06

* * * * *

⁸⁵ Nakornthai reported that the United States export market is ***.

⁸⁶ *Response* of the Thai interested parties, September 20, 2006, pp. 4-5.

⁸⁷ *Ibid.*, pp. 5 and 12.

⁸⁸ Hot-rolled steel represented *** percent of the total 2006 company sales of Sahaviriya and *** of the company sales for the other two Thai producers.

⁸⁹ Sahaviriya added that ***.

THE INDUSTRY IN UKRAINE

Overview

Two of the four firms identified in the original petition provided a questionnaire response in the Commission's original investigations, i.e., Ilyich Iron and Steel Works ("Ilyich") and Zaporizhstal Iron & Steel Works ("Zaporizhstal").⁹⁰ Exports of the subject merchandise to the U.S. market by these two firms accounted for *** percent of total U.S. imports of subject merchandise from Ukraine during 2000. Zaporizhstal was the larger of the two producing firms in Ukraine at that time.⁹¹ The interested parties in these current reviews identified the same two firms that produce the subject merchandise in Ukraine today. In the current reviews, the Commission issued questionnaires to the same two producers as in the original investigations, neither of which responded.⁹² Thus, data for Ukraine hot-rolled steel production are from other sources, such as ***. Table IV-51 presents comparative information available from the original investigations and these first reviews.

Table IV-51

Hot-rolled steel: Comparison of select Ukraine industry data, 2000 and 2006

Item	2000	2006 ¹
Capacity (<i>short tons</i>)	***	***
Production (<i>short tons</i>)	***	***
Capacity utilization (<i>percent</i>)	***	***
Exports/shipments (<i>percent</i>)	***	***
Inventories/shipments (<i>percent</i>)	***	***

¹ As presented in table IV-54, the Global Trade Atlas calculated the following 2006 data for Ukraine: exports (4,168,865 short tons). Based on these data, Ukraine exports of hot-rolled steel accounted for *** percent of that country's total commercial production in 2006.

² Not available.

Note.--Data for 2000 were provided by Ilyich and Zaporizhstal, and 2006 data are for Ilyich and Zaporizhstal as published by ***.

Source: Confidential original report (INV-Y-141, August 6, 2001), tables IV-1 and VII-11; and ***.

⁹⁰ USITC Publication 3446, p. VII-9.

⁹¹ Confidential original report (INV-Y-141, August 6, 2001), p. VII-23.

⁹² In response to a Commission request for information concerning the hot-rolled steel industry in Ukraine, the U.S. embassy forwarded information provided to it from the Ukrainian Ministry of Economy. The Ukrainian Ministry of Economy confirmed that there are currently two producers of hot-rolled steel in Ukraine, i.e., Ilyich and Zaporizhstal, but provided data concerning capacity, production, and home market shipments for only one producer (Ilyich). According to ***, Ilyich represents *** percent of the capacity to produce in Ukraine. *Ukraine: USITC Review of Steel Antidumping and Countervailing Duty Orders*, U.S. State Department Telegram from the American Embassy in Kyiv, July 20, 2007.

Hot-Rolled Steel Operations

In a 2006 expiry review, the Canada International Trade Tribunal (“CITT”) determined that rescission of Canada’s antidumping and countervailing duty orders on Ukrainian hot-rolled steel would lead to significant volumes of Ukrainian hot-rolled steel exports to Canada. According to the CITT, Ilyich accounted for a major proportion of hot-rolled sheet produced in Ukraine. In reaching its conclusion, the CITT found that Ukrainian hot-rolled steel producers manufactured 6.3 million metric tons of hot-rolled steel in 2005, and forecast that production would increase to 6.7 million metric tons in 2006. Additionally, the CITT found that Ukrainian producers exported 75 percent of their production of hot-rolled steel, 25 percent of which was exported to Asia. In 2003 and 2004, China was, respectively, Ukraine’s first and second largest export markets, and in 2005, Ukraine’s exports to China largely decreased, and were primarily displaced to India. In addition to Canada, Ukraine is subject to antidumping measures in Argentina, Mexico, Peru, and Thailand.⁹³

Available information on Ukraine’s hot-rolled steel market and industry operations (capacity, production, consumption, and net exports) is presented in table IV-52.

Table IV-52
Hot-rolled steel: Ukraine capacity, production, consumption, and net exports, 2001-06

* * * * * * *

Production of hot-rolled steel in Ukraine is expected to grow by about *** percent of the 2006 level by 2011, while consumption is expected to grow by more than *** percent, according to ***. By 2011, Ukraine is still expected to be a net exporter. Table IV-53 presents data on projected Ukrainian production, consumption, and implied exports, from 2007 to 2011.

Table IV-53
Hot-rolled steel: Ukraine projected production, consumption, and net exports, 2007-11

* * * * * * *

Detailed information on the export destinations for Ukrainian hot-rolled steel is presented in table IV-54. The leading export destination for hot-rolled steel produced in Ukraine during 2006 was Turkey.

⁹³ *The Dumping of Certain Flat Hot-Rolled Carbon and Alloy Steel Sheet and Strip Originating in or Exported from Brazil, Bulgaria, the People's Republic of China, People's Taipei, India, the Republic of Korea, the Former Yugoslav Republic of Macedonia, New Zealand, Saudi Arabia, South Africa, Ukraine, and the Federal Republic of Yugoslavia, and the Subsidizing of Certain Flat Hot-Rolled Carbon and Alloy Steel Sheet and Strip Originating in or Exported from India*, Expiry Review No. RR-2005 002, Canadian International Trade Tribunal, pp. 27-28 (August 18, 2006).

Table IV-54**Hot-rolled steel: Exports from Ukraine, by destinations, in descending order of quantities shipped, 2001-06**

Destination	2001	2002	2003	2004	2005	2006
Quantity (short tons)						
United States	(¹)	0	0	0	0	0
Others:						
Turkey	(¹)	686,326	686,212	1,308,231	1,272,856	1,610,664
Russia	(¹)	73,331	257,620	379,823	484,618	482,184
Belarus	(¹)	95,741	134,114	158,660	167,087	192,865
Syria	(¹)	180,002	202,846	217,947	305,685	189,199
Poland	(¹)	155,186	236,034	134,497	109,412	179,617
United Arab Emirates	(¹)	163,976	133,815	209,288	250,180	179,218
Pakistan	(¹)	111,468	154,798	180,990	219,729	160,519
Israel	(¹)	95,469	94,827	123,579	112,927	136,823
Bulgaria	(¹)	54,479	68,523	105,322	118,952	135,652
Morocco	(¹)	43,343	27,771	48,727	44,005	78,693
Jordan	(¹)	36,979	27,738	19,793	41,637	66,556
Bosnia & Herzegovina	(¹)	6,826	3,073	5,633	6,993	62,309
India	(¹)	13,804	15,632	38,756	334,874	60,546
Croatia	(¹)	690	7,655	23,734	37,032	52,881
Lebanon	(¹)	43,198	51,953	61,408	62,384	48,318
China	(¹)	1,075,379	1,008,187	761,245	236,035	43,723
Yugoslavia	(¹)	21,466	18,089	33,975	42,999	42,773
Nigeria	(¹)	25,375	23,414	36,900	50,095	38,957
Slovakia	(¹)	24,241	20,876	9,225	12,052	35,088
Italy	(¹)	3,262	21,880	16,139	0	33,267
Colombia	(¹)	2,773	502	756	2,787	24,848
Brazil	(¹)	11,978	68	25,137	22,787	24,837
Romania	(¹)	6,700	12,443	18,894	13,694	24,411
Macedonia	(¹)	11,435	22,735	21,022	14,793	21,928
Azerbaijan	(¹)	22,101	21,212	24,892	19,110	18,744
Guatemala	(¹)	10,119	12,453	4,865	7,995	18,357
Ecuador	(¹)	26,128	8,908	22,336	23,752	14,082
Moldova	(¹)	10,648	14,278	12,202	16,308	13,523
Lithuania	(¹)	23,392	15,252	7,416	6,328	12,803
Albania	(¹)	10,670	18,313	20,138	11,483	11,854
Saudi Arabia	(¹)	26,253	8,062	10,089	7,103	11,539
Unidentified country	(¹)	0	0	0	0	11,245
Latvia	(¹)	6,022	12,519	6,690	7,433	11,143
All others	(¹)	662,309	416,832	356,057	275,545	119,702
Total world	(¹)	3,741,071	3,758,634	4,404,365	4,338,670	4,168,865

Table continued on next page.

Table IV-54—Continued

Hot-rolled steel: Exports from Ukraine, by destinations, in descending order of quantities shipped, 2001-06

Destination	2001	2002	2003	2004	2005	2006
Value (1,000 dollars)						
United States	(¹)	(²)	(²)	(²)	(²)	(²)
Others:						
Turkey	(¹)	110,603	135,444	433,549	432,620	566,308
Russia	(¹)	11,559	55,111	123,159	173,954	176,988
Belarus	(¹)	15,843	27,943	50,539	61,481	73,864
Syria	(¹)	27,982	40,411	67,813	101,553	62,670
Poland	(¹)	25,797	53,246	54,208	41,489	73,841
United Arab Emirates	(¹)	26,982	27,581	70,304	89,667	60,689
Pakistan	(¹)	17,588	31,845	60,928	81,867	56,300
Israel	(¹)	15,277	19,291	38,902	37,721	47,003
Bulgaria	(¹)	8,930	14,659	37,155	43,016	49,345
Morocco	(¹)	6,915	5,926	17,032	16,260	28,879
Jordan	(¹)	5,581	5,542	6,738	13,882	20,733
Bosnia & Herzegovina	(¹)	1,239	614	2,284	2,786	23,884
India	(¹)	2,355	3,401	13,378	122,034	22,278
Croatia	(¹)	137	1,476	8,295	12,568	19,278
Lebanon	(¹)	6,257	10,380	20,591	24,136	16,694
China	(¹)	165,034	204,974	217,433	81,362	10,952
Yugoslavia	(¹)	3,496	3,763	11,819	15,893	16,666
Nigeria	(¹)	3,815	4,995	11,547	16,097	13,618
Slovakia	(¹)	3,924	4,361	3,149	4,578	15,101
Italy	(¹)	681	5,121	5,436	0	11,408
Colombia	(¹)	473	99	294	1,038	10,192
Brazil	(¹)	1,621	8	7,622	6,907	9,290
Romania	(¹)	1,192	2,987	6,462	5,112	9,621
Macedonia	(¹)	1,660	4,799	7,524	5,255	7,418
Azerbaijan	(¹)	3,680	4,560	7,088	6,986	6,810
Guatemala	(¹)	1,914	2,425	1,458	3,036	7,031
Ecuador	(¹)	4,131	1,912	8,207	9,916	5,495
Moldova	(¹)	1,885	3,268	3,814	6,041	5,109
Lithuania	(¹)	3,923	3,243	2,984	2,530	5,002
Albania	(¹)	1,887	3,751	6,701	4,395	4,313
Saudi Arabia	(¹)	4,831	1,602	3,259	2,337	4,122
Unidentified country	(¹)	0	0	0	0	3,660
Latvia	(¹)	1,022	2,769	2,819	2,685	4,495
All others	(¹)	106,710	86,852	117,772	98,183	45,446
Total world	(¹)	594,921	774,361	1,430,262	1,527,385	1,494,503

Table continued on next page.

Table IV-54—Continued

Hot-rolled steel: Exports from Ukraine, by destinations, in descending order of quantities shipped, 2001-06

Destination	2001	2002	2003	2004	2005	2006
Unit value (per short ton)						
United States	(¹)	(²)	(²)	(²)	(²)	(²)
Others:						
Turkey	(¹)	\$161	\$197	\$331	\$340	\$352
Russia	(¹)	158	214	324	359	367
Belarus	(¹)	165	208	319	368	383
Syria	(¹)	155	199	311	332	331
Poland	(¹)	166	226	403	379	411
United Arab Emirates	(¹)	165	206	336	358	339
Pakistan	(¹)	158	206	337	373	351
Israel	(¹)	160	203	315	334	344
Bulgaria	(¹)	164	214	353	362	364
Morocco	(¹)	160	213	350	369	367
Jordan	(¹)	151	200	340	333	312
Bosnia & Herzegovina	(¹)	182	200	406	398	383
India	(¹)	171	218	345	364	368
Croatia	(¹)	199	193	349	339	365
Lebanon	(¹)	145	200	335	387	346
China	(¹)	153	203	286	345	250
Yugoslavia	(¹)	163	208	348	370	390
Nigeria	(¹)	150	213	313	321	350
Slovakia	(¹)	162	209	341	380	430
Italy	(¹)	209	234	337	(²)	343
Colombia	(¹)	171	197	390	372	410
Brazil	(¹)	135	123	303	303	374
Romania	(¹)	178	240	342	373	394
Macedonia	(¹)	145	211	358	355	338
Azerbaijan	(¹)	166	215	285	366	363
Guatemala	(¹)	189	195	300	380	383
Ecuador	(¹)	158	215	367	417	390
Moldova	(¹)	177	229	313	370	378
Lithuania	(¹)	168	213	402	400	391
Albania	(¹)	177	205	333	383	364
Saudi Arabia	(¹)	184	199	323	329	357
Unidentified country	(¹)	(²)	(²)	(²)	(²)	326
Latvia	(¹)	170	221	421	361	403
All others	(¹)	161	208	331	356	380
Total world	(¹)	159	206	325	352	358

¹ Ukraine did not begin reporting trade data to the Global Trade Atlas until 2002.

² Not applicable.

Source: Compiled from Global Trade Atlas including HTS codes: 7208.10, 7208.25, 72078.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19.

THE GLOBAL MARKET

Production

Global production of hot-rolled steel has grown considerably in recent years, primarily due to production in China. According to one published source,⁹⁴ global production increased by about *** percent between 1996 and 2000, and by *** percent during 2001-06. However, production in China increased by about *** percent between 1996 and 2000. An even greater production increase of *** percent occurred during 2001-06. Data compiled by *** on historical, current, and projected global production of hot-rolled steel are presented in tables IV-55 through IV-57.

Consumption

Data compiled by *** on historical, current, and forecasted global consumption of hot-rolled steel are presented in tables IV-58 through IV-60.⁹⁵ During most of the 1996-2006 period, North America and Europe were net importers. Latin America and the Commonwealth of Independent States were net exporters. Consumption decreased substantially in 1998 in Asia before rebounding during 1999-2000. Consumption in the Commonwealth of Independent States also decreased during 1998 and then decreased even more in 1999 before recovering in 2000.⁹⁶ Global consumption is forecasted to increase during 2007-11 with the greatest consumption growth in China.

Table IV-55

Hot-rolled steel: Global and regional production of hot-rolled steel, 1996-2000

* * * * *

Table IV-56

Hot-rolled steel: Global and regional production of hot-rolled steel, 2001-06

* * * * *

Table IV-57

Hot-rolled steel: Forecast of global and regional production of hot-rolled steel, 2007-11

* * * * *

Table IV-58

Hot-rolled steel: Global and regional consumption of hot-rolled steel, 1996-2000

* * * * *

⁹⁴ ***.

⁹⁵ ***.

⁹⁶ During 1997-98, the Asian Financial Crisis rippled through many of East and Southeast Asian economies, including Korea. Subsequently, in 1998, Russia also experienced its own financial crisis. *The IMF's Response to the Asian Crisis*, found at <http://www.imf.org/external/np/exr/facts/asia.htm>.

Table IV-59

Hot-rolled steel: Global and regional consumption of hot-rolled steel, 2001-06

* * * * *

Table IV-60

Hot-rolled steel: Forecast of global and regional consumption of hot-rolled steel, 2007-11

* * * * *

Prices

The Commission asked U.S. producers and importers to compare prices for hot-rolled steel in U.S. and non-U.S. markets. Seven of 13 responding producers provided price comparisons. Four of these producers (***) reported that prices of hot-rolled steel in the U.S. market were higher than prices in non-U.S. markets, with two citing prices in China in particular.⁹⁷ One producer provided pricing data from Steel Benchmarker that indicate that U.S. prices were higher than prices in Western Europe and the “world export market” through all of 2006; however, beginning in January 2007 and continuing through June 2007, the data indicate that the prices in the U.S. market were slightly lower than prices in Western Europe, but still slightly higher than prices in the “world export market.”⁹⁸ The other two producers reported that prices in the U.S. market were below prices in non-U.S. markets, with one specifically citing prices in Europe.⁹⁹

Ten of 22 responding importers provided pricing comparisons. Among these ten firms, four reported that prices in the U.S. market were lower than those in non-U.S. markets. Of these four importers, *** reported that U.S. prices are 5 to 10 percent lower than those in non-U.S. markets; *** reported that U.S. prices are lower than European prices;¹⁰⁰ and *** reported that while prices are currently volatile, U.S. prices are lagging behind those in Europe and Asia. One importer, ***, reported that U.S. prices were lower than those in Europe, but higher than those in China.¹⁰¹ One importer, ***, also provided the pricing data from Steel Benchmarker described above. Two importers, *** and ***, reported that U.S. prices are higher than in non-U.S. markets, with one citing prices in Asia. *** reported that while U.S. prices have historically been higher than those in non-U.S. markets, prices have recently moved toward international parity. And finally, one importer, ***, reported that U.S. prices affect the prices offered by its foreign suppliers while another, ***, reported that prices are always fluctuating.

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 data

⁹⁷ One producer, ***, indicated that U.S. prices in March 2007 were \$622 per ton, while prices in China were \$432 for the same product. *** reported that while prices in the U.S. market have historically been higher than in non-U.S. markets, it is not necessarily the case today.

⁹⁸ ***’s producers’ questionnaire, IV-B-25 attachment.

⁹⁹ *** reported that U.S. prices were higher than European prices in the first quarter of 2007, but also noted that prices are volatile and depend on exchange rates and supply and demand.

¹⁰⁰ *** reported that in May 2007 the U.S. price was \$617 per metric ton whereas the European price was \$690 per metric ton.

¹⁰¹ *** reported that in May 2007 the U.S. price was \$595 per metric ton, while the European price was \$675 per metric ton and the price in China was \$550 per metric ton.

presented in Part V of this report, which are collected directly from U.S. producers and U.S. importers according to precise product definitions.

Average world prices and country- and region-specific monthly transaction prices, as compiled by Management Engineering & Production Services (“MEPS”), are presented in table IV-61 and figures IV-1 and IV-2. As the data show, the country- and region-specific monthly transaction prices follow roughly the same trends as the average world prices.

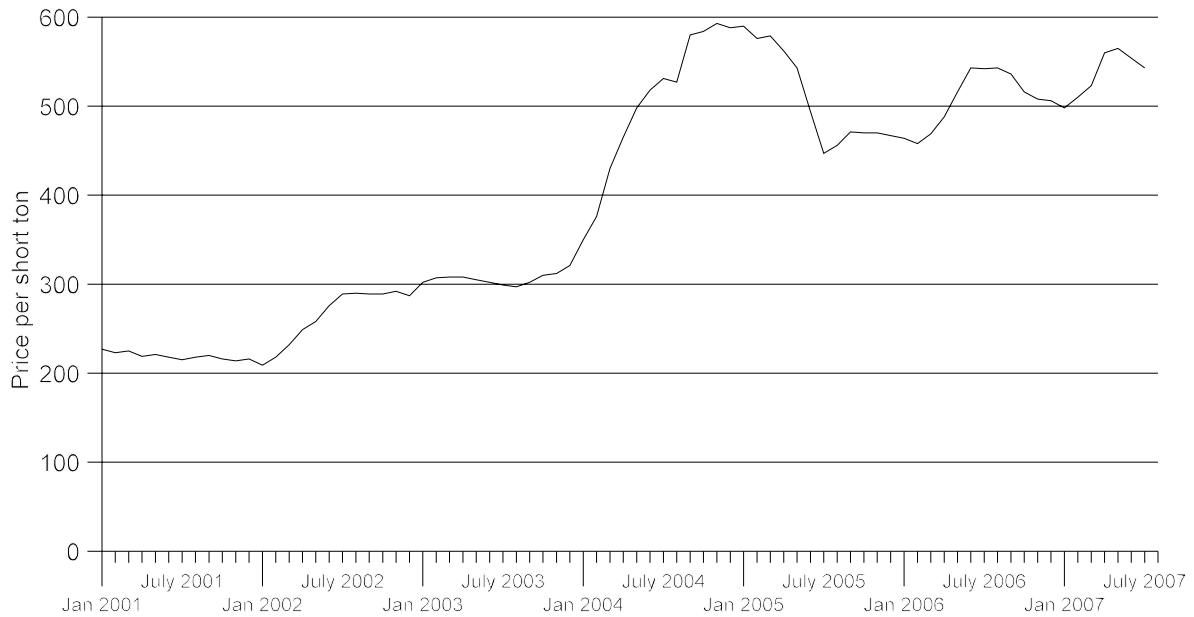
Table IV-61

Hot-rolled steel: Negotiated transaction prices (ex mill) for prime hot-rolled steel, by selected country, and by month, January 2005-September 2007

* * * * *

Figure IV-1

Average world price for hot-rolled steel, January 2001-July 2007



Source: Compiled from data published by MEPS, found at <http://www.meps.co.uk/World%20Carbon%20Price.htm>.

Figure IV-2

Prices for hot-rolled steel, by selected country, January 2005-September 2007

* * * * *

*** is another source of price data. *** compiles country- and region-specific pricing data, as shown in table IV-62.

Table IV-62

Hot-rolled steel: Prices for hot-rolled steel, by selected country or region, and by month, January 2001-September 2007

* * * * *

Additional Global Supply and Demand Factors¹⁰²

Worldwide hot-rolled steel capacity is concentrated in four regions (from greatest to smallest): Asia (except China), Europe, North America, and China. The following tabulation presents rated capacities of hot-rolled steel facilities, by region (in *short tons*).¹⁰³

* * * * *

The supply and demand picture globally for hot-rolled steel is mixed. In the United States, demand reportedly has slowed due to decreased demand in the automotive and residential housing markets.¹⁰⁴ However, prices, which softened during the summer, have stabilized. ArcelorMittal proposed a \$20 per ton increase on all flat rolled products effective in October. U.S. Steel, AK Steel, and Nucor also announced price increases. Higher scrap costs and the need to replenish inventories in the fourth quarter of the year should support higher steel prices.¹⁰⁵

In 2006, China announced a three percentage point decrease in the value-added tax rebate for flat hot-rolled carbon steel exports. The decrease lowered the rebate from 11 percent to 8 percent, effective September 15, 2006. China reportedly took this move to discourage exports of low-value, energy-intensive products. However, in the short term, the decrease in the tax rebate may have caused an increase in exports during 2006 as exporters attempted to ship goods in anticipation of the lower tax rebate.¹⁰⁶ Effective April 15, 2007, the rebates were removed completely¹⁰⁷ and effective June 1, 2007, China imposed a 5 percent export tax on hot-rolled carbon coil.¹⁰⁸ The summer price declines in China have ended with sharp September price increases due to increased sales and low inventories.¹⁰⁹ Demand in the rest of Asia during 2007 is strong. Prices are increasing in Japan due to strong demand and fewer imports. Taiwan is focusing on satisfying strong domestic demand and reduced exports to Japan.¹¹⁰

Western Europe price levels are stable, reflecting strong demand in the region and modest import levels. The price increases that producers proposed did not go into effect in July 2007. Price increases in imported product have reduced the competitiveness of imports in this market.

Russia has experienced strong domestic demand and has reduced its exports as a result. Demand is driven by increased commercial and infrastructure spending due partly to high prices for Russia's oil and gas exports. ***.¹¹¹

¹⁰² Information presented in this section is primarily derived from the following sources: *MEPS International Steel Review*, January 2007-September 2007 issues; ***; and public sources as cited.

¹⁰³ ***.

¹⁰⁴ For example, Steel Dynamics and Nucor Corp. warned that earnings forecasts for the second quarter of 2007 will not be met. Steel Dynamics said that flat-rolled product demand is weak and Nucor said that weak automotive and housing markets have hurt its steel sheet sales (Michael Cowden, "Nucor Earnings Alert Catches Steel Pundits with Pants Down," *American Metal Market*, June 11, 2007).

¹⁰⁵ *MEPS International Steel Review*, September 2007, p. 1.

¹⁰⁶ *American Metal Market*, "Rebate Cuts May Increase Steel Exports," September 15, 2006.

¹⁰⁷ *American Metal Market*, "China Slashes Tax Rebates on Finished Steel Exports," April 10, 2007.

¹⁰⁸ Hongmei Li, "China Increasing Taxes on Metal, Steel Exports," *American Metal Market*, May 22, 2007.

¹⁰⁹ *MEPS International Steel Review*, September 2007, p. 2.

¹¹⁰ *Ibid.*

¹¹¹ ***.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Prices of hot-rolled steel purchased by U.S. users depend on the quality and properties of the steel and the type of end use. Important pricing factors include: the carbon content of the hot-rolled steel and its levels of alloy elements; the metallurgical properties of the hot-rolled steel such as the purity and grain structure of the steel; and surface and edge qualities. These elements are typically measured in terms of AISI and SAE grades, which generally rate the steel's chemical grade, and ASTM specifications, which rate the steel for mechanical and physical properties. Prices also depend on additional processing such as pickling and oiling, temper rolling, edge trimming, cutting to size and weight, and packaging. Finally, prices typically reflect the nature of the purchase agreement, including the quantity purchased and whether the agreement is a spot sale or a longer term contract. Prices can also include surcharges for increases in raw material prices, particularly scrap prices.

Raw Material Costs

The primary raw materials for hot-rolled steel are scrap steel, iron, and coke. Among the reported factors affecting the cost of raw materials are increased demand for steel inputs in Asia (particularly in China) and consolidation of global steel production. As indicated in figure V-1, between January 2001 and May 2007, the price of scrap steel on a monthly basis varied from a low of \$71 per short ton in January 2002 to a high of \$308 in April 2007.¹ The average annual price of scrap steel rose slowly from 2001 to 2003 and increased dramatically by 95.5 percent from 2003 to 2004 before decreasing slightly from 2004 to 2005. The average annual price then began to rebound in 2006, reaching its highest point over the period of review in April 2007. As indicated in table V-1, the annual price of iron ore per metric ton increased by 117.8 percent from 2001 to 2006. The annual price of blast furnace coke per metric ton increased by 12.5 percent over the review period.² Some of the larger integrated steel producers own their own iron mining operations, and therefore pay their own internal price for iron ore.³ Coke is used to drive the blast furnaces and is made from coal.⁴ Several of the larger integrated steel producers manufacture their own coke, and even sell coke to other steel companies.

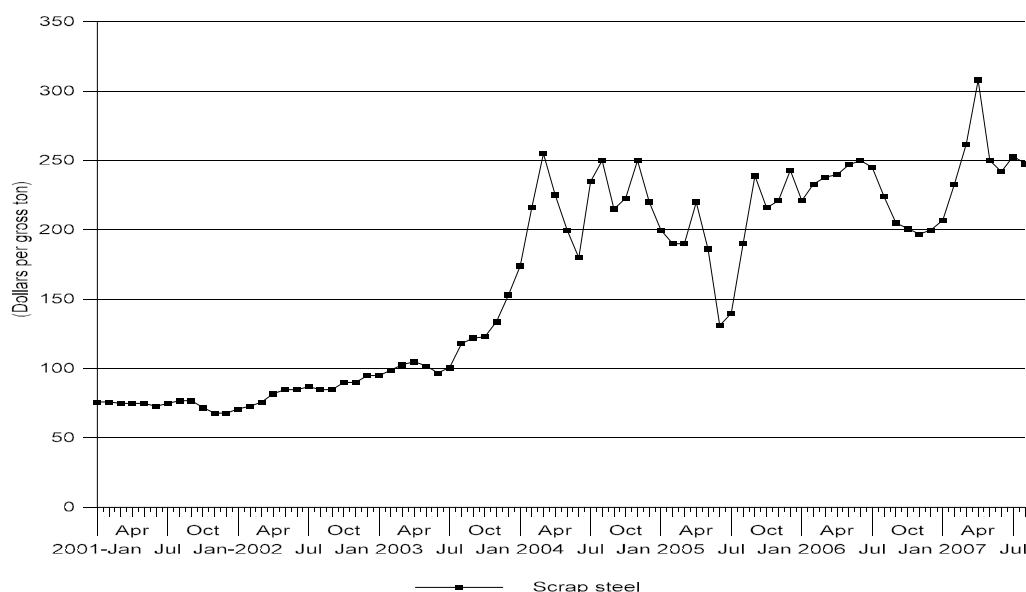
¹ *Purchasing Magazine Steel Transaction Price Report*, PUR Scrap steel: No. 1 heavy melt: Chicago.

² U.S. Energy Information Administration, http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/feoremcs06.pdf, http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/feoremcs07.pdf, retrieved June 26, 2007 and USGS estimates.

³ Iron ore prices have reportedly more than doubled since 2001. Hearing transcript, p. 189 (Gant). U.S. producers expect iron ore prices to increase more than 20 percent in 2008. Hearing transcript, p. 332 (Goodish and Schorsch). Mittal's posthearing brief, p. 2.

⁴ One importer of hot-rolled steel from a nonsubject source reported that it faced limited supply of hot-rolled steel from *** due to a shortage of coke.

Figure V-1
Scrap steel: Prices of No. 1 heavy melt (Chicago), monthly prices, January 2001-August 2007



Source: *Purchasing Magazine Steel Transaction Price Report*.

Table V-1
Iron ore and blast furnace coke prices, 2001-06

Item	2001	2002	2003	2004	2005	2006
Iron ore (dollars per metric ton)	23.87	26.04	32.30	37.92	44.00	52.00
Blast furnace coke (dollars per metric ton)	120.00	120.00	121.00	122.00	123.00	135.00

Sources: U.S. Energy Information Administration, <http://www.eia.doe.gov>, official statistics of the U.S. Department of Energy, http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/feoremcs06.pdf, http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/feoremcs07.pdf, and USGS estimate.

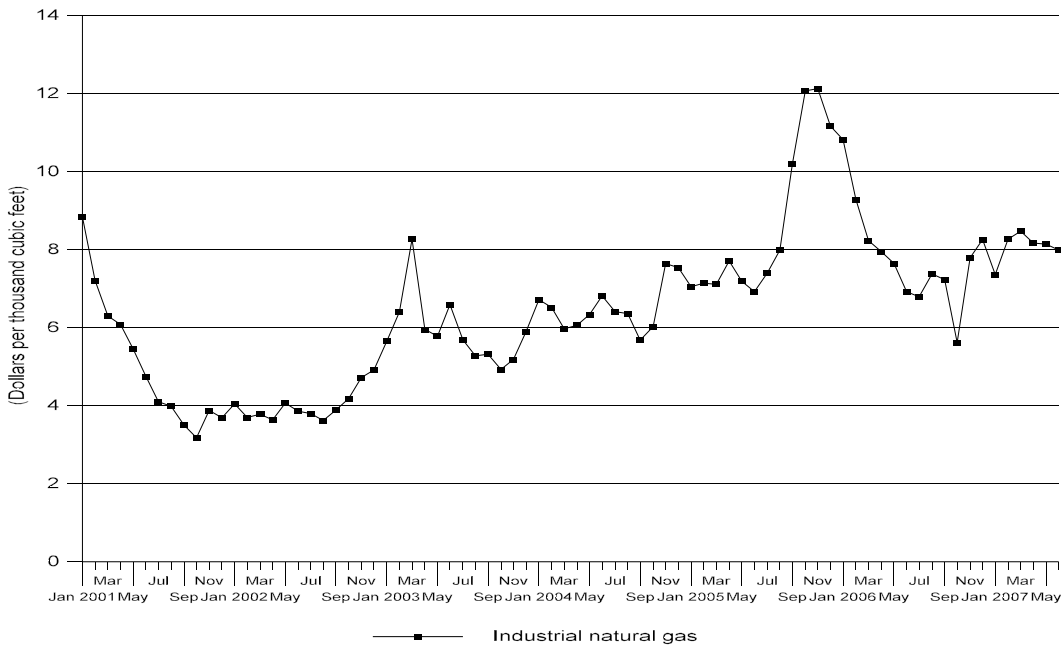
Energy Costs

Energy costs are an important factor in steel production, especially for minimills. Energy costs have been high during most of the period of review. Available data indicate that annual average industrial prices of electricity (per kilowatt hour) increased overall by 20.6 percent from 2001 to 2006, decreasing from \$5.05 in 2001 to \$4.88 in 2002 and then rising steadily to \$6.09 in 2006. The first five months of 2007 have slightly increased over 2006, to \$6.18.⁵ As indicated in figure V-2, natural gas prices (per thousand cubic feet) increased overall by 50.6 percent from 2001 to 2006.⁶ On an annual basis, these prices decreased from \$5.24 in 2001 to \$4.02 in 2002 and then increased steadily to \$8.56 in 2005 before slightly decreasing to \$7.88 in 2006. The average of the first six months of 2007 is \$8.07.

⁵ Energy Information Administration. http://www.eia.doe.gov/cneaf/electricity/epm/table5_3.html, retrieved June 19, 2007.

⁶ Energy Information Administration. <http://tonto.eia.doe.gov/dnav/ng/hist/n3035us3M.htm>, retrieved June 19, 2007.

Figure V-2
Industrial natural gas: Monthly prices, January 2001-June 2007



Source: *Energy Information Administration.*

Transportation Costs to the U.S. Market

Transportation costs for hot-rolled steel from subject countries to the United States (excluding U.S. inland costs) are presented in table V-2. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

U.S.-inland transportation costs for hot-rolled steel ranged between 2 and 4 percent for U.S. producers and between 2 and 25 percent for U.S. importers. Producers and importers were also asked to estimate the percentage of their sales that occurred within 100 miles of their storage or production facility. Six of 12 producers reported that a majority of their sales were made within 100 miles, while 12 of 15 importers reported that 70 percent or more of their shipments were made within 100 miles. Six producers reported that the majority of their sales were shipped between 101 and 1,000 miles to their customers and one importer reported that all of its sales were made within that distance. Two other importers reported that all of their sales were shipped to customers more than 1,000 miles away. *** of the U.S. producers reported that they pay for the delivery costs, while nearly all of the importers reported that their customers pay these costs.

