Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia

Investigation Nos. 701-TA-384 and 731-TA-806-808 (Second Review)

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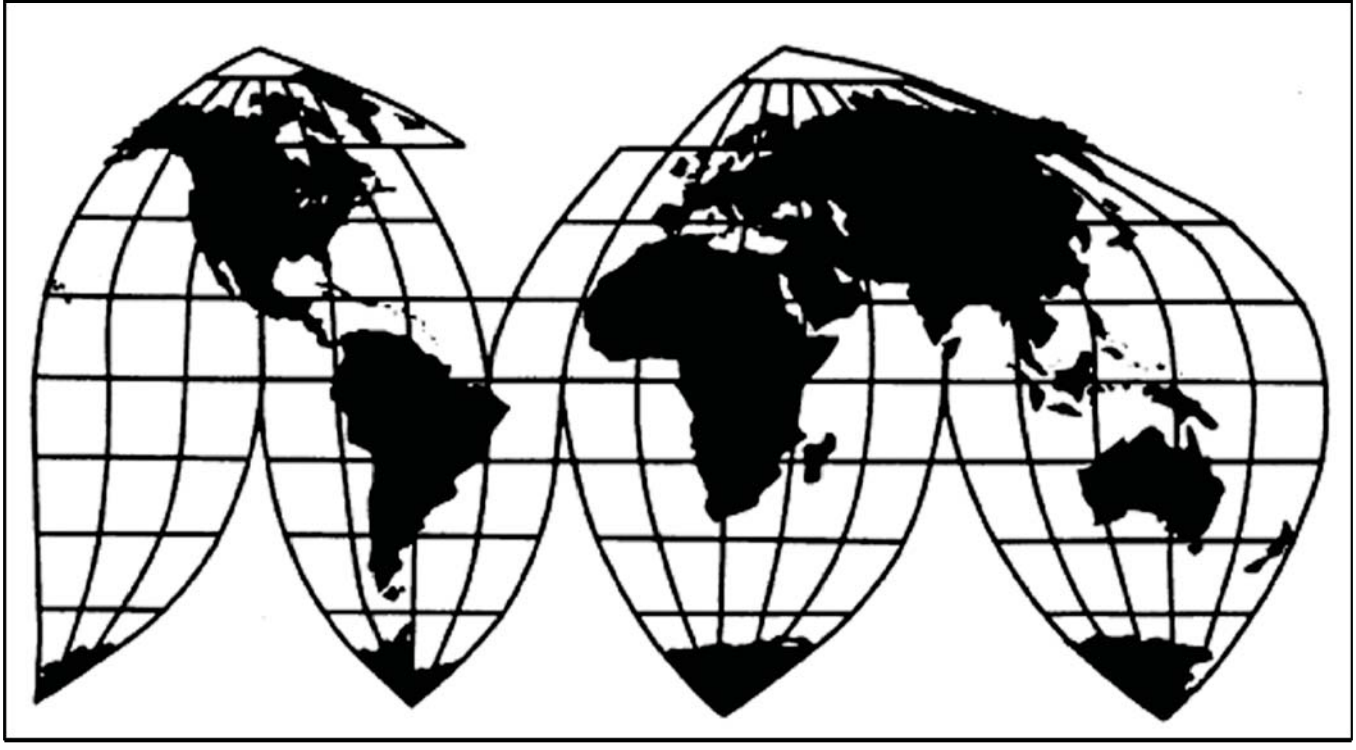
U.S. International Trade Commission



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U.S. International Trade Commission

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CONTENTS

CONTENTS

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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-384 and 731-TA-806-808 (Second Review)

HOT-ROLLED FLAT-ROLLED CARBON-QUALITY
STEEL PRODUCTS FROM BRAZIL, JAPAN, AND RUSSIA

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that termination of the suspension agreement on hot-rolled flat-rolled carbon-quality steel products from Russia 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 further determines that revocation of the countervailing duty order on hot-rolled flat-rolled carbon-quality steel products from Brazil and revocation of the antidumping duty orders on hot-rolled flat-rolled carbon-quality steel products from Brazil and Japan 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 April 1, 2010 (75 F.R. 16504) and determined on July 6, 2010 that it would conduct full reviews (75 F.R. 42782, July 22, 2010). 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 October 12, 2010 (75 F.R. 62566). The hearing was held in Washington, DC, on April 6, 2011, 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] Commissioners Charlotte R. Lane and Dean A. Pinkert dissent with respect to the determinations regarding hot-rolled flat-rolled carbon-quality steel products from Brazil and Japan.

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 termination of the suspended investigation on hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from Russia 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 order on hot-rolled steel from Brazil and the antidumping duty orders on hot-rolled steel from Brazil and Japan 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]

I. BACKGROUND

In June 1999, the Commission determined that an industry in the United States was being materially injured by reason of imports of hot-rolled steel from Japan that were being sold in the United States at less than fair value (LTFV).[2] The Department of Commerce issued an antidumping duty order with respect to subject imports from Japan in June 1999.[3]

In August 1999, the Commission determined that an industry in the United States was being materially injured by reason of subsidized and LTFV imports of hot-rolled steel from Brazil and LTFV imports of hot-rolled steel from Russia.[4] Commerce had suspended the countervailing duty and antidumping duty investigations on imports from Brazil and Russia in July 1999.[5] The Russian suspension agreement remains effective. Commerce terminated the suspension agreement with respect to the antidumping duty investigation on subject imports from Brazil in February 2002 and issued an antidumping duty order in its place in March 2002.[6] In September 2004, Commerce terminated the

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[1] Commissioner Charlotte R. Lane and Commissioner Dean A. Pinkert dissent with respect to subject imports from Brazil and Japan. They determine that revocation of the countervailing duty order on hot-rolled steel from Brazil and the antidumping duty orders on hot-rolled steel from Brazil and Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Separate and Dissenting Views of Commissioners Charlotte R. Lane and Dean A. Pinkert. They join sections I, II, III, IV.A.-E., and V.A.-C. of this opinion.

[2] Certain Hot-Rolled Steel Products from Japan, Inv. No. 731-TA-807 (Final), USITC Pub. 3202 (June 1999) ("Original Japan Determination"). In making its determination on subject imports from Japan, the Commission cumulated subject imports from Brazil, Japan, and Russia.

[3] Antidumping Duty Order: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Japan, 64 Fed. Reg. 34778 (Jun. 29, 1999).

[4] Certain Hot-Rolled Steel Products from Brazil and Russia, Inv. Nos. 701-TA-384, 731-TA-806, 808 (Final), USITC Pub. 3223 (Aug. 1999). In these determinations, the Commission adopted the substantive analysis for cumulated subject imports it made in the Original Japan Determination. USITC Pub. 3223 at 3.

[5] Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Suspension of Antiumping Duty Investigation, 64 Fed. Reg. 38792 (July 19, 1999); Suspension of Countervailing Duty Investigation, 64 Fed. Reg 38797 (July 19, 1999); Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation: Suspension of Antidumping Duty Investigation, 64 Fed. Reg. 38642 (July 19, 1999).

[6] Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Final Results of Antidumping Duty Administrative Review and Termination of the Suspension Agreement, 67 Fed. Reg. 6226 (Feb. 11, 2002); Notice of Antidumping Duty Order, 67 Fed. Reg. 11093 (Mar. 12, 2002).

suspension agreement with respect to the countervailing duty investigation on subject imports from Brazil and issued a countervailing duty order in its place.[7]

The Commission instituted the first five-year reviews concerning hot-rolled steel from Brazil, Japan, and Russia in May 2004. It conducted full reviews based on adequate domestic interested party group response and adequate respondent interested party group response for the review on subject imports from Russia; there were no respondent interested party responses concerning the reviews on subject imports from Brazil or Japan. In April 2005, the Commission made affirmative determinations in each of the reviews.[8] Commerce subsequently issued notices continuing the countervailing duty order on subject imports from Brazil, the antidumping duty orders on subject imports from Brazil and Japan, and the suspension agreement on subject imports from Russia.[9]

The Commission instituted the instant reviews on April 1, 2010.[10] The domestic producers of hot-rolled steel that responded to the notice of institution were ArcelorMittal USA, LLC ("AMUSA"), Nucor Corp. ("Nucor"), United States Steel Corp. ("U.S. Steel"), Gallatin Steel, SSAB NAD, and Steel Dynamics, Inc. ("SDI").[11] Collectively, these producers will be referred to as "Domestic Producers."

Respondents from each subject country also responded to the notice of institution. These included: (1) Companhia Siderurgica Nacional ("CSN") and Usinas Siderurgicas de Minas Gerais SA ("Usiminas"), producers and exporters of subject merchandise from Brazil (jointly "Brazilian Respondents"); (2) JFE Steel Corp., and Nippon Steel Corp., producers and exporters of subject merchandise from Japan;[12] and (3) JSC Severstal, Novolipetsk Steel ("NLMK"), and Magnitogorsk Iron & Steel ("MMK"), producers and exporters of subject merchandise from Russia (collectively "Russian Respondents"). On July 6, 2010, the Commission determined that, for each review, both the domestic interested party response and the respondent interested party response were adequate. Accordingly, the Commission determined to conduct full reviews for each order and suspension agreement under review.[13]

II. DOMESTIC LIKE PRODUCT

A. Legal Standard

In making its determination under section 751(c) of the Act, the Commission defines "the domestic like product" and the "industry."[14] 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

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[7] Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Termination of Suspension Agreement and Notice of Countervailing Duty Order, 69 Fed. Reg. 56040 (Sept. 17, 2004).

[8] Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384, 731-TA-806-808 (Review), USITC Pub. 3767 (Apr. 2005) ("First Five-Year Review Determinations"). Commissioners Okun and Pearson reached negative determinations with respect to all three subject countries.

[9] 70 Fed. Reg. 30413 (May 26, 2005) (Brazil, Japan AD); 70 Fed. Reg. 30417 (May 26, 2005) (Brazil CVD); 70 Fed. Reg. 32571 (June 3, 2005) (Russia).

[10] 75 Fed. Reg. 16504 (April 1, 2010).

[11] Gallatin, SSAB, and SDI were represented by common counsel in these reviews and submitted briefs jointly. They will be referred to as "Gallatin Group."

[12] Kobe Steel Ltd., Nisshin Steel Co., and Sumitomo Metal Industries, Ltd., producers and exporters of subject merchandise from Japan, also participated as parties in these reviews. JFE, Nippon Steel, and these three firms will collectively be referred to as "Japanese Respondents."

[13] Explanation of Commission Determination of Adequacy, reprinted in Confidential Report (CR) and Public Report (PR), App. A. The CR reflects the revisions in INV-JJ-050 (May 11, 2011).

[14] 19 U.S.C. § 1677(4)(A).

investigation under this subtitle."[15] The Commission's practice in five-year reviews is to look to the like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.[16]

B. Product Description

Commerce has defined the imported merchandise within the scope of the orders and suspension agreement under review as follows:

> 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, both in coils (whether or not in successively superimposed layers) regardless of thickness, and in straight lengths, of a thickness less than 4.75 mm and a with 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 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 these orders.
>
> Specifically included in the scope 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 and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum.
>
> Steel products included in the scope of the orders, regardless of definitions in the Harmonized Tariff Schedules of the United States ("HTSUS"), are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight, and; (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:
>
> 1.80 percent of manganese, or
> 1.50 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

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[15] 19 U.S.C. § 1677(10); see, e.g., Cleo Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); 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).

[16] See, e.g., Internal Combustion Industrial Forklift Trucks From Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); Crawfish Tail Meat From China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); Steel Concrete Reinforcing Bar From Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

0.30 percent of tungsten, or
0.012 percent of boron, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.41 percent of titanium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the written physical and chemical description provided above are within the scope unless otherwise excluded. and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of these investigations unless otherwise excluded.[17]

Some of the products within the scope definition fall outside the traditional definition of carbon steel. Such products are referred to as "microalloyed" steel.[18]

C. Prior Determinations

In both the original final determinations and the first five-year reviews, the Commission defined the domestic like product to be coextensive with Commerce's scope definition. It observed that there were neither arguments nor record evidence supporting any other definition.[19]

D. The Current Reviews

The Commission generally considers a number of factors in its domestic like product analysis, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price.

In these reviews those domestic producers that have addressed the issue assert that the Commission should again define a single domestic like product coextensive with Commerce's scope definition.[20] Respondents have not asserted any arguments about the appropriate definition of the domestic like product. The record in these reviews does not indicate that there have been any changes in the product characteristics of hot-rolled steel since the original investigations.[21]

Based on the analysis in the original investigations, the record in these reviews, and the lack of any contrary argument, we again define a single domestic like product encompassing those hot-rolled steel products described by the scope definition.

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[17] 75 Fed. Reg. 47541, 47542 (Aug. 6, 2010). The notice lists 14 types of hot-rolled steel that are outside or specifically excluded from the scope. Id. at 47542-43.

[18] CR at I-28, PR at I-23.

[19] Original Japan Determination, USITC Pub. 3202 at 4; First Five-Year Review Determinations, USITC Pub. 3767 at 8-9.

[20] U.S. Steel Prehearing Brief at 10-11; AMUSA Prehearing Brief at 4.

[21] CR at I-30-37, PR at I-25-29.

III. DOMESTIC INDUSTRY

A. Legal Standard

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."[22] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States.[23] These reviews, as did the original investigations and the first five-year reviews, raise issues concerning whether appropriate circumstances exist to exclude any domestic producers from the domestic industry pursuant to the related parties provision.

B. Related Parties

Section 771(4)(B) of the Act allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[24] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[25]

In the original investigations, the Commission found that two domestic producers were related parties but that appropriate circumstances did not exist to exclude any producer from the domestic industry.[26] In the first five-year reviews, the Commission determined that three firms (California Steel Industries ("CSI"), Severstal, and Gallatin) were or may have been related parties by virtue of joint ownership interests with producers and exporters of subject merchandise, and that two firms were related parties because they imported subject merchandise. The Commission found that appropriate circumstances did not exist for the exclusion of any of these producers from the domestic industry.[27]

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[22] 19 U.S.C. § 1677(4)(A).

[23] See, e.g., United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[24] 19 U.S.C. § 1677(4)(B).

[25] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party are as follows:

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

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

(3) the position of the related producer vis-à-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993).

[26] Original Japan Determination, USITC Pub. 3202 at 5-6.

[27] First Five-Year Review Determinations, USITC Pub. 3767 at 9-11.

During the period examined in these reviews, no domestic producer purchased or imported subject merchandise.[28] Several domestic producers, however, share common ownership with importers or exporters of subject merchandise. AMUSA is *** owned by ArcelorMittal, S.A., a Luxembourg corporation, which in turns owns (among other firms) ArcelorMittal Brasil, an exporter of subject merchandise from Brazil.[29] Gallatin is *** owned by ArcelorMittal Dofasco, which is in turn owned by ArcelorMittal S.A., which owns ArcelorMittal Brasil.[30] CSI is *** owned by JFE, an exporter of subject merchandise from Japan.[31] Duferco Farrell's ultimate owner is Steel Invest and Finance, S.A., a Luxembourg corporation that is 50 percent owned by NLMK, an exporter of subject merchandise from Russia.[32] NLMK Beta is owned by a holding company solely owned by NLMK.[33] North Star BlueScope ("NSBS") is 50 percent owned by *** Cargill Inc., which during the period of review imported subject merchandise from ***.[34] The production facilities owned by Severstal US Holdings LLC ("Severstal US") are *** owned by JSC Severstal, a producer and exporter of subject merchandise from Russia.[35]

Because the record indicates that NLMK Beta and the Severstal US firms are controlled by exporters of subject merchandise, these companies are related parties pursuant to section 771(4)(B)(ii)(II) of the Act.[36] Because AMUSA and ArcelorMittal Brasil are each controlled by ArcelorMittal, S.A., AMUSA is a related party pursuant to section 771(4)(b)(ii)(III) of the Act.[37] The record is not clear whether JFE's *** ownership of CSI, NLMK's effective 50 percent ownership of Duferco Farrell, an ArcelorMittal subsidiary's *** ownership of Gallatin, or Cargill's effective 50 percent ownership of NSBS is sufficient to constitute "control" of these firms. In the first reviews, when CSI's ownership was structured as it is now, the Commission did not resolve the issue. It instead proceeded with an analysis of whether appropriate circumstances existed to exclude CSI from the domestic industry if it was a related party.[38] We follow the same approach here.[39]

We conclude that appropriate circumstances do not exist to exclude from the domestic industry any of the producers affiliated with importers or exporters of subject merchandise. We observe initially that such affiliations are common in the industry; at least 11 of the 14 U.S. producers that responded to the Commission questionnaire reported some affiliation with subject or nonsubject producers or exporters

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[28] CR at III-20, PR at III-12.

[29] CR at I-41 & n.84, PR at I-32 & n.84; CR/PR, Table I-10; *** Producers' Questionnaire Response, EDIS Doc. No. 442291, response to questions I-4-5.

[30] CR at I-41-42 & n.87, PR at I-32 & n.87; CR/PR, Table I-10.

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

[32] See http://www.nlmksteel.com/StandardPage____721.aspx (viewed and printed April 13, 2011). On April 21, 2011, NLMK announced its intention to acquire 100 percent of Duferco Farrell; the transaction is anticipated to close on June 30, 2011. See CR at I-41 n.86, PR at I-32 n.86.

[33] CR at I-42, PR at I-32-33; CR/PR, Table I-10.

[34] CR/PR, Tables I-10, I-11; http://www.northstarbluescope.com/aboutus/about.htm (viewed and printed April 13, 2011).

[35] CR at I-42, PR at I-33; CR/PR, Table I-10; *** Producers' Questionnaire, EDIS Doc. No. 442280, response to question I-7.

[36] 19 U.S.C. § 1677(4)(b)(ii)(II).

[37] 19 U.S.C. § 1677(4)(b)(ii)(III).

[38] See Confidential First Review Determinations, EDIS Doc. No. 230055 at 13-14.

[39] AMUSA, the only party to address the issue of related parties, contends that appropriate circumstances do not exist to exclude from the domestic industry any of the producers with affiliations to exporters or importers of subject merchandise. AMUSA Prehearing Brief at 5-7.

of hot-rolled steel.[40] Indeed, the seven firms that are affiliated with exporters and importers of subject merchandise collectively accounted for over *** percent of 2010 U.S. production.[41]

The principal focus of each of the seven firms is U.S. production. None of the seven firms itself either imported or purchased subject merchandise. Each had appreciable to very substantial U.S. production; moreover, in every instance the firm's U.S. production was far greater than the exports or imports of subject merchandise for which its affiliate was responsible.[42] The record contains no indication that the export or import activities of an affiliate would likely benefit the U.S. producer's financial performance, and no party argued for the exclusion of any related party producer. Accordingly, we define the domestic industry as all U.S. producers of hot-rolled steel.

IV. CUMULATION

A. Original Determinations

In the original investigations, the Commission cumulated subject imports from the three subject countries.[43] It found that subject imports from all three subject countries were fungible with both the domestic like product and with each other. This finding relied on market participants' reports that hot-rolled steel from the various sources was interchangeable. It also relied on the fact that, although some quality and product differences limited the Russian product's suitability for certain end uses, significant proportions of the subject imports from all three countries and the like product were fairly standardized, commodity grade products, generally manufactured to industry standards and suitable for a wide range of applications. Also, there was significant overlap within ASTM grades in the same thicknesses, and substantial proportions of domestic and subject merchandise were sold without additional processing.[44]

The Commission found geographic overlap based on sales of the domestic like product and subject imports from all three subject countries throughout the United States, and the presence of subject imports from each of the three countries to some degree in each of the four geographic regions during the period of investigation.[45] It also found simultaneous presence in the market.[46]

Finding the subject imports and domestic like product were generally sold in the same channels of distribution, the Commission noted that the domestic producers and subject importers sold hot-rolled steel to distributors, processors, or service centers, manufacturers of tubular products and other end users, although domestic producers also internally transferred significant amounts to make downstream products.[47]

B. First Five-Year Review Determinations

In the first five-year reviews, the Commission cumulated imports from all three subject countries. The Commission first found that subject imports from each of the subject countries would not be likely to have no discernible adverse impact on the domestic industry upon revocation. For each of the countries,

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[40] CR at I-41-42, PR at I-32-33.

[41] CR/PR, Table I-10.

[42] See, CR/PR, Tables I-10, III-4, III-11; *** Foreign Producers' Questionnaires, response to question II-15; *** Importers Questionnaire, response to question II-7.

[43] Original Japan Determination, USITC Pub. 3202 at 6-9.

[44] Original Japan Determination, USITC Pub. 3202 at 8-9.

[45] Original Japan Determination, USITC Pub. 3202 at 7-8 & n.29.

[46] Original Japan Determination, USITC Pub. 3202 at 7.