Table V-2

Hot-rolled steel: Transportation costs to the U.S. market, by country, 2001-06

Country	2001	2002	2003	2004	2005	2006
Share of customs value (percent)						
Argentina	15.3	5.2	(¹)	(¹)	(¹)	5.6
China	11.0	6.2	13.1	0.7	10.7	12.3
India	14.1	12.5	(¹)	11.3	8.7	11.9
Indonesia	14.4	(¹)	(¹)	0.4	(¹)	(¹)
Kazakhstan	17.1	(¹)	(¹)	(¹)	(¹)	(¹)
Romania	15.2	10.5	7.8	6.0	3.5	7.1
South Africa	13.3	10.2	12.8	9.9	15.4	9.5
Taiwan	9.5	13.7	17.3	8.8	8.5	7.3
Thailand	16.4	2.8	2.0	3.7	12.9	10.5
Ukraine	13.5	7.3	10.2	(¹)	9.0	(¹)

¹ Not applicable.

Source: Compiled from official statistics of Commerce.

Exchange Rates

Quarterly real and nominal exchange rates reported by the IMF for the currencies of Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine against the U.S. dollar during the period January 2001 to March 2007 are shown in figure V-3.⁷ The U.S. dollar depreciated relative to the currencies of nearly all of the subject countries over the period of review, in both nominal and real terms.⁸ The New Taiwan dollar remained relatively stable relative to the U.S. dollar over the period.⁹

⁷ Real exchange rates are nominal exchange rates adjusted for inflation.

⁸ The Chinese government effectively pegged the yuan to the U.S. dollar at 8.28 yuan per dollar during the early part of this period. On July 21, 2005, the Chinese government announced that it would no longer peg the yuan to the U.S. dollar but would tie the yuan to a basket of currencies. Within this new basket, the yuan was revalued upward against the U.S. dollar by 2.1 percent, or from 8.28 yuan per dollar under the old peg to 8.11 yuan per dollar under the new exchange rate policy. The Chinese government has not disclosed which currencies are in the new basket, but indicated that the weight of the U.S. dollar represented less than 50 percent of the new basket of currencies.

⁹ Respondent interested parties state that the general depreciation of the U.S. dollar over the period of review means that foreign producers receive smaller returns in their domestic currency for sales in the United States, thus making exports to the United States less attractive to foreign producers. Hearing transcript, pp. 418-419 (McCullough) and p. 451 (Mrocza). See also Auto producers' posthearing brief, exh. 3, p. 26. The domestic industry has stated that there is not full exchange rate "pass-through" in the steel industry; i.e., when there is a depreciation of the dollar, there is a less than proportional increase in the price of imported steel, which would indicate that imports of hot-rolled steel would reportedly still undersell U.S. producers' prices in the U.S. market. Exchange rate pass-through has reportedly declined over time and is reportedly close to 0.2. U.S. Steel's prehearing brief, att. A, pp. 11-12. Thai producers agree that exchange rate pass-through is limited in the steel industry and maintain that the fact that foreign producers cannot raise the prices of their steel exports to the United States proportional to appreciations of their own currency relative to the U.S. dollar is further evidence that Thai producers would receive fewer Thai baht on their exports to the United States. Thai producers' posthearing brief, exh. 1, p. 22.

Figure V-3
Exchange rates: Indices of the nominal and real exchange rates between the currencies of the subject countries and the U.S. dollar, by quarters, January 2001-June 2007

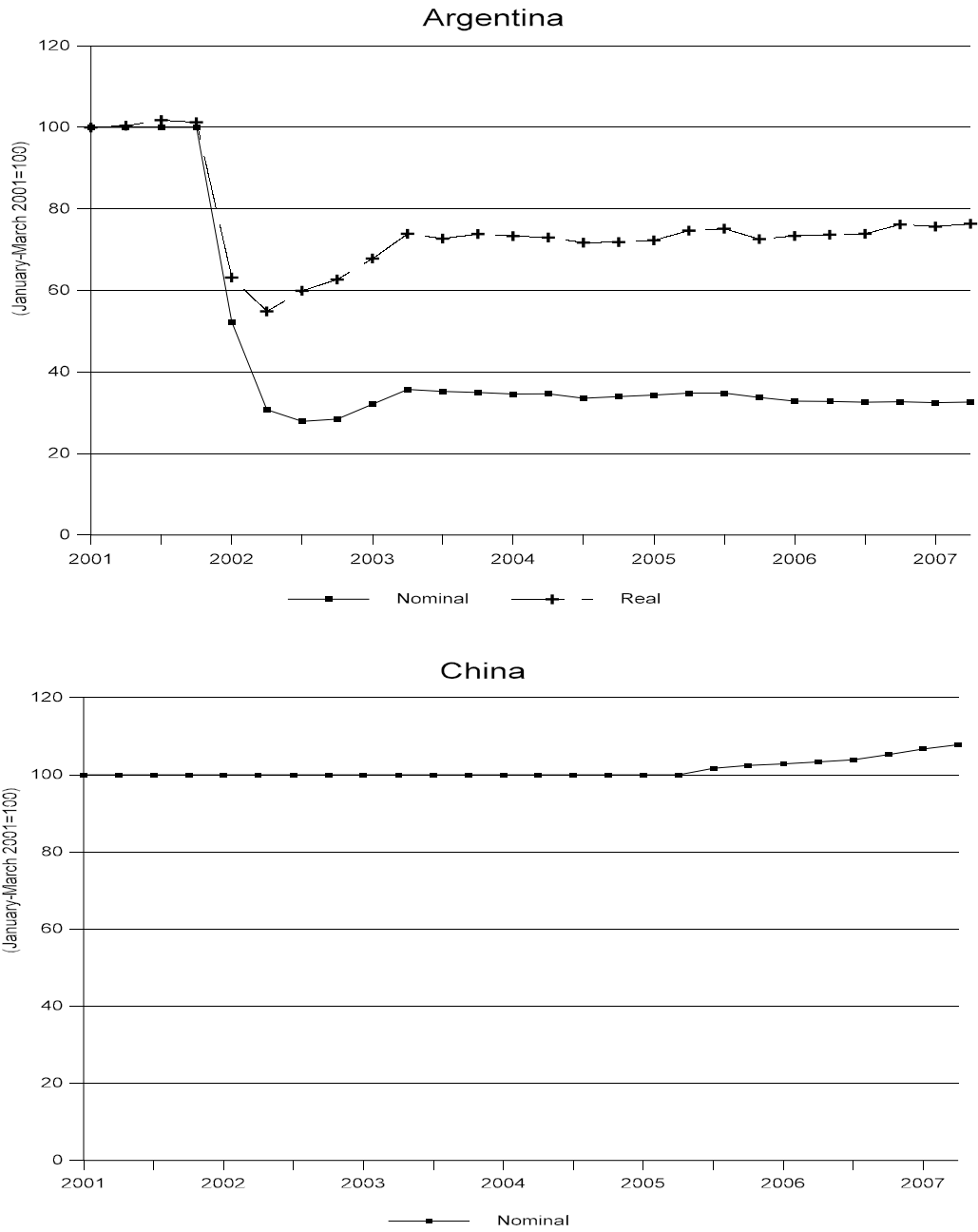


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Figure V-3--Continued

Exchange rates: Indices of the nominal and real exchange rates between the currencies of the subject countries and the U.S. dollar, by quarters, January 2001-June 2007

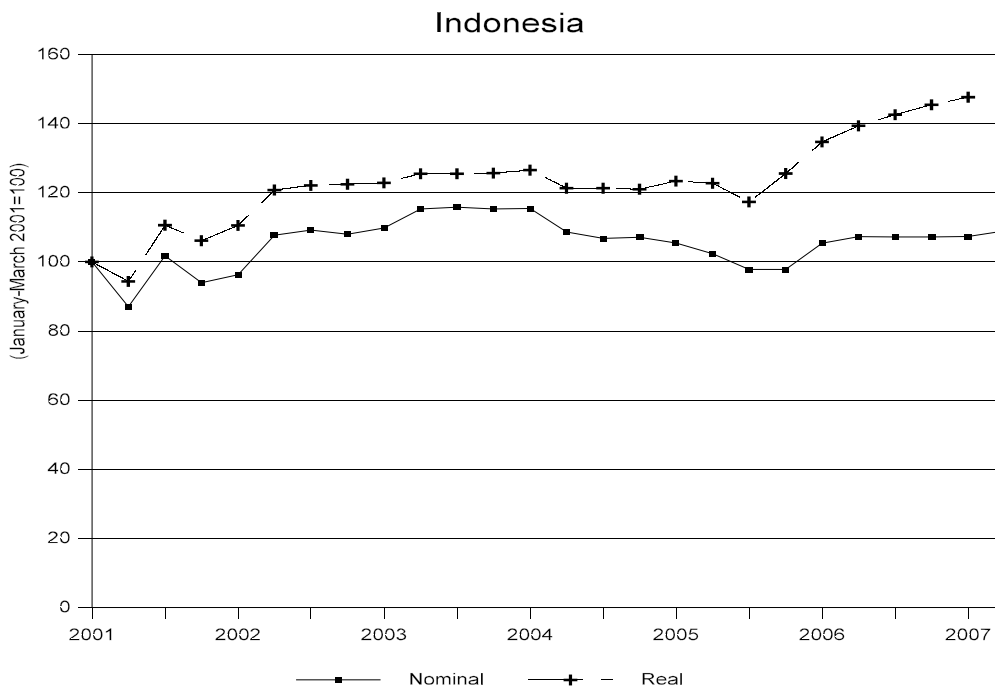
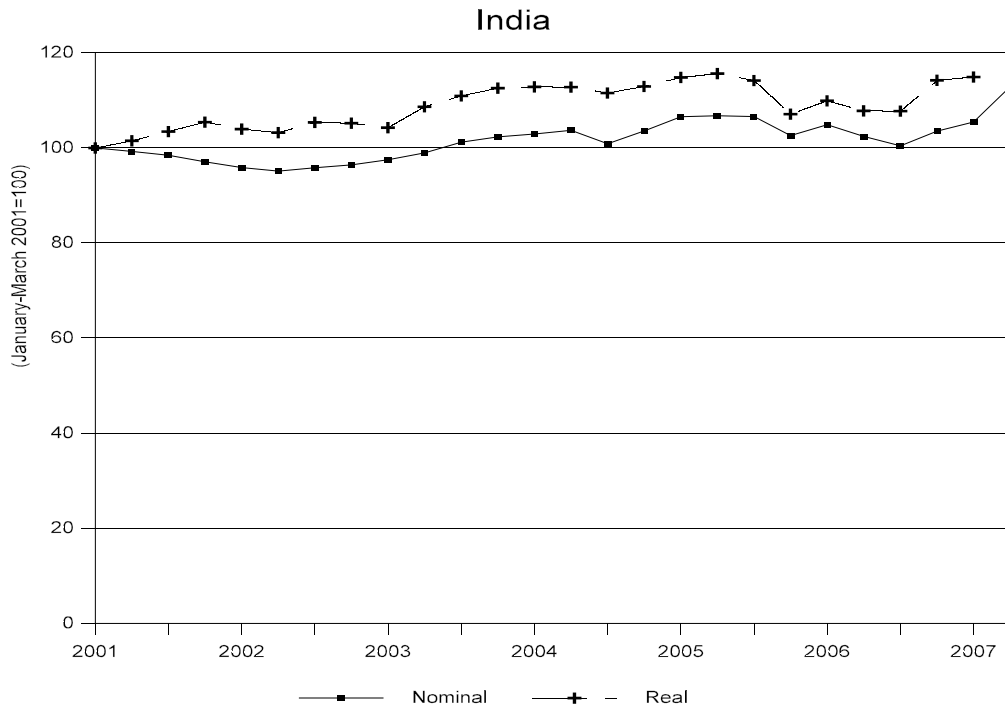


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Figure V-3--Continued

Exchange rates: Indices of the nominal and real exchange rates between the currencies of the subject countries and the U.S. dollar, by quarters, January 2001-June 2007

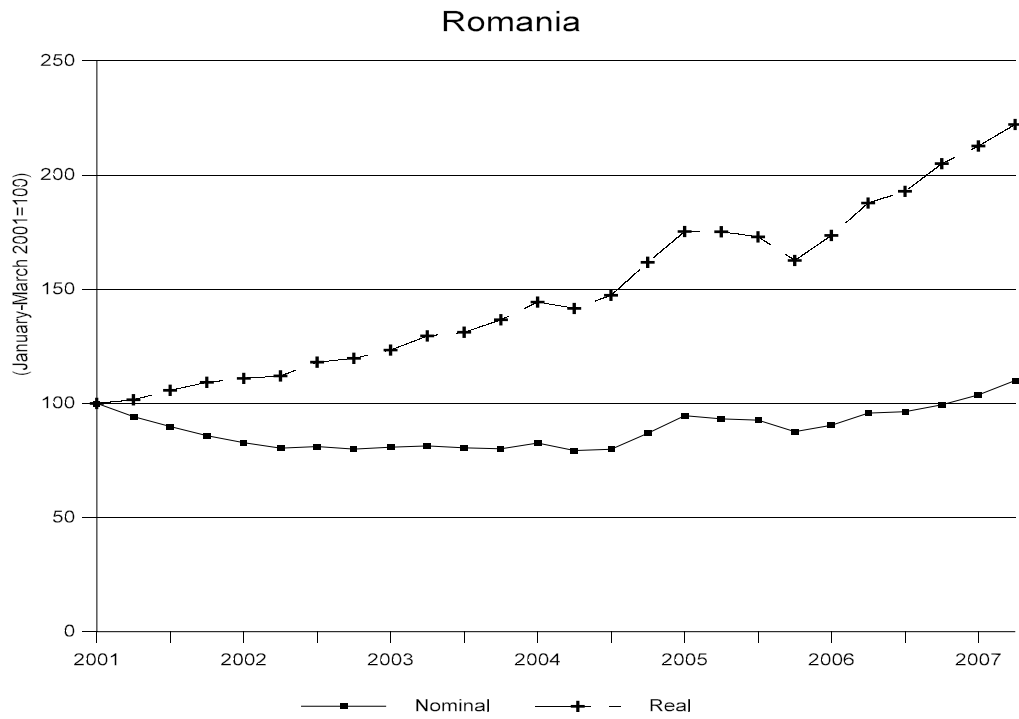
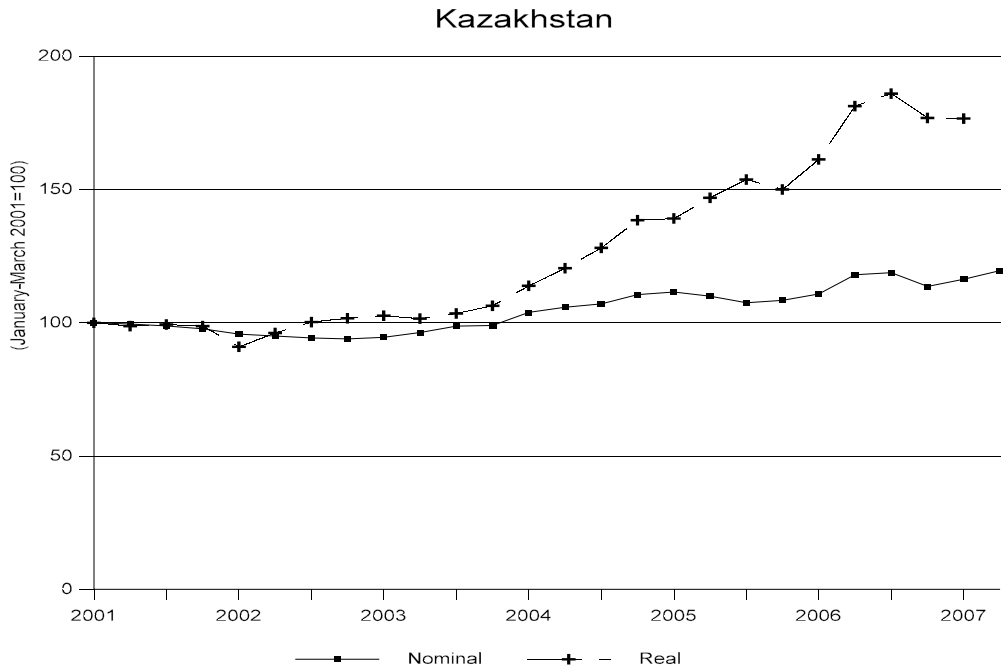


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Figure V-3--Continued

Exchange rates: Indices of the nominal and real exchange rates between the currencies of the subject countries and the U.S. dollar, by quarters, January 2001-June 2007

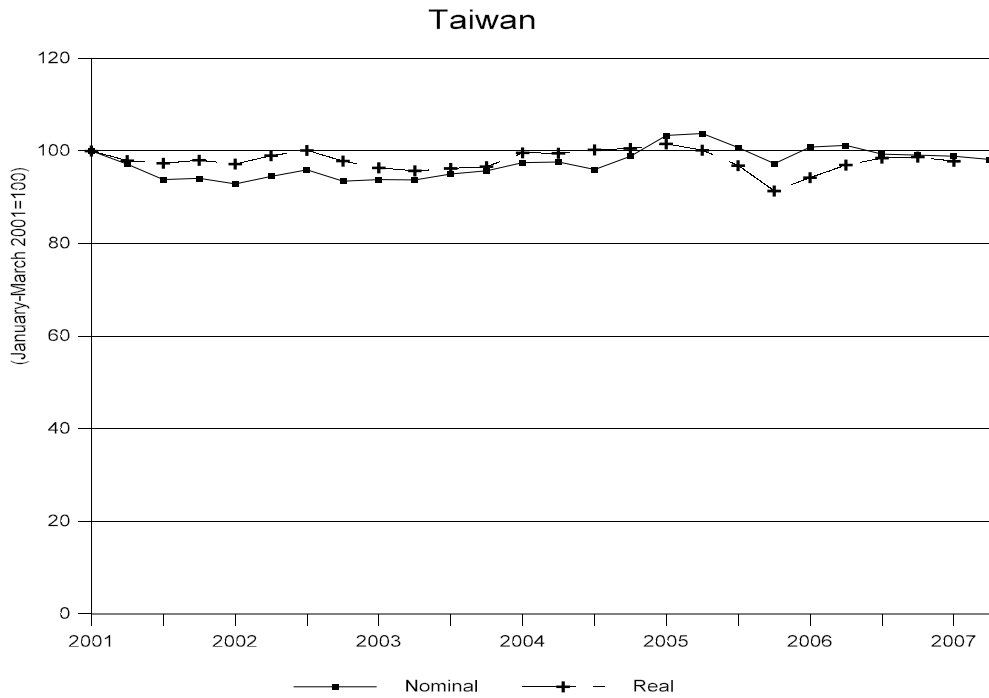
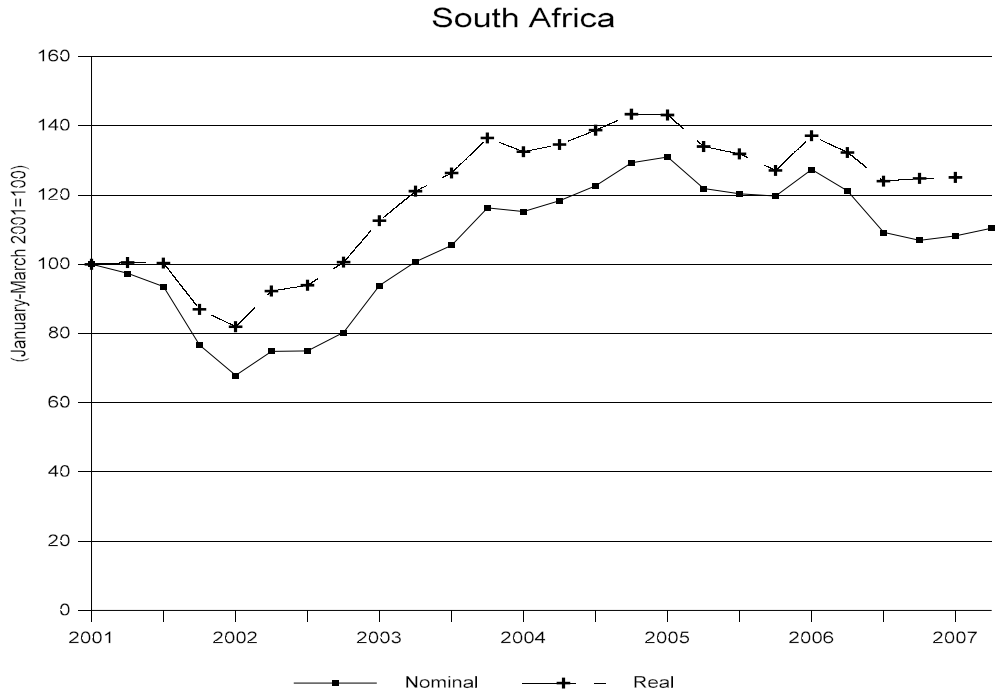
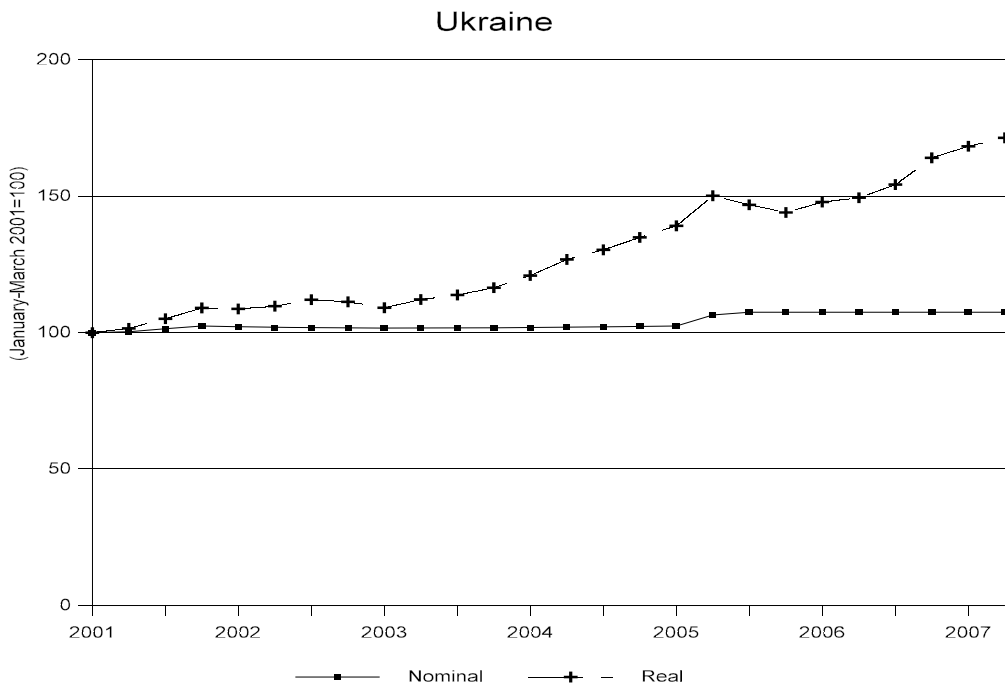
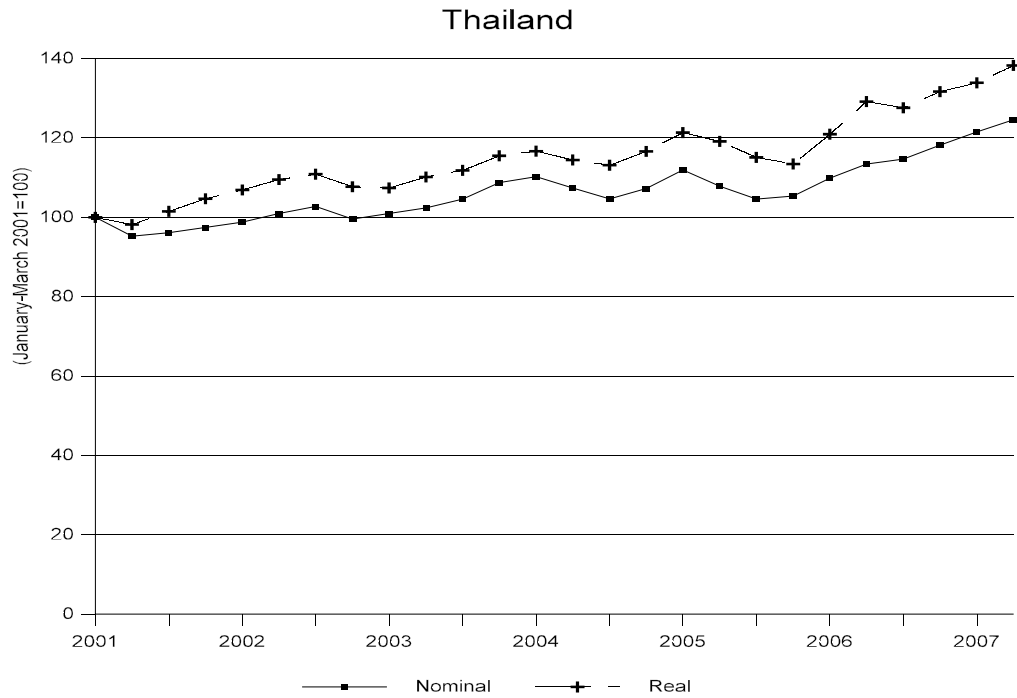


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Figure V-3--Continued

Exchange rates: Indices of the nominal and real exchange rates between the currencies of the subject countries and the U.S. dollar, by quarters, January 2001-June 2007



Source: International Monetary Fund, *International Financial Statistics* online, <http://ifs.apdi.net/imf>; St. Louis Federal Reserve; National Statistics Republic of China (Taiwan), retrieved September 5, 2007.

PRICING PRACTICES

Pricing Methods

Prices are reportedly most often negotiated on a transaction-by-transaction basis or on a contract basis, depending on market conditions. Three U.S. producers noted that the orders subject to review have been effective at reducing the impact on price from subject imports, while four others reported that nonsubject imports still have a direct impact on their prices. In particular, two producers reported that there was an import surge in 2006 that disrupted the market in 2006 and 2007 and another producer reported that its location *** forces it to compete with imports. One producer reported that it no longer publishes price lists because importers were using them to undercut its prices. Seven of 12 responding producers reported that the majority of their sales are on a spot basis, two reported that they sell mostly on a short-term contract basis, and one reported that it sells mostly on a long-term contract basis. U.S. producer *** reported that it prefers to have some contract sales along with spot sales in order to align production schedules to changing market conditions. It also noted that spot prices can influence a purchaser's decision regarding entering into a contract; if spot prices are expected to fall, for example, purchasers will reportedly be less likely to enter into longer term contracts.¹⁰ This producer also reported that even spot contracts may take two to five months for delivery. Virtually none of the responding importers reported having existing contracts with U.S. purchasers, but reported that they would sell almost entirely on a spot basis if they did sell the imported product in the United States. Purchasers in the auto industry reportedly generally prefer longer term contracts at set prices with volume flexibility because they require steel on short time schedules at stable and predictable prices. In addition, longer term contracts enable them to estimate the cost of vehicle production with greater accuracy during the planning process, which begins years before actual production takes place. They also report that changing suppliers is undesirable because they require engineering support from the supplier and continuity for the "lifecycle" of a vehicle model. Auto producers also report that they seek volume flexibility because if they need additional steel during production but cannot obtain it through their contract, they may have to buy from the spot market and pay the prevailing price for additional quantities.¹¹

Automotive sector purchasers reported that before consolidation of the hot-rolled steel industry, they usually entered into multi-year contracts with steel suppliers, but since the ***, steel producers (including ***) have been less willing to offer contracts longer than one year, are unwilling to increase contracted volumes, and are reluctant to accept purchasers' payment terms. These purchasers assert that hot-rolled steel producers want to re-negotiate contracts more often to take advantage of anticipated rising prices.¹² Purchasers in the auto industry also contend that contract prices for hot-rolled steel have increased significantly over the review period and have remained relatively high even when demand softens.¹³ U.S. producers report that they are willing to work with customers on contract duration and in most cases, the customer indicates what terms of the agreement they want.¹⁴ In addition, one U.S.

¹⁰ This producer also reported that recently purchasers have been reluctant to enter into contracts as they believe prices will fall in the near future, particularly if the orders subject to review are lifted.

¹¹ Auto producers' posthearing brief, exh. 1, pp. 3-4.

¹² Auto producers' posthearing brief, exh. 1, pp. 4-6.

¹³ Auto producers' posthearing brief, pp. 7-8.

¹⁴ Hearing transcript, p. 312 (Blume). U.S. Steel's posthearing brief, exh. 1, p. 46

producer, U.S. Steel, reports that it already has a request from a major car company for a one-year contract for 2008.¹⁵

The Commission requested that purchasers submit their recent supply contracts with domestic hot-rolled steel producers. The following is a summary of these responses. ***.¹⁶ ***.¹⁷ ***.¹⁸ ***.¹⁹

Seventeen of 43 purchasers reported that the majority of their purchases are on a short-term contract basis, while 13 reported that the majority are on a spot basis, and the other 13 reported that the majority are on a long-term contract basis. One purchaser reported that there may be up to an 18-month lag between buying hot-rolled steel and the start of production of end-use products.²⁰ Another purchaser, ***, reported that it sources hot-rolled steel 24 months before production and requires continuity during the launch of *** production, which makes changing suppliers undesirable. Another purchaser reported that it reviews pricing every six months and receives bids from numerous suppliers.²¹

Six of nine responding U.S. producers reported that both price and quantity are fixed during the duration of their contracts, with one noting that there may be a minimum or maximum volume range specified. The other producers reported that only price is fixed during the contract period, which is indexed to a publicly available data source.²² Three U.S. producers reported that they have minimum volume requirements included in their contracts, ranging from *** tons to *** tons per month. Seven producers reported that they have restrictions regarding the amount that can be purchased, with two reporting that the quantity is restricted to within 10 percent of the originally negotiated volume.

A surcharge may be added to account for energy and scrap costs. Eight of 12 U.S. producers reported that they applied surcharges for raw materials ranging from \$*** to \$*** per ton, beginning in January 2004, which for the most part no longer are in effect.²³ The surcharges are often invoiced separately from the price of the steel. Some purchasers report that many mini-mills have enacted a surcharge for scrap that is triggered when the scrap price moves outside a specific range; they also report that this system allows essentially unlimited upward price adjustments, but limited downward pricing adjustments.²⁴ Purchaser *** also reports that its ***.²⁵

Six of 10 responding U.S. producers reported that, since 2001, the percentage of contract sales relative to spot sales had increased, while three reported that it had decreased, and two reported no change. Most producers reported that their short-term contracts were of durations of six months or more. Three producers reported that a majority of their short-term contracts last three months or less and one

¹⁵ Hearing transcript, p. 310-311 (Scherrbaum).

¹⁶ Auto producers' posthearing brief, att. A.

¹⁷ Auto producers' posthearing brief, att. B.

¹⁸ Auto producers' posthearing brief, att. B.

¹⁹ Auto producers' posthearing brief, att. C.

²⁰ Hearing transcript, p. 548 (Emery).

²¹ Hearing transcript, p. 545 (Knedgen).

²² Such public data sources mentioned include the CRU and American Metals Market.

²³ U.S. producer *** reported that its surcharge ranged from \$*** to \$*** per ton and was in effect from January 2004 to July 2005. U.S. producer *** reported that its surcharge ranged from \$*** to \$*** per ton and is no longer in effect. U.S. producer *** reported that its surcharge was \$*** per ton but that many of its large customers in the auto industry successfully resisted the price increases. U.S. producer *** reported that it applied a surcharge beginning in 2004 that fluctuated from ranges of \$*** per ton in *** 2004 to a high of \$*** in *** 2004. The surcharge was terminated in *** 2005. U.S. producer *** reported that it has been applying a surcharge, but that due to competitive conditions, it does not always pass along the full cost of raw materials to customers.

²⁴ The Motor and Equipment Manufacturers Association and Precision Metalforming Association's posthearing brief, p. 7.

²⁵ Auto producers' posthearing brief, exh. 1, p. 10 and att. B.

producer reported short-term contracts of a duration of nine months. U.S. producers were roughly evenly split on whether long-term contracts can be renegotiated, but virtually none reported that short-term contracts can be renegotiated. Several producers noted that even short-term contracts can be indexed to move along with a public price index for scrap steel prices or spot prices.²⁶ More specifically, *** producers reported that their purchasers may request their contracts to be indexed to public market data.

Sales Terms and Discounts

Seven of 12 responding producers reported that they did not offer formal volume discounts to their customers, but two noted that they negotiate prices on a case-by-case basis and one reported that volume can influence the negotiated base price. Two producers reported discounts for early payment such as ½ percent to 2 percent if invoices are paid within 10 days, while two other producers reported the occasional use of volume discounts. Nearly all U.S. producers reported that they quote prices on an f.o.b. basis. Nearly all responding importers reported that they do not have a formal discount policy. Three importers reported that they may apply discounts on a case-by-case basis.

PRICE DATA

The Commission requested U.S. producers and importers of hot-rolled steel to provide quarterly data for the total quantity and f.o.b. value of hot-rolled steel products that were shipped to unrelated service centers and to unrelated pipe and tube producers in the U.S. market. Data were requested for the period January 2001 to March 2007. The products for which pricing data were requested are as follows:

Product 1.—Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, not high strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width.

Product 2.—Hot-rolled carbon sheet in coils, commercial quality, SAE 1006-1015 or ASTM A1011 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Product 3.—Hot-rolled carbon steel sheet in coils, commercial quality SAE 1006-1015 or ASTM A1011 equivalent, pickled and oiled, temper-rolled, not high strength, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

Product 4.—Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, in high strength low alloy qualities according to SAE J 1392, ASTM A-572/656/1011, 0.187" through 0.625" in nominal or actual thickness 40" through 72" in width.

Fourteen U.S. producers and 12 importers of hot-rolled steel from the subject countries provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. By quantity, pricing data reported by responding firms accounted for approximately 25.3 percent of U.S. producers' U.S. commercial shipments of hot-rolled steel over the review period, 17.4 percent of reported subject imports from Argentina, 37.8 percent of subject imports from China, 76.5 percent of reported subject imports from India, 28.2 percent of subject imports from Indonesia, 36.9 percent of subject imports from Romania, 8.0 percent of subject imports from South

²⁶ Hearing transcript, p. 312 (Blume).

Africa, 2.6 percent of subject imports from Taiwan, and 11.4 percent of subject imports from Thailand.²⁷ There were no reported pricing data on products imported from Kazakhstan or Ukraine.