[47] Original Japan Determination, USITC Pub. 3202 at 7 & n.28.

the Commission observed that the subject imports were good substitutes for the domestic like product, that the United States was a relatively attractive export market, and that price played an important role in purchasing decisions. The Commission further emphasized for each of the subject countries that subject imports were present in the U.S. market in appreciable quantities, that the subject industry had excess capacity and was likely to increase capacity, that a substantial share of the industry's merchant market sales were exported, and that the producers in the industry had previously demonstrated the ability to shift volumes between home and export markets.[48]

The Commission found a likely reasonable overlap of competition among imports from all subject sources and between these imports and the domestic like product. With respect to fungibility, the Commission found that majorities of all market participants found the domestic like product and the subject imports always or frequently interchangeable; majorities of U.S. producers and purchasers also found imports from the different subject countries interchangeable with each other. Additionally, there were perceptions that quality of the subject imports from Russia had improved since the original investigations.[49] With respect to geographic overlap, the Commission found that four responding U.S. producers and six importers that sold merchandise from each subject country reported selling hot-rolled steel nationwide; there was also substantial overlap between the domestic like product and the subject imports in specific geographical areas.[50] There was overlap with respect to channels of distribution because significant proportions of both the domestic like product and imports from each subject country were sold to distributors and service centers.[51] Additionally, the domestic like product and imports from each of the subject countries were present in the U.S. market during each year of the period of review.[52]

In the first reviews, the Commission found no likely differences in conditions of competition pertinent to subject imports from Brazil, Japan, and Russia that would warrant declining exercise of discretion to cumulate the subject imports. The Commission observed that the parties asserted no arguments in this respect.[53]

C. Legal Standard

Section 752(a) of the Act provides as follows:

> 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.[54]

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[48] First Five-Year Review Determinations, USITC Pub. 3767 at 15-16 (Brazil), 16-18 (Japan), 18-21 (Russia).

[49] First Five-Year Review Determinations, USITC Pub. 3767 at 22.

[50] First Five-Year Review Determinations, USITC Pub. 3767 at 22-23.

[51] First Five-Year Review Determinations, USITC Pub. 3767 at 23.

[52] First Five-Year Review Determinations, USITC Pub. 3767 at 23.

[53] First Five-Year Review Determinations, USITC Pub. 3767 at 23.

[54] 19 U.S.C. § 1675a(a)(7).

Cumulation therefore is discretionary in five-year reviews, unlike original investigations which are governed by section 771(7)(G)(I) of the Act.[55] The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

The statutory threshold for cumulation is satisfied in these reviews because all five reviews were initiated on the same day: April 1, 2010.[56] We consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports as follows: (1) whether imports from any of the three subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among imports of hot-rolled steel from Brazil, Japan, and Russia, and between subject imports from each of these sources and the domestic like product; and (3) whether differences in the likely conditions of competition under which subject imports are likely to compete in the U.S. market for hot-rolled steel support declining to exercise our discretion to cumulate all subject imports.[57] [58]

Domestic Producers argue that the Commission should cumulate imports from all three subject countries. Brazilian Respondents argue that the Commission should not cumulate subject imports from Brazil with any other subject imports because revocation of the orders on subject imports from Brazil would have no discernible adverse impact upon the domestic industry and because subject imports from Brazil would likely compete under different conditions of competition than imports from the other subject countries. Japanese Respondents likewise argue that the Commission should not cumulate subject imports from Japan with any other subject imports because revocation of the order on subject imports from Japan would have no discernible adverse impact on the domestic industry and because subject imports from Japan would likely compete under different conditions of competition than imports from the

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[55] 19 U.S.C. § 1677(7)(G)(i); see also, e.g., Allegheny Ludlum Corp. v. United States, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 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); Nucor Corp. v. United States, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008); United States Steel Corp. v. United States, 572 F. Supp.2d 1334 (Ct. Int'l Trade 2008); Nucor Corp. v. United States, 594 F. Supp. 2d 1302, 1345-47 (Ct. Int'l Trade 2008), aff'd, 601 F.3d 1291 (Fed. Cir. 2010).

[56] See 75 Fed. Reg. 16437 (Apr. 1, 2010).

[57] Chairman Okun and Commissioner Pearson 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 there is a likelihood of a reasonable overlap of competition whereby 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 to 875, 877 to 880, and 882 (Review), USITC Pub. 3933 (Jul. 2007) (Separate and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Regarding Cumulation). Accord Nucor Corp. v. United States, 605 F. Supp. 2d 1361, 1372 (Ct. Int'l Trade 2009); Nucor Corp. v. United States, 594 F. Supp. 2d 1302, 1345-47 (Ct. Int'l Trade 2008), aff'd, 601 F.3d 1291 (Fed. Cir. 2010).

[58] As discussed further below, Commissioners Lane and Pinkert take a different approach in determining how to exercise their discretion to cumulate or not cumulate subject imports.

other subject countries. Russian Respondents argue that the Commission should not cumulate subject imports from Russia with any other subject imports because these imports would likely compete under different conditions of competition than subject imports from Brazil or Japan.

D. Likelihood of No Discernible Adverse Impact[59]

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.[60] 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.[61] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.

Based on the record, we do not find that imports from any of the three subject countries are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders or termination of the suspended investigation. Our analysis for each of the subject countries takes into account the nature of the product and the behavior of subject imports in the original investigations.

Brazil. In the original investigations, the volume of subject imports from Brazil increased from 254,166 short tons in 1996 to 436,685 short tons in 1997, and then to 451,462 short tons in 1998. After the Commission's affirmative determinations, subject imports from Brazil fell to 49,809 short tons in 1999 and then rose to 158,565 short tons in 2000. Subject imports from Brazil fell to 2,587 short tons in 2001 and have never exceeded 3,000 short tons in any year since. Subject imports from Brazil reached their peak market penetration of 0.6 percent in 1997 and 1998; since 2001, market penetration of these imports has never reached 0.05 percent.[62]

The Commission received responses to its foreign producers' questionnaire from three companies believed to account for virtually all 2010 production of hot-rolled steel in Brazil.[63] These producers' exports constituted between 3.8 and 12.1 percent of their annual shipments, and between *** percent of annual commercial shipments, during the period of review. Reporting Brazilian producers' annual capacity utilization rates ranged between 85.3 and 98.5 percent during the period of review, with capacity utilization during 2010 at 90.7 percent.[64] [65]

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[59] Because Chairman Okun and Commissioner Pearson have determined that imports from each of the subject countries would likely compete under different conditions of competition, they do not reach the issue of likelihood of no discernible adverse impact and do not join this portion of the opinion.

[60] 19 U.S.C. § 1675a(a)(7).

[61] SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

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

[63] CR at IV-11-12, PR at IV-9-10.

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

[65] Commissioner Lane and Commissioner Pinkert find new capacity coming online to be particularly relevant to their finding of likely discernible adverse impact with respect to Brazil. They note that approximately *** of Usiminas's new *** metric ton hot strip mill is new capacity that will be ramping up from ***. In addition, new entrant Gerdau Açominas is expected to bring an 800,000 metric ton facility online beginning in 2012. Commissioner Lane notes also that ArcelorMittal Brasil has an additional *** metric tons of hot strip mill capacity coming online in ***, while Commissioner Pinkert -- because of ArcelorMittal Brasil's stated intentions regarding the U.S. market -- places little weight on the new ArcelorMittal Brasil capacity except insofar as it is likely to cause other Brazilian producers to increase their shipments to the U.S. market. CR at IV-13, n.27, PR at IV-11 n.27; CR at IV-14, PR at IV-11; Tr. at 96 (Mull).

In light of the existence of some unused capacity in Brazil, as well as the Brazilian industry's history of exporting at least a modest amount of its shipments, we cannot conclude that upon revocation of the orders, subject imports from Brazil would remain at the minimal quantities present during the 2005-10 period of review. Instead, upon revocation, subject imports from Brazil are likely to enter the United States in at least small quantities. We consequently conclude that, upon revocation, subject imports from Brazil are not likely to have no discernible adverse impact on the domestic industry.

Japan. In the original investigations, the volume of subject imports from Japan increased from 240,976 short tons in 1996 to 548,822 short tons in 1997, and then spiked to 2.7 million short tons in 1998. After issuance of the antidumping duty order, subject imports from Japan fell to 61,798 short tons in 1999 and then to 17,109 short tons in 2000. Between 2001 and 2010, subject imports from Japan ranged from a low of 5,009 short tons in 2005 to a high of 16,086 short tons in 2004; 2010 imports of 15,033 short tons were near the peak reached during the 2005-10 period for which data were collected in these reviews.[66] Subject imports from Japan reached their peak market penetration of 3.6 percent in 1998. For every year in the 2005-10 period, subject imports from Japan accounted for less than 0.05 percent of apparent U.S. consumption.[67]

Five companies believed to account for a substantial portion of 2010 Japanese production of hot-rolled steel responded to the Commission's foreign producers' questionnaire.[68] These producers' total exports constituted between *** percent of their annual shipments, and between *** percent of annual commercial shipments, during the period of review. Reporting Japanese producers' annual capacity utilization rates ranged between 70.0 and 97.8 percent during the period of review, with capacity utilization during 2010 at 91.3 percent.[69]

In light of the existence of some unused capacity in Japan, as well as the Japanese industry's history of exporting some portion of its shipments, we cannot conclude that upon revocation, subject imports from Japan would remain at the minimal quantities present during the 2005-10 period of review. Instead, subject imports from Japan are likely to enter the United States in at least small quantities. We consequently conclude that, upon revocation, subject imports from Japan are not likely to have no discernible adverse impact on the domestic industry.

Russia. In the original investigations, the volume of subject imports from Russia increased from 847,764 short tons in 1996 to 2.0 million short tons in 1997, and then to 3.8 million short tons in 1998, when market penetration reached a peak of 5.1 percent. After the suspension agreement became effective, subject imports from Russia fell to 14,612 short tons in 1999 and then fluctuated irregularly the succeeding five years, ranging from a low of 5,845 short tons in 2001 to a high of 904,101 short tons in 2004. Subject imports from Russia then declined to 299,275 short tons in 2005, increased to 789,288 short tons in 2006, and then declined the next three years, reaching a period low of 1,708 short tons in 2009. In 2010 subject imports from Russia increased to 125,079 short tons, and accounted for 0.2 percent of apparent U.S. consumption.[70]

Three companies believed to account for a substantial portion of current Russian production of hot-rolled steel responded to the Commission's foreign producers' questionnaire.[71] These producers' exports constituted between 24.3 and 37.4 percent of their annual shipments, and between 53.0 and 70.5 percent of annual commercial shipments, during the period of review. Reporting Russian producers'

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

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

[68] CR at I-21, IV-20, PR at I-18, IV-15. According to an industry monitoring service, the five firms represent *** percent of Japan's 2010 hot-strip rolling capacity. CR at IV-20 n.34, PR at IV-15 n.34.

[69] CR/PR, Table IV-11.

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

[71] CR at IV-31, PR at IV-22.

annual capacity utilization rates ranged between 80.6 and 92.6 percent during the period of review, with capacity utilization during 2010 at 87.2 percent.[72]

Subject imports from Russia have been present in the U.S. market throughout the period of review, at times in appreciable quantities, notwithstanding the suspension agreement. Moreover, the Russian industry has unused capacity and a strong export orientation. In light of these considerations, we conclude that subject imports from Russia are not likely to have no discernible adverse impact upon termination of the suspended investigation.

E. Likelihood of a Reasonable Overlap of Competition[73]

The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[74] Only a "reasonable overlap" of competition is required.[75] 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.[76]

Fungibility.[77] In these reviews, large majorities of U.S. producers reported that products were "always" interchangeable for all domestic like product-subject country and subject country-subject country comparisons. Majorities or pluralities of purchasers reported that products were "always" interchangeable in every comparison. Majorities of U.S. importers found products "always" or "frequently" interchangeable in all comparisons.[78]

Geographic Overlap. During the period of review, U.S. producers and importers of subject merchandise from Russia sold hot-rolled steel in all U.S. regions, importers of subject merchandise from

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[72] CR/PR, Table IV-15.

[73] Because Chairman Okun and Commissioner Pearson have determined that imports from each of the subject countries would likely compete under different conditions of competition, they do not reach the issue of likelihood of reasonable overlap of competition and do not join this portion of the opinion.

[74] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (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).

[75] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 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 and 731-TA-812 to 813 (Prelim.), 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 to 762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[76] See generally Chefline Corp. v. United States, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[77] Commissioner Lane notes that, with respect to fungibility, her analysis does not require such similarity of products that a perfectly symmetrical fungibility is required and that this factor would be better described as an analysis of whether subject imports from each country and the domestic like product could be substituted for each other. See Separate Views of Commissioner Charlotte R. Lane, Certain Lightweight Thermal Paper from China, Germany, and Korea, Inv. Nos. 701-TA-451 and 731-TA-1126-1128 (Preliminary), USITC Pub. 3964 (Nov. 2007).

[78] CR/PR, Table II-8.

Japan sold hot-rolled steel in all U.S. regions except the Rocky Mountains, while importers of subject merchandise from Brazil sold hot-rolled steel in three regions: the Northeast, Midwest, and Central Southwest.[79] Consequently, during the period of review the domestic like product and imports from all subject sources were sold in the Northeast, Midwest, and Central Southwest.

Channels of Distribution. Throughout the period of review, a majority of the domestic industry's commercial shipments and a predominant percentage of the commercial shipments from each subject country were sold to distributors and service centers.[80]

Simultaneous Presence in Market. In these reviews, the domestic like product and imports from each of the subject countries except Brazil were present throughout the period of review.[81] Small amounts of subject imports from Brazil were shipped in each year from 2006 to 2010.[82]

Conclusion. The record in these reviews indicates that market participants generally perceive the domestic like product and the subject imports as interchangeable. Additionally, there are overlaps in channels of distribution, as commercial shipments of both the domestic like product and imports from each subject country are predominantly to distributors and service centers, and geographic concentration, as the domestic like product and imports from each subject country are present in multiple regional markets. Although the volume of subject imports from Brazil was extremely low during the period of review, the domestic like product and imports from all three subject countries were simultaneously present in the U.S. market during five of the six years of the period of review. Additionally, the focus is on likely competition in the event of revocation. As we found in the discussion of no discernible adverse impact, upon revocation subject imports from Brazil would likely return to the U.S. market in at least small quantities, indicating a likelihood of simultaneous presence.

In light of these considerations, and the lack of any contrary argument, we find that there is a likely reasonable overlap of competition between the domestic like product and imports from each subject country and between imports from each subject country.

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

[80] CR/PR, Table II-1.

[81] CR/PR, Table IV-1. There were subject imports from Japan during every month of the period of review. There were subject imports from Russia during at least nine months of every year of the period of review except 2009, when entries occurred in only one month. CR/PR, Table IV-4.

[82] CR/PR, Tables IV-1, IV-4. See also CR at IV-10-11, PR at IV-9.

F. Other Likely Conditions of Competition[83]

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether the subject imports from Brazil, Japan, and Russia are likely to compete under similar or different conditions in the U.S. market in the event of revocation.[84] We observe that in these reviews, unlike the first five-year reviews, respondents offered several arguments concerning potential likely differences in conditions of competition. As explained below, we find that imports from the different countries are likely to compete in the U.S. market under different conditions of competition if the orders are revoked or suspended investigation terminated.

Brazil. Subject imports from Brazil are likely to compete under different conditions of competition than subject imports from Japan or Russia. The Brazilian industry is distinguishable from the Japanese and Russian industries because it is significantly less export oriented. Brazilian producers' shipments of hot-rolled steel during the period of review were primarily to the home market. The proportion of total shipments that were either internal consumption or commercial home market shipments increased from 87.9 percent in 2005 to 92.7 percent in 2010. During the period of review, the

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[83] Commissioners Lane and Pinkert do not join this section of the opinion. Instead, they explain their analysis of other considerations as follows. Where, in a five-year review, they do not find that the subject imports would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked, 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 them 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. Based on the record in these reviews, they find that there is no such condition or propensity with respect to the subject imports.

Hot-rolled steel is commonly produced to ASTM specifications, and the majority of market participants found imports from each subject source to be at least "frequently" interchangeable with each other and with the domestic like product. CR/PR, Table II-8. Most U.S. producers reported that differences other than price were never important in selling hot-rolled steel. Most importers and purchasers reported that there were "sometimes" or "never" differences other than price that were important. CR/PR, Table II-9. Commissioners Lane and Pinkert thus consider hot-rolled steel produced in the subject countries and in the United States to be highly interchangeable.

All three subject producers have significant capacity and export a significant percentage of their annual commercial shipments. Japanese producers are not prevented from shifting sales from Asian markets to the United States by their memoranda of understanding with downstream processors in Asia because the memoranda are ***. CR at IV-26 n. 45, PR at IV-18 n.45. Further, Japanese producers have a price incentive to sell in the U.S. market rather than to Asian customers. MEPS data show that transaction prices for hot-rolled steel imports in China from 2009 to 2011 were significantly lower than U.S. prices, and *** country and region-specific pricing data show that prices for hot-rolled steel imports to the Far East from 2009 to 2011 were generally lower than U.S. prices. CR/PR, Tables IV-24-25. Brazil, whose export orientation is more modest than that of Japan, has substantial new capacity coming on line that will very likely exceed growth in the Brazilian market. Thus, Brazilian production capacity is projected to increase by *** percent in 2012, while Brazilian consumption, which is projected to decline in 2011, is projected to increase by only *** percent in 2012. CR/PR, Tables IV-22-23. Much of the resultant excess capacity will likely come to the U.S. market as a consequence of the attractiveness of U.S. prices relative to those of other Brazilian export markets. *** Foreign Producers' Questionnaire Responses.

Accordingly, Commissioners Lane and Pinkert do not find any condition or propensity sufficient to restrain subject imports from Japan or Brazil (or, for that matter, Russia) from competing with each other and the domestic like product in the U.S. market. Indeed, they find that, if the orders were revoked and the suspended investigation terminated, there would be significant incentives for producers in all of the subject countries to increase substantially their shipments to the U.S. market.

[84] See, e.g., Nucor Corp. v. United States, 601 F.3d 1291, 1296-97 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); Allegheny Ludlum Corp., 475 F. Supp. 2d at 1378 (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); Nucor Corp., 569 F. Supp. 2d at 1337-38.

export shipments of all Brazilian producers constituted only between 3.8 and 12.1 percent of their annual shipments.[85] This figure includes data for ArcelorMittal Brasil. Daniel Mull, the executive vice president of AMUSA who has authority to determine whether any exports from ArcelorMittal affiliates will enter the United States market, testified at the Commission hearing that he would not approve such exports from Brazil.[86] The two current Brazilian producers whose corporate policies would not preclude them from exporting hot-rolled steel to the United States have an even lower export orientation. The ratio of export shipments to total shipments of Brazilian producers CSN and Usiminas was only *** percent in 2009 and *** percent in 2010.[87] By contrast, during the period of review, Japanese producers' export shipments constituted between *** percent of their annual shipments, and Russian producers' export shipments constituted between 24.3 and 37.4 percent of their annual shipments.[88]

Furthermore, subject imports from Brazil historically have had a much smaller and more stable presence in the U.S. market than imports from the other two subject countries. Going back to 1996, and encompassing the original period of investigation, subject imports from Brazil have never had more than an 0.6 percent share of the quantity of apparent U.S. consumption. By contrast, during the same period subject imports from Japan have had market penetration as high as 3.6 percent and subject imports from Russia have had market penetration as high as 5.1 percent. In addition, subject imports from Brazil have not been characterized by the large fluctuations in presence in the U.S. market displayed by subject imports from Japan and Russia. The largest annual increase in market penetration by subject imports from Brazil occurred from 1996 to 1997, during the original period of investigation, and was only 0.2 percentage points. In contrast, market penetration of subject imports from Japan and Russia increased by 2.8 and 2.3 percentage points respectively from 1997 to 1998, but remained flat for subject imports from Brazil. Additionally, subject imports from Russia had two annual market penetration increases of over 0.5 percentage points even after the suspension agreement became effective.[89]

Japan. Subject imports from Japan would likely compete under different conditions of competition than subject imports from Brazil or Russia. One reason for this difference stems from Japan's heavy focus on Asian export markets. During the period of review, the percentage of Japanese exports shipped to Asian markets ranged between *** percent on an annual basis. Accounting for the Japanese industry's internal transfers and home-market commercial shipments makes the Japanese

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

[86] Tr. at 96 (Mull). We find Nucor's challenges to the veracity of Mr. Mull's testimony, see Nucor Posthearing Brief at 10, ex. 1 at 44-45, baseless. As we explained in rejecting essentially identical Nucor arguments in prior reviews involving hot-rolled steel products, ArcelorMittal's policy of permitting AMUSA executives to veto potential hot-rolled steel imports from other ArcelorMittal affiliates – the policy Mr. Mull unequivocally testified he would invoke concerning potential imports from ArcelorMittal Brasil – is both economically rational and credible. Hot-Rolled Steel Products from Kazakhstan, Romania, and South Africa, Inv. Nos. 701-TA-407, 731-TA-902, 904, 905 (Review) (Remand), USITC Pub. 4088 at 5-9 (July 2009), aff'd sub nom. Nucor Corp v. United States, 675 F. Supp.2d 1340 (Ct. Int'l Trade 2010).

[87] See CSN, Usiminas Foreign Producers' Questionnaires. We decline to "exclude" ArcelorMittal Brasil from the Brazilian industry, as Brazilian Respondents have suggested, on the grounds that hot-rolled steel from ArcelorMittal Brasil is merchandise currently subject to the orders. Notwithstanding this, the statute directs that the Commission "shall consider all relevant economic factors" in analyzing likely subject import volume and impact. 19 U.S.C. § 1675a(a)(2), (a)(4). Mr. Mull's testimony that he will exercise his authority to veto any hot-rolled steel imports from ArcelorMittal Brasil is among the "relevant economic factors" we consider in evaluating likely conditions of competition, and in ascertaining whether any excess capacity, or likely capacity increases, for the entire Brazilian industry are likely to result in increased subject imports should the orders under review be revoked. Consequently, we have separately examined data pertaining to CSN and Usiminas, the two firms that would not be precluded by corporate policy from exporting subject merchandise to the United States, when appropriate.