Price Trends

U.S. prices for hot-rolled steel products 1-4 rose consistently beginning in the third quarter of 2003 through the third quarter 2004, then dropped off slightly, and rebounded beginning in the fourth quarter of 2005 to nearly their highest point over the review period in the third quarter of 2006. Since the third quarter of 2006, prices decreased through the first quarter of 2007 (falling slightly for the lower-volume products 3 and 4 and more noticeably for the higher-volume products 1 and 2), but the prices for products 1-3 show a slight increase in the second quarter of 2007. Overall increases in prices for domestic products 1-4 over the period were 140.6, 133.6, 118.9, and 125.4 percent, respectively (tables V-3 to V-6 and figures V-4 to V-7).²⁸

Price data for hot-rolled steel products from Argentina as reported by one U.S. importer were only reported for product 3 and only for the first three quarters of 2001. Prices of product 3 imported from Argentina decreased by *** percent from the first quarter of 2001 to the third quarter of 2001.

Price data on product 1 imported from China were only reported for three quarters in 2001. Prices of product 2 imported from China were reported for all quarters of 2001 and the fourth quarter of 2002, decreasing by *** percent over this period.²⁹ There were only two quarters of reported pricing data on product 3 imported from China and there were no reported sales of product 4 imported from China.

Price data on product 1 imported from India were only reported for four quarters over the review period, including the first quarter of 2001 and the fourth quarter of 2006, over which period the price increased by *** percent. There were only three reported quarters of pricing data on product 2 imported from India, including the fourth quarter of 2001 and the fourth quarter of 2006, over which period the price increased by *** percent. There was only one reported quarter of pricing data each for products 3 and 4 imported from India.

Pricing data on product 1 imported from Indonesia were only reported for the period from 2001 to 2002. The prices of product 1 imported from Indonesia decreased by *** percent from the first quarter of 2001 to the fourth quarter of 2002. There were no reported sales of products 2, 3, or 4 imported from Indonesia.

Pricing data on product 1 imported from Romania were reported from the first quarter of 2001 to the first quarter of 2003, increasing by *** percent over this period. Pricing data on imports of product 2 from Romania were only reported for four quarters over the period, increasing by *** percent from the first quarter of 2001 to the first quarter of 2003. There were no reported sales of products 3 or 4 imported from Romania.

Prices of product 1 imported from South Africa were only reported for *** over the entire period, and increased by *** percent from the fourth quarter of 2001 to the fourth quarter of 2003. Prices of product 2 imported from South Africa were only reported for three quarters over the entire period, and increased by *** percent from the fourth quarter of 2001 to the fourth quarter of 2003. There were no reported sales of product 3 imported from South Africa. Prices of product 4 imported from

²⁷ These percentages are based on import data submitted in response to Commission questionnaires.

²⁸ The American Metal Market reported on August 22, 2007 that spot prices for hot-rolled sheet in the United States have decreased from \$560 per short ton in April and May 2007 to between \$500 and \$510 per short ton in August, which is beyond the period for which data were collected by the Commission. *World crude steel output up 5.3% despite U.S. cuts*, American Metal Market, August 22, 2007.

²⁹ U.S. importer *** reported price data on a trial shipment of an extremely small quantity of product 2 imported from China in the fourth quarter of 2006. Staff excluded this data point as an outlier, as the corresponding unit value was disproportionately high and distortionary.

Table V-3

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, January 2001-June 2007

	United States		China			India			Indonesia		
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)	Margin (percent)
2001:											
Jan.-Mar.	\$231.59	501,518	\$***	***	***	\$***	***	***	\$***	***	***
Apr.-June	234.24	699,134	***	***	***	-	-	-	***	***	***
July-Sept.	237.94	516,267	-	-	-	-	-	-	***	***	***
Oct.-Dec.	223.26	477,960	***	***	***	-	-	-	***	***	***
2002:											
Jan.-Mar.	237.13	558,659	-	-	-	-	-	-	***	***	***
Apr.-June	284.66	578,368	-	-	-	-	-	-	***	***	***
July-Sept.	313.90	753,393	-	-	-	-	-	-	***	***	***
Oct.-Dec.	312.62	538,812	-	-	-	***	***	***	***	***	***
2003:											
Jan.-Mar.	290.22	459,793	-	-	-	-	-	-	-	-	-
Apr.-June	257.06	655,696	-	-	-	-	-	-	-	-	-
July-Sept.	258.17	677,100	-	-	-	-	-	-	-	-	-
Oct.-Dec.	296.04	673,791	-	-	-	-	-	-	-	-	-
2004:											
Jan.-Mar.	373.40	629,396	-	-	-	-	-	-	-	-	-
Apr.-June	516.39	618,815	-	-	-	-	-	-	-	-	-
July-Sept.	616.09	661,229	-	-	-	-	-	-	-	-	-
Oct.-Dec.	669.19	609,740	-	-	-	-	-	-	-	-	-
2005:											
Jan.-Mar.	642.72	655,326	-	-	-	-	-	-	-	-	-
Apr.-June	583.16	567,864	-	-	-	-	-	-	-	-	-
July-Sept.	468.78	613,751	-	-	-	-	-	-	-	-	-
Oct.-Dec.	526.16	632,855	-	-	-	-	-	-	-	-	-
2006:											
Jan.-Mar.	554.68	738,507	-	-	-	-	-	-	-	-	-
Apr.-June	569.10	808,235	-	-	-	***	***	***	-	-	-
July-Sept.	623.02	725,055	-	-	-	-	-	-	-	-	-
Oct.-Dec.	583.38	532,564	-	-	-	***	***	***	-	-	-
2007:											
Jan.-Mar.	528.41	596,643	-	-	-	-	-	-	-	-	-
Apr.-June	557.19	570,879	-	-	-	-	-	-	-	-	-

Table continued on following page.

Table V-3--Continued

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, January 2001-June 2007

	United States		Romania			South Africa		
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)	Margin (percent)
2001:								
Jan.-Mar.	\$231.59	501,518	\$***	***	***	-	-	-
Apr.-June	234.24	699,134	***	***	***	-	-	-
July-Sept.	237.94	516,267	***	***	***	-	-	-
Oct.-Dec.	223.26	477,960	***	***	***	\$***	***	***
2002:								
Jan.-Mar.	237.13	558,659	***	***	***	-	-	-
Apr.-June	284.66	578,368	***	***	***	-	-	-
July-Sept.	313.90	753,393	***	***	***	-	-	-
Oct.-Dec.	312.62	538,812	***	***	***			
2003:								
Jan.-Mar.	290.22	459,793	***	***	***	-	-	-
Apr.-June	257.06	655,696	-	-	-	-	-	-
July-Sept.	258.17	677,100	-	-	-	-	-	-
Oct.-Dec.	296.04	673,791	-	-	-	***	***	***
2004:								
Jan.-Mar.	373.40	629,396	-	-	-	-	-	-
Apr.-June	516.39	618,815	-	-	-	-	-	-
July-Sept.	616.09	661,229	-	-	-	-	-	-
Oct.-Dec.	669.19	609,740	-	-	-	-	-	-
2005:								
Jan.-Mar.	642.72	655,326	-	-	-	-	-	-
Apr.-June	583.16	567,864	-	-	-	-	-	-
July-Sept.	468.78	613,751	-	-	-	-	-	-
Oct.-Dec.	526.16	632,855	-	-	-	-	-	-
2006:								
Jan.-Mar.	554.68	738,507	-	-	-	-	-	-
Apr.-June	569.10	808,235	-	-	-	-	-	-
July-Sept.	623.02	725,055	-	-	-	-	-	-
Oct.-Dec.	583.38	532,564	-	-	-	-	-	-
2007:								
Jan.-Mar.	528.41	596,643	-	-	-	-	-	-
Apr.-June	557.19	570,879	-	-	-	-	-	-

Table continued on following page.

Table V-3--Continued

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product¹ and margins of underselling/(overselling), by quarters, January 2001-June 2007

	United States		Taiwan			Thailand		
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)	Margin (percent)
2001:								
Jan.-Mar.	\$231.59	501,518	-	-	-	-	-	-
Apr.-June	234.24	699,134	-	-	-	-	-	-
July-Sept.	237.94	516,267	-	-	-	-	-	-
Oct.-Dec.	223.26	477,960	-	-	-	-	-	-
2002:								
Jan.-Mar.	237.13	558,659	-	-	-	-	-	-
Apr.-June	284.66	578,368	-	-	-	-	-	-
July-Sept.	313.90	753,393	-	-	-	-	-	-
Oct.-Dec.	312.62	538,812	-	-	-	-	-	-
2003:								
Jan.-Mar.	290.22	459,793	\$***	***	***	-	-	-
Apr.-June	257.06	655,696	***	***	***	-	-	-
July-Sept.	258.17	677,100	***	***	***	-	-	-
Oct.-Dec.	296.04	673,791	***	***	***	-	-	-
2004:								
Jan.-Mar.	373.40	629,396	-	-	-	-	-	-
Apr.-June	516.39	618,815	-	-	-	-	-	-
July-Sept.	616.09	661,229	-	-	-	-	-	-
Oct.-Dec.	669.19	609,740	-	-	-	-	-	-
2005:								
Jan.-Mar.	642.72	655,326	-	-	-	-	-	-
Apr.-June	583.16	567,864	-	-	-	-	-	-
July-Sept.	468.78	613,751	-	-	-	-	-	-
Oct.-Dec.	526.16	632,855	-	-	-	-	-	-
2006:								
Jan.-Mar.	554.68	738,507	-	-	-	-	-	-
Apr.-June	569.10	808,235	-	-	-	-	-	-
July-Sept.	623.02	725,055	-	-	-	\$***	***	***
Oct.-Dec.	583.38	532,564	-	-	-	***	***	***
2007:								
Jan.-Mar.	528.41	596,643	-	-	-	***	***	***
Apr.-June	557.19	570,879	-	-	-	-	-	-

¹ Hot-rolled carbon steel plate in coils, as-rolled (unprocessed), not pickled or temper-rolled, not high strength, produced to AISI-1006-1025 grade (including, but not limited to, ASTM A36), 0.187" through 0.625" in nominal or actual thickness, 40" through 72" in width.

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

Table V-4

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, January 2001-June 2007

	United States		China			India			Romania		
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)	Margin (percent)
2001:											
Jan.-Mar.	\$232.33	578,552	\$***	***	***	-	-	-	\$***	***	***
Apr.-June	237.95	568,746	***	***	***	-	-	-	***	***	***
July-Sept.	225.56	562,439	***	***	***	-	-	-	-	-	-
Oct.-Dec.	225.13	541,357	***	***	***	\$***	***	***	-	-	-
2002:											
Jan.-Mar.	227.93	647,197	-	-	-	-	-	-	-	-	-
Apr.-June	274.88	736,865	-	-	-	-	-	-	-	-	-
July-Sept.	304.90	949,521	-	-	-	-	-	-	-	-	-
Oct.-Dec.	318.63	695,207	***	***	***	***	***	***	***	***	***
2003:											
Jan.-Mar.	279.13	826,139	-	-	-	-	-	-	***	***	***
Apr.-June	266.00	821,368	-	-	-	-	-	-	-	-	-
July-Sept.	273.64	710,673	-	-	-	-	-	-	-	-	-
Oct.-Dec.	291.70	783,060	-	-	-	-	-	-	-	-	-
2004:											
Jan.-Mar.	363.45	757,428	-	-	-	-	-	-	-	-	-
Apr.-June	480.72	769,003	-	-	-	-	-	-	-	-	-
July-Sept.	586.17	760,960	-	-	-	-	-	-	-	-	-
Oct.-Dec.	569.02	586,762	-	-	-	-	-	-	-	-	-
2005:											
Jan.-Mar.	592.67	646,838	-	-	-	-	-	-	-	-	-
Apr.-June	534.05	534,859	-	-	-	-	-	-	-	-	-
July-Sept.	524.69	598,003	-	-	-	-	-	-	-	-	-
Oct.-Dec.	507.45	653,465	-	-	-	-	-	-	-	-	-
2006:											
Jan.-Mar.	560.78	718,397	-	-	-	-	-	-	-	-	-
Apr.-June	550.89	751,587	-	-	-	-	-	-	-	-	-
July-Sept.	598.02	681,275	-	-	-	-	-	-	-	-	-
Oct.-Dec.	518.39	483,800	-	-	-	***	***	***	-	-	-
2007:											
Jan.-Mar.	505.32	641,494	-	-	-	-	-	-	-	-	-
Apr.-June	542.70	730,670	-	-	-	-	-	-	-	-	-

Table continued on following page.

Table V-4--Continued

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, January 2001-June 2007

	United States		South Africa			Thailand		
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)	Margin (percent)
2001:								
Jan.-Mar.	\$232.33	578,552	-	-	-	-	-	-
Apr.-June	237.95	568,746	-	-	-	-	-	-
July-Sept.	225.56	562,439	-	-	-	-	-	-
Oct.-Dec.	225.13	541,357	***	***	***	***	***	***
2002:								
Jan.-Mar.	227.93	647,197	-	-	-	-	-	-
Apr.-June	274.88	736,865	-	-	-	-	-	-
July-Sept.	304.90	949,521	-	-	-	***	***	***
Oct.-Dec.	318.63	695,207	***	***	***	-	-	-
2003:								
Jan.-Mar.	279.13	826,139	-	-	-	-	-	-
Apr.-June	266.00	821,368	-	-	-	-	-	-
July-Sept.	273.64	710,673	-	-	-	-	-	-
Oct.-Dec.	291.70	783,060	***	***	***	-	-	-
2004:								
Jan.-Mar.	363.45	757,428	-	-	-	-	-	-
Apr.-June	480.72	769,003	-	-	-	-	-	-
July-Sept.	586.17	760,960	-	-	-	-	-	-
Oct.-Dec.	569.02	586,762	-	-	-	-	-	-
2005:								
Jan.-Mar.	592.67	646,838	-	-	-	-	-	-
Apr.-June	534.05	534,859	-	-	-	-	-	-
July-Sept.	524.69	598,003	-	-	-	-	-	-
Oct.-Dec.	507.45	653,465	-	-	-	-	-	-
2006:								
Jan.-Mar.	560.78	718,397	-	-	-	-	-	-
Apr.-June	550.89	751,587	-	-	-	-	-	-
July-Sept.	598.02	681,275	-	-	-	-	-	-
Oct.-Dec.	518.39	483,800	-	-	-	-	-	-
2007:								
Jan.-Mar.	505.32	641,494	-	-	-	-	-	-
Apr.-June	542.70	730,670	-	-	-	-	-	-

¹ Hot-rolled carbon sheet in coils, commercial quality, SAE 1006-1015 or ASTM A1011 equivalent, not high-strength, not pickled and oiled, not temper-rolled, 0.090" through 0.171" in nominal or actual thickness, 40" to 72" in width.

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

Table V-5

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2001-June 2007

* * * * *

Table V-6

Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2001-June 2007

* * * * *

Figure V-4

Hot-rolled steel: Weighted-average f.o.b. prices of domestic and imported product 1

* * * * *

Figure V-5

Hot-rolled steel: Weighted-average f.o.b. prices of domestic and imported product 2

* * * * *

Figure V-6

Hot-rolled steel: Weighted-average f.o.b. prices of domestic and imported product 3

* * * * *

Figure V-7

Hot-rolled steel: Weighted-average f.o.b. prices of domestic and imported product 4

* * * * *

South Africa were only reported for two quarters, increasing by *** percent from the fourth quarter of 2001 to the fourth quarter of 2002.

Pricing data for product 1 imported from Taiwan were only reported for the four quarters of 2003, increasing by *** percent over this period. There were no reported sales of product 2 imported from Taiwan. Prices of product 3 imported from Taiwan were only reported for one quarter.³⁰ There were no reported sales of product 4 imported from Taiwan.

Pricing data on product 1 imported from Thailand were only reported for the last three quarters of the review period, increasing by *** percent from the third quarter of 2006 to the first quarter of 2007. Prices of product 2 imported from Thailand were only reported for two quarters over the entire period,

³⁰ U.S. importer, ***, reported price data on a trial shipment of an extremely small quantity of product 3 imported from Taiwan in the fourth quarter of 2006. Staff excluded this data point as an outlier, as the corresponding unit value was disproportionately high and distortionary.

increasing by *** percent from the fourth quarter of 2001 to the third quarter of 2002. There were no reported sales of products 3 or 4 imported from Thailand.

Purchasers were also asked if there has been a change in the price of hot-rolled steel since 2001, and if so, if the price of U.S.-produced hot-rolled steel changed more or less than the price of imported hot-rolled steel from both subject and nonsubject countries. Fourteen of 31 responding purchasers reported that prices of domestic and imported hot-rolled steel have changed by the same amount. Most of these purchasers did not indicate the specific non-U.S. market to which they were referring; however, one cited the prices in Russia and Turkey, and two cited Canada, China, and Mexico. Eight other purchasers reported that prices of domestic hot-rolled steel have increased relative to imports, with particular reference to China and Taiwan, and nonsubject sources such as Canada, Japan, and Mexico. Two of these purchasers reported that prices of domestic product have increased relative to imports from all countries. One purchaser reported that prices of imported hot-rolled steel are higher than domestic prices.

When purchasers were asked if there was a price leader in the hot-rolled steel industry, nearly all of the purchasers reported “yes,” with 29 purchasers citing Nucor, 24 citing Mittal, and 18 citing U.S. Steel. Most purchasers reported that these firms exhibited price leadership by being the first to announce price increases. Purchasers in the auto industry report that U.S. hot-rolled steel producers exhibit pricing power by limiting available supply resulting in prices remaining relatively high even during periods of softer demand.³¹ These purchasers also report that the hot-rolled steel industry’s consolidation has limited their sourcing options.³² Four other purchasers (***, ***, ***, and ***) specifically reported that such firms restrict supply in order to stabilize prices. Thai producers attribute this price leadership and pricing power to the fact that the U.S. hot-rolled steel industry has consolidated from 22 producers at the time of the original investigation subject to these reviews to currently 16 producers.³³ More specifically, respondent interested parties contend that during periods of rising inventories, which they characterize as a common cyclical event, the U.S. industry has been able to stabilize prices by cutting production.³⁴ Respondent interested parties also cite the supply shortages reported by purchasers (as described in part II of this report), the move to shorter contract durations, and price increases as evidence of the domestic industry’s pricing power.³⁵

U.S. producers observe that the U.S. Justice Department has never found that the hot-rolled steel industry exercised market power and that it has approved every transaction within the hot-rolled steel industry that it has reviewed, contrary to the claims of pricing power.³⁶ U.S. producers further argue that raw material costs have been increasing since 2004, but the spot price for hot-rolled steel has been decreasing, which would not indicate pricing power.³⁷ Moreover, they contend that the hot-rolled industry in the United States is not consolidated, but still relatively fragmented compared to other industries such as the automotive and appliance sectors.³⁸ The domestic industry also reports that it faces competition from nonsubject imports.³⁹

³¹ Auto producers’ posthearing brief, exh. 1, p. 8.

³² Auto producers’ posthearing brief, exh. 3, p. 26.

³³ Hearing transcript, p. 413 (McCullough). Thai producers’ posthearing brief, p. 5.

³⁴ Hearing transcript, pp. 414-415 (McCullough).

³⁵ Hearing transcript, p. 416 (McCullough).

³⁶ Nucor’s posthearing brief, exh. 1, p. 16. U.S. Steel’s posthearing brief, exh. 1, p. 33.

³⁷ Hearing transcript, p. 131 (Lighthizer). U.S. Steel’s posthearing brief, exh. 1, pp. 32-33.

³⁸ Hearing transcript, p. 241 (Schorsch) and p. 243 (Busse). U.S. Steel’s posthearing brief, exh. 1, p. 32.

³⁹ AK Steel’s posthearing brief, p. 13. Hearing transcript, p. 245 (Gant).

Price Comparisons

As indicated in table V-7, price comparisons between U.S.-produced and imported hot-rolled steel were possible in 61 instances. In 30 of 61 instances, the imported product was priced below the domestic product, while in 31 of 61 instances, the imported product was priced above the domestic product. With regard to Argentina, the margins of underselling (2 of 3 instances) ranged from *** to *** percent. In the remaining 1 instance the product from Argentina was priced above the domestic product; with a margin of *** percent. With regard to China, the margins of underselling (6 of 10 instances) ranged from 2.1 to 45.4 percent. In the remaining 4 instances the product from China was priced above the domestic product; margins of overselling ranged from 15.3 to 29.8 percent. With regard to India, the margins of underselling (7 of 9 instances) ranged from 1.4 to 27.3 percent. In the remaining 2 instances the product from India was priced above the domestic product; margins of overselling ranged from *** to *** percent. With regard to Indonesia, the margins of underselling (2 of 8 instances) ranged from *** to *** percent. In the remaining 6 instances the product from Indonesia was priced above the domestic product; margins of overselling ranged from 29.1 to 74.7 percent. With regard to Romania, the margins of underselling (8 of 13 instances) ranged from 2.9 to 19.6 percent. In the remaining 5 instances the product from Romania was priced above the domestic product; margins of overselling ranged from 0.8 to 20.2 percent. With regard to South Africa, the margins of underselling (3 of 8 instances) ranged from 6.5 to 49.9 percent. In the remaining 5 instances the product from South Africa was priced above the domestic product; margins of overselling ranged from 0.3 to 19.8 percent. With regard to Taiwan, there were no instances of underselling. There were 5 instances in which the product from Taiwan was priced above the domestic product; margins of overselling ranged from 42.2 to 59.8 percent. With regard to Thailand, the margins of underselling (2 of 5 instances) ranged from *** to *** percent. In the remaining 3 instances the product from Thailand was priced above the domestic product; margins of overselling ranged from 11.4 to 28.2 percent. There were no pricing comparisons available for imported product from Kazakhstan or Ukraine.

Table V-7

Hot-rolled steel: Instances of underselling/overselling and the range and average of margins for products 1-4, January 2001-June 2007

	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
By product:						
Product 1	16	2.9 to 51.8	16.6	18	0.8 to 74.7	31.0
Product 2	10	1.4 to 45.4	16.4	7	2.5 to 28.2	14.1
Product 3	2	***	***	5	***	***
Product 4	2	***	***	1	***	***
Total¹	30	0.5 to 51.8	16.9	31	0.3 to 74.7	24.7
By country:						
Argentina ²	2	***	***	1	***	***
China ³	6	2.1 to 45.4	17.2	4	15.3 to 29.8	20.3
India ⁴	7	1.4 to 27.3	14.9	2	***	***
Indonesia ⁵	2	***	***	6	29.1 to 74.7	43.0
Kazakhstan ⁶	0	(⁷)	(⁷)	0	(⁷)	(⁷)
Romania ⁸	8	2.9 to 19.6	10.6	5	0.8 to 20.2	10.0
South Africa ⁹	3	6.5 to 49.9	25.3	5	0.3 to 19.8	11.0
Taiwan ¹⁰	0	(⁷)	(⁷)	5	42.2 to 59.8	51.3
Thailand ¹¹	2	***	***	3	11.4 to 28.2	17.1
Ukraine ¹²	0	(⁷)	(⁷)	0	(⁷)	(⁷)
Total¹	30	0.5 to 51.8	16.9	31	0.3 to 74.7	24.7
<p>¹ Total number of instances for all cited products, range of margins for all cited products, and average margin for all cited products.</p> <p>² In the original investigations, there were 6 of 30 instances of underselling for Argentina.</p> <p>³ In the original investigations, there were 35 of 58 instances of underselling for China.</p> <p>⁴ In the original investigations, there were 29 of 38 instances of underselling for India.</p> <p>⁵ In the original investigations, there were 20 of 22 instances of underselling for Indonesia.</p> <p>⁶ In the original investigations, there were 6 of 6 instances of underselling for Kazakhstan.</p> <p>⁷ Not applicable.</p> <p>⁸ In the original investigations, there were 37 of 43 instances of underselling for Romania.</p> <p>⁹ In the original investigations, there were 10 of 19 instances of underselling for South Africa.</p> <p>¹⁰ In the original investigations, there were 15 of 37 instances of underselling for Taiwan.</p> <p>¹¹ In the original investigations, there were 12 of 18 instances of underselling for Thailand.</p> <p>¹² In the original investigations, there were 28 of 28 instances of underselling for Ukraine.</p>						
Source: Compiled from data submitted in response to Commission questionnaires.						

APPENDIX A

***FEDERAL REGISTER* NOTICES AND THE
COMMISSION'S STATEMENT ON ADEQUACY**

Trade Administration, Room 1870, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230. The Department also asks parties to serve a copy of their requests to the Office of Antidumping/Countervailing Operations, Attention: Sheila Forbes, in room 3065 of the main Commerce Building. Further, in accordance with section 351.303(f)(1)(i) of the regulations, a copy of each request must be served on every party on the Department's service list.

The Department will publish in the **Federal Register** a notice of "Initiation of Administrative Review of Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation" for requests received by the last day of August 2006. If the Department does not receive, by the last day of August 2006, a request for review of entries covered by an order, finding, or suspended investigation listed in this notice and for the period identified above, the Department will instruct the U.S. Customs and Border Protection to assess antidumping or countervailing duties on those entries at a rate equal to the cash deposit of (or bond for) estimated antidumping or countervailing duties required on those entries at the time of entry, or withdrawal from warehouse, for consumption and to continue to collect the cash deposit previously ordered.

This notice is not required by statute but is published as a service to the international trading community.

Dated: July 26, 2006.

Thomas F. Futtner,
Acting Office Director, AD/CVD Operations,
Office 4, Import Administration.
[FR Doc. E6-12366 Filed 7-31-06; 8:45 am]
BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Advance Notification of Sunset Reviews

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

ACTION: Notice of Upcoming Sunset Reviews

SUPPLEMENTARY INFORMATION:

Background

Every five years, pursuant to section 751(c) of the Tariff Act of 1930, as amended, ("the Act"), the Department of Commerce ("the Department") and the International Trade Commission automatically initiate and conduct a review to determine whether revocation of a countervailing or antidumping duty order or termination of an investigation suspended under section 704 or 734 of the Act would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury. As a courtesy, the Department provides advance notice of these cases that are scheduled for sunset reviews one month before those reviews are initiated.

FOR FURTHER INFORMATION CONTACT: Zev Primor, Office 4, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce at (202) 482-4114.

Upcoming Sunset Reviews

There are no sunset reviews scheduled for initiation in September, 2006.

For information on the Department's procedures for the conduct of sunset reviews, See 19 CFR 351.218. This notice is not required by statute but is published as a service to the international trading community. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98.3, "Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders;" Policy Bulletin, 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin"). The Notice of Initiation of Five-year ("Sunset") Reviews provides further information regarding what is required of all parties to participate in sunset reviews.

Dated: July 19, 2006.

Thomas F. Futtner,
Acting Office Director, AD/CVD Operations,
Office 4, Import Administration.
[FR Doc. E6-12412 Filed 7-31-06; 8:45 am]
BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-year ("Sunset") Reviews

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

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("the Department") is automatically initiating a five-year ("Sunset Review") of the antidumping and countervailing duty orders listed below. The International Trade Commission ("the Commission") is publishing concurrently with this notice its notice of *Institution of Five-year Review* which covers these same order.

EFFECTIVE DATE: August 1, 2006.

FOR FURTHER INFORMATION CONTACT: The Department official identified in the *Initiation of Review(s)* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th & Constitution Ave., NW., Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205-3193.

SUPPLEMENTARY INFORMATION:

Background

The Department's procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or analytical issues relevant to the Department's conduct of Sunset Reviews is set forth in the Department's Policy Bulletin 98.3 *Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin").

Initiation of Reviews

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping and countervailing duty orders:

DOC Case No.	ITC Case No.	Country	Product	Department Contact
A-570-862	731-TA-894	PRC	Foundry Coke	Jim Nunno(202) 482-0783
A-823-810	731-TA-891	Ukraine	Solid Agricultural Grade Ammonium Nitrate	Brandon Farlander (202) 482-0182
A-357-814	731-TA-898	Argentina	Certain Hot-Rolled Carbon Steel Flat Products	Zev Primor (202) 482-4114
A-570-865	731-TA-899	PRC	Certain Hot-Rolled Carbon Steel Flat Products	Zev Primor (202) 482-4114
A-533-820	731-TA-900	India	Certain Hot-Rolled Carbon Steel Flat Products	Zev Primor (202) 482-4114

DOC Case No.	ITC Case No.	Country	Product	Department Contact
A-560-812	731-TA-901	Indonesia	Certain Hot-Rolled Carbon Steel Flat Products	Zev Primor (202) 482-4114
A-834-806	731-TA-902	Kazakhstan	Certain Hot-Rolled Carbon Steel Flat Products	Dana Mermelstein (202) 482-1391
A-421-807	731-TA-903	Netherlands	Certain Hot-Rolled Carbon Steel Flat Products	Dana Mermelstein (202) 482-1391
A-485-806	731-TA-904	Romania	Certain Hot-Rolled Carbon Steel Flat Products	Zev Primor (202) 482-4114
A-791-809	731-TA-905	South Africa	Certain Hot-Rolled Carbon Steel Flat Products	Dana Mermelstein (202) 482-1391
A-583-835	731-TA-906	Taiwan	Certain Hot-Rolled Carbon Steel Flat Products	Dana Mermelstein (202) 482-1391
A-549-817	731-TA-907	Thailand	Certain Hot-Rolled Carbon Steel Flat Products	Dana Mermelstein (202) 482-1391
A-823-811	731-TA-908	Ukraine	Certain Hot-Rolled Carbon Steel Flat Products	Dana Mermelstein (202) 482-1391
A-822-804	731-TA-873	Belarus	Steel Concrete Reinforcing Bars	Brandon Farlander (202) 482-0182
A-570-860	731-TA-874	PRC	Steel Concrete Reinforcing Bars	Brandon Farlander (202) 482-0182
A-560-811	731-TA-875	Indonesia	Steel Concrete Reinforcing Bars	Brandon Farlander (202) 482-0182
A-449-804	731-TA-878	Latvia	Steel Concrete Reinforcing Bars	Brandon Farlander (202) 482-0182
A-841-804	731-TA-879	Moldova	Steel Concrete Reinforcing Bars	Brandon Farlander (202) 482-0182
A-455-803	731-TA-880	Poland	Steel Concrete Reinforcing Bars	Brandon Farlander (202) 482-0182
A-580-844	731-TA-877	South Korea	Steel Concrete Reinforcing Bars	Brandon Farlander (202) 482-0182
A-823-809	731-TA-882	Ukraine	Steel Concrete Reinforcing Bars	Brandon Farlander (202) 482-0182
Countervailing Duty Proceedings.				
C-357-815	701-TA-404	Argentina	Certain Hot-Rolled Carbon Steel Flat Products	Brandon Farlander (202) 482-0182
C-533-821	701-TA-405	India	Certain Hot-Rolled Carbon Steel Flat Products	Brandon Farlander (202) 482-0182
C-560-813	701-TA-406	Indonesia	Certain Hot-Rolled Carbon Steel Flat Products	Brandon Farlander (202) 482-0182
C-791-810	701-TA-407	South Africa	Certain Hot-Rolled Carbon Steel Flat Products	Dana Mermelstein (202) 482-1391
C-549-818	701-TA-408	Thailand	Certain Hot-Rolled Carbon Steel Flat Products	Dana Mermelstein (202) 482-1391

Filing Information

As a courtesy, we are making information related to Sunset proceedings, including copies of the Department's regulations regarding Sunset Reviews (19 CFR 351.218) and *Sunset Policy Bulletin*, the Department's schedule of Sunset Reviews, case history information (*i.e.*, previous margins, duty absorption determinations, scope language, import volumes), and service lists available to the public on the Department's sunset Internet website at the following address: "<http://ia.ita.doc.gov/sunset/>." All submissions in these Sunset Reviews must be filed in accordance with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103(c), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order ("APO") immediately following publication in the **Federal Register** of the notice of initiation of the sunset review. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary

information under APO can be found at 19 CFR 351.304-306.

Information Required from Interested Parties

Domestic interested parties (defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b)) wishing to participate in these Sunset Reviews must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the orders without further review. See 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information

requirements.¹ Please consult the Department's regulations for information regarding the Department's conduct of Sunset Reviews. Please consult the Department's regulations at 19 CFR Part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218(c).

Dated: July 27, 2006.

Thomas F. Futtner,

Acting Office Director, AD/CVD Operations, Office 4, Import Administration.

[FR Doc. E6-12339 Filed 7-31-06; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

(A-489-501)

Notice of Final Results of Antidumping Duty New Shipper Review: Certain Welded Carbon Steel Pipe and Tube from Turkey

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

¹ In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests for extension of that five-day deadline based upon a showing of good cause.

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-404-408 and 731-TA-898-908 (Review)]

Hot-Rolled Carbon Steel Flat Products From Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty orders on hot-rolled carbon steel flat products from Argentina, India, Indonesia, South Africa, and Thailand and the antidumping duty orders on hot-rolled carbon steel flat products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.

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 orders on hot-rolled carbon steel flat products from Argentina, India, Indonesia, South Africa, and Thailand and the antidumping duty orders on hot-rolled carbon steel flat products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine 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 September 20, 2006. Comments on the adequacy of responses may be filed with the Commission by October 16, 2006. 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:* August 1, 2006.

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, antidumping and countervailing duty orders were issued on the subject imports:

Order date	Country	Inv. No.	FR cite
09/19/2001	Argentina	731-TA-898	66 FR 48242
09/11/2001	Argentina	701-TA-404	66 FR 47173
11/29/2001	China	731-TA-899	66 FR 59561
12/03/2001	India	731-TA-900	66 FR 60194
12/03/2001	India	701-TA-405	66 FR 60198
12/03/2001	Indonesia	731-TA-901	66 FR 60192
12/03/2001	Indonesia	701-TA-406	66 FR 60198
11/21/2001	Kazakhstan	731-TA-902	66 FR 58435
11/29/2001	Netherlands	731-TA-903	66 FR 59565
11/29/2001	Romania	731-TA-904	66 FR 59566
09/19/2001	South Africa	731-TA-905	66 FR 48242
12/03/2001	South Africa	701-TA-407	66 FR 60201
11/29/2001	Taiwan	731-TA-906	66 FR 59563
11/29/2001	Thailand	731-TA-907	66 FR 59562
12/03/2001	Thailand	701-TA-408	66 FR 60197
11/29/2001	Ukraine	731-TA-908	66 FR 59559

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 ("Commerce").

(2) The *Subject Countries* in these reviews are Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.

(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 hot-rolled steel products corresponding to Commerce's scope.

(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 Industry as all domestic producers of hot-rolled steel.

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. 06-5-157,

expiration date June 30, 2008. 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.

(5) The *Order Dates* are the dates that the antidumping and countervailing duty orders under review became effective. In these reviews, the Order Dates are as shown in the preceding tabulation.

(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 September 20, 2006. 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 October 16, 2006. 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 antidumping and countervailing 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 2005 (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 you 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 Country(ies), provide the following information on your firm's(s') operations on that product during calendar year 2005 (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 Country(ies), provide the following information on your firm's(s') operations on that product during calendar year 2005 (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.

Issued: July 26, 2006.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-12274 Filed 7-31-06; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731-TA-873-875, 877-880, and 882 (Review)]

Steel Concrete Reinforcing Bar From Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine

AGENCY: International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on steel concrete reinforcing bar from Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine.

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 antidumping duty orders on steel concrete reinforcing bar from Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine 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 September 20, 2006. Comments on the adequacy of responses may be filed with the Commission by October 16, 2006. 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:* August 1, 2006.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193), Office of

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. 06-5-158, expiration date June 30, 2008. 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.

will be used in those areas. The same survey instrument and cover letter will be used, but will be mailed to the sampled households with a request that the adult age 18 or older whose birthday occurred most recently complete and return the questionnaire in a provided self-addressed stamped envelope.

Estimated average number of respondents: 1,000.

Estimated average number of responses: 600.

Estimated average burden hours per response: 30 minutes.

Estimated annual reporting burden: 300 hours.

The BLM will summarize all responses to this notice and include them in the request for OMB approval. All comments will be a matter of public record.

Dated: November 15, 2006.

Ted R. Hudson,

Bureau of Land Management, Acting Division Chief of Regulatory Affairs.

[FR Doc. 06-9323 Filed 11-21-06; 8:45 am]

BILLING CODE 4310-84-M

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-404-408 and 731-TA-898-908 (Review)]

Hot-Rolled Carbon Steel Flat Products From Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the countervailing duty orders on hot-rolled carbon steel flat products from Argentina, India, Indonesia, South Africa, and Thailand and the antidumping duty orders on hot-rolled carbon steel flat products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.

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 orders on hot-rolled carbon steel flat products from Argentina, India, Indonesia, South Africa, and Thailand and the antidumping duty orders on hot-rolled carbon steel flat products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania,

South Africa, Taiwan, Thailand, and Ukraine 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).

EFFECTIVE DATE: November 6, 2006.

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 November 6, 2006, 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. The Commission found that the domestic interested party group response to its notice of institution (71 FR 43521, August 1, 2006) was adequate and that the respondent interested party group responses with respect to Argentina, China, Netherlands, South Africa, and Thailand were adequate¹ and decided to conduct full reviews with respect to the orders concerning hot-rolled carbon steel flat products from Argentina, China, Netherlands, South Africa, and Thailand. The Commission found that the respondent interested party group responses with respect to India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine were inadequate. However, the Commission determined to conduct full reviews concerning hot-rolled carbon steel flat products from India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine to promote administrative efficiency in light of its decision to

¹ Commissioner Stephen Koplan found that the respondent interested party group response with respect to China was inadequate.

conduct full reviews with respect to hot-rolled carbon steel flat products from Argentina, China, Netherlands, South Africa, and Thailand. 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: 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.

By order of the Commission.

Issued: November 15, 2006.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-19655 Filed 11-20-06; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-894 (Review)]

Ammonium Nitrate From Ukraine

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct a full five-year review concerning the antidumping duty order on ammonium nitrate from Ukraine.

SUMMARY: The Commission hereby gives notice that it will proceed with a full review 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 antidumping duty order on ammonium nitrate from Ukraine would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the review will be established and announced at a later date. 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: November 6, 2006.

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

Wickiup Campground	Charge fee of \$8.
Buck Spring Campground	Charge fee of \$6.
Rock Springs Campground	Charge fee of \$6.
Tamarack Forest Camp	Charge fee of \$6.
Tip Top Campground	Charge fee of \$6.
Lower Camp Creek Forest Camp	Charge fee of \$6.
Murray Campground	Charge fee of \$8.
Slide Horse Camp	Charge fee of \$8.

Dated: November 29, 2006.

Gary "Stan" Benes,

Malheur National Forest Supervisor.

[FR Doc. 06-9520 Filed 12-4-06; 8:45 am]

BILLING CODE 3410-11-M

BROADCASTING BOARD OF GOVERNORS

Sunshine Act Meeting

DATE AND TIME: Wednesday, November 29, 2006 3:30 p.m.-4:30 p.m.

PLACE: Cohen Building, Room 3360, 330 Independence Ave., SW., Washington, DC 20237.

CLOSED MEETING: The members of the Broadcasting Board of Governors (BBG) will meet in a special session to review and discuss budgetary issues relating to U.S. Government-funded non-military international broadcasting. This meeting is closed because if open it likely would either disclose matters that would be properly classified to be kept secret in the interest of foreign policy under the appropriate executive order (5 U.S.C. 552b.(c)(1)) or would disclose information the premature disclosure of which would be likely to significantly frustrate implementation of a proposed agency action. (5 U.S.C. 552b.(c)(9)(B)) In addition, part of the discussion will relate solely to the internal personnel and organizational issues of the BBG or the International Broadcasting Bureau. (5 U.S.C. 552b.(c)(2)and (6))

CONTACT PERSON FOR MORE INFORMATION: Persons interested in obtaining more information should contact Carol Booker at (202) 203-4545.

Dated: November 29, 2006.

Carol Booker,

Legal Counsel.

[FR Doc. 06-9536 Filed 11-31-06; 10:10 am]

BILLING CODE 8230-01-M

DEPARTMENT OF COMMERCE

International Trade Administration

(A-357-814, A-570-865, A-533-820, A-560-812, A-834-806, A-485-806, A-791-809, A-583-835, A-549-817, A-823-811)

Certain Hot-Rolled Carbon Steel Flat Products from Argentina, the People's Republic of China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine; Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders

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

SUMMARY: On August 1, 2006, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the "Act"), the Department of Commerce (the "Department") initiated sunset reviews of the antidumping duty orders on certain hot-rolled carbon steel flat products from Argentina, the People's Republic of China ("PRC"), India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine (collectively, the "Orders"). The Department has conducted expedited sunset reviews of the Orders and has determined that revocation of the Orders would be likely to lead to continuation or recurrence of dumping, in accordance with section 752(c) of the Act. The dumping margins likely to prevail are identified in the "Final Results of Sunset Reviews" section of this notice.

EFFECTIVE DATE: December 5, 2006.

FOR FURTHER INFORMATION CONTACT: Malcolm Burke (202) 482-3584, Office 4 (Argentina, the PRC, India, Indonesia, and Romania), Martha Douthit (202) 482-5050, Office 6 (Kazakhstan, South Africa and Ukraine), Deborah Scott (202) 482- 2657, Office 7 (Taiwan and Thailand), or Dana Mermelstein (202) 482-1391, Office 6, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background:

In August 2006, pursuant to section 751(c) of the Act, the Department

published a notice of initiation of the sunset reviews of the Orders, among others.¹ The Department received notices of intent to participate from: United States Steel Corporation, Mittal Steel USA Inc., Nucor Corporation, Gallatin Steel Company, Steel Dynamics Inc., IPSCO Steel Inc., and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"), within the deadline specified in 19 CFR § 351.218(d)(1)(i). These parties claimed interested party status under sections 771(9)(C) or (D) of the Act, as producers of a domestic like product, or as a union whose members are engaged in the production of a domestic like product.

The Department received complete substantive responses from the parties identified above, except for USW, within the deadline specified in 19 CFR § 351.218(d)(3)(i). The Department received no responses from respondent interested parties with respect to any of the Orders. 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 has conducted expedited sunset reviews of the Orders.²

Scope of the Orders

The products covered by the Orders are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Further particulars of the scopes of the Orders may be found in the following **Federal Register** notices as indicated for the country of production: for Argentina

¹ *Initiation of Five-year ("Sunset") Reviews*, 71 FR 43,443 (Aug. 1, 2006).

² See Letter to Mr. Robert Carpenter, Director, Office of Investigations, U.S. International Trade Commission, "Expedited and Full Sunset Reviews of the Antidumping and Countervailing Duty Orders Initiated in August 2006" (September 20, 2006).

and South Africa,³ the PRC,⁴ India,⁵ Indonesia,⁶ Kazakhstan,⁷ Romania,⁸ Taiwan,⁹ Thailand,¹⁰ and Ukraine.¹¹ The merchandise is currently classified under the item numbers of the Harmonized Tariff Schedule of the United States (“HTSUS”) listed in the respective **Federal Register** notices identified above. Although the HTSUS item numbers are provided for convenience and customs purposes, the written descriptions of the scope of the Orders remain dispositive.

Analysis of Comments Received

All issues raised in these reviews are addressed in the “Issues and Decision

Memorandum for the Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders on Certain Hot-Rolled Carbon Steel Flat Products from Argentina, the People’s Republic of China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner Assistant Secretary for Import Administration, dated concurrently herewith (the “Decision Memorandum”), which is hereby adopted by this notice. A complete discussion of all issues raised in these reviews, including the likelihood of

continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the Orders were revoked, and the corresponding recommendations, may be found in the Decision Memorandum on file in Room B-099 of the Department of Commerce building. In addition, the Decision Memorandum may be viewed via the internet at <http://ia.ita.doc.gov/frn>.

Final Results of Sunset Reviews

We determine that revocation of the Orders would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Country	Producer/Exporter	Weighted Average Margin
Argentina	Siderar SAIC	44.59%
	All others	40.60%
PRC	Angang Group International Trade Co. Ltd., New Iron & Steel Co., Ltd., and Angang Group Hong Kong Co., Ltd.	31.09%
	Shanghai Baosteel Group Corporation, Baoshan Iron & Steel Co., Ltd., and Baosteel Group International Trade Corporation	12.39%
	Benxi Iron & Steel Group International Economic & Trade Co., Ltd., Bengang Steel Plates Co., Ltd., and Benxi Iron & Steel Group Co., Ltd.	57.19%
	Panzhuhua Iron and Steel (Group) Co.	65.59%
	Wuhan Iron and Steel Group Corporation	65.59%
	PRC-wide	90.83%
India	Ispat Industries Ltd.	44.40%
	Essar Steel Ltd.	36.53%
	All others	38.72%
Indonesia	PT Krakatau Steel Corporation	47.86%
	All others	47.86%
Kazakhstan	Ispat Karmet	243.46%
	All others	243.46%
Romania	Sidex, S.A., Sidex Trading SRL, and Sidex International Plc.	16.34%
	Metalexportimport S.A.	18.04%
	Metanef S.A.	21.59%
	Metagrimex Business Group S.A.	16.29%
	All others	88.62%
South Africa	Highveld Steel and Vanadium Corporation Limited	9.28%
	Iscor Limited/Saldanha Steel Limited	9.28%
	All others	9.28%
Taiwan	An Feng Steel Co., Ltd	29.14%
	China Steel Corporation/Yieh Loong	29.14%
	All others	20.28%
Thailand	Siam Strip Mill Public Co., Ltd.	20.30%
	All others	4.44%
Ukraine	All others	90.33%

In accordance with section 752(c)(3) of the Act, we will notify the International Trade Commission of the final results of these expedited sunset reviews. 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. Timely notification of the

return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

³ Notice of Antidumping Duty Orders: Certain Hot-Rolled Carbon Steel Flat Products From Argentina and the Republic of South Africa, 66 FR 48,242 (Sept. 19, 2001).

⁴ Notice of Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From the People’s Republic of China, 66 FR 59,561 (Nov. 29, 2001).

⁵ Notice of Amended Final Antidumping Duty Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Certain Hot-Rolled

Carbon Steel Flat Products From India, 66 FR 60,194 (Dec. 3, 2001).

⁶ Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From Indonesia, 66 FR 60,192 (Dec. 3, 2001).

⁷ Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From Kazakhstan, 66 FR 58,435 (Nov. 21, 2001).

⁸ Notice of Amended Final Antidumping Duty Determination and Antidumping Duty Order:

Certain Hot-Rolled Carbon Steel Flat Products From Romania, 66 FR 59,566 (Nov. 29, 2001).

⁹ Notice of Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From Taiwan, 66 FR 59,563 (Nov. 29, 2001).

¹⁰ Notice of Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From Thailand, 66 FR 59,562 (Nov. 29, 2001).

¹¹ Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From Ukraine, 66 FR 59,559 (Nov. 29, 2001).

This notice is published in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: November 28, 2006.

David M. Spooner,
Assistant Secretary for Import
Administration.

[FR Doc. E6-20553 Filed 12-4-06; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

A-570-905

Postponement of Preliminary Determination of Antidumping Duty Investigation: Certain Polyester Staple Fiber from the People's Republic of China

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

EFFECTIVE DATE: December 5, 2006.

FOR FURTHER INFORMATION CONTACT:
Michael Holton or Paul Walker, Import
Administration, International Trade
Administration, U.S. Department of
Commerce, 14th Street and Constitution
Avenue, NW., Washington, DC 20230;
telephone: (202) 482-1324 or (202) 482-
0413, respectively.

SUPPLEMENTARY INFORMATION:

Postponement of Preliminary Determination

On July 13, 2006, the Department of Commerce ("Department") initiated the antidumping duty investigation of certain polyester staple fiber from the People's Republic of China. See *Initiation of Antidumping Duty Investigation: Certain Polyester Staple Fiber from the People's Republic of China*, 71 FR 41201 (July 20, 2006) ("Initiation Notice"). The Initiation Notice stated that the Department would make its preliminary determination for this antidumping duty investigation no later than 140 days after the date of issuance of the initiation (*i.e.*, November 30, 2006).

We have determined that this investigation is extraordinarily complicated within the meaning of section 733(c)(1)(B)(i) of the Tariff Act of 1930, as amended ("the Act"). On November 16, 2006, the Department notified parties to the investigation that it intended to postpone the preliminary determination for reasons provided in this notice. See Memorandum to the file, from Michael Holton, *Postponement of Preliminary Determination of Antidumping Duty Investigation: Certain Polyester Staple*

Fiber from the People's Republic of China, dated November 16, 2006.

Specifically, we find that the Department requires additional time to gather more information from all the mandatory respondents regarding market-economy inputs, affiliations, establishing the proper date of sale and the allocation methodology used to report certain factors of production. In addition, the Department also requires additional time to evaluate the separate-rate applications.

Therefore, it is the Department's decision to postpone the current preliminary determination so that all of the issues currently under investigation at this time can be addressed in the most complete manner possible. For the reasons identified above, we are postponing the preliminary determination under section 733(c)(1)(B) of the Act by fifteen days to December 15, 2006. The deadline for the final determination will continue to be 75 days after the date of the preliminary determination.

This notice is issued and published pursuant to sections 733(c)(2) of the Act and 19 CFR 351.205(f)(1).

Dated: November 28, 2006.

David M. Spooner,
Assistant Secretary for Import
Administration.

[FR Doc. E6-20566 Filed 12-4-06; 8:45 am]

Billing Code: 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

A-823-810

Solid Agricultural Grade Ammonium Nitrate from Ukraine; Final Results of the Expedited Sunset Review of the Antidumping Duty Order

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

SUMMARY: On August 1, 2006, the Department of Commerce ("Department") initiated a sunset review of the antidumping duty order on solid agricultural grade ammonium nitrate from Ukraine pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and a complete substantive response filed on behalf of the domestic interested parties and an inadequate response from respondent interested parties, the Department conducted an expedited sunset review of the antidumping duty 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 order would likely lead to continuation or recurrence of dumping at the levels indicated in the "Final Results of Review" section of this notice.

EFFECTIVE DATE: December 5, 2006.

FOR FURTHER INFORMATION CONTACT:
Audrey Twyman, Damian Felton, or
Brandon Farlander, AD/CVD
Operations, Office 1, Import
Administration, International Trade
Administration, U.S. Department of
Commerce, 14th Street & Constitution
Avenue, NW, Washington, DC 20230;
telephone: (202) 482-3534, (202) 482-
0133, and (202) 482-0182, respectively.

SUPPLEMENTARY INFORMATION:

Background

On August 1, 2006, the Department initiated a sunset review of the antidumping duty order on solid agricultural grade ammonium nitrate ("ammonium nitrate") from Ukraine pursuant to section 751(c) of the Act. See *Initiation of Five-year (Sunset) Reviews*, 71 FR 43443 (August 1, 2006) ("Notice of Initiation"). The Department received a notice of intent to participate from the following domestic parties: the Committee for Fair Ammonium Nitrate Trade ("COFANT") and its individual producer members, El Dorado Chemical Company and Terra Industries, Inc. (also known as "domestic interested parties") within the deadline specified in 19 CFR 351.218(d)(1)(I). COFANT claims interested party status under section 771(9)(C) of the Act as domestic manufacturers of ammonium nitrate for its members.

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). The Department also received a substantive response from respondent interested party, Open Joint Stock Company "Azot," within the deadline specified in 19 CFR 351.218(d)(3)(i). On September 7, 2006, the domestic interested parties submitted a rebuttal to Azot's substantive response. On September 20, 2006, the Department determined that the respondent interested party did not account for more than 50 percent of exports by volume of the subject merchandise, because it reported that it had no exports during the 2001-2005 sunset review period. Therefore, the Department concluded that the respondent interested party did not submit an adequate response to the Department's *Notice of Initiation*. See Memorandum to Susan H. Kuhbach entitled, "Adequacy Determination in

circumstances review). Section 751(b)(1) of the Act requires a changed–circumstances review to be conducted upon receipt of a request which shows changed circumstances sufficient to warrant a review.

In the instant review, based on the information provided by TRW and the lack of comments from the petitioners and domestic interested parties, the Department found preliminarily that the continued relief provided by the order with respect to the product in question from Japan is no longer of interest to the domestic industry. See *Preliminary Results*, 71 FR at 65466. We did not receive any comments on our *Preliminary Results*. Therefore, the Department is revoking the order on stainless steel bar from Japan with regard to the product that meets the following specifications: certain valve/stem stainless steel round bar of 21–2N modified grade, having a diameter of 5.7 millimeters (with a tolerance of 0.025 millimeters), in length no greater than 15 meters, having a chemical composition consisting of a minimum of 0.50 percent and a maximum of 0.60 percent of carbon, a minimum of 7.50 percent and a maximum of 9.50 percent of manganese, a maximum of 0.25 percent of silicon, a maximum of 0.04 percent of phosphorus, a maximum of 0.03 percent of sulfur, a minimum of 20.0 percent and a maximum of 22.00 percent of chromium, a minimum of 2.00 percent and a maximum of 3.00 percent of nickel, a minimum of 0.20 percent and a maximum of 0.40 percent of nitrogen, a minimum of 0.85 percent of the combined content of carbon and nitrogen, and a balance minimum of iron, having a maximum core hardness of 385 HB and a maximum surface hardness of 425 HB, with a minimum hardness of 270 HB for annealed material.

We will instruct U.S. Customs and Border Protection (CBP) to liquidate without regard to antidumping duties and to refund any estimated antidumping duties collected on entries of all shipments of the product in question that are not covered by the final results of an administrative review or automatic liquidation. The most recent period for which the Department has completed an administrative review or ordered automatic liquidation under 19 CFR 351.212(c) is February 1, 2005, through January 31, 2006. Any prior entries are subject to either the final results of review or automatic liquidation. Therefore, we will instruct CBP to liquidate, without regard to antidumping duties, shipments of stainless steel bar from Japan meeting the specifications of the product in

question entered, or withdrawn from warehouse, for consumption on or after February 1, 2006. We will also instruct CBP to release any cash deposits or bonds and pay interest on such refunds in accordance with section 778 of the Act and 19 CFR 351.222(g)(4).

This changed–circumstances review, partial revocation of antidumping duty order, and notice are completed and published in accordance with sections 751(b) and (d), 782(h), and 777(i)(1) of the Act and sections 351.216(e) and 351.222(g)(3)(vii) of the Department's regulations.

Dated: November 30, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.

[FR Doc. E6–20780 Filed 12–6–06; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[C–357–815, C–533–821, C–560–813, C–791–810, C–549–818]

Hot–Rolled Carbon Steel Flat Products from Argentina, India, Indonesia, South Africa, and Thailand: Final Results of Expedited Five–Year (Sunset) Reviews of the Countervailing Duty Orders

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

SUMMARY: On August 1, 2006, the Department of Commerce (the Department) published in the **Federal Register** the notice of initiation of the first five–year sunset reviews of the countervailing duty orders on certain hot–rolled carbon steel flat products (hot–rolled steel) from Argentina, India, Indonesia, South Africa, and Thailand, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). See *Initiation of Five–Year (Sunset) Reviews*, 71 FR 43443 (August 1, 2006) (*Initiation of First Sunset Reviews*). On the basis of notices of intent to participate and adequate substantive responses filed on behalf of domestic interested parties, and inadequate responses from respondent interested parties (in these cases, no responses from the governments of Argentina, India, Indonesia, South Africa, and Thailand, or any of the respondent companies covered by the orders), the Department has conducted expedited sunset reviews of these orders pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(B). As a result of these sunset reviews, the Department finds that revocation of the countervailing duty orders is likely to lead to

continuation or recurrence of countervailable subsidies at the levels indicated in the “Final Results of Review” section of this notice.

EFFECTIVE DATE: December 7, 2006.

FOR FURTHER INFORMATION CONTACT:

Darla Brown at (202) 482–2849 (Argentina, Indonesia), Preeti Tolani at (202) 482–0395 (India), Elfi Blum at (202) 482–0197 (South Africa), Myrna Lobo at (202) 482–2371 (Thailand), or Dana Mermelstein at (202) 482–1391, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Ave., NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

On August 1, 2006, the Department initiated the first sunset reviews of the countervailing duty orders on hot–rolled steel from Argentina, India, Indonesia, South Africa, and Thailand, pursuant to section 751(c) of the Act. See *First Sunset Reviews*. The Department received notices of intent to participate from United States Steel Corporation (U.S. Steel), Mittal Steel USA Inc. (Mittal USA), Nucor Corporation (Nucor), Gallatin Steel Co., IPSCO Steel Inc. (IPSCO), Steel Dynamics, Inc. (collectively, domestic interested parties), and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL–CIO–CLC (USW), within the deadline specified in 19 CFR 351.218(d)(1)(i). Domestic interested parties and USW claimed interested party status under sections 771(9)(C) and (D) of the Act, as U.S. producers and a certified union engaged in the manufacture, production, or wholesale of hot–rolled steel in the United States.

On August 31, 2006, the Department received a substantive response for each order from domestic interested parties within the deadline specified in 19 CFR 351.218(d)(3)(i). The Department did not receive any responses from any respondent interested party to this proceeding. In accordance with 19 CFR 351.218(e)(1)(ii)(C)(1), the Department notified the International Trade Commission (ITC) that respondent interested parties to the CVD orders on hot–rolled steel from Argentina, India, Indonesia, South Africa, and Thailand, provided inadequate responses to the *Initiation of First Sunset Reviews*. The Department, therefore, has conducted expedited sunset reviews of the countervailing duty orders, pursuant to

19 CFR 351.218(e)(1)(ii)(B) and 351.218(e)(1)(ii)(C)(2).

Since the publication of the countervailing duty orders (*see Notice of Countervailing Duty Order: Certain Hot-Rolled Carbon Steel Flat Products from Argentina*, 66 FR 47173 (September 11, 2001), *Notice of Amended Final Determination and Notice of Countervailing Duty Orders: Certain Hot-Rolled Carbon Steel Flat Products From India and Indonesia*, 66 FR 60198 (December 3, 2001), *Notice of Countervailing Duty Order: Certain Hot-Rolled Carbon Steel Flat Products from South Africa*, 66 FR 60201 (December 3, 2001), and *Notice of Countervailing Duty Order: Certain Hot-Rolled Carbon Steel Flat Products from Thailand*, 66 FR 60197 (December 3, 2001), with the exception of the countervailing duty order on hot-rolled steel from India, there have been no administrative reviews of these orders.

Scope of the Orders

ARGENTINA, INDIA, INDONESIA, SOUTH AFRICA, THAILAND

The merchandise subject to these countervailing duty orders is certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope of these orders are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels

contains micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of these orders, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: (i) iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the physical and chemical descriptions provided above are within the scope of these orders unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of these orders:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, e.g., American Society for Testing and Materials (ASTM) specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron & Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearings steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).

- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to these orders is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60,

7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by these orders, including vacuum degassed fully stabilized, high strength low alloy, and the substrate for motor lamination steel, may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise subject to these countervailing duty orders is dispositive.

Analysis of Comments Received

All issues raised in the substantive responses by parties to these sunset reviews are addressed in the *Issues and Decision Memorandum for Final Results of Expedited Five-Year (Sunset) Reviews of the Countervailing Duty Orders on Certain Hot-Rolled Carbon Steel Flat Products from Argentina, India, Indonesia, South Africa, and Thailand*, from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated November 29, 2006 (*Decision Memo*), which is hereby adopted by this notice. The issues discussed in the *Decision Memo* include the likelihood of continuation or recurrence of a countervailable subsidy, the net countervailable subsidy rate likely to prevail if the orders were revoked and the nature of the subsidy. Parties can find a complete discussion of all issues raised in these sunset reviews and the corresponding recommendation in this public memorandum which is on file in B-099, the Central Records Unit, of the main Commerce building. In addition, a complete version of the *Decision Memo*

can be accessed directly on the Department's Web page at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the *Decision Memo* are identical in content.

Final Results of Review

The Department determines that revocation of the countervailing duty orders on hot-rolled steel from Argentina, India, Indonesia, South Africa, and Thailand would be likely to lead to continuation or recurrence of countervailable subsidies at the following subsidy rates:

ARGENTINA

Manufacturer/Exporter	Subsidy Rate
Siderar Sociedad Anonima. Industrial & Commercial (Siderar)	41.69 % ad valorem
All others	41.69 % ad valorem

INDIA

Manufacturer/Exporter	Subsidy Rate
Essar Steel Limited (Essar)	12.90 % ad valorem
Ispat Industries Limited (Ispat)	36.51 % ad valorem
Steel Authority of India Limited (SAIL)	22.89 % ad valorem
Tata Iron and Steel Company Limited (TISCO)	13.79 % ad valorem
All Others	20.72 % ad valorem

INDONESIA

Manufacturer/Exporter	Subsidy Rate
P.T. Krakatau Steel	10.21 % ad valorem
All others	10.21 % ad valorem

SOUTH AFRICA

Manufacturer/Exporter	Subsidy Rate
Saldanha Steel (Pty.) Ltd. (Saldanha)/ Iscor Ltd. (Iscor)	5.76 % ad valorem
All others	5.76 % ad valorem

THAILAND

Manufacturer/Exporter	Subsidy Rate
Sahaviriya Steel Industries Public. Company Limited (SSI)	2.38 % ad valorem
All others	2.38 % ad valorem

International Trade Commission (ITC) Notification

In accordance with section 752(b)(3) of the Act, we will notify the ITC of the final results of these full sunset reviews.

Administrative Protective Orders

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. 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 determinations and notice in accordance with sections 751(c), 752, and 777(i) of the Act.

Dated: November 29, 2006.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E6-20699 Filed 12-6-06; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

Notice of Allocation of Tariff Rate Quotas (TRQ) on the Import of Certain Worsted Wool Fabrics for Calendar Year 2007

AGENCY: Department of Commerce, International Trade Administration.

ACTION: Notice of allocation of 2007 worsted wool fabric tariff rate quota.

SUMMARY: The Department of Commerce (Department) has determined the allocation for Calendar Year 2007 of imports of certain worsted wool fabrics under tariff rate quotas established by Title V of the Trade and Development Act of 2000 (Public Law No. 106-200), as amended by the Trade Act of 2002 (Public Law 107-210), the Miscellaneous Trade Act of 2004 (Public Law 108-249), and the Pension Protection Act of 2006 (Public Law 109-280). The companies

that are being provided an allocation are listed below.

FOR FURTHER INFORMATION CONTACT: Sergio Botero, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-4058.

SUPPLEMENTARY INFORMATION:

BACKGROUND:

Title V of the Trade and Development Act of 2000 as amended by the Trade Act of 2002, the Miscellaneous Trade Act of 2004 and the Pension Protection Act of 2006, creates two tariff rate quotas, providing for temporary reductions in the import duties on two categories of worsted wool fabrics suitable for use in making suits, suit-type jackets, or trousers. For worsted wool fabric with average fiber diameters greater than 18.5 microns (Harmonized Tariff Schedule of the United States (HTSUS) heading 9902.51.11), the reduction in duty is limited to 5,500,000 square meters in 2007. For worsted wool fabric with average fiber diameters of 18.5 microns or less (HTSUS heading 9902.51.15), the reduction is limited to 5,000,000 square meters in 2007. The Act requires the President to ensure that such fabrics are fairly allocated to persons (including firms, corporations, or other legal entities) who cut and sew men's and boys' worsted wool suits and suit-like jackets and trousers in the United States and who apply for an allocation based on the amount of such suits cut and sewn during the prior calendar year. Presidential Proclamation 7383, of December 1, 2000, authorized the Secretary of Commerce to allocate the quantity of worsted wool fabric imports under the tariff rate quotas.

The Miscellaneous Trade Act of 2004 also authorized Commerce to allocate a new HTS category, HTS 9902.51.16. This HTS refers to worsted wool fabric with average fiber diameter of 18.5 microns or less. The amendment further provides that HTS 9902.51.16 is for the benefit of persons (including firms, corporations, or other legal entities) who weave worsted wool fabric in the United States. For HTS 9902.51.16, the reduction in duty is limited to 2,000,000 square meters in 2007.

On January 22, 2001 the Department published interim regulations establishing procedures for applying for, and determining, such allocations (66 FR 6459, 15 CFR 335). These interim regulations were adopted, without change, as a final rule published on October 24, 2005 (70 FR 61363). On August 29, 2006 the Department published a notice in the **Federal Register** (71 FR 51187) soliciting applications for an allocation of the

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 an initial determination and 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.

By order of the Commission.

Issued: January 11, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-670 Filed 1-18-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-404-408 and 731-TA-898-908 (Review)]

Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty orders on hot-rolled steel products from Argentina, India, Indonesia, South Africa, and Thailand and the antidumping duty orders on hot-rolled steel products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine.

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 orders on hot-rolled steel products from Argentina, India, Indonesia, South Africa, and Thailand and the antidumping duty orders on hot-rolled steel products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The

Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B). 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).

EFFECTIVE DATE: January 11, 2007.

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 November 6, 2006, 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 (71 FR 67366, November 21, 2006). 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 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 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 the 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 August 29, 2007, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing. The Commission will hold a two-day hearing in connection with the reviews beginning at 9:30 a.m. on September 19 and 20, 2007, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before September 5, 2007, so that the Commission may determine the level of interest in the two days of hearings. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on September 14, 2007, 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 September 10, 2007. 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 October 2, 2007; 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 reviews may submit a written statement of information pertinent to the subject of the reviews on or before October 2, 2007. On November 6, 2007, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before November 8, 2007, 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 reviews 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.

By order of the Commission.

Issued: January 12, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-672 Filed 1-18-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-553]

In the Matter of Certain NAND Flash Memory Devices and Products Containing Same; Notice of Commission Determination To Review a Final Determination of no Violation of Section 337; Schedule for Filing Written Submissions on Remedy, Public Interest, and Bonding

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review the final initial determination ("ID") issued by the presiding administrative law judge ("ALJ") on November 20, 2006, regarding whether there is a violation of section 337 of the Tariff Act of 1930, 19 U.S.C. 1337, in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Michelle Walters, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 708-5468. 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 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>. 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 November 25, 2005, based on a complaint filed by Hynix Semiconductor Inc. of Korea; Hynix Semiconductor America Inc. of San Jose, California; and Hynix Semiconductor Manufacturing America Inc. of Eugene, Oregon (collectively,

"Hynix"). The complaint, as supplemented and amended, alleged violations of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain NAND flash memory devices and products containing the same by reason of infringement of various claims of United States Patent Nos. 5,509,995 and 5,869,404.

On November 20, 2006, the presiding ALJ issued his final ID, finding no violation of section 337 by respondents Toshiba Corporation of Japan; Toshiba America Electronic Components, Inc. of Irvine, California; Toshiba America Information Systems, Inc. of Irvine, California; and Toshiba America Consumer Products, L.L.C. of Wayne, New Jersey (collectively, "Toshiba"). On December 4, 2006, the ALJ issued his recommended determination on remedy and bonding.

On December 6, 2006, Hynix filed a petition for review, challenging the ALJ's ID. On the same day, Toshiba filed a conditional petition for review of the ALJ's ID. On December 14, 2006, Toshiba and the Commission investigative attorney each filed responses to Hynix's petition for review, and Hynix filed a response to Toshiba's conditional petition for review.

Having examined the record of this investigation, including the ALJ's final ID and the submissions of the parties, the Commission has determined to review the final ID in its entirety.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *In the Matter of Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

If the Commission contemplates some form of remedy, it must consider the

The April 13 meeting will begin at 8 a.m. with a 30-minute public comment period. This meeting is scheduled to adjourn at 3 p.m.

SUPPLEMENTARY INFORMATION: This 15-member council advises the Secretary of the Interior on a variety of management issues associated with public land management in Montana. At this meeting the council will discuss/act upon:

The minutes of their preceding meeting
The Missouri River Breaks National Monument RMP
Livestock grazing regulations
The Bowdoin Draft Environmental Assessment
The Judith Moccasin Travel Plan Update
The development of a subgroup for the Judith Moccasin Travel Plan
The Judith Moccasin Forest Management treatments
Watershed plans in the Lewistown Field Office administrative area
Field managers' updates
The annual work plan for the RAC
The fee proposal for the UMRBNM Interpretive Center
A Forest Service fee proposal
Riparian/cottonwood projects
Weed management; and
Administrative details

All RAC meetings are open to the public. The public may present written comments to the RAC. Each formal RAC meeting will also have time allocated for hearing public comments. Depending on the number of persons wishing to comment and time available, the time for individual oral comments may be limited.

FOR FURTHER INFORMATION CONTACT: June Bailey, Lewistown Field Manager, Lewistown Field Office, P.O. Box 1160, Lewistown, MT 59457, 406/538-1900.

Dated: March 14, 2007.

June Bailey,

Lewistown Field Manager.

[FR Doc. E7-5007 Filed 3-19-07; 8:45 am]

BILLING CODE 4310--SS-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-404-408 and 731-TA-898-908 (Review)]

Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject full five-year reviews.