[88] CR/PR, Tables IV-11, IV-15.

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

industry's focus on home and regional markets even more overwhelming; during the period of review between *** percent of the Japanese industry's total shipments were directed either to Japan or other Asian markets.[90] By contrast, neither of the other subject industries has such a predominant regional focus. During the period of review, the Brazilian industry directed appreciable percentages of its export shipments to a variety of different regions, including the European Union (EU), Asia, and other markets.[91] Similarly, the Russian industry directed an appreciable percentage of its export shipments to markets in the EU, Asia, and other markets outside these regions and the United States.[92] Additionally, while Japan consistently directed the vast majority of its exports to Asia during the period of review, neither the Brazilian nor Russian industries showed similar stability in export patterns.[93]

Subject imports from Japan also have displayed different pricing patterns than imports from the other two subject countries. The original period of investigation was characterized by the subject imports from Japan predominantly overselling the domestic like product. Similarly, in neither the first reviews nor the current reviews – in which Japanese price observations were limited – was there predominant underselling by subject imports from Japan. By contrast, subject imports from Brazil and Russia each predominantly undersold the domestic like product during the original period of investigation, and subject imports from Russia also predominantly undersold the domestic like product during the period examined in the first reviews.[94]

Conclusion. Because we have determined that subject imports from Brazil would likely compete under different conditions of competition than subject imports from Japan or Russia, we do not cumulate subject imports from Brazil with subject imports from Japan or Russia. Because we have determined that subject imports from Japan would likely compete under different conditions of competition than subject imports from Brazil or Russia, we do not cumulate subject imports from Japan with subject imports from Brazil or Russia. Accordingly, we also do not cumulate subject imports from Russia with subject imports from Brazil or Japan.

V. WHETHER REVOCATION OF THE ANTIDUMPING DUTY AND COUNTERVAILING DUTY ORDERS AND TERMINATION OF THE SUSPENDED INVESTIGATION ARE LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

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

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[90] CR/PR, Table IV-11. Japanese Respondents indicated that their focus on Asia was due in part to the fact that Asia has been the region of the world in which consumption has grown the most. See Japanese Respondents Prehearing Brief at 5-6. *** data indicate that between 2005 and 2010, consumption of hot-rolled steel in East and Southeast Asia grew by ***, while consumption in all other regions combined declined. CR/PR, Table IV-22.

[91] This is true for both the industry as a whole and for the two Brazilian producers likely to engage in exports to the United States. CR/PR, Table IV-7; CSN, Usiminas Foreign Producers' Questionnaires.

[92] CR/PR, Table IV-15.

[93] For Brazil, *** was the largest export market in 2009 and 2010, but not in preceding years. CR/PR, Table IV-7. Russian exports to various regional markets fluctuated irregularly during the period of review. CR/PR, Table IV-15.

[94] See Original Japan Determination, USITC Pub. 3202 at V-15; First Five-Year Review Determinations, USITC Pub. 3767, Table V-7.

material injury within a reasonably foreseeable time."[95] 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."[96] Thus, the likelihood standard is prospective in nature.[97] The U.S. Court of International Trade has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[98] [99] [100]

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."[101] 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."[102]

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."[103] It directs the Commission to take into account its prior injury determination, whether any improvement in

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[95] 19 U.S.C. § 1675a(a).

[96] 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." Id. at 883.

[97] 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.

[98] 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 mem., 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, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[99] For a complete statement of Chairman 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, Invs. Nos. 701-TA-362 (Review) and 731-TA-707 to 710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

[100] 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.

[101] 19 U.S.C. § 1675a(a)(5).

[102] 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.

[103] 19 U.S.C. § 1675a(a)(1).

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).[104] 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.[105]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or the suspended investigation is terminated, 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.[106] 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.[107]

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or the suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[108]

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked ad/or the suspended investigation is terminated, 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 the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[109] 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. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders and agreement under review and whether the industry is vulnerable to material injury upon revocation or termination.[110]

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[104] 19 U.S.C. § 1675a(a)(1). Commerce has not issued any duty absorption findings with respect to hot-rolled steel from Brazil, Japan, or Russia. See CR at I-22 n.41; PR at I-18 n.41.

[105] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[106] 19 U.S.C. § 1675a(a)(2).

[107] 19 U.S.C. § 1675a(a)(2)(A-D).

[108] See 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.

[109] 19 U.S.C. § 1675a(a)(4).

[110] 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

(continued...)

In these reviews, the Commission received questionnaire responses from 14 domestic producers of hot-rolled steel who are believed to constitute all or virtually all 2010 domestic production. It received questionnaire responses from 38 importers of hot-rolled steel, which are believed to have accounted for 82.8 percent of U.S. imports from all subject sources and 31.0 percent of imports from other sources in 2010.[111] Foreign producers' questionnaire responses were received from three Brazilian producers, accounting for virtually all of that country's 2010 production of hot-rolled steel, five Japanese producers accounting for a substantial portion of that country's 2010 production of hot-rolled steel, and three Russian producers accounting for a substantial proportion of that country's 2010 production of hot-rolled steel.[112] When appropriate in these reviews, we have relied on the facts otherwise available, which consist of information from the original investigations and first reviews, as well as information submitted in these reviews, including information the parties provided in their briefs and hearing testimony, questionnaire responses, and information available from published sources.[113] [114]

B. Findings in the Prior Proceedings

1. The Original Investigations

Conditions of Competition. In the original investigations, the Commission identified several pertinent conditions of competition. The Commission first found that the terms of the statute's captive production provision (19 U.S.C. 1677(7)(C)(iv)) were met and, therefore, it focused analysis primarily on the merchant market when assessing market share and the factors affecting the financial performance of the domestic industry.[115] The Commission also found that apparent U.S. consumption of hot-rolled steel

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[110] (...continued)
industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[111] CR at I-21, PR at I-17-18. Staff additionally compiled data concerning one U.S. producer that ceased operations in 2007. CR at I-21 n. 39, PR at I-18 n.39.

[112] CR at IV-11, IV-20, IV-31, PR at IV-9-10; IV-15, IV-22.

[113] 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.").

[114] Chairman 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, 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.

[115] Original Japan Determination, USITC Pub. 3202 at 9-10. Three of the six commissioners (Bragg, Crawford, and Askey), while also making affirmative determinations with a focus on the industry as a whole, concluded that the captive production provision did not apply. Id. at 25-29.

was strong during the period examined in both the total market and the merchant market, and that subject imports increased during the period examined, while nonsubject imports remained relatively stable.[116]

The Commission observed that, although there were some quality differences with respect to the Russian merchandise when compared to the domestic like product and subject imports from Brazil and Japan, the domestic like product and subject imports were broadly interchangeable, and purchasers had identified price (along with product quality, consistency, and availability) as among the most important factors in making purchasing decisions.[117]

The Commission also noted that the domestic industry consisted of both integrated producers and minimill producers. The integrated producers generally used a basic oxygen furnace method of production, which uses molten steel as the primary input material, and generally also owned facilities for production of downstream articles made from the hot-rolled steel and, thus, captively consumed a significant portion of their hot-rolled steel production. On the other hand, the minimills, which were generally the more recent entrants in the industry, used electric arc furnaces, which use scrap steel as the primary input material. The minimills were generally more sensitive to merchant market competition because their captive, downstream operations generally were not as substantial as those of the integrated producers, and they generally maintained a lower proportion of long-term contracts and, thus, sold more of their production in the spot market.[118]

Finally, the Commission noted that there had been a strike at General Motors ("GM") for five weeks in June and July of 1998, which resulted in a reduction in purchases of subject and nonsubject steel products by GM and its suppliers.[119]

Subject Import Volume. The quantity of cumulated subject imports increased over the investigation period, more than doubling from 1996 to 1997 and more than doubling again from 1997 to 1998, for a volume of 7.0 million short tons in 1998. Subject import merchant market share increased from 5.0 percent in 1996 to 21.0 percent in 1998. During the same period, the share of U.S. consumption held by nonsubject imports was essentially flat, while the domestic industry's market share declined in the merchant market from 80.4 percent in 1996 to 65.6 percent in 1998, and in the total market from 92.3 percent in 1996 to 84.8 percent in 1998. The Commission found that both the volume and increase in the volume of subject imports were significant.[120]

Price Effects. The Commission found that price was an important factor in purchasing decisions and that the subject imports were broadly substitutable, notwithstanding some quality differences with respect to Russian hot-rolled steel. The Commission observed that the most precipitous declines in the price of the domestic like product and subject imports occurred in the third and fourth quarters of 1998, when the subject imports were peaking. The Commission found a mixed pattern of underselling over the period, with overselling predominating in 1996, but underselling predominating in 1997 (underselling in 48 of 64 instances) and 1998 (45 of 67 instances). The Commission noted that there were fewer instance of underselling by the Japanese merchandise early in the period, but in 1998, when Japanese producers shifted to more commodity-type products, underselling by the Japanese merchandise increased. The Commission observed that the impact on minimills confirmed that the end of period declines in domestic prices resulted from causes other than competition within the domestic industry, and rejected respondents' contentions that domestic price declines were caused by the GM strike. The Commission also found that

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[116] Original Japan Determination, USITC Pub. 3202 at 10.

[117] Original Japan Determination, USITC Pub. 3202 at 10-11.

[118] Original Japan Determination, USITC Pub. 3202 at 11.

[119] Original Japan Determination, USITC Pub. 3202 at 11.

[120] Original Japan Determination, USITC Pub. 3202 at 12-13.

prices declined at a greater rate than cost of goods sold, and concluded that the subject imports had significant price-depressing effects on domestic prices.[121]

Impact. The Commission found that the cumulated subject imports gained market share at the expense of the domestic industry, at a time when the domestic industry was adding capacity commensurate with increased apparent consumption. Domestic producers' production and shipments declined from 1997 to 1998, and operating income declined by more than half in that time frame. The steep decline in the ratio of operating income to net sales was largely due to declines in the industry's shipments and sales in 1998. Moreover, a comparison of data for the first and second halves of 1998 indicated worsening performance in the second half, when the cumulated subject imports reached their highest levels in the period. Thus, the Commission found that the industry's performance was substantially poorer than would be expected given record demand in 1998. While recognizing that other factors, especially increased intra-industry competition, contributed to the industry's poorer performance in 1998, the Commission concluded that the substantially increased volume of subject imports at declining prices had materially contributed to the industry's deteriorating performance, as reflected in nearly all economic indicators, and it concluded that the industry was materially injured by reason of the subject imports.[122]

2. The First Five-Year Reviews[123]

Conditions of Competition. In the first reviews, the Commission found that the domestic industry continued to consist of both integrated producers and minimills. There had been several changes in the composition of the industry due to bankruptcies, consolidations, and reorganizations. The Pension Benefit Guaranty Corp. had assumed pension obligations of several of the bankrupt firms, improving the cost structures of the surviving entities. Industry consolidation reduced the number of domestic producers from 24 in 1998 to 18 in 2004.[124] Notwithstanding improvements in the industry's cost structure, its performance continued to be poor from 1998 to 2003. Its performance improved considerably in 2004 due to favorable market conditions, notwithstanding increases in raw materials costs.[125]

The Commission found that demand for hot-rolled steel in the United States depended on demand in certain downstream industries, such as automotive, construction, and those using further processed products, all of which were tied to some extent to overall economic activity.[126]

The Commission next discussed developments in the world market for steel. It found that both worldwide production and consumption of hot-rolled steel increased substantially during the period of review. China accounted for a significant proportion of the growth in steel demand, and during the period of review was a net importer of hot-rolled steel until the fourth quarter of 2004, when it became a net exporter. Continued increases in Chinese hot-rolled steel production capacity were likely. As a result, some exports that previously had been directed to China would be free to go to other markets.[127]

Capacity to produce subject merchandise had increased in all three subject countries. Consumption had grown in Brazil and Russia, and was expected to increase. Consumption in the

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[121] Original Japan Determination, USITC Pub. 3202 at 14-16.

[122] Original Japan Determination, USITC Pub. 3202 at 16-21.

[123] Chairman Okun and Commissioner Pearson dissented in the first reviews and did not join the majority's analysis of conditions of competition. First Five-Year Review Determinations, USITC Pub. 3767 at 51-57 (Separate and Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson).

[124] First Five-Year Review Determinations, USITC Pub. 3767 at 27.

[125] First Five-Year Review Determinations, USITC Pub. 3767 at 28.

[126] First Five-Year Review Determinations, USITC Pub. 3767 at 28.

[127] First Five-Year Review Determinations, USITC Pub. 3767 at 29-30.

Japanese market, by contrast, had increased less rapidly than capacity during the period of review and was projected to be stagnant in the reasonably foreseeable future.[128]

The Commission further found that worldwide demand for hot-rolled steel, including demand in China, would grow in the reasonably foreseeable future at a rate less than the increase in capacity. Likely U.S. demand growth was expected to be moderate.[129]

The record indicated high substitutability between subject imports and the domestic like product. Price and quality were important purchasing considerations. The quality of subject imports from Russia had improved so that they were comparable to the domestic like product and subject imports from Brazil and Japan.[130]

The Commission found that most sales by domestic producers were on a spot basis or pursuant to short-term contracts of less than one year in duration. Most importer sales were made on the spot market or pursuant to short-term contracts. Surcharges for energy and raw materials costs were particularly common in 2004.[131]

Likely Volume. The Commission found that cumulated subject import volume declined the year the orders were imposed and the suspension agreement went into effect, fluctuated for the next four years, and increased to a period peak in 2004, largely because of an increase in subject imports from Russia. It cited several factors in support of the proposition that subject producers would likely increase exports to significant levels upon revocation.[132]

First, capacity in each of the subject countries increased significantly during the period of review and further capacity or production increases were likely in each of the subject countries during the reasonably foreseeable future. The Commission found that unused capacity in the subject countries was significant in terms of both the U.S. merchant and overall markets, and that the capital-intensive nature of hot-rolled steel production provided strong incentives to the subject producers to make full use of available capacity.[133] The Commission further found that the industries in the subject countries were export-oriented to a significant degree, and had demonstrated the ability to shift exports quickly from their home markets to export markets and among export markets.[134]

The Commission found several reasons why the subject producers were likely to shift exports to the United States upon revocation. First, the United States was an attractive market because of its size, openness, and high prices. Second, increased Chinese production, and the development of China as a net exporter of hot-rolled steel, would likely necessitate that the subject producers find other markets for exports that had previously been directed to China. Third, there were impediments to the importation of hot-rolled steel from each subject country into certain third-country markets.[135]

The Commission acknowledged that the type of regional market collapse observed in the original investigations was unlikely to recur, and that subject imports were unlikely to return to the peak levels observed in the original investigations. It nonetheless found that the significant additional volumes of

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[128] First Five-Year Review Determinations, USITC Pub. 3767 at 30.

[129] First Five-Year Review Determinations, USITC Pub. 3767 at 29-30.

[130] First Five-Year Review Determinations, USITC Pub. 3767 at 30.

[131] First Five-Year Review Determinations, USITC Pub. 3767 at 31.

[132] First Five-Year Review Determinations, USITC Pub. 3767 at 31.

[133] First Five-Year Review Determinations, USITC Pub. 3767 at 32-33. The Commission also observed that there was the capability of product shifting in the subject countries, although it did not rely on this consideration in finding significant subject import volumes likely. Id. at 33.

[134] First Five-Year Review Determinations, USITC Pub. 3767 at 33-35.

[135] First Five-Year Review Determinations, USITC Pub. 3767 at 35-36. The Commission found that exchange rate fluctuations would not serve to diminish the attractiveness of the U.S. market. Id. at 36.

subject imports likely upon revocation would be sufficient to have negative effects on domestic sales and prices.[136]

Likely Price Effects. The Commission found that price was a key factor in purchasing decisions for hot-rolled steel. It also found that, because of the improved quality of subject imports from Russia, there was even broader interchangeability among the subject imports and the domestic like product than in the original investigations.[137]

The Commission found that while prices for the domestic like product rose sharply in 2004, prices were trending lower in later 2004 and early 2005 as producers' orders had declined. The Commission also found that increased subject imports from Russia played a role in this price decline. Additionally, during the portion of the period of review where subject imports from Russia were increasing, the subject imports generally undersold the domestic like product. The Commission also noted that inventory buildups by U.S. service centers that occurred during the conclusion of the period of review would likely be drawn down in the reasonably foreseeable future, adding to further downward price pressure in the U.S. market.[138]

The Commission found that significant underselling upon revocation by the subject imports would be likely based on the pricing behavior in the original investigations, the importance of price in purchasing decisions, and the substitutability of the subject imports and the domestic like product. It further found that the volumes of subject imports likely upon revocation would have significant price depressing or suppressing effects.[139]

Likely Impact. The Commission characterized data concerning the domestic industry's vulnerability as "mixed." Because of restructuring, the industry had made great strides in improving its efficiency and productivity. Notwithstanding this, the industry experienced five years of poor financial performance before attaining substantial profitability in 2004. The Commission found that the principal factor that permitted this improved performance was an increase in global demand over supply associated with a sharp upsurge in Chinese demand for hot-rolled steel. The Commission characterized the conditions that permitted the improved performance as temporary and unlikely to continue into the foreseeable future in light of China's becoming a net exporter of hot-rolled steel by the fourth quarter of 2004.[140]

In the environment of deteriorating prices and increasing raw materials costs that the Commission found was likely, it concluded that the industry was susceptible to the continuation or recurrence of material injury. It found that upon revocation, the likely increase in subject import volume and consequent price effects would have a significant adverse impact on the domestic industry.[141]

C. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked or a suspended investigation terminated, 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."[142] The following conditions of competition inform our determinations.

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[136] First Five-Year Review Determinations, USITC Pub. 3767 at 36.

[137] First Five-Year Review Determinations, USITC Pub. 3767 at 37.

[138] First Five-Year Review Determinations, USITC Pub. 3767 at 37-38.

[139] First Five-Year Review Determinations, USITC Pub. 3767 at 38.

[140] First Five-Year Review Determinations, USITC Pub. 3767 at 39-41.

[141] First Five-Year Review Determinations, USITC Pub. 3767 at 41-42.

[142] 19 U.S.C. § 1675a(a)(4).

1. Demand Conditions

Demand for hot-rolled steel is a function of the demand for the downstream products that incorporate hot-rolled steel. These include a vast array of applications in the automotive, automobile parts, appliance, and construction industries.[143] As has been the case in prior investigations and reviews, the majority of U.S. hot-rolled steel production is consumed internally or transferred to affiliates for downstream processing into cold-rolled and/or galvanized or plated products, cut-to-length plate, or welded pipe.[144] In 2010, producers captively consumed or transferred to affiliates about 60 percent of domestic shipments for further processing; the remaining shipments were sold in the merchant market.[145]

Demand for hot-rolled steel in the United States tends to follow broad demand trends in the national economy. As a result, steel demand expands and contracts when the economy does.[146] This is confirmed by trends in apparent U.S. consumption of hot-rolled steel during the period of review. Apparent consumption rose from 65.9 million short tons in 2005 to 71.6 million short tons in 2006, the period peak.[147] Indicators of hot-rolled steel demand such as U.S. automobile sales and construction spending also were at high levels or period peaks in 2006, and then remained relatively close to these levels, but declining, in 2007.[148] Apparent U.S. consumption of hot-rolled steel also declined, falling to 63.7 million short tons in 2007 and 59.6 million short tons in 2008.[149] A recession in the United States caused gross domestic product (GDP) to decline during the latter portion of 2008 and 2009.[150] During the recession, demand for hot-rolled steel fell sharply, declining to a period low of 40.4 million short tons in 2009.[151] GDP growth returned in the fourth quarter of 2009, and continued during 2010, although growth was generally fairly modest in automotive sales and at best uneven in construction spending.[152] Apparent U.S. consumption of hot-rolled steel in 2010 grew to 56.1 million short tons, a figure still below that for each year in the period of review except 2009.[153]

The parties have presented divergent forecasts for likely demand in the U.S. market. Domestic Producers acknowledge that demand has recently been on the upswing, but characterize recovery from the 2009 economic downturn as slow and characterize likely demand growth as lackluster.[154] By contrast,

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[143] CR at II-15, PR at II-11.

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

[145] CR at II-15 n.21, PR at II-11 n.21; CR/PR, Table III-7.

[146] CR at II-17, PR at II-11-12.

[147] CR/PR, Table I-14. Merchant market apparent U.S. consumption displayed the same trends as total apparent U.S. consumption during the period of review. Open market consumption increased from 27.3 million short tons in 2005 to a period peak of 31.7 million short tons in 2006. CR/PR, Table I-15.

[148] CR/PR, Figures II-2, II-3.

[149] CR/PR, Table I-14. Apparent U.S. consumption in the merchant market declined to 27.6 million short tons in 2007 and then to 25.9 million short tons in 2008. CR/PR, Table I-15.

[150] CR/PR, Figure II-1.

[151] CR/PR, Table I-14. Apparent U.S. consumption in the merchant market declined to a period low of 16.0 million short tons in 2009. CR/PR, Table I-15.

[152] CR/PR, Figures II-1-3.

[153] CR/PR, Table I-14. Apparent U.S. consumption in the merchant market increased to 23.9 million tons in 2010.

[154] Tr. at 79 (Scherrbaum), 193 (Busse); AMUSA Prehearing Brief at 39; Gallatin Group Prehearing Brief at 10; Nucor Prehearing Brief at 26-29; U.S. Steel Prehearing Brief as at 21-26, 28-29; Nucor Posthearing Brief, ex. 1 at 68-69, 73.

respondents characterize likely U.S. demand prospects as good.[155] ***, an industry monitoring service, projects that U.S. consumption of hot-rolled sheet will increase by *** percent in 2011 and *** percent in 2012; projected consumption for 2012, however, is still below consumption *** reported for any year between 2005 and 2008.[156]

*** reports that on a worldwide basis, consumption of hot-rolled sheet increased in 2006 and 2007, declined the next two years, and reached a period peak in 2010. Consumption from 2005 to 2010 declined in North America (including the United States), Europe, and Japan. The region with by far the largest increase in consumption was East and Southeast Asia other than Japan. There was more modest growth from 2005 to 2010 in Brazil and Russia; in each of these countries reported consumption declined in both 2008 and 2009.[157] *** projects additional increases in worldwide hot-rolled sheet consumption in 2011 and 2012. Consistent with the experience from 2005 to 2010, the area with the largest projected increase in consumption is East and Southeast Asia other than Japan. Japan's projected consumption in both 2011 and 2012 is lower than that reported for 2010; in Brazil consumption is projected to decline in 2011 and increase by *** percent in 2012; Russian consumption is projected to increase by *** percent in 2011 and *** percent in 2012.[158]

2. Supply Conditions

During the period of review, the domestic industry satisfied the bulk of domestic demand for hot-rolled steel. On an annual basis, the domestic industry supplied between 91.0 and 94.7 percent of the total market and between 79.6 and 87.8 percent of the merchant market during the period of review.[159] There has been some further consolidation in the domestic industry since the first reviews, as NLMK acquired both Beta and a 50 percent interest in Duferco Farrell, U.S. Steel acquired and then closed the hot-rolled production of Lone Star, and AMUSA was formed from the prior operations of Mittal Steel and International Steel Group. Severstal US acquired facilities during the period of review and began operations of a new facility, Severstal-Columbus, in August 2007; in March 2011, however, Severstal sold three of its five U.S. mills to the Renco Group.[160] One new producer, ThyssenKrupp USA, began operations in 2010 and Nucor opened its Castrip mill in Arkansas in the fourth quarter of 2009.[161] The domestic industry's capacity was 2.3 percent lower in 2010 than it was in 2005.[162]

Nonsubject imports accounted for between 5.0 and 7.9 percent of total apparent U.S. consumption, and between 11.6 and 17.8 percent of apparent U.S. open market consumption, on an annual basis during the period of review.[163] The two largest sources of nonsubject imports were Canada and Korea.[164]

Imports from subject sources were a very small presence in the U.S. market during the period of review. Imports from subject sources combined accounted for between less than 0.05 and 1.1 percent of

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[155] Joint Respondents Prehearing Brief at 43-49; Joint Respondents Posthearing Brief at 5-6; Ford Posthearing Brief, response to questions at 20-22.

[156] CR/PR, Tables IV-22-23.

[157] CR/PR, Table IV-22.

[158] CR/PR, Tables IV-22-23.

[159] CR/PR, Tables I-14-15.

[160] CR/PR, Tables I-10, III-1, Figure I-3.

[161] CR/PR, Table III-2.

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

[163] CR/PR, Tables I-14-15.

[164] CR/PR, Table IV-2.

total apparent U.S. consumption, and between 0.1 and 2.5 percent of open market consumption, on an annual basis during the period of review. Nearly all of this was attributable to subject imports from Russia, as subject imports from Japan never exceeded 0.1 percent of either total or open-market consumption and subject imports from Brazil never reached 0.05 percent of either total or open market consumption during any single year.[165]

On a worldwide basis, *** reports that global production of hot-rolled steel increased from 2005 to 2007, declined in 2008 and 2009, and rose to a period peak in 2010.[166] It projects that global production will increase further in 2011 and 2012.[167] The region with the largest projected increase is East and Southeast Asia.[168] *** projects increases in production in 2011 and 2012 in the United States, Brazil, and Russia, but forecasts 2011 and 2012 production in Japan to be below the level of 2010.[169]

3. Other Likely Conditions of Competition

Majorities of market participants found imports from each subject source at least frequently interchangeable with each other and with the domestic like product.[170] Hot-rolled steel sold in the United States is commonly produced to specifications published by ASTM International.[171]

Hot-rolled steel is produced in the United States by two processes. In the integrated process, the principal raw material is iron ore, which is smelted in a blast furnace using coke, usually supplemented with coal, natural gas, or fuel oil, to produce molten pig iron, which is drained into a large ladle and transported to an oxygen steelmaking furnace.[172] In the nonintegrated or "minimill" process, the raw material is scrap, which is melted in an electric arc furnace.[173] Prices for both coke and scrap displayed high volatility during the period of review. Prices for imported coke trended generally lower from 2005 to 2007, increased sharply to a period peak in 2008, declined sharply during the latter portion of 2008, and fluctuated irregularly thereafter.[174] Scrap prices generally declined during the first portion of 2005, fluctuated upwards during the latter portion of 2005, 2006, and 2007, almost trebled in price during the first seven months of 2008, dropped to near period lows by the beginning of 2009, and thereafter fluctuated upwards.[175] U.S. producers' projections concerning likely raw materials cost trends were mixed, with a majority anticipating continued volatility.[176] Brazilian and Japanese Respondents argue that several large domestic producers (Nucor, U.S. Steel, AMUSA, and SDI) are shielded from the effects of swings in raw materials costs due to their growing ownership of suppliers of the raw materials used in hot-rolled steel production.[177] The executives of these companies testified, however, that such vertical

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[165] CR/PR, Tables I-14-15.

[166] CR/PR, Table IV-19.

[167] CR/PR, Table IV-20.

[168] CR/PR, Tables IV-19-20.

[169] CR/PR, Tables IV-19-20.

[170] CR/PR, Table II-8.

[171] See CR at I-31, PR at I-25.

[172] CR at I-32, PR at I-26.

[173] CR at I-33, PR at I-26.

[174] CR/PR, Figure V-3.

[175] CR/PR, Figure V-1.

[176] CR at V-5, PR at V-3.

[177] Joint Respondents Prehearing Brief at 54-58.

integration does not insulate the hot-rolled steel production operations from volatility in raw materials pricing.[178]

Eight of 17 U.S. producers reported that they have included surcharges in their sales contracts to cover changes in the prices of raw materials at some point since 2005. Twenty of 28 U.S. purchasers reported paying such surcharges during the period of review.[179]

Domestic producers make an overwhelming percentage of their sales on a made-to-order basis. This tends to constrain the accumulation of inventories at the producer level.[180]

All but one of the 14 U.S. producers indicated that the majority of their 2010 sales were in the spot market. Most U.S. producers also sell pursuant to short-term contracts; over time the amount of spot market and short-term contract sales has increased as the volatility of raw materials costs has made longer-term contracts riskier for producers.[181] During the period of review, the subject imports were also sold predominantly in the spot market, as 15 of 20 responding importers reported that at least 95 percent of their 2010 sales were in the spot market.[182] [183]

D. Termination of the Suspended Investigation on Subject Imports from Russia Is Likely to Cause Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

The suspension agreement concerning hot-rolled steel from Russia contains two elements. The first element is a quantitative limitation, which is determined by a formula taking into account the previous year's export limit, apparent consumption in the United States, and whether the Ministry of Trade of the Russian Federation adopted premium reference prices. Additionally, portions of the export limit may be carried over to the following period or carried back to the prior period.[184] The second element is a reference price that Commerce issues each quarter, which establishes a minimum price for subject imports from Russia in the U.S. market.[185]

The quantity of subject imports from Russia fluctuated during the period of review. Subject import quantity increased from 299,275 short tons in 2005 to 789,288 short tons in 2006, fell sharply to 136,293 short tons in 2007, and then continued to fall the next two years, reaching a period low of 1,708 short tons in 2009. In 2010 subject imports from Russia increased to 125,079 short tons.[186] Subject imports from Russia accounted for 0.5 percent of the quantity of total apparent U.S. consumption in 2005, 1.1 percent in 2006, and 0.2 percent or less the four subsequent years.[187] Thus, during the period of

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[178] Tr. at 137-38 (Surma), 138-39 (Di Micco), 140-41 (Blume).

[179] CR at V-2-3, PR at V-2.

[180] CR at II-6, PR at II-5.

[181] CR at V-10, PR at V-7-8.

[182] CR at V-11, PR at V-8.

[183] Commissioner Lane and Commissioner Pinkert do not join the remainder of this opinion. See Separate and Dissenting Views of Commissioners Charlotte R. Lane and Dean A. Pinkert.

[184] CR at I-5-6, PR at I-4.

[185] CR at I-5, PR at I-4.

[186] CR/PR, Table IV-1.

[187] CR/PR, Table I-14. Subject imports from Russia accounted for 1.1 percent of the quantity of apparent U.S. open market consumption in 2005, 2.5 percent in 2006, and 0.5 percent or less the four subsequent years. CR/PR, Table I-15.

review, subject imports from Russia were able rapidly to increase their presence in the U.S. market notwithstanding the provisions of the suspension agreement.

Should the suspended investigation be terminated, Russian producers would have the capability of directing significant amounts of additional subject imports to the United States. The Russian industry has available excess capacity. Capacity utilization during 2010 was 87.2 percent, which was 5.4 percentage points below the period peak. Additionally, Russian producers have reportedly recently completed or plan in the reasonably foreseeable future capacity increases.[188]

More importantly, during the period of review Russian producers had a significant export orientation and a tendency to shift exports rapidly between different markets. Reporting Russian producers' exports constituted between 24.3 and 37.4 percent of their annual shipments, and between 53.0 and 70.5 percent of annual commercial shipments, during the period of review. Contrary to Russian Respondents' assertions, the record does not indicate that the Russian industry is significantly increasing the proportion of shipments it supplies to the home market. The percentage of Russian producers' shipments directed to the home market, either for internal consumption or as commercial shipments, only increased by 1.3 percentage points between 2005 and 2010, and was lower in 2010 than in 2006, 2007, or 2008.[189]

In the first reviews, the Commission noted that "[w]itnesses on behalf of the Russian producers stated that it is a normal pattern for Russian producers to shift exports to markets where they can obtain a more favorable price."[190] While Russian Respondents made no similar admissions in their written submissions in these reviews, and did not appear at the Commission hearing, the record in these reviews indicates that this pattern has not changed. As stated above, during the period of review the quantity of subject imports from Russia that entered the United States showed large fluctuations. The same is true for Russian exports to Asia, which varied between *** percent of total shipments on an annual basis, and showed year-to-year fluctuations as high as *** short tons. The share of total shipments to markets outside the EU, United States, and Asia, which received the largest quantity of export shipments during the period of review, varied from *** percent. The record consequently indicates that Russian producers do not focus on a single export market or regional group of markets, but change export emphasis as market conditions warrant.[191]

Consequently, Russian producers have the ability to supply significant additional quantities of subject imports to the United States both by utilizing excess capacity and by shifting exports between sources, as they have done in the past. We also find that they would likely have the incentive to direct significant quantities of subject imports to the United States should the suspended investigation be terminated. We observe, as we did in the prior reviews, that the U.S. market is relatively large and open.[192] Moreover, as explained above, the experience under the current suspension agreement indicates that Russian producers will shift large quantities of exports from other markets to the United States when they perceive that conditions are attractive, and then shift them back to other markets when they perceive

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[188] CR/PR, Table IV-15. *** anticipates increasing capacity by *** short tons by 2012. There are also reports of an additional *** short ton capacity increase in 2010 by OMK Steel, a producer that did not complete a questionnaire. CR at IV-33, PR at IV-23.

[189] CR/PR, Table IV-15. Moreover, while *** data project increases in Russian hot-rolled steel sheet consumption in 2010 and 2011, CR/PR, Tables IV-22-23, they also project increases in Russian hot-rolled steel production. CR/PR, Tables IV-18-19.

[190] First Five-Year Review Determinations, USITC Pub. 3767 at 20.

[191] CR/PR, Table IV-15. While Russian Respondents argue that they intend focusing on supplying Chinese and Asian export markets, Russian Respondents Posthearing Brief at 14-16, the record does not indicate that Asian export markets are growing in significance to Russian producers. To the contrary, Russian exports to Asia in 2010 were *** percent lower than those in 2005 and *** percent lower than those in 2009. Id.

[192] See CR/PR, Table IV-23; see generally First Five-Year Review Determinations, USITC Pub. 3767 at 35.

that U.S. conditions are unattractive.[193] The termination of the suspension agreement would likely serve to make the U.S. market a considerably more favorable environment for subject imports from Russia than it was during most of the period of review. In this regard, although the United States did not always offer higher prices for hot-rolled steel than all other world markets during the period of review, U.S. prices were consistently attractive.[194] Such prices would likely prove attractive to exporters, such as those trading in subject imports from Russia, that tend to switch to markets offering a favorable environment. Indeed, the most recent pricing observations for 2011 indicate that the United States offers higher prices compared to other major export markets,[195] and Russian producers have demonstrated their interest in the U.S. market by making repeated recent offers to sell hot-rolled steel in the United States, even with the suspension agreement in effect.[196] Additionally, antidumping duty orders on hot-rolled steel from Russia that are effective in Argentina, Indonesia, Thailand, Peru, and Mexico, as well as a quantitative restriction on exports to the EU, serve to restrict the availability of export markets for Russian hot-rolled steel, which would further likely increase the attractiveness of the U.S. market should the suspended investigation be terminated.[197]

For these reasons, we find that a significant quantity of subject imports from Russia is likely upon termination of the suspended investigation.[198]

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[193] See CR/PR, Figure I-1.

[194] CR/PR, Tables IV-24-25, Figure V-2.

[195] CR/PR, Tables IV-24-25.

[196] AMUSA Posthearing Brief, ex. 2; Nucor Posthearing Brief, ex. 2; U.S. Steel Posthearing Brief, ex. 5. Individual offers are reported to be as large as *** than the quantity of actual or arranged imports Russian producers reported to the Commission. Compare U.S. Steel Posthearing Brief, ex. 5, ¶ 9 with CR at IV-6, PR at IV-5. Russian Respondents contend that there is no proof that these offers have resulted in any sales. Russian Respondents Posthearing Brief at 6. Russian Respondents do not, however, deny the existence of the offers. Nor do they explain why hot-rolled steel from Russia would be offered in the United States if they have no interest in supplying the U.S. market.

Additionally, the existence of these offers serves to rebut a principal argument of the Russian Respondents, which is that they would not export significant quantities of subject merchandise to the United States because NLMK and Severstal own hot-rolled steel mills in this country. This argument disregards that MMK, *** Russian producer, ***, see CR/PR, Table IV-14; U.S. Steel Posthearing Brief, ex. 5, does not own any U.S. production facilities. In any event, the materials Russian Respondents have submitted do not indicate that NLMK or Severstal have policies comparable to that of ArcelorMittal to bar imports that might disrupt pricing in the U.S. market. NLMK merely asserts that it will request traders to "slow down" exports to markets in which it has affiliates if it senses that such exports may give rise to potential trade actions. NLMK Posthearing Statement. This is not a policy precluding such imports. Severstal's stated policy against disruptive exports that might injure its affiliates, Russian Respondents Posthearing Brief, ex. 1, cannot be reconciled with recent offers in the U.S. market for Russian steel produced by JSC Severstal. See Tr. at 87-88 (Di Micco); Nucor Posthearing Brief, ex. 2.

The existence of these offers further rebuts the argument of Russian Respondents that freight costs serve as a disincentive to increasing exports to the United States. In this respect, we observe that although the Russian Respondents have provided a table purporting to list freight and handling costs for U.S. exports over the period of review, this table indicates that the most recent freight costs are not at peak levels. Russian Respondents Prehearing Brief, ex. 2. Moreover, Russian Respondents have provided no information that would permit a comparison of freight and handling costs for U.S. exports to those costs for exports to other markets.

[197] CR at IV-34, PR at IV-24. Because of the quantitative restriction, Russian exports to the EU were fairly stable during the period of review. CR/PR, Table IV-15. While the EU quantitative restriction will expire if Russia joins the World Trade Organization, there no indication in the record when Russia's accession to the WTO, which has been pending for more than a decade, will likely be completed.

[198] In our examination of likely subject import volume, we have also examined several other considerations, although we do not place principal reliance on them in making our finding.

(continued...)

2. Likely Price Effects of Subject Imports

We again find, as we did in the original investigations and first five-year reviews, that price is an important factor in purchasing decisions. Twenty-eight of 32 reporting purchasers reported that price was a "very important" factor in purchasing decisions.[199] Twelve of 31 reporting purchasers reported that price was the first-ranked factor in purchasing decisions, and nine reported it was the second-ranked.[200] Although more purchasers ranked quality than price as either the first- or second-ranked factor in purchasing decisions, purchasers did not perceive substantial quality distinctions between the domestic like product and subject imports from Russia. Purchasers were asked whether they required seven specific quality factors in the hot-rolled steel that they purchased, and if so, whether they would continue purchasing hot-rolled steel from different sources; majorities stated, with respect to each factor, that they would purchase hot-rolled steel from domestic sources and subject imports from Russia, although the majorities were larger for the domestic like product than for subject imports from Russia.[201]

In these reviews, the Commission collected information on four pricing products. It received data accounting for approximately 47.5 percent of reported U.S. producers' commercial shipments of hot-rolled steel, and 79.3 percent of reported U.S. shipments of subject imports from Russia.[202] Prices for each of the four domestically produced products declined from the first quarter to the third quarter of 2005, before increasing through the third quarter of 2006. Prices then declined irregularly through the end of 2007. Prices increased sharply from the last quarter of 2007 to the third quarter of 2008, then dropped sharply through the second quarter of 2009. Prices for three of the four products reached period lows in the second quarter of 2009 and then increased irregularly through the second quarter of 2010; prices for all of the products declined during the final two quarters of 2010. Prices for each of the four domestically produced products were lower in the fourth quarter of 2010 than in the first quarter of 2005. Price trends for the subject imports from Russia generally followed the same trends displayed by the domestically produced product, although with greater volatility. For the two Russian products sold in the

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[198] (...continued)

We examined inventories of the subject merchandise. In 2010, end-of-period inventories of subject merchandise from Russia were at low absolute levels in both the United States and Russia. CR/PR, Tables IV-3, IV-15.

We also examined the potential for product shifting. Russian producers make nonsubject products in the same hot-strip mills at which they produce subject hot-rolled steel. CR/PR, Table IV-16. These nonsubject products are principally cut to length plate or alloy hot-rolled steel. CR at IV-37, PR at IV-27. Russian producers additionally internally consume some of the subject merchandise they produce for further processing into downstream products such as cold-rolled steel or tubular goods. CR/PR, Tables IV-15-16. These downstream and/or nonsubject products are typically higher value products than the subject merchandise, because they require either additional alloying elements or further value-added processing. Cf. U.S. Steel Posthearing Brief, ex. 43 (alloy higher valued product than hot-rolled sheet). The record contains no information suggesting why hot-rolled steel producers would have an economic incentive to shift production from a higher-valued product to the subject merchandise.

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

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

[201] CR/PR, Table II-6. Additionally, none of the parties to the reviews argued that there were substantial quality differences between the domestic like product and subject imports from Russia.

[202] CR at V-13, PR at V-9. The products were: (1) hot-rolled low-carbon steel plate in coils, as rolled; (2) hot-rolled low-carbon steel sheet, as rolled; (3) hot-rolled low-carbon steel sheet, pickled, oiled and temper rolled; and (4) hot-rolled high-strength low-alloy steel plate in coils, as rolled. See CR at V-12, PR at V-9.

market throughout the period of review, prices for one were higher in the fourth quarter of 2010 than in the first quarter of 2005, and prices for the other were lower.[203]

The subject imports from Russia undersold the domestic like product in 27 of 67 quarterly comparisons. During 2006, however, the year in the period of review that subject imports from Russia had their peak presence in the U.S. market, and also the year in which Russian shipments of the four pricing products were at their peak quantities, the subject imports undersold the domestic like product in 10 of 11 quarterly comparisons.[204] The tendency of subject imports from Russia to increase their frequency of underselling when their presence in the U.S. market grows was similarly present in the original investigations and the first reviews.[205]

We likewise find in these reviews that the significant quantities of subject imports from Russia likely upon termination of the suspended investigation would likely result in significant underselling. Because the domestic like product and subject imports are good substitutes and price is an important part of purchasing decisions, once subject imports from Russia are free from the pricing restrictions of the suspension agreement, to attract sales they would likely be offered at lower prices than the domestic like product, as previously occurred when subject import volume from Russia increased. We also observe that during the original period of investigation, the most recent time that subject imports from Russia were free from the pricing restrictions of the suspension agreement, subject imports from Russia undersold the domestic like product in the overwhelming majority of comparisons.[206] The prevalence of spot market sales in the U.S. market, as explained in section V.C.3. above, would facilitate the use of underselling to obtain sales and increase market share for the subject imports from Russia.