EFFECTIVE DATE: March 14, 2007.

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: Effective January 11, 2007, the Commission established a schedule for the conduct of the subject full five-year reviews (72 FR 2556, January 19, 2007), in which it determined to exercise its authority to extend the full review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B) based on the Department of Commerce's scheduled final determination date of June 22, 2007, for the review concerning the antidumping duty order on hot-rolled steel from the Netherlands. However, on March 1, 2007, the Department of Commerce initiated proceedings to implement the World Trade Organization ("WTO") panel's report consistent with section 129 of the URAA in the antidumping duty investigation concerning hot-rolled steel from the Netherlands (*See Implementation of the Findings of the WTO Panel in U.S. Zeroing (EC): Notice of Initiation of Proceedings Under Section 129 of the URAA; Opportunity to Request Administrative Protective Orders; and Proposed Timetable and Procedures* (72 F.R. 9306)). In its Preliminary Results for the Section 129 Determinations (<http://ia.ita.doc.gov/download/zeroing/20070222-Zeroing-Prelim-Decision-Memo.pdf>), the Department of Commerce preliminarily recalculated the weighted-average dumping margin concerning the antidumping duty order on hot-rolled steel from the Netherlands as follows: "The margin for Corus Staal BV, the sole respondent, decreases from 2.59 percent to zero. Since Corus Staal BV was the only respondent in the investigation, if this margin remains at zero or *de minimis* for the final recalculation, this order will be revoked." The United States has indicated that it will implement the recommendations and rulings of the WTO Dispute Settlement

Body (DSB) by April 9, 2007. In light of Commerce's preliminary determinations in the Section 129 proceedings concerning hot-rolled steel from the Netherlands and in order to ensure that it meets its statutory deadlines, the Commission therefore is revising its schedule for the subject full five-year reviews.

The Commission's new schedule for the full five-year reviews is as follows: the prehearing staff report will be placed in the nonpublic record on July 11, 2007; the deadline for filing prehearing briefs is July 20, 2007; requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before July 20, 2007; the prehearing conference will be held at the U.S. International Trade Commission Building at 9:30 a.m. on July 25, 2007; a two-day hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on July 31 and August 1, 2007; the deadline for filing posthearing briefs is August 23, 2007; the final staff report will be placed in the nonpublic record on September 21, 2007; the Commission will make its final release of information on October 2, 2007; and final party comments are due on October 4, 2007.

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.

By order of the Commission.

Issued: March 15, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-5043 Filed 3-19-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-486]

Probable Economic Effect of Providing Duty-Free, Quota-Free Treatment for Imports From Least-Developed Countries

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation.

SUMMARY: Following receipt of a request on February 16, 2007, from the United States Trade Representative (USTR), the

Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. chapter 35).

Agency: U.S. Census Bureau.

Title: 2008 Census Dress Rehearsal.

Form Number(s): DX-1, DX-1(UL), DX-1(E/S), DX-1(C), DX-10, DX-10(S), DX-10(C), DX-15, DX-20, DX-20(S), DX-21.

Agency Approval Number: 0607-0919.

Type of Request: Reinstatement, with change, of an expired collection.

Burden Hours: 101,501.

Number of Respondents: 624,502.

Average Hours Per Response: 10 minutes.

Needs and Uses: The U.S. Census Bureau requests authorization from the Office of Management and Budget (OMB) to collect data from the public as part of the 2008 Census Dress Rehearsal.

The 2008 Census Dress Rehearsal is the final opportunity for the Census Bureau to preview the operational design of the 2010 Census.

Census 2000 was an operational and data quality success. However, that success was achieved at great operational risk and great expense. In response to the lessons learned from Census 2000, and in striving to better meet our Nation's ever-expanding needs for social, demographic, and geographic information, the U.S. Department of Commerce and the Census Bureau have developed a multi-year effort to completely modernize and re-engineer the 2010 Census of Population and Housing. This effort required an iterative series of tests in 2003, 2004, 2005 and in 2006, that provided an opportunity to evaluate new or improved question wording and questionnaire design, methodologies, and use of technology.

The 2003 Census Test was conducted, and designed to evaluate alternative self-response options and alternative presentation of the race and Hispanic origin question; the 2004 Census Test, which studied new methods to improve coverage, including procedures for reducing duplication, and tested respondent reaction to revised race and Hispanic origin questions, examples, and instructions; the 2005 National Census Test, designed to evaluate variations of questionnaire content and methodology; and the 2006 Census Test, which relied on the results of the 2004 Census Test to expand on the number of new and refined methods. The 2008 Census Dress Rehearsal is the final step in the decennial cycle of research and development leading up to the implementation of the 2010 Census.

The 2008 Census Dress Rehearsal will integrate the various operations and procedures planned for the 2010 Census under as close to census-like conditions as possible. The results of this undertaking will be applied to the final plans for the 2010 Census operations where feasible.

The 2008 Census Dress Rehearsal will be conducted in two sites, one urban, and the other one, a mix of urban and suburban. San Joaquin County, California is the urban site. South Central North Carolina has been selected as the urban/suburban mix test site. This area consists of Fayetteville and nine counties surrounding Fayetteville (Chatham, Cumberland, Harnett, Hoke, Lee, Montgomery, Moore, Richmond and Scotland). The combination of a large urban site and a small city-suburban-rural site provides a comprehensive environment for demonstrating the planned 2010 Census methodology. These two sites, comprising of approximately 480,000 housing units, reflect characteristics that provide a good operational proof of concept of the planned 2010 Census operations, procedures, methods, and systems. Each site will have a Regional Office, which will guide and support the work of the temporary Local Census Offices in their jurisdiction.

Affected Public: Individuals or households.

Frequency: One time.

Respondent's Obligation: Mandatory.

Legal Authority: Title 13 U.S.C., Sections 141 and 193.

OMB Desk Officer: Brian Harris-Kojetin, (202) 395-7314.

Copies of the above information collection proposal can be obtained by calling or writing Diana Hynek, Departmental Paperwork Clearance Officer, (202) 482-0266, Department of Commerce, Room 6625, 14th and Constitution Avenue, NW., Washington, DC 20230 (or via the Internet at dhynek@doc.gov).

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to Brian Harris-Kojetin, OMB Desk Officer either by fax (202-395-7245) or e-mail bharrisk@omb.eop.gov.

Dated: June 21, 2007.

Gwellnar Banks,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. E7-12382 Filed 6-26-07; 8:45 am]

BILLING CODE 3510-07-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-421-807]

Certain Hot-Rolled Carbon Steel Flat Products from the Netherlands; Final Results of the Sunset Review of Antidumping Duty Order and Revocation of the Order

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

SUMMARY: On February 16, 2007, the Department of Commerce ("the Department") published a notice of preliminary results of the full sunset review of the antidumping duty order on certain hot-rolled carbon steel flat products from the Netherlands pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). Since the publication of the preliminary results, the order has been revoked.

Consequently, in the absence of an order currently in force, the Department cannot make a finding that revocation of the antidumping duty order would likely lead to the continuation or recurrence of dumping.

EFFECTIVE DATE: June 27, 2007.

FOR FURTHER INFORMATION CONTACT: Steve Bezirgianian or Robert James, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC, 20230; telephone: 202-482-1131 and 202-482-0649, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published the antidumping dumping duty order in the **Federal Register** on November 29, 2001. See Antidumping Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From the Netherlands, 66 FR 59565 (November 29, 2001). On February 16, 2007, the Department published a notice of preliminary results of the full sunset review of the antidumping duty order on certain hot-rolled carbon steel flat products from the Netherlands pursuant to section 751(c) of the Act. See *Certain Hot-Rolled Carbon Steel Flat Products from the Netherlands; Preliminary Results of the Sunset Review of Antidumping Duty Order*, 72 FR 7604 (February 16, 2007) ("Preliminary Results"). We provided interested parties an opportunity to comment on our preliminary results. The Department received a case brief from Corus Staal BV ("Corus Staal") on April 16, 2007, and rebuttal briefs from United States

Steel Corporation, Mittal Steel USA Inc., and Nucor Corporation on April 27, 2007. A hearing was not held because none was requested.

Scope of the Order

For purposes of this order, the products covered are certain hot-rolled carbon steel flat products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4.0 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of the order.

Specifically included within the scope of this order are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of this order, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products in which: i) iron predominates, by weight, over each of the other contained elements; ii) the carbon content is 2 percent or less, by weight; and iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 2.25 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.15 percent of vanadium, or

0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this order unless otherwise excluded. The following products, by way of example, are outside or specifically excluded from the scope of this order:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including, *e.g.*, ASTM specifications A543, A387, A514, A517, A506).
- Society of Automotive Engineers (SAE)/American Iron and Steel Institute (AISI) grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 2.25 percent.
- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).
- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to this order is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled flat-rolled carbon steel flat products covered by this order, including: vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90,

7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.01.80. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and U.S. Customs purposes, the written description of the scope of this order is dispositive.

Analysis of Comments Received

All issues raised in this sunset review are referenced in the "Issues and Decision Memorandum for the Sunset Review of the Antidumping Duty Order on Certain Hot-Rolled Carbon Steel Flat Products from the Netherlands; Final Results," to David M. Spooner, Assistant Secretary for Import Administration, dated June 20, 2007 ("Decision Memorandum"), which is hereby adopted by this notice. A list of the issues which parties have raised, all of which are in the Decision Memorandum, is attached to this notice as an appendix. Parties can find this memorandum on file in the Central Records Unit, room B-099 of the main Department building. In addition, a complete version of the Decision Memorandum can be accessed directly via the Internet at www.ia.ita.doc.gov. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

Section 751(d)(2) of the Act requires the Department in a sunset review to "revoke...an antidumping duty order or finding...unless...{it} makes a determination that dumping...would be likely to continue or recur..." Thus, the finding of likelihood is contingent upon an analysis of what would happen if an order is revoked. This presumes the existence of an antidumping duty order currently in force, which is manifestly not the case here. Consequently, in the absence of an order currently in force, the Department cannot make a finding that it is likely that dumping will continue or recur if the order is revoked. Consistent with 19 CFR 351.222(i)(2)(i), this revocation will be effective November 29, 2006, the fifth anniversary of the date of publication of the order.

We will notify the U.S. International Trade Commission ("ITC") of our final results. We do not intend, however, to report a rate to the ITC as the Department did not determine that revocation of the order would likely

lead to continuation or recurrence of dumping.

The Department will instruct U.S. Customs and Border Protection to liquidate without regard to dumping duties entries of the subject merchandise entered or withdrawn from warehouse for consumption on or after November 29, 2006 (the effective date of this revocation), and to discontinue collection of cash deposits of antidumping duties for entries of subject merchandise entered or withdrawn from warehouse for consumption on or after November 29, 2006.

This notice serves as a final reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the disposition of proprietary material 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.

This sunset review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 20, 2007.

David M. Spooner,

Assistant Secretary for Import Administration.

Appendix - Issues in Decision Memorandum

- Whether "other factors" require that the Department consider two recent World Trade Organization ("WTO") determinations with respect to zeroing
- Whether the Department's conclusion in the April 9, 2007, "Issues and Decision Memorandum for the Final Results of the Section 129 Determinations" ("Final Section 129 Determination") to revoke the order undermines the validity of *Preliminary Results*
- Whether the Department's implementation in "Final Section 129 Determination" of WTO rulings pertaining to zeroing undermines the validity of *Preliminary Results*
- Whether the recalculated weighted-average margin of zero percent for Corus Staal in "Final Section 129 Determination" undermines the "likely margin to prevail" if the order were revoked that was referenced in *Preliminary Results*
- Whether the Department may rely on the presumptions embodied in *Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871, 18872 (April 16, 1998) ("Sunset Review Policy Bulletin")

6. Whether the Department's decision in "Final Section 129 Determination" to revoke the order means that Corus Staal will not dump in the future

7. Whether *Sunset Review Policy Bulletin* presupposes a validly issued order and would not apply in the absence of a validly issued order

8. Whether the Department may rely on margins calculated in administrative reviews based on zeroing

9. Whether domestic producers' withdrawals of administrative review requests prevented meaningful analysis of import and margin trends.

10. The impact of the Section 201 tariffs on steel product imports.

11. The significance of declining margins and steady (or rising) imports [FR Doc. E7-12435 Filed 6-26-07; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Patent and Trademark Office

Patent Term Extension

ACTION: Proposed collection; comment request.

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

DATES: Written comments must be submitted on or before August 27, 2007.

ADDRESSES: You may submit comments by any of the following methods:

- *E-mail:* Susan.Fawcett@uspto.gov. Include "0651-0020 comment" in the subject line of the message.

- *Fax:* 571-272-0112, marked to the attention of Susan Fawcett.

- *Mail:* Susan K. Fawcett, Records Officer, Office of the Chief Information Officer, Customer Information Services Group, Public Information Services Division, U.S. Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information should be directed to Robert A. Clarke, Deputy Director, Office of Patent Legal Administration, U.S. Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450; by telephone at 571-272-7735; or by e-mail at *Robert.Clarke@uspto.gov*.

SUPPLEMENTARY INFORMATION:

I. Abstract

The Federal Food, Drug and Cosmetic Act at 35 U.S.C. 156 permits the United States Patent and Trademark Office (USPTO) to restore the patent term lost due to certain types of regulatory review by the Federal Food and Drug Administration or the Department of Agriculture. Only patents for drug products, medical devices, food additives, and color additives are eligible for extension. The maximum length that a patent may be extended in order to restore the lost portion of the patent term is five years.

The USPTO may in some cases extend the term of an original patent due to certain delays in the prosecution of the patent application, including delays caused by interference proceedings, secrecy orders, or appellate review by the Board of Patent Appeals and Interferences or a Federal court in which the patent is issued pursuant to a decision reversing an adverse determination of patentability. The patent term provisions of 35 U.S.C. 154(b), as amended by Title IV, Subtitle D of the Intellectual Property and Communications Omnibus Reform Act of 1999, require the USPTO to notify the applicant of the patent term adjustment in the notice of allowance and give the applicant an opportunity to request reconsideration of the USPTO's patent term adjustment determination. The USPTO may also reduce the amount of patent term adjustment granted if delays were caused by an applicant's failure to make a reasonable effort to respond within three months of the mailing date of a communication from the USPTO. Applicants may petition for reinstatement of a reduction in patent term adjustment with a showing that, in spite of all due care, the applicant was unable to respond to a communication from the USPTO within the three month period.

The USPTO administers 35 U.S.C. 154 and 156 through 37 CFR 1.701-1.791. These rules permit the public to submit applications to the USPTO to extend the term of a patent past its original expiration date, to request interim extensions and review of final eligibility decisions, and to withdraw an application requesting a patent term extension after it is submitted. Under 35 U.S.C. 156(d), an application for patent term extension must identify the approved product, the patent to be extended, the claims included in the patent for the approved product, and a method of use or manufacturing for the approved product. In addition, the application for patent term extension must provide a brief description of the

(1) Introduction.

(2) Working Groups' Reports:

(a) Task Statement 30, concerning "Utilizing Military Sea Service for STCW Certifications";

(b) Task Statement 55, concerning "Recommendations to Develop a Voluntary Training Program for Deck and Engine Department Entry Level Mariners on Domestic and Seagoing Vessels";

(c) Task Statement 58, concerning "Stakeholder Communications During MLD Program Restructuring and Centralization";

(d) Task Statement 61, concerning "Merchant Mariner Medical Waiver Evaluation Guidelines";

(e) Task Statement 64, concerning "Recommendations on Areas in the STCW Convention and the STCW Code Identified for Comprehensive Review; and

(f) Other task statements which may have been adopted for discussion and action.

(3) Other items which may be discussed:

(a) Standing Committee—Prevention Through People.

(b) Briefings concerning on-going projects of interest to MERPAC.

(c) Other items brought up for discussion by the committee or the public.

Procedural

Both meetings are open to the public. Please note that the meetings may close early if all business is finished. At the Chair's discretion, members of the public may make oral presentations during the meetings. If you would like to make an oral presentation at a meeting, please notify the Assistant Executive Director no later than August 28, 2007. Written material for distribution at a meeting should reach the Coast Guard no later than August 28, 2007. If you would like a copy of your material distributed to each member of the committee or subcommittee in advance of a meeting, please submit 25 copies to the Assistant Executive Director no later than August 28, 2007.

Information on Services for Individuals with Disabilities

For information on facilities or services for individuals with disabilities or to request special assistance at the meetings, contact the Assistant Executive Director as soon as possible.

Dated: July 17 2007.

H.L. Hime,

Acting Director of National and International Standards, Assistant Commandant for Prevention-Operations.

[FR Doc. E7-14297 Filed 7-23-07; 8:45 am]

BILLING CODE 4910-15-P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[AA-10162, AA-10297, AA-10155, AA-10156, AA-10158, AA-11389, AA-10157, AA-11496, AA-10159, AA-9528, AA-9527, AA-9643, AA-9800, AA-10105, AA-10018, AA-9943, AA-10313, AA-10317, AA-10385, AA-9484, AA-9483, AA-9482, AA-9632; AK-964-1410-KC-P]

Alaska Native Claims Selection

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of decision approving lands for conveyance.

SUMMARY: As required by 43 CFR 2650.7(d), notice is hereby given that an appealable decision approving lands for conveyance pursuant to the Alaska Native Claims Settlement Act will be issued to Calista Corporation for lands located in the vicinity of Eek and Goodnews Bay, Alaska. Notice of the decision will also be published four times in the Anchorage Daily News.

DATES: The time limits for filing an appeal are:

1. Any party claiming a property interest which is adversely affected by the decision shall have until August 23, 2007 to file an appeal.

2. Parties receiving service of the decision by certified mail shall have 30 days from the date of receipt to file an appeal.

Parties who do not file an appeal in accordance with the requirements of 43 CFR part 4, Subpart E, shall be deemed to have waived their rights.

ADDRESSES: A copy of the decision may be obtained from: Bureau of Land Management, Alaska State Office, 222 West Seventh Avenue, #13, Anchorage, Alaska 99513-7504.

FOR FURTHER INFORMATION, CONTACT: The Bureau of Land Management by phone at 907-271-5960, or by e-mail at ak.blm.conveyance@ak.blm.gov. Persons who use a telecommunication device (TTD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8330, 24 hours a day, seven days a

week, to contact the Bureau of Land Management.

Dina L. Torres,

Land Law Examiner, Branch of Adjudication II.

[FR Doc. E7-14270 Filed 7-23-07; 8:45 am]

BILLING CODE 4310--\$-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-903 (Review)]

Hot-Rolled Steel Products From the Netherlands

AGENCY: United States International Trade Commission.

ACTION: Termination of review.

SUMMARY: On August 1, 2006, the Department of Commerce ("Commerce") initiated and the U.S. International Trade Commission ("Commission") instituted a five-year review concerning the antidumping duty order on hot-rolled steel products ("hot-rolled steel") from the Netherlands. 71 FR 43443 and 71 FR 43521. However, on May 4, 2007, Commerce published notice in the **Federal Register** of the implementation of the findings of the World Trade Organization Panel under section 129 of the Uruguay Round Agreements Act and the revocation of the antidumping duty order concerning hot-rolled steel from the Netherlands effective April 23, 2007. 72 FR 25261. On June 27, 2007, Commerce published notice in the **Federal Register** of its final results of the sunset review of the antidumping duty order on hot-rolled steel from the Netherlands. 72 FR 35220. In that notice, Commerce determined that a finding of likelihood in a sunset review "presumes the existence of an antidumping duty order currently in force, which is manifestly not the case here. Consequently, in the absence of an order currently in force, the Department cannot make a finding that it is likely that dumping will continue or recur if the order is revoked." 72 FR 35221. Commerce further stated that it was revoking the antidumping duty order on hot-rolled steel from the Netherlands effective November 29, 2006, the fifth anniversary of the date of publication of the order. Accordingly, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)), the five-year review of the antidumping duty order concerning hot-rolled steel from the Netherlands (investigation No. 731-TA-903 (Review)) is terminated.

DATES: *Effective Date:* June 27, 2007.

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 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 (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

Authority: This review is being terminated under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.69 of the Commission's rules (19 CFR 207.69).

By order of the Commission.
Issued: July 18, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-14187 Filed 7-23-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337-TA-575]

In the Matter of Certain Lighters; General Exclusion Order

The Commission has previously determined that there is a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the unlawful importation and sale of certain lighters that infringe U.S. Registered Trademark No. 2,606,241.

Having reviewed the record in this investigation, including the written submissions of the parties, the Commission has made its determinations on the issues of remedy, the public interest, and bonding. The Commission has determined that a general exclusion from entry for consumption is necessary to prevent circumvention of an exclusion order limited to products of named persons in that there is a widespread pattern of violation of section 337 and it would be difficult to identify the source of infringing products. Accordingly, the Commission has determined to issue a general exclusion order prohibiting the unlicensed importation of infringing lighters.

The Commission has also determined that the public interest factors enumerated in 19 U.S.C. 1337(d)(1) do

not preclude the issuance of that general exclusion order, and that the bond during the Presidential review period shall be in the amount of 100 percent of the entered value of the articles in question.

Accordingly, the Commission hereby *orders* that:

1. Lighters that infringe U.S. Registered Trademark No. 2,606,241 are excluded from entry for consumption, entry for consumption from a foreign-trade zone, and withdrawal from warehouse for consumption until such date as the trademark is abandoned, canceled, or rendered invalid or unenforceable, except under license of the patent owner or as provided by law.

2. Notwithstanding paragraph 1 of this Order, the aforesaid lighters are entitled to entry into the United States for consumption, entry for consumption from a foreign-trade zone, and withdrawal from warehouse for consumption, under bond in the amount of 100 percent of the entered value of such articles pursuant to subsection (j) of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337(j), from the day after this Order is received by the United States Trade Representative as delegated by the President, 70 FR 43251 (July 21, 2005), until such time as the United States Trade Representative notifies the Commission that this action is approved or disapproved but, in any event, not later than 60 days after the date of receipt of this action.

3. In accordance with 19 U.S.C. 1337(l), the provisions of this Order shall not apply to lighters imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government.

4. Each year on the anniversary of the issuance of this Order, complainants Zippo Manufacturing Company, Inc. and ZippMark, Inc. (collectively, "Zippo") shall file a written statement with the Commission, made under oath, stating whether they continue to use the aforesaid trademark in commerce in the United States in connection with lighters and whether the aforesaid trademark has been abandoned, canceled, or rendered invalid or unenforceable.

5. The Commission may modify this Order in accordance with the procedure described in section 210.76 of the Commission's Rules of Practice and Procedure (19 CFR 210.76).

6. The Commission Secretary shall serve copies of this Order upon each party of record in this investigation and upon the Department of Health and Human Services, the Department of

Justice, the Federal Trade Commission, and Customs and Border Protection.

7. Notice of this Order shall be published in the **Federal Register** pursuant to section 337(j)(1)(A) of the Tariff Act of 1930 as amended (19 U.S.C. 1337(j)(1)(A)) and section 210.49(b) of the Commission's Rules of Practice and Procedure (19 CFR 210.49(b)).

By order of the Commission.

Issued: July 18, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-14186 Filed 7-23-07; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF JUSTICE

[OMB Number 1123-NEW]

Criminal Division, Asset Forfeiture and Money Laundering Section; Agency Information Collection Activities: Proposed Collection; Comments Requested

ACTION: 60-Day Notice of Information Collection Under Review: Annual Certification Report and Equitable Sharing Agreement.

The Department of Justice (DOJ), Criminal Division, Asset Forfeiture and Money Laundering Section, will be submitting the following new information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The proposed information collection is published to obtain comments from the public and affected agencies. Comments are encouraged and will be accepted for "sixty days" until September 24, 2007. This process is conducted in accordance with 5 CFR 1320.10.

If you have comments especially on the estimated public burden or associated response time, suggestions, or need a copy of the proposed information collection instrument with instructions or additional information, please contact Clifford Krieger, Asset Forfeiture and Money Laundering Section, 1400 New York Avenue, NW., Bond Building—10th Floor, Washington, DC 20005.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

—Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Hot-Rolled Carbon Steel Flat Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine
Inv. Nos. 701-TA-404-408 and 731-TA-898-908 (Review)

On November 6, 2006, 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).

The Commission received a joint response from six U.S. producers of hot-rolled carbon steel flat products (“hot-rolled steel”). These six U.S. producers are: Gallatin Steel; IPSCO Steel, Inc.; Mittal Steel USA, Inc.; Nucor Corp.; Steel Dynamics, Inc.; and United States Steel Corp. (collectively referred to as “domestic interested parties”). The Commission found each of the individual domestic interested party responses to be adequate, which collectively account for a majority of U.S. production of the domestic like product. The Commission therefore determined that the domestic interested party group response was adequate for all reviews.

With respect to the review of hot-rolled steel from Argentina, the Commission received an individually adequate respondent interested party response from Siderar S.A.I.C., a producer and exporter of the subject merchandise. Because Siderar accounts for a majority of total subject hot-rolled production in Argentina, the Commission concluded that the respondent interested party group response for this review was adequate.

With respect to the review of hot-rolled steel from China, the Commission received an individually adequate respondent interested party response from Baosteel Group Corp., a producer and exporter of the subject merchandise in China.¹ Because Baosteel accounts for a large share of total subject hot-rolled production in China, the Commission concluded that the respondent interested party group response for this review was adequate.²

¹This response also was filed on behalf of China Iron & Steel Association (“CISA”), a Chinese association whose membership includes Chinese producers and exporters of the subject merchandise. However, because a majority of CISA’s members are *not* producers, exporters, or importers of the subject merchandise, it is not an interested party in these reviews, pursuant to 19 U.S.C. § 1677(9)(A).

²Commissioner Koplan determined that the respondent interested party group response with respect to China was inadequate, but determined to conduct full reviews in order to promote administrative efficiency.

With respect to the review of hot-rolled steel from the Netherlands, the Commission received an individually adequate respondent interested party response from Corus Staal BV, a producer and exporter of the subject merchandise in the Netherlands. Because Corus accounts for all known subject hot-rolled production in the Netherlands, the Commission concluded that the respondent interested party group response for this review was adequate.

With respect to the review of hot-rolled steel from South Africa, the Commission received an individually adequate respondent interested party response from Mittal Steel (South Africa) Ltd., a producer and exporter of the subject merchandise in South Africa. Because Mittal Steel accounts for a majority of total subject hot-rolled production in South Africa, the Commission concluded that the respondent interested party group response for this review was adequate.

With respect to the review of hot-rolled steel from Thailand, the Commission received a joint response from three Thai producers of hot-rolled steel: G Steel Public Co. Ltd., Nakornthai Strip Mill Public Co. Ltd., and Sahaviriya Steel Industries Public Co. Ltd. (collectively referred to as “Thai interested parties”), each of which is a producer and exporter of the subject merchandise in Thailand. The Commission found each producer’s response to be individually adequate. Because the Thai interested parties collectively account for all known subject hot-rolled production in Thailand, the Commission concluded that the respondent interested party group response for this review was adequate.

The Commission received no response from any foreign producer, exporter, importer, or other respondent interested party of subject merchandise from India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine. Thus, it unanimously determined that the respondent interested party group response to the notice of institution for the reviews with respect to each of these countries was inadequate.

Notwithstanding its determinations that the respondent interested party group responses with respect to India, Indonesia, Kazakhstan, Romania, Taiwan, and Ukraine were inadequate, the Commission determined to conduct full reviews in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders on hot-rolled steel from Argentina, China, the Netherlands, South Africa, and Thailand.

A record of the Commissioners’ votes is available from the Office of the Secretary and at the Commission’s web site (<http://www.usitc.gov>).

APPENDIX B
COMMISSION'S HEARING WITNESS LIST

CALENDAR OF PUBLIC HEARING

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

Subject: Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine

Inv. Nos.: 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)

Dates and Time: July 31 and August 1, 2007 - 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.

CONGRESSIONAL APPEARANCES:

The Honorable Arlen Specter, United States Senator, United States Senate, Commonwealth of Pennsylvania

The Honorable John D. Rockefeller IV, United States Senator, United States Senate, State of West Virginia

The Honorable Jeff Sessions, United States Senator, United States Senate, State of Alabama

The Honorable Evan Bayh, United States Senator, United States Senate, State of Indiana

The Honorable Mark Pryor, United States Senator, United States Senate, State of Arkansas

The Honorable Lindsey O. Graham, United States Senator, United States Senate, State of South Carolina

The Honorable Sherrod Brown, United States Senator, United States Senate, State of Ohio

The Honorable James L. Oberstar, U.S. Congressman, U.S. House of Representatives, 8th District, State of Minnesota

The Honorable Alan B. Mollohan, U.S. Congressman, U.S. House of Representatives, 1st District, State of West Virginia

The Honorable Peter J. Visclosky, U.S. Congressman, U.S. House of Representatives, 1st District, State of Indiana

The Honorable Robert E. (Bud) Cramer, U.S. Congressman, U.S. House of Representatives, 5th District, State of Alabama

The Honorable Steve Buyer, U.S. Congressman, U.S. House of Representatives, 4th District, State of Indiana

CONGRESSIONAL APPEARANCES (continued):

The Honorable Phil English, U.S. Congressman, U.S. House of Representatives, 3rd District, Commonwealth of Pennsylvania

The Honorable Sue Myrick, U.S. Congresswoman, U.S. House of Representatives, 9th District, State of North Carolina

The Honorable Mark Souder, U.S. Congressman, U.S. House of Representatives, 3rd District, State of Indiana

The Honorable Marion Berry, U.S. Congressman, U.S. House of Representatives, 1st District, State of Arkansas

The Honorable Stephanie Tubbs Jones, U.S. Congresswoman, U.S. House of Representatives, 11th District, State of Ohio

The Honorable Artur Davis, U.S. Congressman, U.S. House of Representatives, 7th District, State of Alabama

The Honorable Michael H. Michaud, U.S. Congressman, U.S. House of Representatives, 2nd District, State of Maine

The Honorable Jason Altmire, U.S. Congressman, U.S. House of Representatives, 4th District, Commonwealth of Pennsylvania

The Honorable Michael A. Arcuri, U.S. Congressman, U.S. House of Representatives, 24th District, State of New York

The Honorable Patrick J. Murphy, U.S. Congressman, U.S. House of Representatives, 8th District, Commonwealth of Pennsylvania

The Honorable Allyson Y. Schwartz, U.S. Congresswoman, U.S. House of Representatives, 13th District, Commonwealth of Pennsylvania

The Honorable Zack Space, U.S. Congressman, U.S. House of Representatives, 18th District, State of Ohio

The Honorable Charles A. Wilson, U.S. Congressman, U.S. House of Representatives, 6th District, State of Ohio

STATE GOVERNMENT APPEARANCE:

The Honorable Jim Folsom, Jr., Lieutenant Governor, State of Alabama

EMBASSY APPEARANCE:

**Iron and Steel Institute of Thailand
Ministry of Industry
Thailand**

Ramet Opatumhun, Deputy Managing Director

OPENING REMARKS:

In Support of Continuation of Orders (**Terence P. Stewart,**
Stewart and Stewart)

In Opposition to Continuation of Orders (**Kenneth J. Pierce,**
Vinson & Elkins LLP)

**In Support of the Continuation of
the Antidumping and Countervailing
Duty Orders:**

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, D.C.
on behalf of

United States Steel Corporation (“U.S. Steel”)

John H. Goodish, Executive Vice President and
Chief Operating Officer, U.S. Steel

Joseph R. Scherrbaum, Jr., Vice President, Sales,
U.S. Steel

Peter Alvarado, General Manager, Automotive,
U.S. Steel

Michael Meyers, Director, Industry Marketing,
U.S. Steel

Dr. S.P. Kothari, Gordon Y. Billiard Professor of
Management, Sloan School of Management,
Massachusetts Institute of Technology

Dr. Seth T. Kaplan, Principal, The Brattle Group

Dr. S.P. Kothari, Gordon Y. Billiard Professor of
Management, Sloan School of Management,
Massachusetts Institute of Technology

Robert E. Lighthizer)
James C. Hecht)
Stephen P. Vaughn) — OF COUNSEL
Stephen J. Narkin)

**In Support of the Continuation of
the Antidumping and Countervailing
Duty Orders (continued):**

Stewart and Stewart
Washington, D.C.
on behalf of

Mittal Steel USA, Inc.
The United Steel, Paper and Forestry, Rubber, Manufacturing,
Energy Allied Industrial and Service Workers International
Union, AFL-CIO-CLC (“USW”)

Louis L. Schorsch, President and Chief Executive
Officer, Flat Products-Americas, Arcelor Mittal

Roy J. Platz, Director of Marketing, Sales and Marketing,
Flat Products, Arcelor Mittal

Leo Gerard, International President, USW

Thomas Conway, International Vice President, USW

Dr. S.P. Kothari, Gordon Y. Billiard Professor of
Management, Sloan School of Management,
Massachusetts Institute of Technology

Terence P. Stewart)
Eric P. Salonen) – OF COUNSEL
Sarah V. Stewart)

Schagrin Associates
Washington, D.C.
on behalf of

Gallatin Steel
IPSCO Steel, Inc.
Steel Dynamics, Inc.

Tobin Pospisil, Chief Financial Officer, Gallatin Steel

Keith Busse, President and CEO, Steel Dynamics, Inc.

**In Support of the Continuation of
the Antidumping and Countervailing
Duty Orders (continued):**

John Nolan, Vice President and General Manager,
Structural & Rail Division, Steel Dynamics, Inc.

James Bouchard, Chairman and CEO, Wheeling Pittsburgh
Steel Corporation

Roger B. Schagrin) – OF COUNSEL

Wiley Rein LLP
Washington, D.C.
on behalf of

Nucor Corporation (“Nucor”)

John J. Ferriola, Executive Vice President, Nucor

Rick Blume, National Sales and Marketing Manager,
Nucor

Dr. Seth T. Kaplan, Principal, The Brattle Group

Alan H. Price)
Daniel B. Pickard) – OF COUNSEL

King & Spalding LLP
Washington, D.C.
on behalf of

AK Steel Corporation

Douglas Gant, Vice President, Sales and Customer
Service, AK Steel Corporation

Dan Lawwill, Directing Business Representative,
IAMAW Local Lodge 1943, International
Association of Machinists and Aerospace
Workers (“IAMAW”)

Joseph W. Dorn) – OF COUNSEL

**In Opposition to the Continuation of
the Antidumping and Countervailing
Duty Orders:**

Vinson & Elkins
Washington, D.C.
on behalf of

G Steel Public Company Limited
Nakornthai Strip Mill Public Company Limited
Sahaviriya Steel Industries Public Company Limited

Merle Emery, President, GR Spring & Stamping, Inc.

Lance Green, Vice President, Materials, Batesville
Tool & Die

Greg Knedgen, Director of Purchasing, E & E
Manufacturing Co., Inc.

Kenneth J. Pierce)
James P. Durling)
Victor S. Mroczka) OF COUNSEL
Matthew P. McCullough)

White & Case LLP
Washington, D.C.
on behalf of

Siderar S.A.I.C. (“Siderar”)

Gregory J. Spak)
Kristina Zissis) OF COUNSEL

**In Opposition to the Continuation of
the Antidumping and Countervailing
Duty Orders (continued):**

Greenberg Traurig LLP
Washington, D.C.
on behalf of

China Iron & Steel Association
Baosteel Group Corporation

Philippe M. Bruno)
David Amerine) OF COUNSEL

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Alan H. Price**,
Wiley Rein LLP)

In Opposition to Continuation of Orders (**Kenneth J. Pierce**,
Vinson & Elkins LLP)

APPENDIX C
SUMMARY DATA

Table C-1
Hot-rolled steel: Summary data concerning the U.S. market, 2001-06, January-June 2006, and January-June 2007

Item	(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)													Jan.-June 2006-07	
	Reported data									Period changes					
	2001	2002	2003	2004	2005	2006	January-June		2001-06	2001-02	2002-03	2003-04	2004-05		2005-06
						2006	2007								
U.S. consumption quantity:															
Amount	63,734,503	67,915,736	67,332,264	73,344,264	66,937,489	73,188,204	38,386,743	33,161,551	14.8	6.6	-0.9	8.9	-8.7	9.3	-13.6
Producers' share (1)	95.4	93.1	96.0	93.0	94.2	91.2	91.5	94.5	-4.2	-2.2	2.9	-3.0	1.2	-3.0	3.0
Importers' share (1):															
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.0
China	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.0	0.0	-0.0	0.0	-0.0
India	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	-0.1	-0.0	0.0	-0.0	0.1	-0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	-0.0	0.0	0.0
Kazakhstan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	-0.1	-0.0	-0.0	0.0	-0.0
South Africa	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	-0.1	-0.0	-0.0	0.0	-0.0
Taiwan	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.0	0.0	-0.0	0.0	-0.0
Thailand	0.0	0.2	0.1	0.1	0.1	0.2	0.1	0.0	0.2	0.2	-0.2	0.1	-0.1	0.1	-0.1
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	0.0
Subtotal	0.5	0.5	0.1	0.2	0.1	0.3	0.2	0.1	-0.1	0.1	-0.4	0.0	-0.1	0.3	-0.1
All other sources	4.2	6.3	3.9	6.8	5.7	8.5	8.3	5.4	4.3	2.2	-2.5	3.0	-1.1	2.8	-2.9
Total imports	4.6	6.9	4.0	7.0	5.8	8.8	8.5	5.5	4.2	2.2	-2.9	3.0	-1.2	3.0	-3.0
U.S. consumption value:															
Amount	16,687,319	20,752,002	20,147,581	38,501,604	35,948,717	41,037,560	21,085,915	18,197,308	145.9	24.4	-2.9	91.1	-6.6	14.2	-13.7
Producers' share (1)	95.3	93.1	95.6	93.2	94.1	91.8	92.4	94.6	-3.5	-2.2	2.5	-2.4	0.9	-2.3	2.1
Importers' share (1):															
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.0
China	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.0	0.0	0.0
India	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	-0.1	-0.0	0.0	-0.0	0.1	-0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	-0.0	0.0	0.0
Kazakhstan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	-0.1	-0.0	-0.0	0.0	-0.0
South Africa	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-0.1	-0.0	-0.0	0.0	-0.0
Taiwan	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.0	0.0	-0.0	0.0	-0.0
Thailand	0.0	0.2	0.1	0.1	0.1	0.2	0.0	0.0	0.2	0.2	-0.2	0.1	-0.1	0.1	-0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	0.0
Subtotal	0.4	0.5	0.1	0.2	0.1	0.3	0.1	0.1	-0.1	0.1	-0.4	0.1	-0.1	0.2	-0.1
All other sources	4.3	6.4	4.2	6.6	5.8	7.9	7.4	5.4	3.6	2.1	-2.1	2.4	-0.8	2.0	-2.1
Total imports	4.7	6.9	4.4	6.8	5.9	8.2	7.6	5.4	3.5	2.2	-2.5	2.4	-0.9	2.3	-2.1
U.S. imports from:															
Argentina:															
Quantity	26,753	4,058	0	0	0	198	0	0	-99.3	-84.8	-100.0	(2)	(2)	(2)	(2)
Value	6,067	1,330	0	0	0	181	0	0	-97.0	-78.1	-100.0	(2)	(2)	(2)	(2)
Unit value	\$227	\$328	(2)	(2)	(2)	\$914	(2)	(2)	303.2	44.6	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
China:															
Quantity	42,184	47	28	6,456	418	3,851	822	692	-90.9	-99.9	-40.4	22,978.8	-93.5	821.7	-15.8
Value	10,206	16	23	4,056	249	2,218	551	485	-78.3	-99.8	40.8	17,648.0	-93.9	790.3	-12.0
Unit value	\$242	\$346	\$817	\$628	\$596	\$576	\$670	\$701	138.1	43.0	136.0	-23.1	-5.1	-3.4	4.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
India:															
Quantity	51,480	5,919	0	11,392	6,618	62,234	24,402	17,631	20.9	-88.5	-100.0	(2)	-41.9	840.4	-27.7
Value	12,309	1,857	0	7,819	4,951	32,418	12,533	10,443	163.4	-84.9	-100.0	(2)	-36.7	554.8	-16.7
Unit value	\$239	\$314	(2)	\$686	\$748	\$521	\$514	\$592	117.9	31.2	(2)	(2)	9.0	-30.4	15.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Indonesia:															
Quantity	10,726	0	0	5	0	0	0	0	-100.0	-100.0	(2)	(2)	-100.0	(2)	(2)
Value	2,576	0	0	5	0	0	0	0	-100.0	-100.0	(2)	(2)	-100.0	(2)	(2)
Unit value	\$240	(2)	(2)	\$944	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Kazakhstan:															
Quantity	14,604	0	0	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)	(2)
Value	2,640	0	0	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)	(2)
Unit value	\$181	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania:															
Quantity	56,869	103,512	32,895	17,802	0	12,892	4,826	0	-77.3	82.0	-68.2	-45.9	-100.0	(2)	-100.0
Value	11,607	26,269	8,745	10,227	0	6,933	2,145	0	-40.3	126.3	-66.7	17.0	-100.0	(2)	-100.0
Unit value	\$204	\$254	\$266	\$575	(2)	\$538	\$444	(2)	163.5	24.3	4.8	116.1	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa:															
Quantity	4,903	112,066	28,647	10,355	90	9,829	9,797	455	100.5	2,185.8	-74.4	-63.9	-99.1	10,868.0	-95.4
Value	1,344	30,914	8,013	5,510	67	4,361	4,350	434	224.6	2,200.5	-74.1	-31.2	-98.8	6,436.6	-90.0
Unit value	\$274	\$276	\$280	\$532	\$745	\$444	\$444	\$953	61.9	0.6	1.4	90.2	39.9	-40.4	114.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan:															
Quantity	42,144	1,153	107	1,381	142	7,305	861	231	-82.7	-97.3	-90.7	1,190.7	-89.7	5,036.3	-73.2
Value	11,578	363	116	929	136	4,583	362	138	-60.4	-96.9	-68.1	702.1	-85.3	3,261.3	-61.9
Unit value	\$275	\$315	\$1,083	\$673	\$959	\$627	\$420	\$598	128.4	14.7	243.6	-37.9	42.4	-34.6	42.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Thailand:															
Quantity	15,847	139,856	34,162	93,414	43,289	155,824	22,772	2,116	883.3	782.5	-75.6	173.4	-53.7	260.0	-90.7
Value	4,836	43,463	10,927	51,045	21,948	81,498	10,231	1,053	1,585.2	798.7	-74.9	367.1	-57.0	271.3	-89.7
Unit value	\$305	\$311	\$320	\$546	\$507	\$523	\$449	\$498	71.4	1.8	2.9	70.8	-7.2	3.2	10.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ukraine:															
Quantity	25,694	612	11	0	1,558	0	0	0	-100.0	-97.6	-98.2	-100.0	(2)	-100.0	(2)
Value	5,318	202	6	0	1,689	0	0	0	-100.0	-96.2	-97.0	-100.0	(2)	-100.0	(2)
Unit value	\$207	\$330	\$545	(2)	\$1,084	(2)	(2)	(2)	(2)	59.3	65.3	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject):															
Quantity	291,203	367,223	95,850	140,805	52,115	252,133	63,481	21,125	-13.4	26.1	-73.9	46.9	-63.0	383.8	-66.7
Value	68,481	104,414	27,830	79,591	29,040	132,192	30,173	12,553	93.0	52.5	-73.3	186.0	-63.5	355.2	-58.4
Unit value	\$235	\$284	\$290	\$565	\$557	\$524	\$475	\$594	122.9	20.9	2.1	94.7	-1.4	-5.9	25.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Hot-rolled steel: Summary data concerning the U.S. market, 2001-06, January-June 2006, and January-June 2007

Item	(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						
	2001	2002	2003	2004	2005	2006	January-June		2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	Jan.-June 2006-07
U.S. imports from:															
All other sources:															
Quantity	2,657,040	4,302,509	2,607,407	5,004,490	3,816,715	6,190,441	3,181,249	1,800,817	133.0	61.9	-39.4	91.9	-23.7	62.2	-43.4
Value	711,009	1,321,488	854,518	2,545,509	2,092,683	3,227,482	1,564,064	973,983	353.9	85.9	-35.3	197.9	-17.8	54.2	-37.7
Unit value	\$268	\$307	\$328	\$509	\$548	\$521	\$492	\$541	94.8	14.8	6.7	55.2	7.8	-4.9	10.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	2,948,244	4,669,732	2,703,257	5,145,295	3,868,829	6,442,574	3,244,731	1,821,941	118.5	58.4	-42.1	90.3	-24.8	66.5	-43.8
Value	779,489	1,425,902	882,348	2,625,100	2,121,722	3,359,674	1,594,237	986,536	331.0	82.9	-38.1	197.5	-19.2	58.3	-38.1
Unit value	\$264	\$305	\$326	\$510	\$548	\$521	\$491	\$541	97.2	15.5	6.9	56.3	7.5	-4.9	10.2
Ending inventory quantity	142,414	235,576	24,024	127,708	150,444	165,536	293,281	66,322	16.2	65.4	-89.8	431.6	17.8	10.0	-77.4
U.S. producers:															
Average capacity quantity	76,209,185	72,131,725	79,050,475	79,548,531	80,937,517	81,625,989	41,119,907	41,531,240	7.1	-5.4	9.6	0.6	1.7	0.9	1.0
Production quantity	61,191,189	63,953,326	65,755,453	68,999,997	63,623,849	67,259,535	35,554,202	32,052,762	9.9	4.5	2.8	4.9	-7.8	5.7	-9.8
Capacity utilization (1)	80.3	88.7	83.2	86.7	78.6	82.4	86.5	77.2	2.1	8.4	-5.5	3.6	-8.1	3.8	-9.3
U.S. shipments:															
Quantity	60,786,259	63,246,004	64,629,007	68,198,969	63,068,660	66,745,630	35,142,012	31,339,610	9.8	4.0	2.2	5.5	-7.5	5.8	-10.8
Value	15,907,830	19,326,100	19,265,233	35,876,504	33,826,995	37,677,886	19,491,678	17,210,772	136.9	21.5	-0.3	86.2	-5.7	11.4	-11.7
Unit value	\$262	\$306	\$298	\$526	\$536	\$564	\$555	\$549	115.7	16.8	-2.4	76.5	2.0	5.2	-1.0
Export shipments:															
Quantity	429,896	484,860	1,347,738	701,037	717,152	562,380	333,051	525,090	30.8	12.8	178.0	-48.0	2.3	-21.6	57.7
Value	143,067	162,679	396,423	378,642	393,604	331,743	192,424	299,118	131.9	13.7	143.7	-4.5	4.0	-15.7	55.4
Unit value	\$333	\$336	\$294	\$540	\$549	\$590	\$578	\$570	77.3	0.8	-12.3	83.6	1.6	7.5	-1.4
Ending inventory quantity	2,402,874	1,868,338	1,700,334	1,800,323	1,633,160	1,610,876	1,720,120	1,872,260	-33.0	-22.2	-9.0	5.9	-9.3	-1.4	8.8
Inventories/total shipments (1)	3.9	2.9	2.6	2.6	2.6	2.4	2.4	2.9	-1.5	-1.0	-0.4	0.0	-0.1	-0.2	0.5
Production workers	32,553	30,109	29,614	27,567	25,247	24,739	24,519	25,004	-24.0	-7.5	-1.6	-6.9	-8.4	-2.0	2.0
Hours worked (1,000s)	69,086	64,247	62,783	61,203	54,892	54,137	28,752	28,208	-21.6	-7.0	-2.3	-2.5	-10.3	-1.4	-1.9
Wages paid (\$1,000s)	1,795,750	1,705,625	1,833,951	1,871,916	1,723,671	1,778,044	936,826	903,798	-1.0	-5.0	7.5	2.1	-7.9	3.2	-3.5
Hourly wages	\$25.99	\$26.55	\$29.21	\$30.59	\$31.40	\$32.84	\$32.58	\$32.04	26.4	2.1	10.0	4.7	2.7	4.6	-1.7
Productivity (tons/1,000 hours)	885.7	995.4	1,047.3	1,127.4	1,159.1	1,242.4	1,236.6	1,136.3	40.3	12.4	5.2	7.6	2.8	7.2	-8.1
Unit labor costs	\$29.35	\$26.67	\$27.89	\$27.13	\$27.09	\$26.44	\$26.35	\$28.20	-9.9	-9.1	4.6	-2.7	-0.1	-2.4	7.0
Net sales:															
Quantity	60,213,636	62,674,493	64,803,909	67,709,851	62,670,818	65,984,669	34,730,735	31,344,648	9.6	4.1	3.4	4.5	-7.4	5.3	-9.7
Value	15,768,995	19,152,783	19,274,792	35,633,304	33,576,733	37,242,158	19,291,779	17,199,552	136.2	21.5	0.6	84.9	-5.8	10.9	-10.8
Unit value	\$262	\$306	\$297	\$526	\$536	\$564	\$555	\$549	115.5	16.7	-2.7	76.9	1.8	5.3	-1.2
Cost of goods sold (COGS)	19,621,646	19,262,773	20,259,035	26,716,512	27,775,349	30,374,814	15,553,097	15,507,654	54.8	-1.8	5.2	31.9	4.0	9.4	-0.3
Gross profit or (loss)	(3,852,651)	(109,990)	(984,243)	8,916,792	5,801,384	6,867,344	3,738,682	1,691,898	(3)	97.1	-794.8	(3)	-34.9	18.4	-54.7
SG&A expenses	877,997	977,358	1,021,407	1,338,243	1,170,151	1,163,278	577,660	532,581	32.5	11.3	4.5	31.0	-12.6	-0.6	-7.8
Operating income or (loss)	(4,730,648)	(1,087,348)	(2,005,650)	7,578,549	4,631,233	5,704,066	3,161,022	1,159,317	(3)	77.0	-84.5	(3)	-38.9	23.2	-63.3
Capital expenditures	396,405	242,115	245,052	412,824	420,891	590,567	213,994	235,865	49.0	-38.9	1.2	68.5	2.0	40.3	10.2
Unit COGS	\$326	\$307	\$313	\$395	\$443	\$460	\$448	\$495	41.3	-5.7	1.7	26.2	12.3	3.9	10.5
Unit SG&A expenses	\$15	\$16	\$16	\$20	\$19	\$18	\$17	\$17	20.9	6.9	1.1	25.4	-5.5	-5.6	2.2
Unit operating income or (loss)	(\$79)	(\$17)	(\$31)	\$112	\$74	\$86	\$91	\$37	(3)	77.9	-78.4	(3)	-34.0	17.0	-59.4
COGS/sales (1)	124.4	100.6	105.1	75.0	82.7	81.6	80.6	90.2	-42.9	-23.9	4.5	-30.1	7.7	-1.2	9.5
Operating income or (loss)/ sales (1)	(30.0)	(5.7)	(10.4)	21.3	13.8	15.3	16.4	6.7	45.3	24.3	-4.7	31.7	-7.5	1.5	-9.6

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

(2) Not applicable.

(3) Undefined.

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.

Table C-2
Hot-rolled steel: Summary data concerning the U.S. commercial market, 2001-06, January-June 2006, and January-June 2007

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

Item	Reported data								Period changes						
	2001	2002	2003	2004	2005	2006	January-June		2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	Jan.-June
							2006	2007							2006-07
U.S. consumption quantity:															
Amount	25,318,195	28,017,126	27,689,842	31,207,890	28,020,471	32,290,300	17,042,962	14,316,338	27.5	10.7	-1.2	12.7	-10.2	15.2	-16.0
Producers' share (1)	88.4	83.3	90.2	83.5	86.2	80.0	81.0	87.3	-8.3	-5.0	6.9	-6.7	2.7	-6.1	6.3
Importers' share (1):															
Argentina	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.0	0.0	0.0	0.0	0.0
China	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.0	0.0	-0.0	0.0	0.0
India	0.2	0.0	0.0	0.0	0.0	0.2	0.1	0.1	-0.0	-0.2	-0.0	0.0	-0.0	0.2	-0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	-0.0	0.0	0.0
Kazakhstan	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Romania	0.2	0.4	0.1	0.1	0.0	0.0	0.0	0.0	-0.2	0.1	-0.3	-0.1	-0.1	0.0	-0.0
South Africa	0.0	0.4	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.4	-0.3	-0.1	-0.0	0.0	-0.1
Taiwan	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.0	0.0	-0.0	0.0	-0.0
Thailand	0.1	0.5	0.1	0.3	0.2	0.5	0.1	0.0	0.4	0.4	-0.4	0.2	-0.1	0.3	-0.1
Ukraine	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.0	-0.0	0.0	-0.0	0.0
Subtotal	1.2	1.3	0.3	0.5	0.2	0.8	0.4	0.1	-0.4	0.2	-1.0	0.1	-0.3	0.6	-0.2
All other sources	10.5	15.4	9.4	16.0	13.6	19.2	18.7	12.6	8.7	4.9	-5.9	6.6	-2.4	5.6	-6.1
Total imports	11.6	16.7	9.8	16.5	13.8	20.0	19.0	12.7	8.3	5.0	-6.9	6.7	-2.7	6.1	-6.3
U.S. consumption value:															
Amount	6,809,883	8,497,392	8,413,650	16,255,677	15,277,560	17,941,236	9,261,881	7,840,172	163.5	24.8	-1.0	93.2	-6.0	17.4	-15.4
Producers' share (1)	88.6	83.2	89.5	83.9	86.1	81.3	82.8	87.4	-7.3	-5.3	6.3	-5.7	2.3	-4.8	4.6
Importers' share (1):															
Argentina	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.0	0.0	0.0	0.0	0.0
China	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.0	0.0	0.0
India	0.2	0.0	0.0	0.0	0.0	0.2	0.1	0.1	-0.0	-0.2	-0.0	0.0	-0.0	0.1	-0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	-0.0	0.0	0.0
Kazakhstan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.2	0.3	0.1	0.1	0.0	0.0	0.0	0.0	-0.1	0.1	-0.2	-0.0	-0.1	0.0	-0.0
South Africa	0.0	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.3	-0.3	-0.1	-0.0	0.0	-0.0
Taiwan	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.0	0.0	-0.0	0.0	-0.0
Thailand	0.1	0.5	0.1	0.3	0.1	0.5	0.1	0.0	0.4	0.4	-0.4	0.2	-0.2	0.3	-0.1
Ukraine	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.0	-0.0	0.0	-0.0	0.0
Subtotal	1.0	1.2	0.3	0.5	0.2	0.7	0.3	0.2	-0.3	0.2	-0.9	0.2	-0.3	0.5	-0.2
All other sources	10.4	15.6	10.2	15.7	13.7	18.0	16.9	12.4	7.5	5.1	-5.4	5.5	-2.0	4.3	-4.5
Total imports	11.4	16.8	10.5	16.1	13.9	18.7	17.2	12.6	7.3	5.3	-6.3	5.7	-2.3	4.8	-4.6
U.S. imports from:															
Argentina:															
Quantity	26,753	4,058	0	0	0	198	0	0	-99.3	-84.8	-100.0	(2)	(2)	(2)	(2)
Value	6,067	1,330	0	0	0	181	0	0	-97.0	-78.1	-100.0	(2)	(2)	(2)	(2)
Unit value	\$227	\$328				\$914			303.2	44.6	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***							***	***	***	***	***	***	***
China:															
Quantity	42,184	47	28	6,456	418	3,851	822	692	-90.9	-99.9	-40.4	22,978.8	-93.5	821.7	-15.8
Value	10,206	16	23	4,056	249	2,218	551	485	-78.3	-99.8	40.8	17,648.0	-93.9	790.3	-12.0
Unit value	\$242	\$346	\$817	\$628	\$596	\$576	\$670	\$701	138.1	43.0	136.0	-23.1	-5.1	-3.4	4.5
Ending inventory quantity	***	***							***	***	***	***	***	***	***
India:															
Quantity	51,480	5,919	0	11,392	6,618	62,234	24,402	17,631	20.9	-88.5	-100.0	(2)	-41.9	840.4	-27.7
Value	12,309	1,857	0	7,819	4,951	32,418	12,533	10,443	163.4	-84.9	-100.0	(2)	-36.7	554.8	-16.7
Unit value	\$239	\$314		\$686	\$748	\$521	\$514	\$592	117.9	31.2	(2)	(2)	9.0	-30.4	15.3
Ending inventory quantity	***	***							***	***	***	***	***	***	***
Indonesia:															
Quantity	10,726	0	0	5	0	0	0	0	-100.0	-100.0	(2)	(2)	-100.0	(2)	(2)
Value	2,576	0	0	5	0	0	0	0	-100.0	-100.0	(2)	(2)	-100.0	(2)	(2)
Unit value	\$240	(2)	(2)	\$944	(2)	(2)	(2)	(2)	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Kazakhstan:															
Quantity	14,604	0	0	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)	(2)
Value	2,640	0	0	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)	(2)
Unit value	\$181	(2)	(2)	(2)	(2)	(2)	(2)	(2)	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania:															
Quantity	56,869	103,512	32,895	17,802	0	12,892	4,826	0	-77.3	82.0	-68.2	-45.9	-100.0	(2)	-100.0
Value	11,607	26,269	8,745	10,227	0	6,933	2,145	0	-40.3	126.3	-66.7	17.0	-100.0	(2)	-100.0
Unit value	\$204	\$254	\$266	\$575	(2)	\$538	\$444	(2)	163.5	24.3	4.8	116.1	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa:															
Quantity	4,903	112,066	28,647	10,355	90	9,829	9,797	455	100.5	2,185.8	-74.4	-63.9	-99.1	10,868.0	-95.4
Value	1,344	30,914	8,013	5,510	67	4,361	4,350	434	224.6	2,200.5	-74.1	-31.2	-98.8	6,436.6	-90.0
Unit value	\$274	\$276	\$280	\$532	\$745	\$444	\$444	\$953	61.9	0.6	1.4	90.2	39.9	-40.4	114.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan:															
Quantity	42,144	1,153	107	1,381	142	7,305	861	231	-82.7	-97.3	-90.7	1,190.7	-89.7	5,036.3	-73.2
Value	11,578	363	116	929	136	4,583	362	138	-60.4	-96.9	-68.1	702.1	-85.3	3,261.3	-61.9
Unit value	\$275	\$315	\$1,083	\$673	\$959	\$627	\$420	\$598	128.4	14.7	243.6	-37.9	42.4	-34.6	42.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Thailand:															
Quantity	15,847	139,856	34,162	93,414	43,289	155,824	22,772	2,116	883.3	782.5	-75.6	173.4	-53.7	260.0	-90.7
Value	4,836	43,463	10,927	51,045	21,948	81,498	10,231	1,053	1,585.2	798.7	-74.9	367.1	-57.0	271.3	-89.7
Unit value	\$305	\$311	\$320	\$546	\$507	\$523	\$449	\$498	71.4	1.8	2.9	70.8	-7.2	3.2	10.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ukraine:															
Quantity	25,694	612	11	0	1,558	0	0	0	-100.0	-97.6	-98.2	-100.0	(2)	-100.0	(2)
Value	5,318	202	6	0	1,689	0	0	0	-100.0	-96.2	-97.0	-100.0	(2)	-100.0	(2)
Unit value	\$207	\$330	\$545	(2)	\$1,084	(2)	(2)	(2)	***	59.3	65.3	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject):															
Quantity	291,203	367,223	95,850	140,805	52,115	252,133	63,481	21,125	-13.4	26.1	-73.9	46.9	-63.0	383.8	-66.7
Value	68,481	104,414	27,830	79,591	29,040	132,192	30,173	12,553	93.0	52.5	-73.3	186.0	-63.5	355.2	-58.4
Unit value	\$235	\$284	\$290	\$565	\$557	\$524	\$475	\$594	122.9	20.9	2.1	94.7	-1.4	-5.9	25.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-2--Continued
Hot-rolled steel: Summary data concerning the U.S. commercial market, 2001-06, January-June 2006, and January-June 2007

Item	(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							
	2001	2002	2003	2004	2005	2006	January-June		2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	Jan.-June 2006-07
U.S. imports from:															
All other sources:															
Quantity	2,657,040	4,302,509	2,607,407	5,004,490	3,816,715	6,190,441	3,181,249	1,800,817	133.0	61.9	-39.4	91.9	-23.7	62.2	-43.4
Value	711,009	1,321,488	854,518	2,545,509	2,092,683	3,227,482	1,564,064	973,983	353.9	85.9	-35.3	197.9	-17.8	54.2	-37.7
Unit value	\$268	\$307	\$328	\$509	\$548	\$521	\$492	\$541	94.8	14.8	6.7	55.2	7.8	-4.9	10.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	2,948,244	4,669,732	2,703,257	5,145,295	3,868,829	6,442,574	3,244,731	1,821,941	118.5	58.4	-42.1	90.3	-24.8	66.5	-43.8
Value	779,489	1,425,902	882,348	2,625,100	2,121,722	3,359,674	1,594,237	986,536	331.0	82.9	-38.1	197.5	-19.2	58.3	-38.1
Unit value	\$264	\$305	\$326	\$510	\$548	\$521	\$491	\$541	97.2	15.5	6.9	56.3	7.5	-4.9	10.2
Ending inventory quantity	142,414	235,576	24,024	127,708	150,444	165,536	293,281	66,322	16.2	65.4	-89.8	431.6	17.8	10.0	-77.4
U.S. producers:															
U.S. commercial shipments:															
Quantity	22,369,951	23,347,394	24,986,585	26,062,595	24,151,642	25,847,726	13,798,231	12,494,397	15.5	4.4	7.0	4.3	-7.3	7.0	-9.4
Value	6,030,394	7,071,490	7,531,302	13,630,577	13,155,838	14,581,562	7,667,644	6,853,636	141.8	17.3	6.5	81.0	-3.5	10.8	-10.6
Unit value	\$270	\$303	\$301	\$523	\$545	\$564	\$556	\$549	109.3	12.4	-0.5	73.5	4.2	3.6	-1.3
Export shipments:															
Quantity	429,896	484,860	1,347,738	701,037	717,152	562,380	333,051	525,090	30.8	12.8	178.0	-48.0	2.3	-21.6	57.7
Value	143,067	162,679	396,423	378,642	393,604	331,743	192,424	299,118	131.9	13.7	143.7	-4.5	4.0	-15.7	55.4
Unit value	\$333	\$336	\$294	\$540	\$549	\$590	\$578	\$570	77.3	0.8	-12.3	83.6	1.6	7.5	-1.4
Net commercial sales:															
Quantity	22,703,359	23,617,501	26,098,649	26,510,786	24,620,990	26,172,821	13,949,857	13,009,320	15.3	4.0	10.5	1.6	-7.1	6.3	-6.7
Value	6,139,265	7,149,617	7,834,421	13,845,015	13,400,721	14,775,063	7,770,576	7,132,962	140.7	16.5	9.6	76.7	-3.2	10.3	-8.2
Unit value	\$270	\$303	\$300	\$522	\$544	\$565	\$557	\$548	108.8	11.9	-0.8	74.0	4.2	3.7	-1.6
Cost of goods sold (COGS)	7,013,610	6,654,175	7,909,277	10,311,139	10,931,672	11,794,789	6,145,686	6,312,954	68.2	-5.1	18.9	30.4	6.0	7.9	2.7
Gross profit or (loss)	(874,345)	495,442	(74,856)	3,533,876	2,469,049	2,980,274	1,624,890	820,008	(3)	(3)	(3)	(3)	-30.1	20.7	-49.5
SG&A expenses	307,471	318,353	347,934	463,654	411,002	418,478	211,375	206,661	36.1	3.5	9.3	33.3	-11.4	1.8	-2.2
Operating income or (loss)	(1,181,816)	177,089	(422,790)	3,070,222	2,058,047	2,561,796	1,413,515	613,347	(3)	(3)	(3)	(3)	-33.0	24.5	-56.6
Unit COGS	\$309	\$282	\$303	\$389	\$444	\$451	\$441	\$485	45.9	-8.8	7.6	28.3	14.2	1.5	10.1
Unit SG&A expenses	\$14	\$13	\$13	\$17	\$17	\$16	\$15	\$16	18.1	-0.5	-1.1	31.2	-4.6	-4.2	4.8
Unit operating income or (loss)	(\$52)	\$7	(\$16)	\$116	\$84	\$98	\$101	\$47	(3)	(3)	(3)	(3)	-27.8	17.1	-53.5
COGS/sales (1)	114.2	93.1	101.0	74.5	81.6	79.8	79.1	88.5	-34.4	-21.2	7.9	-26.5	7.1	-1.7	9.4
Operating income or (loss)/ sales (1)	(19.3)	2.5	(5.4)	22.2	15.4	17.3	18.2	8.6	36.6	21.7	-7.9	27.6	-6.8	2.0	-9.6

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

(2) Not applicable.

(3) Undefined.

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

**RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS,
AND FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY AND COUNTERVAILING DUTY ORDERS AND THE
LIKELY EFFECTS OF REVOCATION**

**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING AND COUNTERVAILING DUTY ORDERS
AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. producers to describe any anticipated changes to the character of their operations or organization relating to the production of hot-rolled steel in the future if the subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) on hot-rolled steel were to be revoked. (Question II-4.) The following are quotations from the responses of U.S. producers.

“Yes. If the current trade remedies are revoked, hot-rolled steel will again flood into the U.S. market. The result will be exactly what we witnessed before the institution of these trade remedies, i.e., prices for hot rolled products that do not permit the recovery of our fully absorbed cost of production, loss of jobs relating to hot-rolled production, failure to earn an adequate return on investment, and difficulty in justifying further investments to make hot-rolled steel. A reasonable return on capital permits us to honor our legal and moral obligations to our stakeholders. Unlike so many of our foreign competitors, we continue to pay retiree health care and make pension payments. We lead the world in plant safety and embrace sensible environmental stewardship.”

“Yes. Without the protection, an increase in imported hot-rolled steel would quickly and negatively impact operating levels and profit at ***.”

“No.”

“No.”

No response.

“Yes. If the countervailing and antidumping duties are rescinded, we would anticipate a massive surge of unfairly traded imports which would have a negative effect on our market share, revenue, operational volumes, pricing and profits.”

“Yes. It is expected that revocation of the orders will result in a resumption of dumping as the subject countries seek to regain market share through price concessions. Increased import levels at dumped

prices will negatively impact ***'s production volumes, revenue levels, employment, profit levels, credit ratings and the company's ability to reinvest in the domestic steel industry."

"No."

"Yes. *** has been making much-needed capital expenditures in recent years. See Table III-13. The massive import surges in the late 1990's, which included imports from the countries currently under review, severely eroded prices and profitability to the point that *** deferred basic maintenance and were precluded from making necessary investments in equipment and technology. *** plans to continue making investments in the foreseeable future that will enhance its efficiency and competitiveness. These plans include relines to furnaces, as well as equipment upgrades.

If the subject orders are revoked, *** expects that U.S. prices for HRS will fall under pressure of significant quantities of dumped and subsidized imports. Revocation, therefore, will likely impede the ability of the company to make further deferred capital investments and maintenance - threatening the present and future viability of ***'s operations.

Moreover, should the subject orders be revoked, many of the subject countries have the means to rapidly overwhelm the channels of distribution where ***'s (and other domestic producers') sales are focused, and to remain a significant presence over time. This will likely significantly displace ***'s U.S. market share and adversely impact its production operations."

"Yes. We expect that imports would increase dramatically if countervailing duty orders and antidumping orders were to be revoked. As imports flood in, oversupply would increase thus driving prices and margins lower. To try to balance supply with demand we would be forced to review our plans to run at capacity. As we reduce our production levels our costs would climb, potentially impairing our margins further."

"Steel producers across the world have been investing, and continue to invest, in production capacity that outstrips projected demand for steel. This is most clear in the case of China, which has moved from being a net importer to a net exporter of steel only in the past few years. According to the OECD, China accounted for more than two-thirds of the increase in world steel production seen over the last five years. *i.e.*, Chinese production surged from 151 million metric tons in 2001 to 423 million metric tons in 2006. Chinese steel exports rose to 8.75 million metric tons in the first two months of 2007 alone. Meanwhile, steel stockpiles in the U.S. rose to 16.8 million metric tons in 2006. Market analysts are predicting that global overproduction, coupled with sinking demand, will lead to significant price pressures. This will only be exacerbated by the presence of low-priced imports.

Other subject producers have lately expanded their production capacity, and many are planning additional capacity expansion. The U.S. industry is faced with climbing inventory stockpiles (caused in part by excessive 2006 imports) and rising raw material costs. Demand fell significantly over the last quarter of 2006 and the first quarter of 2007. Bookings from automakers, appliance-makers, and building

and construction firms have all been significantly reduced. *** would expect these trends to be worsened in the face of low-priced imports from the subject suppliers.”

No response.