In this event, given the importance of price in purchasing decisions, domestic producers would need to cut prices to match subject import price competition and make sales. Consequently, we find that on termination of the suspended investigation subject imports from Russia are likely to enter the United States at prices that would likely have significant suppressing or depressing effects on the price of the domestic like product.

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[203] CR/PR, Tables V-1-4, CR at V-13, V-22, PR at V-9-10.

[204] CR/PR, Tables V-1-4. Indeed, during the period of review the quantity of subject imports involved in underselling observations (*** short tons) was greater than that involved in overselling observations (*** short tons), despite the greater number of overselling observations. Id.

[205] Original Japan Determination, USITC Pub. 3202 at V-15 (although predominant underselling during all periods, frequency of underselling increased as volume of subject imports from Russia increased); First Five-Year Review Determinations, USITC Pub. 3767 at 38. Additionally, the bulk of confirmed lost sales allegations during the original investigations concerned subject imports from Russia. Original Japan Determinations, USITC Pub. 3202 at V-16.

[206] Original Japan Determination, USITC Pub. 3202 at V-15.

3. Likely Impact of Subject Imports[207]

As previously discussed, during the period of review the domestic industry experienced some consolidation, some sales of existing mills, and one new entrant. Capacity showed fairly minor fluctuations, increasing from 81.5 million short tons in 2005 to a period high of 82.2 million short tons annually in 2006-07, then declining until reaching a period low of 78.2 million short tons in 2009, and then increasing to 79.7 million tons in 2010.[208] Production followed similar trends, increasing from 62.9 million tons in 2005 to a period high of 65.9 million tons in 2006, declining moderately the next two years, falling sharply to a period low of 39.6 million tons in 2009, and then increasing to 54.9 million short tons in 2010, which was still the second lowest annual figure of the period.[209]

Total U.S. shipments and U.S. commercial shipments each followed the same trends as production. Each rose to a period peak in 2006, declined the next two years, fell sharply in 2009, and increased in 2010 to a level below that observed in any year between 2005 and 2008.[210] End-of-period inventories fluctuated on both an absolute and relative basis during the period of review; inventories declined from 1.8 million short tons in 2005 to 1.6 million short tons in 2010 and were 2.9 percent of production at the conclusion of both years.[211]

Employment declined during the latter portion of the period of review. There were 23,757 production and related workers (PRWs) in 2005. Employment levels fluctuated until reaching a period peak of 24,599 PRWs in 2008. Employment then fell to 20,187 PRWs in 2009 before increasing to 21,682 PRWs in 2010. Hourly wages of $32.53 in 2010 were above those of $28.54 in 2005, but below the levels reported in 2007 and 2008. Productivity, measured in short tons per thousand hours, rose from 1,134.7 in 2005 to a period peak of 1,259.0 in 2006, declined the next three years until reaching a period low of 1,039.5 in 2009, and then rose to 1,159.5 in 2010.[212]

The financial performance of the domestic industry displayed substantial fluctuations during the period of review. From 2005 to 2008, the domestic industry displayed consistently profitable performance, with operating income ratios ranging between a low of 9.2 percent in 2007 to a high of 18.1 percent in 2006. During 2008, the one year when raw materials costs and cost of goods sold increased sharply on a per unit basis, unit sales volumes increased even more rapidly and the domestic industry obtained a 13.9 percent operating ratio. By contrast, in 2009 the industry recorded a operating ratio of negative 11.3 percent as 11 of 13 producers reported operating losses. Although per unit costs fell, revenues declined far more sharply because of the large decline in output in a recessionary environment.

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[207] 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, 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Tariff 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 conducted an expedited five-year review with respect to the suspension agreement concerning subject imports from Russia. It found a likely margin of 73.59 percent for named exporter JSC Severstal and an all others rate of 184.56 percent. 75 Fed. Reg. 47263, 47264 (Aug. 5, 2010).

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

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

[210] CR/PR, Table III-7.

[211] CR/PR, Table III-8.

[212] CR/PR, Table III-9.

In 2010, when demand and production recovered – albeit, as discussed above, not to the levels experienced prior to the economic downturn – financial performance improved and the industry's operating ratio was again positive, at 2.3 percent.[213] The industry's capital expenditures fluctuated upwards during the period of review, reaching a peak in 2010 which largely reflected expenditures ***.[214] Research and development expenses, which were much lower than capital expenses, declined from 2005 to 2010 and were lower in 2010 than in all but one year of the period of review.[215]

We conclude that the domestic industry is not currently in a vulnerable condition. The performance of the domestic industry during the period of review largely reflected demand conditions, with the domestic industry showing very good financial performance in 2005 through 2008, when demand was generally strong,[216] and extremely poor financial performance in 2009, when demand plummeted due to a severe economic downturn. It achieved modestly profitable performance in 2010, when demand recovered to some extent but was still below the levels reached before the downturn. Domestic Producers have emphasized that operating performance in 2010 was worse than it was in 1998, the final year of the original period of investigation. Although we would not characterize the industry's 2010 operating performance as robust, neither do we consider it unduly poor in light of that year's apparent consumption, which was below levels of 13 of the 14 previous years.[217] Because some improvement in U.S. demand is likely in 2011 and 2012,[218] the industry's condition in the reasonably foreseeable future is likely to improve. We find that in the context of the business cycle, the industry is not vulnerable notwithstanding its lackluster 2010 financial performance.[219]

Nevertheless, the industry is not in such a strong condition, nor are likely demand conditions sufficiently positive, that the industry could withstand significantly increased low-priced subject imports from Russia without likely sustaining significant adverse effects. We have found that the volume of subject imports would likely increase significantly should the suspended investigation on hot-rolled steel from Russia be terminated. We have further found that these additional volumes of subject imports would be priced in a manner that would likely undersell the domestic like product and have significant

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[213] CR/PR, Table III-10. The financial data cited above values internal consumption and transfers to affiliated firms based on a constructed fair market value. See CR at III-23, PR at III-14. Such a valuation methodology is one that the Commission has used in its most recent reviews of hot-rolled steel products. Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA-404-408, 731-TA-898-902 and 904-908 (Review), USITC Pub. 3956 at III-20-III-23 (Oct. 2007). Domestic hot-rolled steel producers also reported financial data under a methodology that valued internal consumption and transfers to affiliates at cost plus an allocated share of the gross profits of downstream products. This valuation method, which AMUSA and U.S. Steel argue is more representative, showed similar trends to the constructed market value methodology, but yielded lower operating margins in the years when the domestic industry operated profitably. See CR/PR, Table E-1. Our principal reliance on the constructed market value methodology does not affect our analysis of vulnerability below.

[214] CR/PR, Table III-13.

[215] CR/PR, Table III-13.

[216] We do not find that the maintenance of the orders and suspension agreement over the current period of review is significantly responsible for the industry's improved performance from 2005 to 2008. We instead find that the improved performance the domestic industry achieved during this period is a function of strong demand conditions unrelated to the orders and suspension agreement under review and the continued effects of the industry restructuring, most of the key elements of which occurred prior to the current review period.

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

[218] CR/PR, Tables IV-22-23.

[219] The industry's ability to resume profitable operations in the first year following recovery from an economic downturn contrasts to the pattern observed in the first reviews. After apparent U.S. consumption fell noticeably in 2001, the industry did not attain profitable operations for another three years. CR/PR, Table I-1.

depressing or suppressing effects on prices for the domestic like product. Consequently, to compete with the likely additional volumes of subject imports from Russia, the domestic industry would likely lose sales unless it cuts prices or restrains price increases. Any lost sales or lost revenues due to the subject imports would lead to likely declines in output, market share, productivity, employment, wages, growth, and financial performance.[220]

In conducting our analysis of likely impact, in addition to demand, we have also considered the role of factors other than subject imports from Russia, so as not to attribute likely injury from them to the subject imports. For the reasons stated below, we have concluded that revocation of the orders on subject imports from Brazil or Japan would not be likely to lead to significant subject import volumes, significant price effects, or a significant impact on the domestic industry. We have also considered the role of imports from sources other than Brazil, Japan, or Russia. The record does not support the contention that the current level of import market penetration in the U.S. market, nearly all of which is attributable to imports from sources other than Brazil, Japan, or Russia,[221] constitutes a ceiling for likely import market penetration. In 2010, imports from all sources accounted for 5.5 percent of total apparent U.S. consumption. This is 3.5 percentage points below the maximum import penetration achieved during the period of review, and 9.7 percentage points below the maximum import penetration achieved during the original period of investigation, when subject imports from Russia alone achieved a peak 5.1 percent market penetration.[222] The record consequently cannot support a conclusion that any additional subject imports from Russia likely upon termination of the suspended investigation would simply be at the expense of nonsubject imports. Moreover, because additional subject imports from Russia would likely have adverse price effects on the domestic like product, they would have an adverse impact on the domestic industry's revenues and financial performance.

Consequently, consideration of factors other than the subject imports from Russia does not detract from our finding that these imports are likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time should the suspended investigation be terminated.

E. Revocation of the Antidumping and Countervailing Duty Orders on Subject Imports from Brazil Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

Subject imports from Brazil had only a minimal presence in the U.S. market during the period of review. There were no subject imports from Brazil in 2005. The quantity of subject imports rose to a period peak of 2,237 short tons in 2006, and since then annual quantities have ranged between 46 and 512 short tons.[223] Throughout the period of review, subject imports from Brazil accounted for less than 0.05 percent of apparent U.S. consumption.[224]

We acknowledge that Brazilian producers have some ability to increase exports. In 2010, the Brazilian industry had capacity of 15.8 million short tons, a period high, and capacity utilization of 90.7

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[220] In this respect, we have considered that it is undisputed that the subject imports and the domestic like product will be competing in the merchant market.

[221] CR/PR, Tables I-14-15.

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

[223] CR/PR, Table IV-1.

[224] This is true in terms of both the total market and the merchant market. CR/PR, Tables I-14-15.

percent. During the period of review, capacity utilization in Brazil had been as high as 98.5 percent.[225] Additionally, the Brazilian industry anticipates adding new capacity in the reasonably foreseeable future. Usiminas anticipates completing installation of a new *** hot strip mill by ***.[226] Additionally, two new firms have announced plans to begin hot-rolled steel production in Brazil at facilities that may begin production by the end of 2012. Gerdau Açominas is expected to open a new 800,000 metric ton mill in 2012.[227] Companhia Siderurgica Suape is expecting to open a new *** mill. Although the mill was originally scheduled to open in 2014, the company has indicated ***.[228] We observe, however, that new steel mills typically do not produce at their rated capacity from the time they open; instead, one to three year ramp-up periods are anticipated before the new Brazilian mills could produce at full capacity.[229]

While the existence of unused and additional capacity makes some increase in subject imports from Brazil possible upon revocation, other factors support a conclusion that any such increase would be small. Brazilian producers are heavily focused on supplying their home market and we find this focus is likely to continue in the reasonably foreseeable future. With respect to the industry as a whole, during each year of the period of review, the percentage of the Brazilian industry's shipments directed to the home market was at least 87.9 percent, and in 2010 was 92.7 percent.[230] During the period of review, hot-rolled steel prices in Brazil were consistently higher, often by substantial amounts, than hot-rolled steel prices in North America.[231] This would indicate that there would be no economic incentive for Brazilian producers to shift to the United States production that they currently direct towards the home market.[232] In addition to favorable prices in Brazil, demand for hot-rolled steel there is projected to increase in the reasonably foreseeable future. While *** predicts a *** decline in hot-rolled steel consumption in Brazil in 2011,[233] it projects a *** percent increase in consumption in 2012, the first year that the new hot-rolled

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

[226] CR at IV-14, PR at IV-11. Usiminas reports that approximately *** of the new capacity is intended to ***. Id.

[227] CR at IV-14, PR at IV-11.

[228] CR at IV-14, PR at IV-11; AMUSA Posthearing Brief, ex. 7.

[229] See CR at IV-14, PR at IV-11.

[230] CR/PR, Table IV-7. In light of the statement of a senior ArcelorMittal official that ArcelorMittal Brasil will not be permitted to export hot-rolled steel to the U.S. market upon revocation, Tr. at 96 (Mull), we have also separately examined the data of CSN and Usiminas, the two Brazilian producers that do have the potential to direct exports to the United States. These firms have an even stronger orientation to supplying the home market than the industry as a whole. In 2009 and 2010 respectively, *** percent of these firms' shipments were directed to the home market. CSN and Usiminas Foreign Producers' Questionnaires.

[231] CR/PR, Table IV-26. Additionally, the average unit values that Brazilian producers reported for home market shipments were *** higher than the average unit values these producers reported for export shipments throughout the period of review. CR/PR, Table IV-7.

[232] Domestic Producers argue that CSN will have an incentive to export hot-rolled steel instead of slab to its affiliated U.S. production operation, CSN LLC, for use as an input in its cold-rolling and hot-dip galvanizing operation. AMUSA Prehearing Brief at 15-16; Nucor Prehearing Brief at 12. Even assuming arguendo this is true, it is not likely to result in significant import quantities. During the six years of the period of review, CSN's exports of slab to CSN LLC amounted to *** short tons, or less than *** short tons per year. CR at IV-12 n.25, PR at IV-10 n.25. CSN LLC has indicated that *** even if the orders are revoked. CR at D-10, PR at D-1.

[233] CR/PR, Table IV-22-23. Most of the projected decline is attributable to the first half of the year. See *** (Apr. 2011), EDIS Doc. No. 450537, table S.11. Brazilian authorities, by contrast, project growth in Brazilian GDP, as well as growth in Brazilian steel-consuming industries, in 2011. Brazilian Respondents Posthearing Brief, app. at 17, 39.

steel capacity in Brazil will begin production in appreciable quantities.[234] This increase in consumption renders it unlikely that the additional capacity will serve to force Brazilian producers to direct significant additional quantities of shipments to export markets during 2011-12 notwithstanding their lack of heavy export orientation during the period of review.[235]

Additionally, during the period of review Brazilian producers exhibited a relatively stable pattern of shipments to different export markets, with no history of large shifts. The record indicates that during the period of review, Brazil shipped appreciable quantities of hot-rolled steel to a number of different export markets.[236] Canada is the only country other than the United States that now imposes antidumping duties on hot-rolled steel from Brazil.[237] Nevertheless, the record does not indicate any pattern of surges in exports to particular markets during the period of review by exporters likely to direct shipments to the United States upon revocation, even during periods when there was unused capacity. Indeed, export shipments declined in four of the five annual comparisons during the period of review. The largest increase in exports to any particular destination was a *** short ton increase in exports to Asia between 2008 and 2009.[238] This, however, was largely attributable to ***.[239] In this respect we emphasize that, going back to the original period of investigation, the U.S. market has never experienced any sharp surges of subject imports from Brazil. The largest annual increase in such imports since 1996 occurred between 1996 and 1997, during the original period of investigation, amounted to 182,519 short tons, and increased Brazil's market penetration by only 0.2 percentage points.[240] In light of this history, and the fact that subject imports from Brazil are now essentially absent from the U.S. market, as they have been since 2001,[241] we find that the type of rapid increase that would be needed to bring subject imports from Brazil to significant levels in the reasonably foreseeable future is unlikely.

Although we find that the Brazilian industry's unused capacity and projected capacity increases make some increase in subject imports from Brazil possible upon revocation, any such increase would likely be modest. The strong home market orientation of both the Brazilian industry as a whole and those producers likely to export to the United States, the economic incentives of directing hot-rolled steel shipments to the home market, rather than the United States, and the lack of any history of import surges either to any market during the period of review or to the United States at any time since 1996, all support our finding that the volume of subject imports from Brazil would not be significant upon revocation.[242]

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[234] CR/PR, Table IV-23, CR at IV-14, PR at IV-11.

[235] Domestic Producers contend that Brazilian producers will be motivated to seek export markets, despite any orientation to the home market, because of increasing competition from imports in the Brazilian market, as well as increasing intra-industry competition. See AMUSA Prehearing Brief at 12-13; U.S. Steel Prehearing Brief at 72-73. We do not agree. Initially, the record does not indicate that the current competitive environment in Brazil has served to depress hot-rolled steel prices there. To the contrary, the record indicates that 2010 hot-rolled steel prices in Brazil were near period peaks, in contrast to the situation in the United States and other world markets. CR/PR, Tables IV-25-26. Moreover, since 2009 Brazil has raised the tariff on hot-rolled steel imports from zero to 12 percent and has imposed minimum customs values. Nucor Posthearing Brief at 9; Brazilian Respondents Posthearing Brief, app. at 37.

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

[237] CR at IV-15, PR at IV-12.

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

[239] See *** Foreign Producers' Questionnaire, response to question II-8 (EDIS Doc. 449662).

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

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

[242] In our examination of likely subject import volume, we have also examined several other considerations.

We examined inventories of the subject merchandise. In 2010, there were *** end-of-period inventories of subject merchandise from Brazil in the United States. CR/PR, Table IV-3. While end-of-period inventories of

(continued...)

2. Likely Price Effects of Subject Imports

We incorporate by reference our discussion in section V.D.2. above concerning the importance of price in purchasing decisions. Purchasers did not perceive substantial quality distinctions between the domestic like product and subject imports from Brazil. A majority of purchasers reported that the domestic like product and subject imports from Brazil were comparable in the factor of overall quality meets industry standards.[243] Additionally, purchasers were asked whether they required seven specific quality factors in the hot-rolled steel that they purchased, and if so, whether they would continue purchasing hot-rolled steel from different sources. Substantial majorities stated, with respect to each factor, that they would purchase hot-rolled steel from domestic sources and from Brazil.[244]

We incorporate by reference our discussion in section V.D.2. concerning pricing trends for the domestic like product observed during the period of review. There was only one pricing observation reported for subject imports from Brazil.[245] In that observation, the subject imports oversold the domestic like product.[246] In the original investigations, subject imports from Brazil undersold the domestic like product in 36 observations and oversold the domestic like product in 22 observations. Over the 58 comparisons, there was an average underselling margin of 1.4 percent.[247]

We have previously found that there could be some increase in subject imports from Brazil upon revocation of the orders under review, but that this would serve only modestly to increase the nearly non-existent quantities of subject imports from Brazil present in the U.S. market throughout the period of review. Even should these additional imports be priced in the same manner as the imports from Brazil during the original period of investigation, this would result in a mixed incidence of overselling and underselling. In light of the modest potential amounts of subject imports from Brazil and projected growth in U.S. demand, this is unlikely to have significant price effects. We find at the likely prevailing volumes, any underselling by subject imports from Brazil would likely not be significant, and would be unlikely to have significant price-depressing and -suppressing effects.

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[242] (...continued)
subject merchandise in Brazil reached a period peak in 2010, increasing *** from 2009 levels, CR/PR, Table IV-7, Brazilian Respondents reported that this was a temporary phenomenon and an industry trade publication reported that inventory levels had declined during the first two months of 2011. Brazilian Respondents Prehearing Brief at 32, ex. 1 (Steel Business Briefing article on "Brazil sees ends of flats destocking"). The available information on inventories does not detract from our conclusion that significant subject import volumes are not likely upon revocation.

We also examined the potential for product shifting. During the period of review, Brazilian producers produced only very small quantities of nonsubject products in the same hot-strip mills at which they produce subject hot-rolled steel. CR/PR, Table IV-8. Brazilian producers additionally internally consume some quantities of the subject merchandise they produce for further processing into downstream products. CR/PR, Tables IV-7-8. As we explained in section V.D.3 above, the record contains no information suggesting why hot-rolled steel producers would have an economic incentive to shift production from higher-valued nonsubject products to the subject merchandise.

[243] CR/PR, Table II-7.

[244] CR/PR, Table II-6.

[245] CR at V-22, PR at V-10.

[246] CR/PR, Table V-6.

[247] Original Japan Determinations, USITC Pub. 3202 at V-15.

3. Likely Impact of Subject Imports[248]

We incorporate by reference our discussion in section V.D.3. above concerning the current condition of the domestic industry, as well as our findings that the domestic industry is not currently vulnerable and that improvements in the condition of the domestic industry during the first four years of the period of investigation are not significantly related to the existence of the orders under review.

In view of our findings regarding the likely volume and price effects of subject imports from Brazil, we conclude that subject imports from Brazil would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investments if the orders are revoked. In light of projected demand growth for hot-rolled steel in the United States, the modest additional volumes of subject imports from Brazil likely upon revocation should be insufficient to take any significant market share from the domestic industry. Moreover, because these imports are unlikely to have significant price effects, they are unlikely to cause any significant diminution in the domestic industry' revenues or financial performance.[249] We accordingly determine that revocation of the antidumping and countervailing duty orders on subject imports from Brazil is unlikely to lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

F. Revocation of the Antidumping Duty Order on Subject Imports from Japan Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

Subject imports from Japan maintained a steady and very small presence in the U.S. market during the period of review. The quantity of subject imports from Japan was 5,009 short tons in 2005, then increased during the next three years, reaching a period peak of 15,577 short tons in 2008. Subject imports from Japan then declined to 9,053 short tons in 2009 before increasing to 15,033 short tons in 2010.[250] Throughout the period of review, subject imports from Japan accounted for 0.1 percent or less of apparent U.S. consumption.[251]

We acknowledge that Japanese producers have the ability to increase exports. In 2010, the capacity utilization of the Japanese industry was 91.3 percent; during the period of review, reported capacity utilization has been as high as 97.8 percent. We further acknowledge that the Japanese industry's reported excess of capacity over production in 2010 exceeded 5.1 million short tons – a

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[248] Commerce conducted an expedited second five-year review with respect to the antidumping duty order on subject imports from Brazil. It found likely margins ranging from 41.27 percent to 43.40 percent for three named exporters and an all others rate of 42.12 percent. 75 Fed. Reg. 47541, 47543 (Aug. 6, 2010).