“Yes. Our experience strongly suggests that we can anticipate reduced market demand for our hot rolled products and significantly lower associated revenues and profitability three (3) to nine (9) months after the orders and the suspension agreement are vacated, with that same scenario continuing indefinitely.”

“Yes. The subject countries at issue here include some of the largest and most aggressive steel producers in the world. Several of these countries - particularly China and India - have government policies that explicitly state their intention to provide state support to domestic steel producers. All of them have a history of shipping significant volumes of unfairly-traded hot-rolled steel to this market. If these orders are revoked, they will certainly do so again.

Indeed, there can be no doubt that the United States remains a prime destination for imports from around the world. Last year - even with the orders in place - this country imported 6.8 million NT of hot rolled steel, the largest such figure since 2000, and an increase of 2.6 million NT from 2005 levels. Yet imports from the *subject* countries generally remained at levels far below the volumes that they shipped during the original period of investigation. These facts alone demonstrate the effectiveness of the orders, as well as the likelihood that subject imports will surge if the orders are revoked.

The effects of such a surge will be severe. Demand is relatively flat right now, with U.S. consumers still working through the large inventories that were built up during last year's import surge. Furthermore, raw material costs are relatively high, due in large part to enormous volumes of subsidized steel capacity around the world. Indeed, while there can be no question that the domestic industry is healthier than it was during the original period of investigation, it is significant that ***'s operating income during both 2005 and 2006 was below the level achieved in 2004. In other words, conditions have worsened since the Commission last considered the domestic hot-rolled industry in early 2005, when it decided to maintain relief with respect to hot-rolled steel from Brazil, Japan, and Russia.

Under these circumstances, revocation of the orders at issue will certainly hurt domestic producers like ***. Dumped and subsidized imports will enter this country at prices domestic producers cannot afford to match. Nevertheless, domestic producers will be forced to match those prices or lose market share. Given that domestic producers need to operate a high levels of capacity utilization in order to cover their fixed costs, they simply cannot concede large volumes of market share to foreign mills. On the other hand, they cannot afford another downward spiral of prices like those that plagued this industry during the original period of investigation.

Accordingly, failure to maintain these orders will likely result in adverse changes to ***'s operations. It would limit the ability of *** to make further investments in its hot-rolled steel facilities. It would likely force *** to reduce its production of hot-rolled steel. It might even require *** to reduce its workforce. In short, revocation would injure ***'s hot-rolled operations.”

“Yes. The absence of these AD/CVD orders would presumably allow subject countries to resume illegal activities of dumping significant quantities of hot-rolled steel into the domestic marketplace thereby distorting supply and fair pricing. The influx of unfairly traded steel will result in a reduced capacity utilization and profit margins. Those impacts could cause the Company to alter operations to mitigate financial injury.

“Yes. Any significant change to the supply dynamics of the domestic market (such as revocation of the above orders) will have an impact on our operations and organization.

The Commission requested U.S. producers to describe the significance of the existing subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) on hot-rolled steel in terms of their effect on their firms’ production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. The Commission also requested U.S. producers to compare their operations before and after the imposition of the orders. (Question II-14.) The following are quotations from the responses of U.S. producers.

“The effect of the orders was to limit, to some degree, the volume of imported hot-rolled steel in the U.S. market. This led to increased margins which allowed *** to produce hot-rolled for the market when it was determined that this would have a positive effect on cash flow.”

“The protection has enabled *** to increase profits that have been re-invested back into the company resulting in expansion in all the variables listed above.”

“No impact. No change.”

“No significance.”

No response.

“The duty orders provided stability in the market place, which allowed *** to access the market to be able to increase production.”

“***. The findings have eliminated some sources of dumped steel that had been a disruptive force in the market. The findings have added a degree of stability to the market and have increased ***’s ability to meet its return on equity goals.”

“None.”

“The orders subject to this review have had a beneficial impact on ***’s operations. Leading up to imposition of these orders, the domestic steel industry was in a crisis. As explained by the Commission in its views in the sunset review covering HRS from Brazil, Japan and Russia: “...by mid-2001 {prices} had fallen to below the injurious levels recorded during the investigation of Brazil, Japan and Russia. In late 2001, antidumping and countervailing duty orders were issued with respect to imports from eleven additional countries.. . {a}lso in 2001 the U.S. economy experienced a recession, which suppressed domestic demand for hot rolled steel. The U.S. industry entered a crisis period in which numerous producers, including large, longstanding firms, filed for bankruptcy protection, and some shut down operations altogether.” USITC Pub. 3767 at 3.

Following imposition of the subject orders, the supply of unfairly traded imports was significantly restrained. As discussed in the answer to question 11-15, imports from many of the subject countries dramatically declined and have never returned to pre-order levels (e.g., U.S. imports of HRS from China fell from 484,747 tons in 2000 to 42,184 tons in 2001). Moreover, U.S. prices for HRS recovered and stabilized as a result of the pricing disciplines of the orders.

* * * * *

In connection with the orders on HRS from Brazil, Japan and Russia, and the Section 201 Safeguard relief, the import and pricing relief provided by the subject orders contributed importantly to enabling the domestic steel industry to restructure, consolidate, and make needed investments. It was during this period of relief that ***.

All of the foregoing has made it possible for *** to make business decisions in response to rational market signals of supply and demand. In the event of revocation, *** expects a resurgence of unfairly traded imports with price-destabilizing effects. As hot rolled steel accounts for a large portion of the company's total shipments, and is of obvious importance to its operations, *** believes that it is necessary that the orders be maintained so as to restrain unfair trade and minimize price volatility in the U.S. market."

"In the four years prior to 2001 imports of HRB averaged 6 million tons annually. Since 2001 our HRB annual import average has declined to 4 million tons. As we have been able to turn a profit we have been able to make capital expenditures to boost productivity and reduce costs so as to long term supplies to our domestic customers."

"The AD/CVD orders and suspension agreement have had a very significant positive effect on the U.S. hot-rolled steel market and the U.S. hot-rolled industry as demonstrated by a review of the import volumes and domestic prices before and after the orders were imposed. The reduction in imports from these countries was directly related to an improvement in domestic pricing. Imports from these countries in 2000, the last full year before the order went into effect, were over 4 million short tons. Census data shows that carbon and alloy hot-rolled sheet imports from these countries in 2006 were a tenth of that. Imports from China, India, and Taiwan, the countries with the largest pre-order imports, have fallen almost to zero.

***'s performance in the period following imposition of the AD/CVD orders against these countries has improved significantly compared to the pre-order period. As detailed in the responses to question II-8 and Part III, *** has experienced improved operational performance (capacity, production, utilization, productivity, employment, and shipments) and financial performance (sales, prices, profits, cash flow, investment, R&D, and asset values) during the post-order period compared to the period examined during the original period of investigation. Nonetheless, while the industry's performance has improved, the industry remains vulnerable to import-driven injury."

No response.

"Removing large quantities of dumped and subsidized imports helped us improve production, worker hours, wages paid and profits on hot rolled products."

“The relief at issue in these reviews is absolutely vital to domestic producers of hot-rolled steel. Without this relief, the U.S. market will soon be distorted by an enormous volume of dumped and subsidized imports from the subject countries, just as it was during the original period of investigation. These imports will again dramatically undersell the domestic like product in order to gain market share. This development will force domestic producers to cut prices or lose sales.

Accordingly, the subject relief has a very significant effect on almost all of the factors listed in this question. Because of this relief, *** has been able to increase its capacity by investing in ***. This relief has also contributed to higher levels of production, U.S. shipments, and employment. Greater production also means that the large fixed costs associated with hot-rolled steel production can be spread over a greater volume, resulting in lower per-ton costs.

In addition, the subject relief means that ***’s revenues, profits, and cash flow reflect market forces, not the harmful effects of unfairly-traded imports. As a result, *** can afford greater expenditures on research and development as well as capital improvements. These expenditures, along with stronger market conditions, improve the value of ***’s hot-rolled assets. In short, the subject relief has contributed to improvements with respect to almost every single factor listed in this question.”

“The presence of the existing countervailing duties and/or antidumping duty orders have primarily assisted the domestic market to slow down the pace of price erosion in the market for the subject goods. The impact of the imposed orders have not effected production capacity. It is difficult to differentiate the impact of the orders on production, shipments, and employment levels from the normal market supply-demand fluctuations.

“See response to II-4. Reducing their access to the U.S. market has had a positive effect on domestic producers. The most significant result has been improved cash flows leading to vastly improved access to capital markets. While the above actions were only partially responsible for these results, our business environment today is significantly better than six years ago.

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 hot-rolled steel in the future if the subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) on hot-rolled steel were to be revoked. (Question II-15.) The following are quotations from the responses of U.S. producers.

“Yes. *** anticipates that if these orders were revoked, dumped and subsidized imports would re-flood the market as they did in the past, depressing prices for hot-rolled products. The result would be lower production, shipments, employment, revenues, profits, and other financial and operational measures related to hot rolled steel.”

“No.”

“Yes. Subsidized and unfairly traded imported hot-rolled steel quickly impacts the company’s sales. As sales volume falls, so does profits, production, and employment.”

“No.”

No response.

“Yes. *** will have less production, higher costs, lower revenues and less net income or a loss.”

“Yes. A revocation of the findings will result in a resumption of dumping into the U.S. market by the respondent countries. If these unfairly price dumped goods are allowed to enter the market *** would expect to suffer lower revenue, lower margins and profits and it would be more difficult to support expenditures in areas such as research and development and other capital expenditures. As well inventories would be devalued as domestic pricing was reduced due to the availability of dumped product.”

“No.”

“Yes. The countries under review are home to some of the largest producers and exporters of hot rolled steel (HRS) in the world, with massive capacity expansions underway and planned in the foreseeable future. Without the restraint of the orders, there is little question that these countries have the means and incentive to increase exports to the U.S., with price-destabilizing effects. Past experience has shown that the result will be a substantial adverse impact on ***’s production and financial indicators in the reasonably foreseeable future.

Leading up to imposition of the orders, U.S. imports from many of the subject countries surged. For example, HRS imports from India alone soared from 101,196 short tons in 1998 to 825,703 short tons in 2000. Similarly, imports of HRS from Thailand increased from 18,050 short tons in 1998 to 233,761 in 2000. Following imposition of the order, the volume of subject imports substantially declined. Imports from India plummeted from 825,703 short tons to only 51,480 short tons in 2001 and have never come close to pre-order levels. Similar trends are apparent for other countries as well evidencing the restraining effect of the subject AD and CVD orders.

Nevertheless, countries like China have greatly increased their exports to other markets during this time. Between 2000 and 2006, China's total exports of HRS to the world have more than quadrupled, from approximately 2.4 million tons to 11.1 million tons. *See* GTIS Chinese Import and Export data. Notably, at the same time that China's exports of HRS to the world have surged, China's exports to the U.S. are only a fraction of the volume exported during the original investigation (e.g. 485,299 short tons in 2000 compared to less than 10,000 short tons in 2006).

Despite the lessened, yet continuing, presence of subject imports in the U.S. market, producers in many of the subject countries have remained formidable competitors with massive production capabilities. For example, China alone accounted for nearly 70 million tonnes (77 million short tons) of HRS production in 2006 - which is close to annual HRS consumption in the U.S. *See* USITC Pub. 3767 at Table I-1 (apparent consumption figures for 2004). CRU reports similar data for other subject countries. For instance, in 2007, HRS production in Taiwan will outpace Taiwanese home market consumption of HRS by close to 1 million tonnes. *See* ***.

Producers in the subject countries are also increasing HRS production and capacity, further strengthening their ability and need to seek out commercially favorable export markets. Specific examples include:

- According to World Steel Dynamics, China had plans to add 30 million tonnes of hot rolled band capacity "bringing the year-end figure to about 113 million tonnes versus 77 million tonnes at the end of 2005 and just 55 million tonnes at the end of 2004." *See* WSD Inside Track #61 at 3 (July 5, 2006). MEPS International also indicates that in the flat products category for carbon steels, "substantial quantities of new capacity are reported to be coming on stream in China in the coming months" with possible declines in Chinese export prices to follow. *See World Average Carbon Steel Prices - Latest Forecasts from MEPS*, MEPS Steel News (Apr. 5, 2007).
- "Liuzhou Steel, a 6 million tonne/year steel producer based in southern China's Guangxi Autonomous Region, is currently revamping its HRC mill that was only commissioned in October 2005. By the end of this year the line's capacity will be increased to 3.5m t/y from 2m t/y presently, boosting Liuzhou Steel's finished steel capacity to 7.5m t/y. . . . The HRC line, capable of producing HRC 2mm-25mm thick and 600mm-1,840mm wide, recently reached full production. *See Liuzhou Steel expands flats capacity*, Steel Business Briefing (April 26, 2007).
- "The main iron and steel production facilities at Anshan's 5m t/y Bayuquan project are around 60-90% complete. . . . Angang began to install the two 3800mm blast furnaces in December last year. Currently, the two BFs are 80% finished, and will be commissioned late this year, SBB is told. They will give Angang access to 4.93m t/y of additional pig iron. Three 250t converters and two slab casters are 60% built, and are also expected to be commissioned by the end of this year. These facilities will be able to produce 5m t/y semis. Meanwhile, Bayuquan's 2m t/y 5500mm plate and 2.96m t/y 1560mm hot strip mill are under construction, and could be finished by early next year." *See Anshan's Bayuquan project now more than half complete*, Steel Business Briefing (May 18, 2007).
- "Handan Steel, a major steel maker in northern China's Hebei Province near Beijing, is expected to sign an agreement today (May 10) with Shanghai-based Baosteel, to set up a 50:50 owned 4.6m tonnes/year integrated mill ...*** will include a 4.5 m t/y 2,250mm HRC line*** be finished by June 2008." *See Handan Steel links up with Baosteel in 4.6m t/y expansion*, Steel Business Briefing (May 10, 2007).
- "Indonesian production of hot rolled coil/plate grew strongly to reach 2,628,000 tonnes last year, up from 2,065,000 t in 2005. . ." Indonesia's state-owned steel mill provided most of this output from its 2m t/y capacity hot strip mill while the country's other producers, namely Gunung Raja Paksi (installed 500,000 t/y capacity), Gunawan (340,000 t/y) and Jayapari (100,000 t/y) provided the rest...." Between 2005 and 2007, Indonesia's exports of hot rolled coil/plate are

expected to grow from 531,000 tonnes to 780,000 tonnes. *See Indonesia produces more HRC and plate*, Steel Business Briefing (April 26, 2007).

- In Thailand, “hot-rolled coil mini-mill G Steel has plans to increase its annual production from 1.8m tonnes to 3.4m by debottlenecking. This is expected to be complete by early 2009.” *See Preparing for Growth*, Metal Bulletin (May 11, 2007).

There can be little doubt that subject countries will shift large volumes of HRS exports to the U.S. market if the orders are revoked. For example, according to an article in AMM, prices for hot rolled band in the US are more than \$200 per tonne higher than those in China. *See China steps back as hot band takes a global run*, American Metal Market (Mar. 28, 2007). Relatively higher U.S. prices than in other global markets makes the U.S. an attractive export destination.

At a time of softening OEM and service center demand growth for steel sheet, 2 million tons of increased non-subject import supply (excluding Japan, Brazil, and Russia) in 2006, and high raw material prices, an influx of dumped and subsidized imports would almost certainly severely depress U.S. prices. In ***’s case, the spread between net sales values in 2006 and COGS was a mere \$20 (when internal consumption and related transfers are appropriately valued at cost). If forced to compete with low-priced HRS from the subject countries upon revocation, *** would likely have to cut back production and cede market share and/or lower prices to try and maintain market share. As was true during the time leading up to imposition of the subject orders, this is likely to adversely affect ***’s profitability and ability to continue capital investment, as well as negatively impact production, shipments, and employment.”

“Yes. With an oversupply situation based on increasing imports, *** would likely be forced to reduce production to not bring further unneeded HRB’s to market. This reduction in supply would hurt our variable costs, reduce employment, reduce”

“Yes. *** anticipates sharply lower production, shipments, employment, revenues, profits, cash flow, capital expenditures, and asset values if the orders are revoked. Inventories would likely be higher - and they are fairly high already. Indeed, the extreme volatility of the domestic industry’s earnings during the period demonstrate that small changes in import supply relative to demand can have rapid, dramatic impacts on the domestic industry. The domestic hot-rolled industry remains exceptionally vulnerable to material injury caused by a return of these imports, particularly with softening U.S. demand for hot-rolled products.

Producers in the relevant countries have expanded capacity, and are continuing to do so, in amounts that far exceed projected global demand for hot-rolled steel. The natural consequence of these expansions will be lowered prices and dumping in all available export markets, including the United States.”

No response.

“Yes. Imports will surge, particularly from China, productions shipments, prices and profits will fall.”

“If the subject relief is revoked, all of the positive benefits of relief discussed in response to Question II-14 will be lost. Indeed, each of the factors discussed in that response would change in a manner that would injure ***.

To begin with, both ***’s production and its U.S. shipments would plummet as subject imports increased their market share at the expense of domestic producers. Indeed, ***’s capacity and employment would likely be reduced as lower production forced closures of blast furnaces - or even entire facilities. Lower production would increase per-ton costs, because fixed costs would be allocated over smaller volumes.

Falling prices would also result in lower revenues, lower profits (or even heavy losses), and reduced cash flow. These developments would force *** to cut capital expenditures and expenditures on research and development that are critical to the long-term competitiveness of any hot-rolled steel producer. Finally, as a result of these negative effects, the value of ***’s hot-rolled assets would be reduced.”

“Yes. Hot-rolled prices remain under significant pressure due to market and import conditions. Revocation of duties could lead to further price erosion and result in idling of equipment. This would reduce production, shipments, and employment levels.”

“Yes. See response to II-14. We would expect a negative impact to the items listed, but again do not have the expertise nor ability to precisely analyze this.”

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING AND COUNTERVAILING DUTY ORDERS
AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. importers to describe any anticipated changes in the character of their operations or organization relating to the importation of hot-rolled steel in the future if the subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) were revoked. (Question II-4.) The following are quotations from the responses of importers.

“Yes. Market would be flooded by a/m countries.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“Yes. Possible reduction of market share.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No. Our character would remain the same.”

“No.”

“No.”

“No.”

“Yes. Less imports of HRC.”

“Yes. This would depend on prevailing market conditions at the time of antidumping being revoked.”

“No.”

“No. Based on volume shipped to the US we expect no significant impact for ***”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“Yes. Would expect to see offerings of hot rolled steel from some of these countries.”

“No.”

“No.”

“Yes.”

“No.”

“No.”

“No. Do not anticipate any significant changes owing to capacity constraints in *** over the next 4-5 years.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

The Commission requested U.S. importers to describe the significance of the existing countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) on hot-rolled steel in terms of their effect on their imports, U.S. shipments of imports, and inventories. (Question II-9.) The following are quotations from the responses of importers.

“On an import basis-nothing. However, our customers are complaining about excess finished goods entering the US at below HR prices - specifically from China, in an attempt to circumvent AD/CVD.”

“None.”

“The countervailing and anti-dumping duty orders on the subject countries had no significance on our firm’s imports since we did not import any of these products in the past.”

“No significance since we do not import from these countries.”

“Not known.”

“Being a trading company countervailing duty orders have no influence on our activity.”

“The initial effect was a reduction in HRC imports due to dumping margins but over time other suppliers filled the demand and countries like Egypt, Turkey, Australia began imports.”

“N/A”

“We didn’t start in business until after these duties went into effect.”

“The countervailing and antidumping duty orders have had very little impact on ***’s imports, U.S. shipments, or inventories of hot-rolled steel.”

“The countervailing and antidumping orders have had very little impact on ***’s imports, U.S. shipments, or inventories of hot-rolled steel. The only event that significantly affected ***’s imports, U.S. shipments and inventories was the imposition of the Section 201 safeguards from 2002 to 2003.”

No response.

“None.”

“*** believes that revocation of the antidumping duty and countervailing duty orders on hot rolled steel from the subject countries may result in price suppression and loss of U.S. and Canadian producer market share in the U.S. hot rolled market. Canada recently renewed (August 2006) a hot-rolled steel dumping order against many of the same countries subject to the U.S. hot rolled sunset review. These overlapping countries include China, India, Ukraine, South Africa and Taiwan. In its Statement of Reasons, the Canadian International Trade Tribunal (CITT) concluded that if the Canadian order was rescinded, likely injury would occur in the form of price suppression, lost sales volume, lost market share, decreased total revenues and profits. They also indicated that within the North American market, Canadian and U.S. hot

rolled prices are similar. As a result, if the U.S. rescinds the orders against the subject countries, this may have a negative impact on prices and market share in the Canada/U.S. market.”

“N/A”

“No direct impact as *** does not import from the countries in question. Any restriction in competition, however raises market prices.”

“No hot rolled brought in from these countries, which greatly reduced our supply to our customers.”

“We changed supplier source to domestic mill ***. So we don’t think there were significant changes before and after the imposition of the orders.”

“N/A”

“They have severely reduced our ability to conduct business and supply customers at competitive prices.”

“None.”

“None.”

“We sold hot roll from Argentina, Indonesia, South Africa, Taiwan and Thailand prior to the duties. We have not sold significant quantities since. We would not expect much volume for South Africa or Argentina as a result of market change if duties were to be removed.”

“Has no direct effect on our business.”

“They reduce the amount of material we can offer. HR has been a tight commodity. Customers are always looking for supply to meet their needs.”

“No significant effect on our firm’s operations from CVD and AD orders on HRC from subject countries.”

“Imports down substantially because AD and countervailing duty.”

“We do not generally import antidumped commodities into U.S.A.”

“***’s imports of subject merchandise from these countries have been very small and most occurred several years ago, namely 2001 and 2002. Based on the infrequency of ***’s imports of subject merchandise, *** is largely unaware of the effect of the countervailing duty and antidumping duty orders.”

“*** has seen no significant impact on its business as it’s shipped minimal volume to the US and it is not a targeted market for HR sales.”

“*** import activity will still be geared to compliment *** product offerings of HR steel sales within the United States. Also, See *** response.”

No response.

No response.

“No imports of this item.”

“The countervailing and anti-dumping duty orders on the subject countries had no significance on our firm’s imports since we did not import any of these products in the past. Moreover, the firm *** has ceased all activities since 2002.”

No response.

“None.”

No response.

“Has eliminated supply of HRC from these countries but has had little impact on our company.”

“Countervailing duty and antidumping duty make products from these countries non-competitive.”

“Today insignificant view low USA price and consumption levels. Generally, representing ***, some HRC purchasing had to be redirected to other countries, economics permitting.”

“No position.”

No response.

No response.

“The CVD & ADD orders have no significant impact on our imports, since we import limited quantities and anticipate restricted availabilities over the next 4-5 years.”

No response.

“They force us to search out and identify other sources of product. As a trading company this is normal for our business.”

“We have no imports from those countries, therefore no significance.”

“None.”

“U.S.A. imports are not the priority of our company. Therefore no effects are existing.”

“No effects.”

The Commission requested U.S. importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of hot-rolled steel in the future if the subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) on hot-rolled steel were revoked. (Question II-10.) The following are quotations from the responses of importers.

“Yes. Chinese supply would flood the market. Damaging domestic producers.”

“No.”

“No.”

“No.”

“No.”

“No.”

“Yes. We don’t believe there would be a significant change in volumes as this is driven by demand but we could anticipate these countries returning back to the market as they would now be able to compete on a level playing field with other importing countries.”

“No.”

“No.”

“No.”

“No.”

No response.

“No.”

“*** believes that revocation of the antidumping duty and countervailing duty orders on hot rolled steel from the subject countries may result in price suppression and loss of U.S. and Canadian producer market share in the U.S. hot rolled market. Canada recently renewed (August 2006) a hot-rolled steel dumping order against many of the same countries subject to the U.S. hot rolled sunset review. These overlapping countries include China, India, Ukraine, South Africa and Taiwan. In its Statement of Reasons, the Canadian International Trade Tribunal (CITT) concluded that if the Canadian order was rescinded, likely injury would occur in the form of price suppression, lost sales volume, lost market share, decreased total revenues and profits. They also indicated that within the North American market, Canadian and U.S. hot rolled prices are similar. As a result, if the U.S. rescinds the orders against the subject countries, this may have a negative impact on prices and market share in the Canada/U.S. market.”

“No.”

“No.”

“Yes. Being able to better supply our customers.”

“No.”

“N/A”

“No.”

“None.”

“No.”

“Yes. We would expect to import more hot roll from the affected countries. This would be more true of China, Thailand, and other Asian nations.”

“No.”

“No.”

“No.”

“Yes. Primarily from Taiwan and China, but will only know when duty revoked.”

“Yes. As mentioned before we would consider any product that is not antidumped but it would depend on prevailing market conditions at the time.”

“No.”

“*** has no knowledge of the impact because of its limited participation in the US market.”

“No. *** in conjunction with ***, would continue to compliment *** product offerings of Hot-rolled Steel within the United States should the various duty orders be revoked. Also, see *** response.”

No response.

“No.”

“No.”

“No.”

No response.

“No.”

“No.”

“No.”

“Unknown at this time.”

“Yes. HRC from *** would increase/resume subject economics allowing. No relationship with other producer under review - some of which will re-enter U.S.A. market - subject world economics.”

“No position.”

“No.”

No response.

“Yes. We may source limited additional quantities from other countries currently under CVD & ADD.”

“No.”

“Yes. Same as above. There would be some opportunities to find new sources. However there would be more competition for our existing sources.”

“No.”

“No.”

“No.”

“No.”

**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING AND COUNTERVAILING DUTY ORDERS
AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. purchasers to describe the likely effects of any revocation of the subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) on the future activities of their firm. (Question III-41-1.) The following are quotations from the responses of purchasers.

“Lower prices for hot-rolled steel.”

“As large hot-rolled steel buyers, we always find more numerous suppliers to be desirable. However, from the current vantage point we see little probable effects of revocation of the CVD and AD duties. World market seem to be on the rise.”

No response.

“Any duties or antidumping charges will allow U.S. suppliers of steel to raise their prices. Each situation should be discussed with steel user groups (PMA), along with steel making groups to determine cause and effect before any decisions are made.”

“Uncertain due to currency and world market conditions.”

“China- would be a huge benefit. We are developing a mill in China, however with the duties they cannot be competitive.”

“While we are not actively in pursuit of product from the subject countries, we would investigate alternative sources of supply if our current sourcing proved unsatisfactory. However, we will continue to make our hot-rolled steel purchases on the basis of long-term contracts, to the fullest extent possible, and would never apply a “playing the market” philosophy. Our recent inability to comfortably satisfy our needs for hot-rolled steel could cause us to consider a world-wide strategy for flat-rolled steel products generally.”

“Quotes would potentially be asked from firms in the listed countries. Material will be bought if targets (all-in cost) met.”

“No impact.”

“We anticipate that a removal of the current duties on foreign imports will help to stabilize the industry for the long term. Short-term, immediate impact should not be expected as the weak dollar and excessive transportation costs for foreign producers combine to prevent any major dumping in the market. The artificial effect on the steel market of duties on foreign imports and the resulting price increases have had more negative impact on the ability of our firm to compete and grow in the world market than any other issue in the past decade.”

“None.”

“***’s preference is to purchase steel from local suppliers for all of the reasons already stated. Should these duty orders be removed, *** does not expect to make any significant changes to its sourcing strategy for hot-rolled steel.”

“***’s overwhelming preference is to purchase steel from local producers of hot-rolled steel. If the orders on hot-rolled steel are eliminated, *** does not expect to make any significant changes (i.e., the company would continue to meet most of its requirements from local suppliers). At the same time, *** does consider relationships with some off-shore hot-rolled steel suppliers in order to promote competitiveness in the U.S. market for steel.”

“Additional sourcing options, supply availability.”

“We would continue to buy steel through service centers and would like to continue using U.S. mills but at a more competitive price.”

“Current world demand/prices are greater than in United States so there will not be any impact on domestic prices. Long term - revocation of duties will open the U.S. market to lower priced steel - the domestic mills will have a difficult time to make a profit.”

“None in current market.”

“Revocation will result in increased offers from the named countries at prices below those of domestic producers as they embark on market programs aimed at regaining U.S. market share.”

“More competition in steel from low cost countries will slow the growth of imported finished stampings. This will slow the loss of U.S. fabrication jobs.”

“Unknown.”

“*** does not purchase hot-rolled steel from suppliers in these countries. As a result, the effect of revocation of the countervailing duty order and antidumping duty orders is unknown.”

No response.

“*** does not plan to change its purchasing patterns due to the revocation of the order.”

“Hopefully the price for this commodity will drop as a result of availability of qualified materials. The prices will decline if market demand in heavy using sectors (furniture, automotive, construction, etc.) falls off due to decreased demand.”

“No effect because world prices are currently higher than domestic.”

“Unknown.”

“Very little impact from a direct buying perspectives as we would steel require a mill to be able to meet the *** quality standards at a competitive delivered price. Also, longer lead times are difficult for *** to adapt to as we need to change production schedules based on consumer requirements.”

“This would probably put price pressure on the market and possibly for us to begin purchasing imported products.”

“If orders are revoked, it is likely that hot-rolled steel from these countries will enter the United States in large quantities, and at rock-bottom prices. Our firm, which is committed to supporting the U.S. economy and domestic production, will suffer due to the use of imported steel by our competitors. Such imports will destabilize the market and competition amongst steel building producers.”

“Change in CVD/AD orders will alter the cost to sell in the United States. Lower cost would increase U.S. supply.”

“None.”

“Only will allow United States to entertain other potentially competitive options.”

“None.”

“We would expect to receive additional offerings and would review accordingly.”

“I believe the likely effects would be positive - allowing U.S. companies unbiased access to global steel/global pricing that is competitive. U.S. mills will be forced to compete on equal footing.”

“No change on our sourcing plans in the near future.”

“No changes will occur to our firm. Our long term strategy and commitment is to build long-term, stable contracts and suppliers. How we do business would not change.”

“Reduce steel prices and hurt our competitive position.”

“Global supply/contracts will affect steel supply.”

“No change.”

“None changes foreseen in the near future.”

“None.”

“Allow us to be more competitive.”

“Our volume of hot-rolled steel is small as compared to our overall steel buy, therefore limited change would occur. We would expect that a revocation of duties could bring prices inside the United States to a comparable level than offshore. In that case it would be difficult competitiveness.”

“We will evaluate each supply offer on its own merit using criteria described in this questionnaire.”

The Commission requested U.S. purchasers to describe the likely effects of any revocation of the subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) on the U.S. market as a whole. (Question III-41-2.) The following are quotations from the responses of purchasers.

“Lower prices for hot-rolled steel.”

“The biggest effect on U.S. market is being influenced by declines of automotive and construction. The steel mills disciplined in controlling domestic production has more effect on supply side pricing than duties have. Consolidation of recent years has afforded them this opportunity.”

No response.

“Any duties or antidumping charges will allow US suppliers of steel to raise their prices. Each situation should be discussed with steel user groups (PMA), along with steel making groups to determine cause and effect before any decisions are made.”

“Uncertain due to currency and world market conditions.”

“U.S. mills profits have risen dramatically while automotive firms are going out of business. This needs to be fair/balanced. Offshore competitors to the auto-part suppliers are advantaged with lower cost steel.”

“The effects of possible revocation of the orders are hard to predict. The ability of the subject countries to contribute hot-rolled steel to the U.S. market will be based on demand in their home markets and corresponding excess supply to meet outside-of-market demands. If the subject countries are able to supply to less demanding markets, this could cause domestic mills to participate in higher-end markets. We do not anticipate a softening of hot-rolled demand overseas in the short term, and with relatively stable demand in the United States (consistent with U.S. economic growth), we expect no major effects on the U.S. hot-rolled steel market from revocation.”

“More competition from other countries would make U.S. price for hot-rolled steel more globally competitive.”

“No impact.”

“We anticipate that a removal of the current duties on foreign imports will help to stabilize the industry for the long term. Short-term, immediate impact should not be expected as the weak dollar and excessive transportation costs for foreign producers combine to prevent any major dumping in the market. The artificial effect on the steel market of duties on foreign imports and the resulting price increases have had more negative impact on the ability of our firm to compete and grow in the world market than any other issue in the past decade.”

“None.”

“Given the increased demand for steel in Asia and the reduced value of the U.S. dollar, we do not believe that imports will dramatically increase. In addition, according to the Baltic Dry Index, ocean freight rates have continued to rise (currently up 300% from 2001), which further reduces the incentives for shipping steel long distances.”

No response.

No response.

“Hopefully the U.S. mills would begin to honor their customer relationships. Currently, with a captive market the customer is an after thought to profit.”

“Current world demand /prices are greater than in the United States so there will not be any impact on domestic prices. Long term-revocation of duties will open the U.S. market to lower priced steel - the domestic mills will have a difficult time to make a profit.”

“None in current market.”

“Revocation will result in increased offers from the named countries at prices below those of domestic producers as they embark on market programs aimed at regaining U.S. market share.”

“More competition in steel from low cost countries will slow the growth of imported finished stampings. This will slow the loss of U.S. fabrication jobs.”

No response.

“Unknown.”

No response.

“It might be the case that a surge in imports from historically very aggressive origins like China takes place.”

No response.

“No effect because world prices are currently higher than domestic.”

“Unknown.”

“Unknown.”

“We would expect downward pressure in the U.S. market.”

“There will likely be a significant influx of steel from these countries, and it is likely to come in at prices far below current domestic prices. These imports will hurt our suppliers and render them less able to meet our needs; it will also lead to huge price drops and a glut of steel in the market.”

“Change in CVD/AD orders will alter the cost to sell in the United States. Lower cost would increase U.S. supply.”

“Not known.”

“Elimination of price gouging that is currently taking place.”

“None.”

“There is possibility of increased offerings from subject countries.”

“I believe the likely effects would be positive - allowing U.S. companies unbiased access to global steel/global pricing that is competitive. U.S. mills will be forced to compete on equal footing.”

“Could open availability of additional tonnage in the U.S. spot market within the next 9-12 months.”

“Revocation will allow for a competitive U.S. market; increased competition allows us to compete in a world market.”

“Hurt domestic mills; reduce steel prices.”

“None.”

No response.

“None changes foreseen in the near future.”

“Don’t know.”

“Stop the flow of jobs to outside the United States.”

“For the industry we would expect pricing balance vs. other countries. Some growth of imports, but limited since the growth in emerging market will take most of that volume, also as prices gain balance, the need for imports is reduced. The access to cost effective raw materials would allow the United States to keep some of the manufacturing that is moving out.”

“Hopefully others will follow this lead and move responsibly forward.”

The Commission requested U.S. purchasers to identify and discuss any improvements/changes in the U.S. hot-rolled steel industry since 2001 and explain fully, to the extent possible, the factors, including the orders under review, that were responsible for each improvement/change. (Question III-40a.)

No response.

No response.

No response.

No response.

No response.

“Better gauge control, better delivery - the business is more consistent with fewer mills in the market place.”

“There have been few improvements. The availability of U.S. produced hot-rolled steel improved early in this time period. Increased demand, consolidation in the industry, and supply conditions for scrap have created a tight market for hot-rolled steel since 2003. To our knowledge, the availability of supply from the subject countries has had little or no effect on hot-rolled steel supply for *** applications.”

No response.

“N/A.”

“From our viewpoint, the biggest change in the hot-rolled steel market since 2001 revolved around the impact of limited market choices. Duties levied on foreign sources have only fueled the ability of a few domestic leaders to control the price of a commodity that accounts for over 60% of all our purchases as a company. Since 2001, the price of hot-rolled steel has doubled in the absence of real competition-based market pressures. Prices elevated and 2004 saw absolute shortages of supply. Companies were forced to scramble for available steel at premium costs. Concessions were made to traditional requirements to keep our product lines from shutting down the processes of our customers.”

No response.

“Since 2001 the health and profitability of the U.S. hot-rolled carbon steel industry has improved dramatically due to the following factors: (1) the consolidation of production such that the market is dominated by several very large producers, significantly increasing their competitiveness and market power; (2) the substantial reduction of these producers’ fixed and labor costs, allowing them to remain

profitable at lower production levels and to compete successfully at lower prices; and (3) increased global demand for hot-rolled carbon steel flat products, especially in emerging markets such as China, India, Brazil, Eastern Europe (including Russia) and Southeast Asia. These factors have combined to give the industry the ability in the U.S. market to increase prices, restrict production volumes, and insist on favorable contract terms.

Industry consolidation. ***, ***, and ***, the *** domestic flat-rolled carbon steel producers, dominate the U.S. market in terms of production capacity and U.S. apparent consumption. This concentration of flat-rolled carbon steel production gives those producers the ability both to control their own production and to influence their competitors' production levels. Moreover, these producers can direct their flat-rolled carbon steel to a number of different products – including, for example, hot-rolled, cold-rolled and corrosion-resistant steel products – to accommodate shifts in demand, varying their production mix as the market warrants. This gives them tremendous flexibility in serving the U.S. market, permitting them to direct production into or away from particular products while maintaining a dominant position in the overall flat-rolled market.

Reduced costs. As a result of its consolidation and restructuring, the domestic industry has managed to drastically reduce its fixed and labor costs. Consequently, the industry can operate profitably at lower prices, and can realize significant profits without producing at high capacity utilization rates. This second consideration is particularly important: the ability to operate profitably at lower capacity utilization rates allows producers to reduce production in order to maintain higher prices in the market.

Concerning fixed costs, (1) bankrupt entities were purchased with much lower asset values, significantly reducing the acquiring company's depreciation expenses; (2) outdated and inefficient production facilities have been upgraded, taking production capacity out of the market during the upgrade period; (3) the Pension Benefit Guaranty Corporation has assumed responsibility for \$9 billion in pension liabilities, amounting to 69% of the steel industry's total legacy costs as of 1999; and (4) the industry's health care obligations for retirees have been significantly reduced.

Concerning labor costs, (1) domestic producers have negotiated new labor agreements that specify fewer job classifications, more flexible work rules and performance-based wage and benefits plans; and (2) from 2000 to 2005 productivity increased by approximately 50%, contributing to a one-third reduction in unit labor costs. Increased productivity and more competitive labor agreements insulate the industry from a weak market: if a market decline leads to a decrease in profitability, then wages also are reduced, dampening the effects.

Increased global demand. According to CRU data, from 2001 to 2006 U.S. consumption of hot-rolled carbon steel flat products increased from 19.1 million metric tons to 22.8 million metric tons. During that same period, global consumption of hot-rolled carbon steel flat products increased from 137.9 million metric tons to 218 million metric tons.

One of the reasons for the increase in global consumption of these products is the dramatic rise in annual global vehicle production, which grew from 56 million in 2001 to 65.8 million in 2005, an increase of more than 17%. (In vehicle production, hot-rolled carbon steel flat products are used both as a direct input and as an upstream product for parts and components made from cold-rolled and corrosion resistant carbon steel flat products.) Much of the increase in global vehicle production has occurred in developing countries. According to Ward's, since 2001 vehicle production outside of the United States, Canada, Western Europe and Japan has grown from 14.8 million in 2001 to 23.5 million in 2005; in aggregate, vehicle production outside of the United States, Canada, Western Europe and Japan accounted for more than one-third of total global vehicle production in 2005.

Effect of these changes on competition in the automotive sector. The steel industry consolidation is a global phenomenon. U.S. and non-U.S. steel producers alike (many of which are under common control) are better able to control prices in their markets by restricting output, and are able to remain profitable at lower prices and lower production volumes. These effects, while experienced throughout the U.S. market for steel products, have been particularly acute in the automotive sector. The domestic

industry's market power has led to concessions and supply difficulties for ***. The indications of market power principally have been as follows: (1) suppliers' insistence on unilateral price increases and reduction of contract length; (2) volume limitations imposed by producers (forcing *** into even more one-sided negotiations with the remaining producers, or with service centers); and (3) transfers of costs from producer to buyer through surcharges or price increases.

*** does not believe that the orders under review had any effect on the health of the U.S. hot-rolled carbon steel industry. From 2001 (when the orders were first imposed) until 2004, the health of the industry did not improve despite the presence of the orders. It was only after 2004 (when the industry's dramatic transformation was complete) that the health of the industry improved."

"Mini-mill production of hot-rolled steel has expanded since 2001, with *** leading the development in substituting materials other than pig iron in scrap."

"N/A"

"I don't see any improvements."

No response.

No response.

"The market for hot-rolled steel is a mature market where products from virtually any supplier or country are substitutable. The market is therefore open to predatory practices of offshore producers looking to maximize production without regard to the short or long term impact on the U.S. market. In many cases offshore producers are pitted against one another thus throwing the U.S. market into an ever lower downward price spiral. These findings that are the subject of this review addressed this issue and brought a degree of stability to the market in terms of supply and pricing."

No response.

No response.

No response.

No response.

No response.

No response.

“There were many changes, including improvements made throughout the industry since 2001, including shutdown of obsolete mills, new and improved mills, addition of walking-beam slab reheat furnaces, consolidation, better gauge control, etc. The main change has been lessened competitiveness primarily because of the consolidations. We are not aware that any of the changes were caused by the ‘orders under review.’ We must now purchase larger minimum quantities, with fewer width (which increases our scrap), and get no more freight equalization. Delivery performance has been poor, since 2004.

No response.

“Unknown.”

No response.

No response.

No response.

No response.

No response.

No response.

No response.

“The U.S. hot-rolled industry has gone through, and continues to go through, dramatic change and consolidation since 2001. To the end user, these changes have not been positive. The dramatic consolidation has created a domestic steel market that could almost be considered monopolistic. The ‘***’ steel mills (***, ***, and ***) effectively take turns setting the ‘new’ price each month, apparently based on their newly established minimum levels of profitability. They will adjust their steel output to insure that supply remains tight. They have become more selective as to the grades and frequency of rolling for grades. They have increased the minimum heat lot accumulations required to roll certain grades.

Rather than being able to negotiate pricing on global competition, end users have been placed in a position of being ‘at the mercy’ of large steel mills, with ‘take-it-or-leave-it pricing’ and stringent tonnage restrictions and/or limitations. Once in a ‘contract’ arrangement with the mill, the end user is forced to take minimum tonnage allocations at the current selling price (or base + existing surcharge) whether or not the steel is needed and whether or not it can be purchased at lower pricing everywhere. In my opinion, the countervailing duties have done more harm than good, and have provided the domestic steel mills with the legalized opportunity to take unfair advantage in controlling market price and availability.”

No response.

“Consolidation in the steel market has led to changes in profitability. In 2006, 3 producers comprise 65% of the U.S. market. These same three producers comprised 25-30% of the U.S. market in 2001. These consolidations have and will lead to a much healthier producing industry.”

“2002 saw the introduction of the 201 trade case which raised prices and tightened supply. 2002-2004 steel company mergers raised prices. 2004 shortages in iron ore and coke produced shortages in hot-rolled steel availability.”

“None.”

No response.

No response.

No response.

No response.

No response.

“Unable to answer; addition of *** and ***.”

The Commission requested U.S. purchasers to identify and discuss any improvements/changes in the U.S. hot-rolled steel industry since 2001 and explain fully, to the extent possible, the factors, including the orders under review, that were responsible for each improvement/change. (Question III-40b.)

No response.

No response.

No response.

No response.

No response.

“Not aware of any future improvements.”

“Supply will continue to be tight as new coating lines are built and there is increased demand for hot-rolled steel substrate. The minimills are sensitive to scrap prices, and since the supply of scrap is limited at least in the near term, the minimills will remain disadvantaged from a price standpoint.”

No response.

“N/A”

“We anticipate that a removal of the current duties on foreign imports will help to stabilize the industry for the long term. Short-term, immediate impact should not be expected as the weak dollar and excessive transportation costs for foreign producers combine to prevent any major dumping in the market. The artificial effect on the steel market of duties on foreign imports and the resulting price increases have had more negative impact on the ability of our firm to compete and grow in the world market than any other issue in the past decade.”

No response.

“As discussed in greater detail ***, *** believes that the changes in the structure and competitiveness of the domestic industry are fundamental and long-lasting. Available data also suggests that the expected increase in global demand for flat-rolled carbon steel products represents a long-term trend, not simply a short-term cyclical upswing.”

“There can be no improvement in the U.S. hot-rolled steel industry without substantial investment. The most important recent technological advancement has been Nucor’s development of thin-cast strip (Castrip), a hot-rolled steel product which permits the production of light-thickness sheet (as small as 1 mm) at a significant cost advantage over current cold-rolled methods.”

“N/A”

“I don’t see any improvements.”

No response.

No response.

No response.

No response.

No response.

No response.

No response.

No response.

No response.

“Prices will be stable, though high. Stability because of consolidation. High because both consolidation and China’s explosive growth, and consequent use of the world’s limited raw materials.”

No response.

“Unknown.”

No response.

No response.

No response.

No response.

No response.

No response.

No response.

“I believe that there will be continued consolidation of the U.S. steel industry, perhaps even stretching into consolidation at the service center level. This fact, combined with what I believe to be continued increase in domestic and global demand, will correlate to continued price control and supply restriction on behalf of domestic mills. Revocation of countervailing duties on hot-rolled steel will allow for increased competition and access to global supply.”

No response.

“Domestic and world consolidation is leading to new technologies. New mills will be coming on line in the next 2-3 years. New mills and new technologies lead to greater product ranges and capabilities. We believe from 2004-2012 there will be continued consolidation from global producers, leading to a shift from regional to global focus.”

“No specific changes anticipated.”

“None.”

No response.

No response.

No response.

No response.

“Unable to answer; addition of Severcorr and Thyssenkrupp.”

No response.

**FOREIGN PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING AND COUNTERVAILING DUTY ORDERS
AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested foreign producers to describe any anticipated changes in the character of their operations or organization relating to the production of hot-rolled steel in the future if the subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) were to be revoked. (Question II-3.) The following are quotations from the responses of foreign producers.

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

No response.

“In case the subject countervailing duty orders are revoked, there will be no major change in the production of hot-rolled steel.”

“No.”

“No.”

“Since *** has not supplied Hot Rolled Steel to USA for the past 5 years, it has developed alternate markets for its products. As such Hot Rolled product exports doesn’t constitute a major part of the exports, hence we do not see any changes in the character of our operations / organization even if the Antidumping order is revoked.”

“No.”

“No.”

“No. We do not anticipate any significant change in the character of *** operations or organization if the antidumping duty order regarding *** on hot-rolled steel were to be revoked.”

“No.”

“No.”

“No.”

“No.”

“No. *** does not anticipate any changes related to its hot rolled steel production in the event that the antidumping duty order from *** were to be revoked. *** has been working at full capacity and will continued to do so in the foreseeable future. *** is focused on supplying the domestic and regional markets, which are rapidly growing markets, especially for the next two years. In 2006, *** sold 90% of its shipments in *** and nearly all of the remaining 10% in ***. Given the strong local and regional demand, *** expects this emphasis on its local and regional markets to continue. In appendix 1 is a chart showing that *** has commitments to supply historical customers based on a loyal and consistent customer base during the past 5 years. Appendix 1 shows that the top 9 customers represented ***% of

customers in 2006 and the top 32 customers represented ***% of sales in 2006. These customers have been *** customers for the past 5 years and are expected to remain customers in the future.

“No.”

“No.”

“No. The US market is not attractive for *** due to geographical distance and rising freight costs.”

“No.”

The Commission requested foreign producers to describe the significance of the existing subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) on hot-rolled steel in terms of their effect on their firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories, and to compare their firm's operations before and after the imposition of the orders. (Question II-12.) The following are quotations from the responses of foreign producers.

“None – ***.”

“Our hot-rolled coils are mainly for the domestic market. We are competing on the international market by promoting products of higher grades, and we do not participate in cut-throat price competition. And we already have stable sales channels and loyal customers.”

“There have been no significant influences on ***'s productions and operations as a result of the antidumping orders.”

“Our company's iron and steel products are mainly for satisfying the domestic demands. ***. So these orders do not have much impact on the business operation of our company.”

“No.”

“Sales of subject merchandise to the US had accounted for only a negligible portion of our aggregate company-wide sales prior to 2001. We have ceased exporting the subject merchandise to the United States as of 2001 after the imposition of the anti-dumping duty. As such, the anti-dumping duty order has posed little impact on our overall operation.”

No response.

“It has not made any impact on firm’s production capacity, shipments. As mentioned earlier, the marketing of hot rolled steel to overseas markets is primarily linked to pricing.”

“***’s production capacity, production, home market shipments, exports to markets other than United States, and inventories have not been affected by the subject countervailing and antidumping orders. As shown in the table at question 11-15a below, ***’s production quantity, home market sales quantity, and export sales quantity have all increased since 2001. As stated above, *** only resumed operations in 2003 and began shipping to the United States in 2006, despite the existence of the orders.”

“No influence.”

“*** has a stronghold in home market has its own downstream consumption and export presence in international markets. All these factors put together have ensured that ***’s production capacity, production, home shipment etc. have not been impacted after imposition of the order. The subject order does have an impact on exports of Hot Rolled products to United States and thus the same is not being done since the imposition of the order. However, looking at the reduced availability of Hot Rolled Product in the near future and other regular market developed in the past 5 years, we do not see any major shift in export plans toward USA after the removal of the order.”

“There is basically no significance. Our company *** to satisfy domestic demands, which has been continuously growing.”

“The existing subject anti-dumping order has currently no effect on ***’s production capacity, production, home market shipments, exports to the United States, other markets, and inventories. ***.

*** against the background of regional marketing developments primarily focuses on the domestic market in *** and on developing hot-rolled steel exports to markets in Africa, Asia and the Middle East for the marketing of its products. This is contrary to the period before imposition of the anti-dumping and or countervailing duties where *** made a concerted effort to maintain a continued marketing presence in the United States.”

“The antidumping order regarding *** on hot-rolled steel did not have any particular impact on ***.”

“The existing U.S. AD/CVD orders have minimally affected ***’s exports to the U.S. market. From 2004 to 2006, *** focused its efforts on penetrating and relying more on its home market ***. As a result, exports as compared to total shipments decreased from ***% in 2004 to ***% in 2006. ***’s main strategy is to focus more on its home market as its first priority, then the EU & Asian markets, and then other markets (i.e., U.S.) as a last priority. *** had no exports to the US in 2006 even though *** were low. This is a direct result of the shipping strategy discussed above.”

“There isn’t any significant impact, as our company’s products are mainly for meeting the domestic demands.”

“The countervailing duty and antidumping orders have had no impact on ***. See Exhibit B (showing ***’s production capacity, production, home market shipments, exports to United States and other markets and inventories from 1999 to 2006). ***

“The existing antidumping order has little or no effect on *** because our production capacity is limited and most of the hot-rolled coil which we produce (over *** percent) is used to feed our cold-rolled and other value-added production lines. Please see our responses to question 11-7 and 11-15a. Our production capacity is unchanged over the POR, and our end-of-period inventories have steadily declined since 2001.”

“As discussed above, the countervailing and antidumping orders on *** hot rolled steel exports to US did not produce any significant effects on *** production capacity or on its production. ***, as the only significant *** hot rolled producer, must first satisfy its domestic demand, which has been increasing since 2001 and has required most of *** production, leaving low volumes of hot rolled steel available for export. See in the table below *** share of hot rolled steel sales to *** from 2001 to 2006 and the

projections for 2007 and 2008. In addition, *** does not maintain inventories. Its hot rolled products are presold to its Customers, and inventories are generally products awaiting delivery to the customer.”

* * * * *

“There would be no influence. We expand production capacity mainly to meet domestic demands. We make some exports to other countries if they have demands, too.”

“Not applicable.”

“None. Since 2001 *** has not sold any hot-rolled steel to the U.S. market. The existing antidumping duty has not affected us significantly.”

“The antidumping duty order against *** basically has no influence on our company. The main reason is that our company’s business development is mainly dependent on the strong domestic demand for the products. Currently our company has no sale of hot-rolled products to the U.S. at all.”

The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of hot-rolled steel in the future if the subject countervailing duty orders (Argentina, India, Indonesia, South Africa, and Thailand) and antidumping duty orders (Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine) were to be revoked. (Question II-13.) The following are quotations from the responses of foreign producers.

“***.”

“No.”

“No.”

“No.”

“No.”

“No. Because of the continued strong demand in the Asian and our home markets, as well as the fact that U.S. market had long been a less important market for us, to which *** has ceased any exports since 2001, we do not expect any changes in our production capacity, production, home market shipments, or export to U.S. or other market if the current duty order is revoked.”

No response.

“Yes. The company will review and consider any change in shipment to USA only if the pricing is viable.”

“No.”

“No.”

“*** opines that revoking of CVD and or AD would not lead to any changes in its plan of the production capacity, its production, home market shipments and shipments to all international markets other than the United States.

With the existing and expected growth in the home market ***’s expects home market to be a major consumer of its Hot Rolled products. More so, *** is also increasing its downstream production, hence availability of Hot Rolled coils for sales will not increase significantly.”

“No.”

“*** does not anticipate any changes in its production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of hot-rolled steel in the future, if the *** orders on hot-rolled steel were to be revoked, against ***.

Revocation of the antidumping duty orders that are the subject of this sunset reviews is not likely to lead to an increase of hot rolled exports to the United States from ***. The US. hot-rolled steel market is not an important export market for ***. Whilst *** operated at full capacities during the past year, it

shipped only ***. No reason exists to expect this to change in the foreseeable future considering the regional nature of the international steel market.

***.

While *** has always endeavored to ensure that its products are marketed in a rational and non-disruptive manner. *** has good reason to act responsibly in the US. market: ***.”

“No. We do not anticipate significant changes in production capacity, home shipments or exports in the future if the antidumping duty order regarding *** on hot-rolled steel were to be revoked.”

“No.”

“No.”

“No. As mentioned above, ***. *** anticipates no change in its production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of hot-rolled steel in the future if the subject countervailing duty and antidumping duty orders were to be revoked.”

“No.”

“No. As discussed, *** hot rolled steel production capacity, production and lack of exports to the US will not change after 2007. In 2007, ***. These export volumes will be directed to regional markets.”

“No.”

“No.”

“No.”

“No.”

APPENDIX E

**CONSTRUCTED FINANCIAL RESULTS OF THE OPERATIONS
OF U.S. PRODUCERS ON THEIR COMMERCIAL AND NON-COMMERCIAL
SALES OF HOT-ROLLED STEEL,
FISCAL YEARS 2001-06, JANUARY-JUNE 2006,
AND JANUARY-JUNE 2007**

Appendix E contains five tables, as follows:

- | | |
|-----------|---|
| Table E-1 | Constructed results of U.S. producers' commercial and non-commercial operations, with non-commercial sales valued at cost, for fiscal years 2001-06, January-June 2006, and January-June 2007 (the aggregate U.S. industry). |
| Table E-2 | Selected financial data on the constructed commercial and non-commercial operations of U.S. producers, with non-commercial sales valued at cost, by firm, fiscal years 2001-06, January-June 2006, and January-June 2007 (data in table E-1 on a company-by-company basis). |
| Table E-3 | Selected financial data on the constructed commercial and non-commercial operations of U.S. producers, with non-commercial sales valued at fair market value, by firm, fiscal years 2001-06, January-June 2006, and January-June 2007 (data in table III-16 on a company-by-company basis). |
| Table E-4 | Constructed results of U.S. producers' commercial and non-commercial operations, with operating profits for non-commercial sales based upon the profitability and relative cost share of the downstream product, fiscal years 2001-06, January-June 2006, and January-June 2007 (data requested in the August 7, 2007 supplemental questionnaire issued by Commission staff). |
| Table E-5 | U.S. producers actual sales and operating revenue, by product line, fiscal years 2001-06, January-June 2006, and January-June 2007 (these data serve as a check on the data in table E-4). |

Table E-1
Hot-rolled steel: Constructed results of U.S. producers' commercial and non-commercial operations,¹ with non-commercial sales valued at cost, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Quantity (short tons)							
Net sales								
Commercial	22,703,359	23,617,501	26,098,649	26,510,786	24,620,990	26,172,821	13,949,857	13,006,399
Internal consumption	34,997,690	36,669,895	35,843,187	39,392,467	36,542,486	38,095,319	19,864,869	17,393,652
Related party transfers	2,512,587	2,387,097	2,862,073	1,806,598	1,507,342	1,716,529	916,009	944,597
Total	60,213,636	62,674,493	64,803,909	67,709,851	62,670,818	65,984,669	34,730,735	31,344,648
	Value (\$1,000)							
Net sales								
Commercial	6,139,265	7,149,547	7,834,421	13,845,015	13,400,721	14,775,063	7,770,576	7,132,962
Internal consumption	11,874,175	12,093,173	11,742,484	15,994,944	16,546,079	18,330,840	9,223,070	8,852,104
Related party transfers	919,310	759,364	912,289	698,342	645,279	798,698	416,907	495,908
Total	18,932,750	20,002,084	20,489,194	30,538,301	30,592,079	33,904,601	17,410,553	16,480,974
Cost of goods sold:								
Raw materials	8,683,388	8,976,272	9,962,311	15,928,141	17,093,377	18,993,662	9,681,952	9,658,819
Direct labor	2,756,505	2,437,636	2,417,218	2,612,708	2,480,492	2,560,832	1,279,487	1,330,522
All other factory costs	8,232,070	7,835,036	7,877,627	8,167,839	8,205,545	8,789,969	4,566,657	4,495,972
Total COGS	19,671,963	19,248,944	20,257,156	26,708,688	27,779,414	30,344,463	15,528,096	15,485,313
Gross profit/(loss)	(739,213)	753,140	232,038	3,829,613	2,812,665	3,560,138	1,882,457	995,661
SG&A expenses	584,591	710,848	834,165	993,223	864,176	846,035	430,018	400,093
Operating income/(loss)	(1,323,804)	42,292	(602,127)	2,836,390	1,948,489	2,714,103	1,452,439	595,568
	Number of firms reporting							
Operating losses	13	8	12	2	6	3	2	5
Data	16	16	17	17	17	17	17	17

Table continued on following page.

Table E-1--Continued

Hot-rolled steel: Constructed results of U.S. producers' commercial and non-commercial operations,¹ with non-commercial sales valued at cost, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Ratio to net sales (percent)							
Cost of goods sold:								
Raw materials	45.9	44.9	48.6	52.2	55.9	56.0	55.6	58.6
Direct labor	14.6	12.2	11.8	8.6	8.1	7.6	7.3	8.1
All other factory costs	43.5	39.2	38.4	26.7	26.8	25.9	26.2	27.3
Total COGS	103.9	96.2	98.9	87.5	90.8	89.5	89.2	94.0
Gross profit/(loss)	(3.9)	3.8	1.1	12.5	9.2	10.5	10.8	6.0
SG&A expenses	3.1	3.6	4.1	3.3	2.8	2.5	2.5	2.4
Operating income/(loss) ²	(7.0)	0.2	(2.9)	9.3	6.4	8.0	8.3	3.6
	Unit value (per short ton)							
Net sales								
Commercial	\$270	\$303	\$300	\$522	\$544	\$565	\$557	\$548
Internal consumption	339	330	328	406	453	481	464	509
Related party transfers	366	318	319	387	428	465	455	525
Total	314	319	316	451	488	514	501	526
Cost of goods sold:								
Raw materials	144	143	154	235	273	288	279	308
Direct labor	46	39	37	39	40	39	37	42
All other factory costs	137	125	122	121	131	133	131	143
Total COGS	327	307	313	394	443	460	447	494
Gross profit/(loss)	(12)	12	4	57	45	54	54	32
SG&A expenses	10	11	13	15	14	13	12	13
Operating inc/(loss)	(22)	1	(9)	42	31	41	42	19

Table continued on following page.

Table E-1--Continued

Hot-rolled steel: Constructed results of U.S. producers' commercial and non-commercial operations,¹ with non-commercial sales valued at cost, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Unit value (per short ton)							
Net sales	\$314	\$319	\$316	\$451	\$488	\$514	\$501	\$526
Less raw materials	144	143	154	235	273	288	279	308
Equals metal margin	170	176	162	216	215	226	223	218
Less conversion costs	182	164	159	159	171	172	168	186
Equals gross margin	(12)	12	4	57	45	54	54	32
Less SG&A expenses	10	11	13	15	14	13	12	13
Equals op inc./ (loss)	(22)	1	(9)	42	31	41	42	19

¹ The producers are AK Steel, Beta, CSI, Duferco, Gallatin, IPSCO, Lone Star, Mittal Steel USA, North Star, Nucor, Nucor Decatur, Oregon, SDI, Severstal, U.S. Steel, WCI, and Wheeling Pittsburgh.

² If all the producers reported their non-commercial sales at cost (sales revenue = cost of goods sold plus SG&A expenses) every period, the operating margins would be negative 6.1 percent, 0.9 percent, negative 2.0 percent, 9.9 percent, 6.6 percent, 7.5 percent, 8.1 percent, and 3.7 percent for 2001, 2002, 2003, 2004, 2005, 2006, January-June 2006, and January-June 2007, respectively.

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

Table E-2

Hot-rolled steel: Selected financial data on the constructed commercial and non-commercial operations of U.S. producers, with non-commercial sales valued at cost, by firm, fiscal years 2001-06, January-June 2006, and January-June 2007

* * * * *

Table E-3

Hot-rolled steel: Selected financial data on the constructed commercial and non-commercial operations of U.S. producers, with non-commercial sales valued at fair market value, by firm, fiscal years 2001-06, January-June 2006, and January-June 2007

* * * * *

Table E-4

Hot-rolled steel: Constructed results of U.S. producers¹ commercial and non-commercial operations, with operating profits for non-commercial sales based upon the profitability and relative cost share of the downstream product, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Quantity (short tons)							
Net sales								
Commercial ²	10,086,347	10,773,288	11,626,163	19,117,295	16,696,676	17,683,811	9,420,452	8,665,735
Internal consumption ²	17,123,877	19,785,913	19,620,152	34,731,447	32,100,293	33,399,467	17,306,901	15,326,992
Related party transfers ²	1,591,135	2,059,845	1,915,348	1,564,485	1,267,576	1,406,026	747,081	754,849
Total ²	28,801,359	32,619,046	33,161,663	55,413,227	50,064,545	52,489,304	27,474,434	24,747,576
	Value (\$1,000)							
Net sales								
Commercial ²	2,951,248	3,322,161	3,551,133	10,072,832	9,011,202	10,049,663	5,233,368	4,802,422
Internal consumption ²	6,209,611	6,615,051	6,551,997	15,695,861	15,807,164	16,747,592	8,578,207	6,878,683
Related party transfers ²	647,881	698,159	646,746	662,605	596,151	682,030	360,161	396,930
Total ²	9,808,740	10,635,371	10,749,876	26,431,298	25,414,517	27,479,285	14,171,736	12,078,035
Cost of goods sold	10,041,766	10,552,214	10,527,800	21,692,896	21,959,327	24,398,291	12,363,353	11,170,197
Gross profit (loss)	(233,026)	83,157	222,076	4,738,402	3,455,190	3,080,994	1,808,383	907,838
SG&A expenses	434,183	620,893	726,157	956,163	825,259	822,443	410,117	376,302
Operating income (loss)	(667,209)	(537,736)	(504,081)	3,782,239	2,629,931	2,258,551	1,398,266	531,536
	Ratio to net sales (percent)							
Cost of goods sold	102.4	99.2	97.9	82.1	86.4	88.8	87.2	92.5
Gross profit (loss)	(2.4)	0.8	2.1	17.9	13.6	11.2	12.8	7.5
SG&A expenses	4.4	5.8	6.8	3.6	3.2	3.0	2.9	3.1
Operating income (loss)	(6.8)	(5.1)	(4.7)	14.3	10.3	8.2	9.9	4.4

Table continued on next page

Table E-4--Continued

Hot-rolled steel: Constructed results of U.S. producers'¹ commercial and non-commercial operations, with operating profits for non-commercial sales based upon the profitability and relative cost share of the downstream product, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Unit value (per short ton)							
Net sales								
Commercial	\$293	\$308	\$305	\$527	\$540	\$568	\$556	\$554
Internal consumption	363	334	334	452	492	501	496	449
Related party transfers	407	339	338	424	470	485	482	526
Average	341	326	324	477	508	524	516	488
Cost of goods sold	349	323	317	391	439	465	450	451
Gross profit/(loss)	(8)	3	7	86	69	59	66	37
SG&A expenses	15	19	22	17	16	16	15	15
Operating inc/(loss)	(23)	(16)	(15)	68	53	43	51	21
<p>¹ The producers are ***.</p> <p>² The very large increase in sales quantities and values from 2004 is at least partially attributable to *** (which reported *** from 2004 on) but was unable to provide data for periods prior to 2004.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>								

Table E-5
U.S. producers' actual sales and operating income data,¹ by product line, fiscal years 2001-06,
January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Value (\$1,000)							
Net sales ²								
Hot-rolled steel	2,951,961	3,323,249	3,553,430	10,076,080	9,016,138	10,056,727	5,236,650	4,806,748
Products produced from HRS:								
Cold-rolled	2,543,139	3,131,748	3,215,012	7,476,504	8,104,893	8,450,603	4,410,874	3,924,593
Corrosion resistant	3,817,786	4,511,307	4,206,374	8,641,697	8,572,956	9,120,399	4,670,675	4,561,327
Plate cut from HRS	***	***	***	***	***	***	***	***
Pipe/tube	***	***	***	***	***	***	***	***
TCCSS	***	***	***	***	***	***	***	***
Other	12,971	14,239	11,080	22,973	27,298	31,818	17,045	13,287
Sub-total	8,180,062	9,545,363	9,419,853	19,875,038	21,203,424	22,654,227	11,637,369	10,942,151
HRS and downstream	11,132,023	12,868,612	12,973,283	29,951,118	30,219,562	32,710,954	16,874,019	15,748,899
All other	8,773,281	8,840,562	9,808,615	18,102,228	20,586,197	23,609,825	11,378,402	13,516,562
Total company	19,905,304	21,709,174	22,781,898	48,053,346	50,805,759	56,320,779	28,252,421	29,265,461
Operating income /(loss)								
Hot-rolled steel	(533,562)	16,758	(234,507)	2,279,259	1,331,182	1,582,907	843,588	419,372
Products produced from HRS:								
Cold-rolled	19,273	(161,365)	(82,171)	539,536	550,942	439,183	352,940	20,532
Corrosion resistant	(281,512)	(436,602)	(204,198)	940,453	494,633	200,131	135,237	94,807
Plate cut from HRS	***	***	***	***	***	***	***	***
Pipe/tube	***	***	***	***	***	***	***	***
TCCSS	***	***	***	***	***	***	***	***
Other	(1,176)	(1,060)	(2,498)	(1,042)	(843)	(1,104)	(317)	(894)
Sub-total	(132,142)	(477,314)	(181,953)	1,887,703	1,626,434	1,023,787	713,726	160,311
HRS and downstream	(665,704)	(460,556)	(416,460)	4,166,962	2,957,616	2,606,694	1,557,314	579,683
All other	305,069	(268,430)	(945,149)	2,015,962	3,122,719	4,845,039	2,160,118	2,547,049
Total company	(360,635)	(728,986)	(1,361,609)	6,182,924	6,080,335	7,451,733	3,717,432	3,126,732

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Table E-5--Continued

U.S. producers' actual sales and operating income data,¹ by product line, fiscal years 2001-06, January-June 2006, and January-June 2007

Item	Fiscal years ending						January-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Ratio to net sales (percent)							
Operating income/(loss):								
Hot-rolled steel	(18.1)	0.5	(6.6)	22.6	14.8	15.7	16.1	8.7
Products produced from HRS:								
Cold-rolled	0.8	(5.2)	(2.6)	7.2	6.8	5.2	8.0	0.5
Corrosion resistant	(7.4)	(9.7)	(4.9)	10.9	5.8	2.2	2.9	2.1
Plate cut from HRS	***	***	***	***	***	***	***	***
Pipe/tube	***	***	***	***	***	***	***	***
TCCSS	***	***	***	***	***	***	***	***
Other	(9.1)	(7.4)	(22.5)	(4.5)	(3.1)	(3.5)	(1.9)	(6.7)
Sub-total	(1.6)	(5.0)	(1.9)	9.5	7.7	4.5	6.1	1.5
HRS and downstream	(6.0)	(3.6)	(3.2)	13.9	9.8	8.0	9.2	3.7
All other	3.5	(3.0)	(9.6)	11.1	15.2	20.5	19.0	18.8
Total company	(1.8)	(3.4)	(6.0)	12.9	12.0	13.2	13.2	10.7
<p>¹ The producers are ***.</p> <p>² The very large increase in sales quantities and values from 2004 is at least partially attributable to *** (which reported *** from 2004 on) but was unable to provide data for periods prior to 2004.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>								