Commerce conducted a full five-year review with respect to the countervailing duty order on subject imports from Brazil. It made an affirmative determination on likely subsidies but found zero margins for all named exporters and for all others. 75 Fed. Reg. 75455, 75457 (Dec. 3, 2010). Commerce determined that while countervailable benefits had been allocated (resulting in the zero margins), revocation of the order was not appropriate because the subsidy programs had not been terminated. See Issues and Decision Memorandum from Susan H. Kuhbach to Ronald K. Lorentzen (Nov. 29, 2010).

[249] In this respect, we have considered that it is undisputed that the subject imports and the domestic like product will be competing in the merchant market.

[250] CR/PR, Table IV-1.

[251] This was true in both the total market and the open market. CR/PR, Tables I-14-15.

substantial quantity.[252] None of the responding Japanese producers reported any anticipated changes in their hot-rolled steel operations.[253]

The industry in Japan has a substantial export orientation. During the period of review, reporting producers' total exports constituted between *** percent of their annual shipments, and between *** percent of annual commercial shipments.[254] This export orientation is likely to continue, as *** projects hot-rolled steel consumption in Japan in 2011 and 2012 to be below the levels of 2010.[255]

We observe, however, that throughout the period of review, Japan's exports have been consistently and overwhelmingly focused on the Asian market. The percentage of export shipments reporting Japanese producers directed to Asian markets ranged between *** percent on an annual basis during the period of review.[256]

We find that the Japanese producers' strong focus on Asian export markets is likely to continue in the reasonably foreseeable future. The Asian market is now the world's largest market for hot-rolled steel; according to ***, in 2010 consumption of hot-rolled steel in East and Southeast Asia was *** greater than consumption in North America.[257] Moreover, *** projects that the robust growth in hot-rolled steel consumption that occurred in East and Southeast Asia during the period of review will continue into the reasonably foreseeable future.[258] This is in distinct contrast to the circumstances in the original period of investigation. In 1998, because of a financial crisis in Asia, hot-rolled steel consumption dropped sharply in East and Southeast Asia while it continued to increase in North America; during that year, consumption of hot-rolled steel in East and Southeast Asia was only *** that of North America.[259] The size, projected dynamic growth, and proximity to Japan of the Asian market provides a strong incentive for Japanese producers to continue to direct their shipments, as well as any unused capacity, to that market, rather than the smaller and less quickly growing U.S. market.

Moreover, Japanese producers have significant long-term relationships with customers in their Asian export markets. Japanese Respondents have documented that the *** of their 2010 exports to Asian markets were to customers in which they have investments or with which they have joint venture

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[252] CR/PR, Table IV-11.

[253] CR at IV-24, PR at IV-17.

[254] CR/PR, Table IV-11.

[255] CR/PR, Tables IV-22, IV-23. The parties were asked to brief the likely effects of March 11, 2011 earthquakes and subsequent tsunami on likely Japanese demand for hot-rolled steel. Domestic Producers and Japanese Respondents provided disparate projections, but agreed that "it is difficult to conclusively address the implications of the situation in Japan for its steel industry," U.S. Steel Prehearing Brief at 63, "[t]he issue that remains uncertain is what effect this disaster will have on demand for steel in Japan as well as globally," AMUSA Posthearing Brief, ex. 1 at 37, and "[t]he consequence of reconstruction-related demand on the Japanese hot-rolled steel industry cannot yet be estimated with any precision." Japanese Respondents Posthearing Brief, app. at 15. In light of these acknowledged uncertainties, our analysis neither projects nor relies upon the likely effects of the disasters. Consequently, the record does not support a finding that the disasters are likely to have significant effects either on Japanese demand for hot-rolled steel or on exports to the United States.

[256] CR/PR, Table IV-11.

[257] CR/PR, Table IV-22. In contrast to other major world regions, hot-rolled steel consumption in East and Southeast Asia increased from 2008 to 2009. Id. Japanese exports also increased from 2008 to 2009, in substantial part because of increased exports to Asia. CR/PR, Table IV-11. Thus, U.S. Steel's contention that during the period of review the Japanese industry increased exports notwithstanding poor demand conditions, U.S. Steel Prehearing Brief at 68, does not accurately reflect the record, as growing exports typically coincided with growing consumption.

[258] CR/PR, Tables IV-22-23.

[259] CR at IV-42 n.56, PR at IV-29 n.56; ***.

agreements or other memoranda of understanding, or which are long-term customers.[260] It is true, as Domestic Producers argue in their Final Comments, that the record does not indicate that these arrangements are tantamount to contractual commitments to purchase fixed quantities of Japanese hot-rolled steel.[261] Nevertheless, the existence of numerous such long-term arrangements indicates that Japanese producers would likely continue to focus on maintaining and increasing supplies to these customers, rather than to direct their efforts to supplying the U.S. market, where sales are predominantly on the spot market.

This is particularly true because the Japanese producers achieved strong growth in their Asian export markets during the period of review. During the period of review, exports of hot-rolled steel from Japan to Asia increased from *** short tons in 2005 to *** short tons in 2010. Exports to Asia increased during every annual comparison but one. Exports to Asia showed *** growth in 2010, increasing by *** short tons.[262] We find that the trend in growth of exports to Asia is likely to continue in the reasonably foreseeable future, given the continuing nature of many of the Japanese industry's customer-supplier relationships and projected growth in Asian markets.[263]

In addition to the Japanese industry's strong focus on Asian export markets, and likely continued growth in supplying these markets, there are several other reasons why we find that a significant increase in the volume of subject imports from Japan is not likely upon revocation. Initially, we observe that the pattern of sharp increases in subject imports from Japan that occurred during the original period of investigation is unlikely to recur because of the significant changes in conditions of competition. As previously discussed, during the original investigations, demand in Asia plummeted due to a financial crisis while demand continued to grow in the United States.[264] By contrast, during the period of review demand in East and Southeast Asia grew at a considerably greater rate in both absolute and relative terms than the United States, and this pattern of demand growth is likely to continue in the reasonably foreseeable future.[265]

Second, while Japanese exports to non-Asian markets, particularly those outside the United States and the EU, did increase on both a relative and absolute basis during the period of review, those increases have been gradual and the record does not indicate that the Japanese industry has made sudden shifts into individual non-Asian markets, even at those times when it had substantial excess capacity. The record indicates that the largest annual increase in Japanese exports to any individual non-Asian market occurred in Mexico from 2005 to 2006, when exports increased by *** metric tons.[266] This figure is equivalent to

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[260] Japanese Respondents Posthearing Brief at 7, ex. 6; Japanese Respondents Prehearing Brief, ex. 3.

[261] This is illustrated by the sample Memorandum of Understanding that Japanese Respondents submitted. The memorandum ***. See attachment to electronic mail message from Christopher Wood to Nathanael Comly (Apr. 27, 2011).

[262] CR/PR, Table IV-11.

[263] By contrast, the record fails to support Domestic Producers' hypothesis that projected growth in production in Asian markets outside Japan will displace Japanese producers from Asian export markets. Indeed, after 2006, hot-rolled sheet production consistently exceeded hot-rolled sheet consumption in East and Southeast Asia. *** (April 2011), EDIS Doc. No. 450537, Tables S.15, S.25. Notwithstanding this, as explained above, during the period of review Japanese exports were not displaced from Asian export markets. To the contrary, they displayed strong growth. The record provides no indication that this pattern is likely to change, particularly because *** does not project surplus production in East and Southeast Asia for 2011 and 2012 in quantities materially exceeding those during the period of review. Id.

[264] See also, e.g., Steel, Inv. No. TA-201-73, USITC Pub. 3479 at 56-58 (Dec. 2001).

[265] CR/PR, Tables IV-22-23.

[266] Nucor Prehearing Brief, ex. 5. This is based on Japanese official export data covering a somewhat broader product scope than the subject merchandise. There were also increases in exports from 2009 to 2010 to several

(continued...)

only *** percent of 2010 apparent U.S. consumption.[267] This consideration provides further support for our conclusion that, to the extent that Japanese producers do increase exports to the United States notwithstanding their historic and likely continued focus on Asian export markets, any such increase is unlikely to be significant.

Third, a review of the data on the record on world market prices does not support the conclusion that prices for hot-rolled steel in the United States are so consistently higher than prices in other export markets that Japanese producers would have a strong motivation to divert significant additional quantities of hot-rolled steel from the Asian export markets on which they focus to the United States. While the record contains reports that, for the most recent periods, United States prices for hot-rolled steel exceed those in other major export markets, this has not been consistently true throughout the period of review, or even for fairly recent periods.[268] For example, *** reports that the U.S. price was less than or no more than *** per short ton greater than the Far East import price for each month between August and November 2010.[269] Similarly, MEPS reports that the U.S. price was less than or no more than $11 per short ton greater than the Taiwan price during this same period.[270]

Fourth, the only trade remedy order to which hot-rolled steel from Japan is currently subject is an antidumping duty order from Thailand.[271] Thailand's order is subject to several exceptions and has not deterred Japanese exports to that country.[272]

The Japanese industry's heavy focus on Asian markets which have been and likely will continue to be areas of further export growth, the absence of large annual increases in Japanese exports to individual non-Asian markets during the period of review, and the lack of a consistent U.S. price advantage all support our conclusion that, despite the presence of unused capacity, any likely increase in subject imports from Japan upon revocation would be relatively small in the context of the U.S. market. Because subject imports from Japan are currently present in the market in only very small quantities, we conclude that likely subject import volume would not be significant upon revocation.[273]

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[266] (...continued)
different Latin American countries in a range between *** and *** metric tons. Id. *** estimates that from 2009 to 2010, hot-rolled steel consumption in Latin America increased by *** percent. CR/PR, Table IV-22.

[267] See CR/PR, Table I-14.

[268] See CR/PR, Figure IV-2. Because these data are based on comparable products, we rely on them instead of the average unit value information reported in the foreign producers' questionnaires, which may be affected by variations in product mix between different export markets.

[269] CR/PR, Table IV-25.

[270] CR/PR, Table IV-24. By contrast, Japanese Respondents introduced evidence indicating that ocean freight rates to the United States were at least *** per metric ton greater than ocean rates to a Far East port in 2010. Japanese Respondents Prehearing Brief, ex. 5.

[271] Hot-rolled steel from Japan is the subject of a current antidumping duty investigation in Pakistan. CR at IV-25, PR at IV-18.

[272] See CR at IV-24-25, PR at IV-18; Nucor Prehearing Brief, ex. 5.

[273] In our examination of likely subject import volume, we have also examined several other considerations.

We examined inventories of the subject merchandise. In 2010, the quantity of end-of-period inventories of subject merchandise from Japan in the United States was at a very low level. CR/PR, Table IV-3. Throughout the period of review, inventories of subject merchandise in Japan were at low and relatively stable levels relative to production or shipments. CR/PR, Table IV-11. The available information on inventories supports our conclusion that significant subject import volumes are not likely upon revocation.

We also examined the potential for product shifting. Japanese producers do make nonsubject products in the same hot-strip mills at which they produce subject hot-rolled steel. CR/PR, Table IV-12. These nonsubject products are principally higher valued products such as cut-to-length plate or alloy hot-rolled steel. CR at IV-29, PR (continued...)

2. Likely Price Effects of Subject Imports

We incorporate by reference our discussion in section V.D.2. above concerning the importance of price in purchasing decisions. Purchasers did not perceive substantial quality distinctions between the domestic like product and subject imports from Japan. A majority of purchasers reported that the domestic like product and subject imports from Japan were comparable in the factors of overall quality meets industry standards and overall quality exceeds industry standards.[274] Additionally, purchasers were asked whether they required seven specific quality factors in the hot-rolled steel that they purchased, and if so, whether they would continue purchasing hot-rolled steel from different sources. Substantial majorities stated, with respect to each factor, that they would purchase hot-rolled steel from domestic sources and from Japan.[275]

We incorporate by reference our discussion in section V.D.2. concerning pricing trends for the domestic like product observed during the period of review. There were 14 quarterly pricing observations for subject imports from Japan, accounting for 6.1 percent of reported U.S. shipments of such merchandise.[276] The observations concerned only one of the four pricing products, and covered the period from January 2005 to June 2008. Prices for subject imports from Japan rose from the first quarter of 2005 to the first quarter of 2006, and then fluctuated in a narrow range during the remaining period for which there are observations.[277] The subject imports from Japan oversold the domestic like product by very high margins in all 14 observations.[278]

There is no history of pervasive underselling by subject imports from Japan.[279] In the original investigations, subject imports from Japan undersold the domestic like product in 23 observations and oversold the domestic like product in 39 observations. Although there were slightly more occurrences of underselling than overselling by subject imports from Japan in 1998 (13 out of 24 observations), this was due to increased shipments of commodity products during a time when subject imports surged into the United States due to the Asian financial crisis, an occurrence we have found is unlikely to recur in the reasonably foreseeable future.[280] During the first reviews, subject imports from Japan undersold the domestic like product in two observations and oversold it in two observations.[281]

In light of our finding that likely subject import volume would not be significant, and the historic pattern of pricing of subject imports from Japan, which even during the original period of investigation

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[273] (...continued)
at IV-20. Japanese producers additionally internally consume some of the subject merchandise they produce into downstream products. CR/PR, Tables IV-11-12. As we explained in section V.D.3 above, the record contains no information suggesting why hot-rolled steel producers would have an economic incentive to shift production from higher-valued nonsubject products to the subject merchandise.

[274] CR/PR, Table II-7.

[275] CR/PR, Table II-6.

[276] CR at V-13, PR at V-9-10.

[277] CR/PR, Table V-4.

[278] CR/PR, Table V-6. The importer that supplied the pricing data indicated that the subject imports from Japan were ***. CR at V-24 n.18, PR at V-16 n.18.

[279] Our price effects analysis focuses on historic and likely pricing in the United States. See 19 U.S.C. § 1675a(a)(3). In light of this, Nucor's arguments concerning Japanese exporters' purportedly aggressive pricing behavior in Latin American markets, Nucor Posthearing Brief, ex. 1 at 15-16, are not relevant to our statutory inquiry.

[280] Original Japan Determinations, USITC Pub. 3202 at 15, V-15.

[281] First Five-Year Review Determinations, USITC Pub. 3767, Table V-7.

were more likely to oversell than undersell the domestic like product, we find that significant underselling by subject imports from Japan is unlikely if the order is revoked. Because of the lack of either likely significant volumes or likely significant underselling, we further find that upon revocation subject imports from Japan are also not likely to have significant price-depressing or -suppressing effects.

3. Likely Impact of Subject Imports[282]

We incorporate by reference our discussion in section V.D.3. above concerning the current condition of the domestic industry, as well as our findings that the domestic industry is not currently vulnerable and that improvements in the condition of the domestic industry during the first four years of the period of investigation are not significantly related to the existence of the orders under review.

In view of our findings regarding the likely volume and price effects of subject imports from Japan, we conclude that subject imports from Japan would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investments if the orders are revoked. In light of projected demand growth for hot-rolled steel in the United States, the relatively small additional volumes of subject imports from Japan likely upon revocation should be insufficient to take any significant market share from the domestic industry. Moreover, because these imports are unlikely significantly to undersell the domestic like product or have other significant price effects, they are unlikely to cause any significant diminution in the domestic industry' revenues or financial performance.[283] We accordingly determine that revocation of the antidumping duty order on subject imports from Japan is unlikely to lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that termination of the suspended investigation from Russia would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. We determine that revocation of the antidumping and countervailing duty orders on subject imports from Brazil, and revocation of the antidumping duty order on subject imports from Japan, would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

[282] Commerce conducted an expedited second five-year review with respect to the order on subject imports from Japan. It found likely margins ranging from 17.70 percent to 40.26 percent for three named exporters and an all others rate of 22.92 percent. 75 Fed. Reg. 47541, 47543 (Aug. 6, 2010).

[283] In this respect, we have considered that it is undisputed that the subject imports and the domestic like product will be competing in the merchant market.

SEPARATE AND DISSENTING VIEWS OF COMMISSIONERS CHARLOTTE R. LANE AND DEAN A. PINKERT

Based on the record in these five-year reviews, we determine that revocation of the countervailing duty order on hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and termination of the suspended investigation on hot-rolled steel from Russia ("revocation/termination") would be likely to lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We join our colleagues' findings with respect to the domestic like product, domestic industry, legal standards, conditions of competition, discernible adverse impact, and likely reasonable overlap of competition. As noted in the majority opinion, however, we have exercised our discretion to cumulate imports from all subject countries for purposes of assessing the likelihood of continuation or recurrence of material injury upon revocation/termination. We write separately to explain our conclusion that revocation/termination would be likely to lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

Revocation of the Orders on Brazil and Japan and Termination of the Suspended Investigation on Russia Are Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry

Likely Volume of Subject Imports:

In the original investigations, the Commission found that cumulated subject import volume increased steadily from 1.3 million short tons in 1996 to 7.0 million short tons in 1998. The market share of these imports rose from 2.0 percent in 1996 to 9.3 percent in 1998, an increase of 7.3 percentage points. During the same period, the market share of domestic production declined from 92.3 percent to 84.8 percent, a decrease of 7.5 percentage points that was almost entirely due to the increased market penetration of the cumulated subject imports from Brazil, Japan, and Russia. After the orders and suspension agreement came into effect, subject imports dropped significantly. From 1999 through the current period of review, cumulated subject imports were much lower than during the original period of investigation.[1]

During the current period of review, the volume and market share of cumulated subject imports from Brazil, Japan, and Russia, under the discipline of the orders and suspension agreement, fluctuated but remained at relatively low levels similar to those during the first period of review. Specifically, cumulated subject imports ranged from a low of 10,909 short tons in 2009 to a high of 803,320 short tons in 2006.[2] Cumulated subject import volume in 2010 was 140,624 short tons.[3] The market share of these subject imports fluctuated between a high of 1.1 percent in 2006 and a low of near 0.0 percent in 2009, ending at 0.3 percent in 2010.[4] Considering the level of subject imports during the original period of investigation and their greatly reduced level after the orders and suspension agreement came into effect, the record indicates that the orders and suspension agreement have led to a reduced presence of subject imports in the United States.

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

[2] CR/PR, Table C-1.

[3] CR/PR, Table C-1.

[4] CR/PR, Table C-1.

In evaluating the likely volume of imports of subject merchandise upon revocation/termination, 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.[5] In doing so, the Commission must consider "all relevant economic factors," including any likely increase in production capacity or existing unused production capacity in the exporting countries, inventories of the subject merchandise, the existence of barriers to the importation of the subject merchandise into countries other than the United States, and the potential for product shifting from other products to the subject product.[6]

Numerous factors indicate that subject producers are likely to increase exports to the United States to a significant level if the orders are revoked and the suspended investigation is terminated. Capacity in the subject countries has increased significantly since the original investigations. Capacity in Brazil increased from 10.5 million short tons in 1998 to more than 15.8 million short tons in 2010.[7] Capacity in Japan increased from 53.8 million short tons in 1998 to 59.2 million short tons in 2010.[8] Capacity in Russia increased from 21.2 million short tons in 1998 to 23.3 million short tons in 2010.[9] The cumulated subject producers' capacity of 98.3 million short tons in 2010 was nearly two times the apparent U.S. consumption of 56.1 million short tons.[10]

Subject producers can ship additional hot-rolled steel to the U.S. market. Excess production capacity in the subject countries is estimated to have totaled 9.6 million short tons in 2010,[11] equivalent to 17.1 percent of the U.S. market in 2010. Moreover, subject country producers have plans to significantly expand production capacity within a reasonably foreseeable time, [12] and end-of-period inventories were at their highest level of the review period in 2010.[13]

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[5] 19 U.S.C. § 1675a(a)(2).

[6] 19 U.S.C. § 1675a(a)(2)(A-D).

[7] CR/PR, Table IV-7; USITC Pub. 3202 at Table VII-1.

[8] CR/PR, Table IV-11; USITC Pub. 3202 at Table VII-2.

[9] CR/PR, Table IV-15; USITC Pub. 3202 at Table VII-3.

[10] CR/PR, Table C-1.

[11] The countries' unused capacities are 1.5 million short tons for Brazil (see CR/PR, Table IV-7), 5.2 million short tons for Japan (see CR/PR, Table IV-11), and 3.0 million short tons for Russia (see CR/PR, Table IV-15).

[12] In 2010, ArcelorMittal Brasil began ramping up expanded hot strip mill capacity at its Tubarão facility, which has a rated capacity of *** metric tons, an increase from a *** metric ton capacity at that mill. ArcelorMittal Brasil reports that the new capacity will be fully online in ***. CR at IV-13, note 27; PR at IV-11, note 27. A senior ArcelorMittal official testified that ArcelorMittal Brasil will not export subject merchandise to the U.S. market. Tr. at 96 (Mull). We find that ArcelorMittal Brasil's new capacity will likely put pressure on other Brazilian producers to sell their hot-rolled steel in the large and open U.S. market if the orders on Brazil were revoked.

Brazilian producer Usiminas is finalizing the installation of a new *** hot strip mill at its Cubatão facility, approximately *** of which is reported to be ***, with installation expected to be complete in *** and capacity expected to ramp up during the *** time frame. New entrant Gerdau Açominas is expected to bring an 800,000 metric ton facility online beginning in 2012, which will ramp up through 2015. Companhia Siderurgica Suape is expected to bring a *** metric ton facility online, although it is unclear whether the plant will come online beginning in 2014 or earlier in 2012, CR at IV-14, PR at IV-11; AMUSA Posthearing Brief, Exhibit 7.

Russian producer NLMK reported plans to increase hot-rolled steel capacity by *** short tons by 2012. Additional expansions reportedly were completed in 2010 by OMK Steel, which did not complete a questionnaire (***). CR/PR, IV-33. None of the responding Japanese producers reported any plans to increase capacity; however, Tokyo Steel, a smaller producer with limited downstream operations that did not respond to the Commission's questionnaires, reportedly commissioned a new hot-rolled steel facility in Tahara in 2010. CR at IV-24; PR at IV-17.

[13] CR/PR, Tables IV-7, IV-11, and IV-15.

The industries in the subject countries, in aggregate, are export oriented to a substantial degree,[14] with exports accounting for roughly *** percent of shipments of the combined industries in 2010.[15] Equally important, subject producers have demonstrated an ability to compete in the United States at varying volume levels, to increase production, and to shift large volumes relatively quickly from market to market (switching back and forth from captive to open markets, from the home market to export markets, and from one export market to another).[16]

The United States is one of the most attractive markets due to its size, openness, and relatively high prices. Hot-rolled steel is produced to well-known ASTM specifications and is highly interchangeable from different sources. U.S. importers and service centers have shown themselves to be ready and able to source foreign-produced steel and to be capable of increasing their acquisition of it with little delay.[17]

U.S. prices for hot-rolled steel were higher than those of most of the subject countries' major export markets throughout the period of review.[18] As noted earlier, contrary to Respondents' arguments,

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[14] The export orientation of Brazilian producers is more moderate than that of producers in Japan or Russia. Brazilian producers' exports fluctuated over the period of review between 519,182 short tons and 1.6 million short tons, accounting for between 3.8 percent and 12.1 percent of the producers' total shipments. Those exports, however, accounted for significantly higher percentages of Brazilian producers' total open market shipments (ranging between *** percent), because only *** of total shipments were to the open market. CR/PR, Table IV-7. The Brazilian producers thus have at least a moderate export orientation.

Japanese producers' exports fluctuated over the period of review between *** short tons in 2005 and *** short tons in 2010, accounting for between *** percent and *** percent of the producers' total shipments. CR, Table IV-11. Internal consumption by the Japanese producers was relatively stable at approximately 60 percent of overall shipments. CR at IV-24; PR at IV-17. Japanese producers' exports constituted between *** and *** percent of their annual commercial shipments. CR, Table IV-11

Russian producers' exports fluctuated over the period of review between 4.7 million short tons and 7.3 million short tons, accounting for between 24.3 percent and 37.4 percent of the producers' total shipments. CR/PR, Table IV-15. Internal consumption by Russian producers accounted for approximately half of the Russian industry's total shipments. Russian producers' exports constituted between 53.0 and 70.5 percent of their annual commercial shipments. CR, Table IV-15.

[15] This percentage is based on cumulated subject country total shipments of 87.6 million short tons and exports of *** million shorts tons. Specifically, Brazilian producers' total shipments were 13.7 million short tons in 2010, 1.0 million short tons of which were exports. CR/PR, Table IV-7. Japanese producers' total shipments were 53.6 million short tons in 2010, *** short tons of which were exports. CR/PR, Table IV-11. Russian producers' total shipments were 20.3 million short tons in 2010, 6.1 million short tons of which were exports. CR/PR, Table IV-15.

[16] Subject producers reduced their exports to the United States dramatically following the issuance of the orders and suspension of the Russian investigation. CR/PR, Table I-1. Subject producers' exports fluctuated broadly among export markets during the current period of review. E.g., CR/PR, Table IV-7 (Brazilian exports to the EU ranged from *** to *** short tons, to Asia from *** to *** short tons, and to all other markets from *** to *** short tons), Table IV-11 (Japanese exports to the United States ranged from *** to *** short tons, to the EU from *** short tons, to Asia from *** to *** short tons, and to all other markets from *** to *** short tons), and Table IV-15 (Russian exports to the United States ranged from a high of *** short tons in 2006 to a low of *** short tons in 2009, to the EU from *** short tons to *** short tons, to Asia from *** to *** short tons, and to all other markets from *** to *** short tons).

[17] See, e.g., CR/PR Appendix D, responses from ***.

[18] CR/PR, Tables IV-24 and IV-25. Although we recognize that average unit value (AUV) data can be affected by product mix, we have taken AUV data into account here because we have limited pricing comparison data available to us in these reviews.

Japanese producers' AUVs for exports to the United States were higher than those for Japanese home market shipments and exports to the European Union, Asia, and all other markets in every year of the period of

Japanese producers have a price incentive to sell in the U.S. market rather than to Asian customers. They are not prevented from doing so by their memoranda of understanding with downstream processors in Asia because those memoranda are ***.[19] Given that subject producers have significant excess capacity, they have an incentive to ship significant volumes of hot-rolled steel to the U.S. market absent the orders and suspension agreement.

Producers indicated that facilities currently used to produce other products can be used to produce subject merchandise. Specifically, all eleven responding subject producers reported producing alternative and downstream products such as cut-to-length plate, alloy hot-rolled steel, and cold-rolled steel on the equipment used to produce subject merchandise.[20]

There are also impediments to the importation of the subject merchandise into certain third-country markets that increase the likelihood that subject imports would return to the U.S. market in significant quantities upon revocation/termination. Hot-rolled steel from Brazil is subject to antidumping duties in Canada.[21] Hot-rolled steel from Japan is subject to an antidumping duty order in Thailand and is subject to an ongoing antidumping duty investigation in Pakistan.[22] Hot-rolled steel from Russia is subject to a quota in the European Union as well as antidumping duty orders in Argentina, Indonesia, Mexico, Peru and Thailand.[23]

We are not persuaded by respondents that stronger demand in Asian countries and Brazil, as well as subject producers' established relationships in other export markets, have eliminated the economic incentive for subject producers to divert exports from other markets to the United States[24] or that subject imports are not likely to return to the U.S. market upon revocation/termination. Despite strong demand in Asia and Brazil, subject producers had nearly 10 million short tons of excess production capacity in 2010. Furthermore, subject producers in Japan and Brazil are increasing production capacity by more than the projected increases in their home market consumption in 2011 and 2012.[25] Although demand is increasing in Asia, so is production, which will create an incentive for Japanese producers to seek new

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review. CR/PR, Table IV-11. Russian producers' AUVs for exports to the United States were higher than that for their other exports in three of the six years of the period of review. CR/PR, Table IV-15. Although Brazilian producers' AUVs for exports to third county markets were generally *** than U.S. domestic industry shipment AUVs for most of the period of review, they were *** than U.S. domestic shipment AUVs in 2010, CR/PR at Tables III-7 and IV-7, and two of the three Brazilian producers exported hot-rolled steel to third country markets at AUVs generally below U.S. domestic shipment AUVs throughout the period of review. ***. We note, however, the testimony from Mr. Daniel Mull concerning ArcelorMittal Brasil's intentions regarding the U.S. market.

[19] CR at IV-26, n.45, PR at IV-18, n.45. *** country and region-specific pricing data show that prices for hot-rolled steel imports to the Far East from 2009 to 2011 were generally significantly lower than U.S. prices. CR/PR, Table IV-25. Similarly, MEPS data on negotiated transaction prices show that prices for hot-rolled steel imports in China were significantly lower than U.S. prices. CR/PR, Table IV-24.

[20] CR at IV-18, IV-29, and IV-37; PR at IV-13, IV-20, and IV-27.

[21] CR at IV-15, PR at IV-12.

[22] CR at IV-25, PR at IV-18.

[23] CR at IV-34, PR at IV-24.

[24] Joint Respondents Prehearing Brief at 6-9, 59-61, and 65-69; Ford Prehearing Brief at 9, 16-18; Joint Respondents Posthearing Brief at 9-12.

[25] Japan's projected consumption in both 2011 and 2012 is lower than reported consumption for 2010. CR/PR, Tables IV-22-23. Brazil's projected consumption in 2011 is lower than 2010 consumption and is projected to increase only by *** percent in 2012. CR/PR, Tables IV-22-23. Brazilian production capacity, on the other hand, is projected to increase by *** percent in 2012. CR/PR, Table IV-17.

customers in the near future.[26] Given that hot-rolled steel production is capital intensive and entails high fixed costs, subject producers have a strong incentive to make full use of all available capacity in order to spread those fixed costs over a greater quantity of sales, especially if they can export to the United States where prices tend to be higher than in other major export markets. In addition, respondents' arguments fail to recognize that, in order to increase exports to the United States, it is not necessary for subject producers to divert exports from markets in which they have established relationships. Rather, given their current excess capacity, their plans to increase production capacity, and their existing inventories, they can simply increase overall exports.

For all of the above reasons, we find that producers in the subject countries have both the ability and incentive to ship significant quantities of hot-rolled steel to the United States upon revocation/termination. Accordingly, we conclude that the likely volume of imports of the subject merchandise, both in absolute terms and relative to consumption in the United States, would be significant absent the restraining effects of the orders and suspension agreement.

Likely Effects of Subject Import Pricing

Price is a very important factor in purchasing decisions for this product.[27] The domestic like product and the subject imports are highly interchangeable.[28] Most sales of both the domestic like product and the subject imports are made on the spot market to distributors and service centers.[29] The product is available from multiple suppliers, and it can be purchased on the spot market. Under these conditions of competition, sustained underselling by even a relatively moderate quantity of subject imports is likely to have significant adverse effects on domestic industry prices and sales.

We find that the likely pricing of the likely significantly increased volumes of cumulated subject imports following revocation/termination would have significant adverse effects on prices for the domestic like product and/or would result in lost sales. In these reviews, price comparisons between the domestic like product and subject product from Brazil, Japan, and Russia are limited largely due to the substantial reduction in the volume of subject imports following the imposition of the orders and suspension agreement. Moreover, the comparisons we can perform reflect prices of the subject imports under the discipline of the orders or suspension agreement. Nevertheless, subject imports from these three countries undersold the domestic like product in 27 of 82 quarterly pricing comparisons by margins ranging from 0.1 percent to 24.1 percent.[30] Looking back to the original investigations, subject imports from these three countries predominantly undersold the domestic like product in 1997 (underselling in 48 of 64 pricing comparisons) and 1998 (45 of 67 pricing comparisons).[31]

In addition, as discussed above, absent the orders and suspension agreement, there is an incentive for subject producers to ship their excess capacity to the U.S. market as well as divert shipments from many third-country markets and to do so at prices that undercut U.S. producers' prices. We conclude that

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[26] Compare *** data projecting production of hot-rolled steel from East and Southeast Asia to increase by *** short tons from 2011 to 2015 and *** data projecting consumption of hot-rolled sheet from East and Southeast Asia to increase by *** short tons from 2011 to 2015. Consumption data by *** are for sheet only and do not include coiled plate. CR/PR at Tables IV-20 and IV-23.

[27] CR/PR, Table II-4 and Table II-5.

[28] CR at II-25, PR at II-17 and CR/PR, Table II-8.

[29] CR at V-9-11, PR at V-7-8; CR/PR, Table II-1.

[30] CR/PR, Table V-6.

[31] USITC Pub. No. 3202 at V-15.

there will likely be significant price underselling absent the restraining effects of the orders and suspension agreement.

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 and undersell the domestically produced product after revocation/termination will force domestic hot-rolled steel producers to either lower prices, forego price increases necessary to offset increases in costs, or lose sales. In light of these considerations, we conclude that, upon revocation/termination, the prices of the subject imports would likely significantly depress or suppress domestic prices and/or result in lost sales.

Likely Impact of Subject Imports

We have examined the performance indicators in the trade and financial data for the domestic hot-rolled steel industry during the period of review. The domestic industry performed well until 2009, that is, until the U.S. economic recession and the resultant decrease in apparent U.S. consumption caused performance to deteriorate. As explained below, although conditions improved in 2010, we do not find robust performance by the domestic industry coming out of the steep downturn.

Domestic capacity fluctuated within a narrow band, although it decreased in 2009 and recovered below 2008 levels in 2010. Production and capacity utilization enjoyed robust performance until sometime in 2008, after which there was a rapid deterioration in 2009 and moderate recovery in 2010.[32] Specifically, production fluctuated within a narrow range from 2005 to 2007, between 61.9 and 65.9 million short tons, before falling in 2008 to 56.5 million short tons and then decreasing by nearly 30 percent in 2009 to 39.6 million short tons; it increased to 54.9 million short tons in 2010. Similarly, capacity utilization ranged between 75.3 percent and 80.2 percent from 2005 to 2007, before decreasing to 69.0 percent in 2008 and falling precipitously to 50.7 percent in 2009. It recovered only to 68.9 percent in 2010.[33] Even in the more productive 2005 to 2007 period, the domestic industry's production and capacity utilization levels were generally lower than during the first reviews and original period of investigation.[34]

The domestic industry's U.S. shipments, both on a total and commercial basis, showed a pattern similar to that for production. Total U.S. shipments fluctuated within a range from 60 and 65 million short tons from 2005 to 2007, decreased to 56.0 million short tons in 2008, and then decreased by over 30 percent in 2009 to 38.1 million short tons. U.S. shipments recovered to 53.0 million short tons in 2010. Commercial U.S. shipments followed a similar pattern.[35]

The domestic industry held approximately 94 percent of the U.S. market over the period of review, except for a downward fluctuation in 2006.[36] Subject imports from Japan and Russia remained in the U.S. market at much lower levels after the imposition of trade remedies. Subject imports from Brazil essentially left the U.S. market.[37] Nonsubject imports maintained a stable U.S. market share of roughly 5 percent throughout the period of review, except for 2006, when nonsubject imports held a 7.9 percent market share.[38]

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[32] CR/PR at Table III-4.

[33] CR/PR at Table III-4.

[34] CR/PR at Tables III-4, C-1.

[35] CR/PR at Table III-7. Export shipments were low relative to total shipments -- under 3.0 percent or less. Id. Domestic industry inventories relative to U.S. and total shipments remained at low levels. CR/PR at Table III-8.

[36] CR/PR at Table I-14.

[37] CR/PR at Table I-1.

[38] CR/PR at Table I-14.

The number of production and related workers employed in the domestic industry decreased from 2005 to 2007, increased in 2008, fell sharply in 2009, and enjoyed a moderate recovery in 2010. Hours worked and productivity declined to period lows in 2009.[39]

The majority of U.S. hot-rolled steel production is internally consumed to produce downstream products.[40] Given this condition of competition, the staff report suggests two methodologies for assessing the domestic industry's performance – the constructed fair market value methodology ("constructed FMV methodology") (Table III-10), which is the traditional approach used by the Commission, and the cost plus allocated gross profit of downstream products methodology ("cost plus downstream profit methodology") (Appendix E).

The constructed FMV methodology assigns fair market value to internal consumption based on commercial sales values, adjusted as necessary.[41] The cost plus downstream profit methodology values internal consumption transfers based on the cost of the hot-rolled steel plus the gross profit of the downstream products, allocated based on the relative cost share of the downstream product of the hot-rolled steel. Both methodologies have significant merit given the high level of internal consumption in this industry.[42] We have placed equal weight on each of them in assessing the financial performance of the domestic industry, as we did in the 2007 reviews on hot-rolled steel from different countries.[43] Although the trends shown under the two approaches are similar, the cost plus downstream profit approach generally reflects lower levels of profitability.

The domestic industry was profitable in the early years of the period of review. Applying the constructed FMV methodology between 2005 and 2008, for three out of four years, operating margins were above thirteen percent and operating income was at or above five billion dollars. In the same period, applying the cost plus downstream profit methodology, for three out of four years, operating margins were above eight percent and operating income was at or above three billion dollars.[44]

Profitability deteriorated sharply in 2009 and recovered partially in 2010. Applying the constructed FMV methodology, the domestic industry experienced an operating loss of 11.3 percent and an operating loss of 2.3 billion dollars in 2009, which recovered to a positive operating margin of only 2.3 percent and operating income of 759 million dollars in 2010. Applying the cost plus downstream profit methodology, the domestic industry experienced an operating loss of 10.2 percent and negative operating

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[39] Production and related workers decreased from 23,757 in 2005 to 22,968 in 2006 and increased to 23,384 in 2007 and 24,599 in 2008 before falling sharply to 20,187 in 2009; the number of workers recovered to 21,682 in 2010. Hours worked decreased gradually from 2005 to 2008 before falling sharply in 2009 and recovering in 2010 (close to 2008 levels). Hours worked in 2010, however, were well below 2005 levels. Productivity fluctuated between 2005 and 2007 before decreasing in 2008 and 2009 and then recovering in 2010. CR/PR at Table III-9.

[40] To demonstrate the importance of internal consumption, we note that 56.2 percent of the domestic industry's sales during the period of review were internally consumed; 40.8 percent were commercial sales and 3.0 percent were transfers to related firms. CR at III-22; PR at III-14.

[41] The constructed FMV methodology either directly uses the value of comparable commercial sales, or, if necessary, uses commercial sales values adjusted to reflect differences in relative cost.

[42] The constructed FMV methodology ties the value of the internally consumed products to the actual prices of the domestic like product sold in the commercial market, but does not take into account the profit made by the domestic industry in producing the downstream products. The cost plus downstream profit methodology does take the profit made in producing the downstream product into account. We note, however, that this alternative methodology derives profit for one product, in part, from the profit made on another, related, product.

[43] 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), USITC Pub. No. 3956 (Oct. 2007) at 41, n.237.

[44] CR/PR, Tables III-10 and Appendix Table E-1.

income of 2.1 billion in 2009, which recovered to a positive operating margin of only 1.3 percent and operating income of 421 million dollars in 2010.[45]

The domestic industry's ratio of cost of goods sold (COGS) to net sales increased irregularly from 81.4 percent to 84.3 percent between 2005 and 2008, before increasing sharply to 108.6 percent in 2009 and declining to a still elevated level of 94.9 percent in 2010 (constructed FMV methodology).[46] The COGS-to-sales ratios were similar using the cost plus downstream profit methodology.[47] Thus, the domestic industry had difficulty covering its costs in 2009 and 2010.[48]

Based on the foregoing data, we find the domestic industry to be vulnerable. Although it performed well early in the period of review, financial performance and employment deteriorated sharply in 2009 and have not rebounded to pre-2009 levels since that time. Trade indicators in 2010 remained at the second-lowest levels seen in the period of review.

We have found that cumulated subject import volumes from Brazil, Japan, and Russia will likely increase to significant levels in the reasonably foreseeable future if the orders are revoked and the suspended investigation terminated. Because subject imports are interchangeable with 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 decreasing the domestic industry's production, shipments, employment, market share, and financial performance, thus preventing the domestic industry from completing its recovery.

Additionally, the likely aggressive pricing of subject imports will force the domestic industry to cut prices for the domestic like product, forego price increases necessary to offset increases in costs, or lose sales. Under any of these scenarios, the domestic industry's revenues will likely decline significantly. This, in turn, will likely lead to declines in the industry's operating performance.

We consequently find that revocation/termination in regard to the cumulated subject imports will likely have a significant adverse impact on the domestic industry. We therefore determine that revocation of the countervailing duty and antidumping duty orders on hot-rolled steel from Brazil and Japan, and termination of the suspended investigation on hot-rolled steel from Russia, would likely lead to continuation or recurrence of material injury to the domestic hot-rolled industry within a reasonably foreseeable time.

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[45] CR/PR. Tables III-10 and Appendix Table E-1.

[46] CR/PR. Tables III-10 and Appendix Table E-1.

[47] The domestic industry's ratio of cost of goods sold (COGS) to net sales increased irregularly from 84.8 percent to 89.2 percent from 2005 to 2008 before increasing sharply to 107.5 percent in 2009 and declining to a still elevated level of 95.9 percent in 2010 (cost plus downstream profit methodology). CR/PR at Table E-1.

[48] The domestic industry's capital expenditures increased over the period of review due primarily to *** and the construction of ThyssenKrupp's new plant in Calvert, Alabama.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On April 1, 2010, 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 order on hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from Brazil, and the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the termination of the suspended investigation on hot-rolled steel from Russia would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On July 6, 2010, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[4] Selected information relating to the background and scheduling of this proceeding appears in the following tabulation:[5]

Effective date	Action
June 29, 1999	Commerce's antidumping duty order on hot-rolled steel from Japan (64 FR 34778)
July 6, 1999	Commerce's suspension of the countervailing duty and antidumping duty investigations on hot-rolled steel from Brazil (64 FR 38792 and 38797, July 19, 1999)
July 12, 1999	Commerce's suspension of the antidumping duty investigation on hot-rolled steel from Russia (64 FR 38642, July 19, 1999)
March 12, 2002	Commerce's issuance of an antidumping duty order on hot-rolled steel from Brazil (67 FR 11093) following Commerce's termination of the suspension agreement (67 FR 6226, February 11, 2002)
May 3, 2004	Commerce's initiation and Commission's institution of first five-year reviews (69 FR 24118, 24189)
September 26, 2004	Commerce's termination of the suspension agreement and issuance of a countervailing duty order on hot-rolled steel from Brazil (69 FR 56040, September 17, 2004)
May 12, 2005	Commerce's continuation of the countervailing duty order on hot-rolled steel from Brazil (70 FR 30417, May 26, 2005), continuation of the antidumping duty orders on hot-rolled steel from Brazil and Japan (70 FR 30413, May 26, 2005), and continuation of the suspended antidumping duty investigation on hot-rolled steel from Russia (70 FR 32571, June 3, 2005)
April 1, 2010	Commerce's initiation and Commission's institution of second five-year reviews (75 FR 16437, 16504)

Tabulation continued on next page.

[1] 19 U.S.C. 1675(c).

[2] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia*, 75 FR 16504, April 1, 2010. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[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 duty orders, countervailing duty orders, and suspension agreement concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Review*, 75 FR 16437, April 1, 2010.

[4] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia*, 75 FR 42782, July 22, 2010. The Commission found that with respect to each of the subject reviews both the domestic and respondent interested party group responses to its notice of institution were adequate.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site.

Effective date	Action
July 6, 2010	Commission's determination to conduct full five-year reviews (75 FR 42782, July 22, 2010)
August 5, 2010	Commerce's final results of expedited five-year review of the suspended antidumping duty investigation on hot-rolled steel from Russia (75 FR 47263)
August 6, 2010	Commerce's final results of expedited five-year reviews of the antidumping duty orders on hot-rolled steel from Brazil and Japan (75 FR 47541)
October 1, 2010	Commission's scheduling of the reviews (75 FR 62566, October 12, 2010)
December 3, 2010	Commerce's final results of full five-year review of the countervailing duty order on hot-rolled steel from Brazil (75 FR 75455)
April 6, 2011	Commission's hearing[1]
May 19, 2011	Commission's vote
June 6, 2011	Commission's determinations transmitted to Commerce

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

The Original Investigations and Subsequent Five-Year Reviews

On September 30, 1998, petitions were filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with material injury by reason of imports of certain hot-rolled flat-rolled carbon steel products from Brazil, Japan, and Russia.[6] Sales of such products were allegedly subsidized with respect to Brazil and made at less than fair value (LTFV) with respect to Brazil, Japan, and Russia. On May 6, 1999, Commerce made a final affirmative dumping determination with respect to Japan. The Commission made its final affirmative injury determination on June 18, 1999,[7] and Commerce issued an antidumping duty order on imports from Japan on June 29, 1999.[8] In July 1999, Commerce signed suspension agreements with respect to Brazil and Russia.[9] [10]

On May 4, 2004, the Commission instituted the first five-year reviews on the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspended countervailing duty and antidumping duty investigations from Brazil and Russia, respectively. As described below, following the July 28,

[6] The petitions were filed by Bethlehem Steel Corporation (Bethlehem, PA); USX Corporation (Pittsburgh, PA); Ispat Inland Incorporated ("Ispat Inland," East Chicago, IN); LTV Corporation ("LTV," Cleveland, OH); National Steel Corporation ("National," Mishawaka, IN; National was not a petitioner with respect to Japan); California Steel Industries (Fontana, CA); Gallatin Steel Company ("Gallatin," Ghent, KY); Geneva Steel Holdings ("Geneva," Vineyard, UT); Gulf States Steel ("Gulf States," Gadsden, AL); IPSCO Incorporated (Muscatine, IA); Steel Dynamics Incorporated ("SDI," Butler, IN); Weirton Steel Corporation ("Weirton," Weirton, WV); The Independent Steelworkers Union ("ISU," Weirton, WV); and the United Steelworkers of America ("USWA," Pittsburgh, PA).

[7] *Certain Hot-Rolled Steel Products From Japan, Determination*, 64 FR 33514, June 23, 1999.

[8] *Antidumping Duty Order: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Japan*, 64 FR 34778, June 29, 1999. The antidumping duty order regarding hot-rolled steel from Japan was the subject of dispute resolution proceedings brought by Japan before the World Trade Organization (WTO). See United States - Anti-Dumping Measures on Certain Hot-Rolled Steel Products From Japan, WT/DS184/R (February 28, 2001), and WT/DS184/AB/R, AB 2001-2 (July 24, 2001).

[9] *Suspension of Antidumping Duty Investigation: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 64 FR 38642, July 19, 1999; *Suspension of Antidumping Duty Investigation: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil*, 64 FR 38792, July 19, 1999.

[10] Unless indicated otherwise, the following discussion regarding suspension agreements is based on information contained in *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Investigation Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, pp. I-2-I-4.

2004 request of the Government of Brazil, the suspension agreement with Brazil was terminated, and subsequently Commerce issued a countervailing duty order on such imports. Following the Commission's[11] and Commerce's[12] affirmative determinations with respect to Brazil and Japan, Commerce published the continuation of antidumping duty orders on Brazil and Japan and countervailing duty order on Brazil on May 26, 2005.[13] Following the Commission's[14] and Commerce's[15] affirmative determinations with respect to Russia as part of the first reviews, the suspension agreement was continued.[16]

Suspension Agreements

Brazil

The Commission made its final affirmative injury determination with respect to subject imports from Brazil on August 24, 1999.[17] On July 6, 1999, Commerce had signed an agreement with CSN, USIMINAS, and COSIPA (Brazilian hot-rolled steel producers) suspending the antidumping duty investigation. The agreement required that: (1) hot-rolled steel be sold at or above the established reference price; and (2) for each entry of each exporter, the amount by which the estimated normal value exceeded the export price (or constructed export price) would not exceed 15 percent of the weighted average amount by which the estimated normal value exceeded the export price (or constructed export price).[18] Commerce conducted an administrative review of this agreement and determined that CSN and USIMINAS/COSIPA had violated its terms.[19] Because these violations were not inconsequential and frustrated the purposes of the agreement, the agreement was terminated. Subsequent to the termination of the suspension agreement with respect to the antidumping duty investigation on imports of hot-rolled steel products from Brazil, Commerce issued an antidumping duty order on such imports.[20]

Also on July 6, 1999, Commerce signed an agreement with the Government of Brazil suspending the countervailing duty investigation. The suspension agreement provided that: (1) the Government of

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[11] *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia*, 70 FR 23886, May 5, 2005.

[12] *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil; Final Results of the Expedited Sunset Review of Antidumping Duty Order*, 69 FR 54630, September 9, 2004; and *Hot-Rolled Flat-Rolled Carbon-Quality Steel From Brazil; Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 69 FR 70655, December 7, 2004.

[13] *Continuation of Antidumping Duty Orders; Certain Hot–Rolled Flat–Rolled Carbon–Quality Steel Products From Brazil and Japan*, 70 FR 30413; and *Continuation of Countervailing Duty Order; Certain Hot–Rolled Flat–Rolled Carbon–Quality Steel Products From Brazil*, 70 FR 30417, May 26, 2005.

[14] *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia*, 70 FR 23886, May 5, 2005.

[15] *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation; Final Results of Expedited Sunset Review of Suspended Antidumping Duty Investigation*, 69 FR 54633, September 9, 2004.

[16] *Continuation of Suspended Antidumping Duty Investigation: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation*, 70 FR 32571 June 3, 2005.

[17] *Certain Hot-Rolled Steel Products From Brazil and Russia*, 64 FR 46951, August 27, 1999.

[18] *Suspension of Antidumping Duty Investigation: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil*, 64 FR 38792, July 19, 1999.

[19] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil: Final Results of Antidumping Duty Administrative Review and Termination of the Suspension Agreement*, 61 FR 6226, February 11, 2002.

[20] *Antidumping Duty Order: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil*, 61 FR 11093, March 12, 2002.

Brazil would not provide any new or additional export or import substitution subsidies on the subject merchandise; and (2) the Brazilian government would restrict the volume of direct or indirect exports to the United States of subject merchandise from all Brazilian producers/exporters. No exports were permitted from the date of the agreement until September 30, 1999. Quota levels were established for the export limit periods beginning in October 1999. The quota level for each year through 2004 was set at 295,000 metric tons (325,248 short tons).[21] On July 28, 2004, the Government of Brazil formally requested that the Department of Commerce terminate the agreement suspending the countervailing duty investigation on imports of hot-rolled steel products from Brazil. Subsequent to the termination of the suspension agreement, Commerce issued a countervailing duty order on such imports.[22]

Russia

On July 19, 1999, Commerce made a final affirmative dumping determination with respect to Russia.[23] The Commission made its final affirmative injury determination on August 24, 1999.[24] Effective July 12, 1999, Commerce had suspended the antidumping duty investigation on such imports from Russia.[25] The suspension agreement implemented export quota levels and reference prices to restrict the volume of hot-rolled steel imports from Russia. The suspension agreement provided that no Russian shipments were permitted during a "moratorium period" from February 22, 1999 to December 31, 1999. The agreement specified export quota levels for the years 2000-03. Thereafter, the quota would be determined by a formula, taking into account the previous year's export limit, apparent consumption in the United States, and the adoption of premium reference prices by the Ministry of Trade of the Russian Federation. The agreement set an initial reference price and stipulated that Commerce would issue reference prices for each quarter.[26] In addition, the suspension agreement provided for up to 15 percent of the export limit (if not used) to be carried over to the subsequent export limit period and for up to 15 percent of the export limit for any period to be carried back to the last 60 days of the previous export limit period. The Russian government formally requested, and was granted on October 26, 2004, permission to carry back 15 percent of its 2005 export limit, or 122,192 metric tons, to 2004. Imports of hot-rolled steel from Russia to the United States filled 18.5 percent of the carry-back quantity; the remaining amount, or 99,637 metric tons, was carried forward to 2005. On July 22, 2004, and August 31, 2005, pursuant to requests from the Russian government, the Department agreed to add certain new grades of merchandise to its reference price calculation. There have been no other related findings or rulings since that time, and the suspension agreement remains in effect. Figure I-1 presents the suspension agreement export limits and figure I-1 presents the reference prices for each quarter and the midwest spot price.

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[21] *Suspension of Countervailing Duty Investigation: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil*, 64 FR 38791, July 19, 1999.

[22] *Agreement Suspending the Countervailing Duty Investigation on Hot-Rolled Flat-Rolled Carbon-Quality Steel From Brazil; Termination of Suspension Agreement and Notice of Countervailing Duty Order*, 69 FR 56040, September 26, 2004.

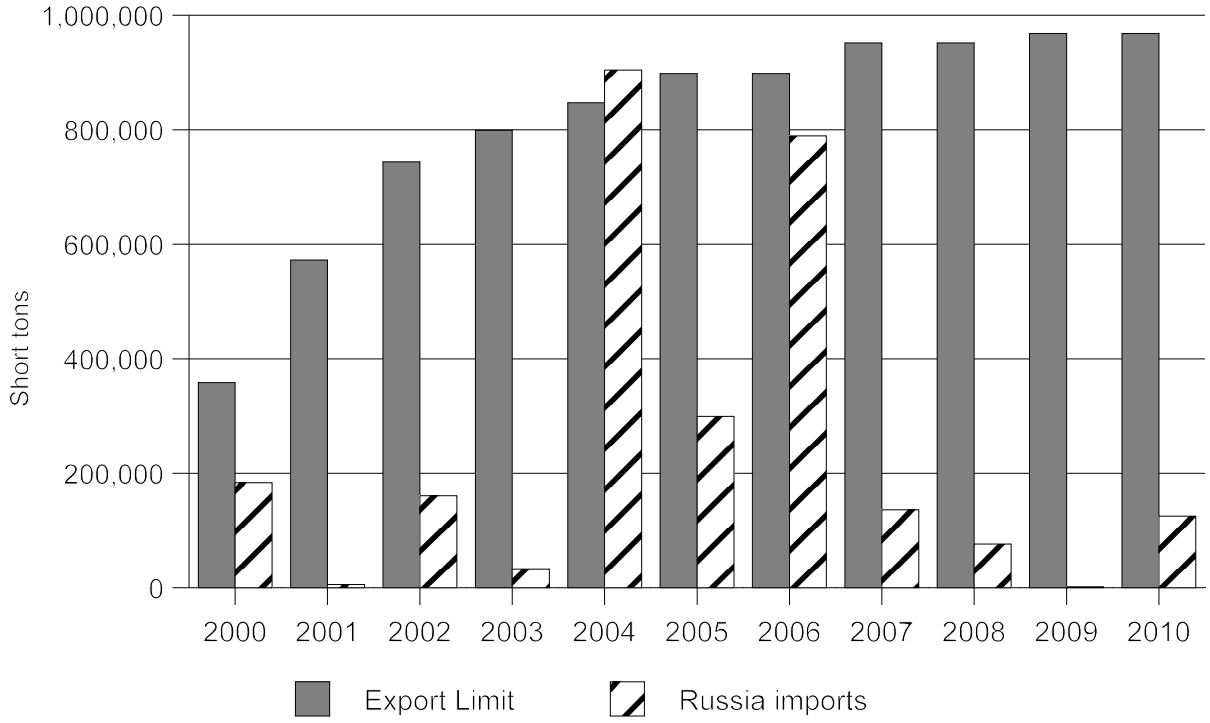
[23] *Notice of Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 64 FR 38626, July 19, 1999.

[24] *Certain Hot-Rolled Steel Products from Brazil and Russia*, 64 FR 46951, August 27, 1999.

[25] *Suspension of Antidumping Duty Investigation: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 64 FR 38642, July 19, 1999.

[26] Ibid.

Figure I-1
Hot-rolled steel: Imports from Russia and export limit, 2000-10



Source: Table I-13 and Department of Commerce, International Trade Administration, Import Administration, Office of Policy.

Figure I-2
Hot-rolled steel: Spot price and Russian suspension agreement reference prices, July 2000-March 2011

* * * * * * *

Summary Data

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

Table I-1
Hot-rolled steel: Comparative data from the original investigations and the first and second reviews, 1996-2010

(***Quantity in short tons, value in 1,000 dollars, shares/ratios in percent***)

Item	1996	1997	1998	1999	2000	2001
U.S. consumption quantity:						
Amount	68,498,545	70,981,304	75,251,117	73,064,292	74,000,452	63,309,100
U.S. producers' share[1]	92.3	90.8	84.8	91.5	90.2	95.3
U.S. importers' share:[1]						
Brazil	0.4	0.6	0.6	0.1	0.2	0.0
Japan	0.4	0.8	3.6	0.1	0.0	0.0
Russia	1.2	2.8	5.1	0.0	0.2	0.0
Subtotal, subject imports	2.0	4.2	9.3	0.2	0.5	0.0
All other sources	5.7	5.0	5.9	8.4	9.3	4.7
Total imports	7.7	9.2	15.2	8.5	9.8	4.7
U.S. imports from:						
Brazil:						
Quantity	254,166	436,685	451,462	49,809	158,565	2,587
Value	83,585	140,581	133,442	11,442	51,679	972
Unit value	$329	$322	$296	$230	$326	$376
Japan:						
Quantity	240,976	548,822	2,684,756	61,798	17,109	6,872
Value	103,780	208,400	801,295	22,958	10,566	6,136
Unit value	$431	$380	$298	$371	$618	$893
Russia:						
Quantity	847,764	2,016,018	3,843,641	14,612	183,236	5,845
Value	222,710	564,866	923,303	3,096	54,130	1,670
Unit value	$263	$280	$240	$212	$295	$286
Subtotal, subject countries						
Quantity	1,342,906	3,001,525	6,979,859	126,219	358,910	15,303
Value	410,075	913,847	1,858,040	37,496	116,376	8,779
Unit value	$305	$304	$266	$297	$324	$574
All other sources:						
Quantity	3,905,460	3,519,507	4,428,038	6,107,058	6,884,190	2,988,797
Value	1,342,387	1,223,035	1,411,701	1,628,159	2,072,340	818,356
Unit value	$344	$348	$319	$267	$301	$274
Total:						
Quantity	5,248,366	6,521,032	11,407,897	6,233,277	7,243,100	3,004,100
Value	1,752,462	2,136,882	3,269,741	1,665,654	2,188,717	827,134
Unit value	$334	$328	$287	$267	$302	$275

Table I-1--*Continued*

2002	2003	2004	2005	2006	2007	2008	2009	2010
67,319,017	66,794,467	73,173,003	65,860,369	71,625,604	63,674,080	59,636,710	40,402,675	56,090,768
93.0	95.9	92.9	94.1	91.0	94.7	93.9	94.4	94.5
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	0.0	0.0	0.0
0.2	0.0	1.2	0.5	1.1	0.2	0.1	0.0	0.2
0.2	0.1	1.3	0.5	1.1	0.2	0.2	0.0	0.3
6.8	4.1	5.8	5.4	7.9	5.0	5.9	5.6	5.3
7.0	4.1	7.1	5.9	9.0	5.3	6.1	5.6	5.5
383	53	2,978	0	2,237	50	46	148	512
268	32	1,393	0	1,856	37	48	128	402
$700	$598	$468	(2)	$830	$733	$1,047	$863	$785
6,372	10,838	16,086	5,009	11,795	15,504	15,577	9,053	15,033
7,244	13,385	16,451	3,911	8,549	10,263	13,666	10,897	14,636
$1,137	$1,235	$1,023	$781	$725	$662	$877	$1,204	$974
160,712	32,485	904,101	299,275	789,288	136,293	76,425	1,708	125,079
52,268	10,951	477,902	169,124	411,375	69,061	72,989	1,751	69,708
$325	$337	$529	$565	$521	$507	$955	$1,025	$557
167,466	43,376	923,164	304,284	803,320	151,847	92,048	10,909	140,624
59,779	24,368	495,746	173,035	421,780	79,361	86,703	12,776	84,745
$357	$562	$537	$569	$525	$523	$942	$1,171	$603
4,555,184	2,707,705	4,270,579	3,564,545	5,639,254	3,196,799	3,532,867	2,263,178	2,955,493
1,411,112	903,410	2,178,142	1,948,688	2,937,894	1,752,308	2,799,480	1,203,403	1,828,647
$310	$334	$510	$547	$521	$548	$792	$532	$619
4,722,650	2,751,082	5,193,743	3,868,829	6,442,574	3,348,646	3,624,915	2,274,087	3,096,118
1,470,891	927,778	2,673,888	2,121,722	3,359,674	1,831,669	2,886,183	1,216,179	1,913,392
$311	$337	$515	$548	$521	$547	$796	$535	$618

Table I-1--*Continued*
Hot-rolled steel: Comparative data from the original investigations and the first and second reviews, 1996-2010

(*Quantity in short tons, value in 1,000 dollars*, *shares/ratios in percent*)

Item	1996	1997	1998	1999	2000	2001
U.S. producers':						
Capacity quantity	67,334,504	70,028,075	73,544,818	79,753,478	78,628,005	75,720,188
Production quantity	63,646,185	64,851,934	64,373,004	67,105,961	67,386,943	60,766,642
Capacity utilization[1]	94.5	92.6	87.5	84.1	85.7	80.3
U.S. shipments:						
Quantity	63,250,179	64,460,272	63,843,220	66,831,015	66,757,352	60,305,000
Value	19,557,310	19,908,384	18,975,513	19,243,625	20,125,145	15,771,409
Unit value	$309	$309	$297	$288	$301	$262
Export shipments:						
Quantity	321,628	295,757	169,935	381,123	629,677	439,741
Value	98,392	100,419	56,663	127,527	210,190	132,840
Unit value	$306	$340	$333	$335	$334	$302
Ending inventory quantity	2,571,136	2,604,164	2,771,350	2,171,160	2,200,050	2,377,183
Inventory/total shipments[1]	4.0	4.0	4.3	3.2	3.3	3.9
Production workers	33,965	33,518	32,885	30,598	30,052	25,403
Hours worked (*1,000*)	73,597	71,634	68,574	70,140	68,518	53,641
Wages paid (*$1,000*)	1,695,944	1,728,447	1,677,417	1,719,492	1,718,745	1,347,716
Hourly wage	$23.04	$24.13	$24.46	$24.52	$25.08	$25.12
Productivity (*tons/1,000 hours*)	864.8	905.3	938.7	930.7	954.8	1,102.8
Net sales:						
Quantity	63,417,605	64,363,248	63,717,428	65,011,396	65,064,855	59,137,139
Value	21,790,830	22,619,412	21,341,169	18,686,036	19,615,006	15,497,237
Unit Value	$344	$351	$335	$287	$301	$262
Cost of goods sold	20,416,429	20,361,604	19,794,103	18,874,219	19,370,550	17,727,263
Gross profit or (loss)	1,374,401	2,257,808	1,547,066	(188,183)	244,456	(2,230,026)
SG&A	943,570	1,007,956	986,607	1,051,745	1,065,627	1,443,380
Operating income or (loss) (*value*)	430,831	1,249,852	560,459	(1,239,928)	(821,171)	(3,673,406)
Unit cost of goods sold	$322	$316	$311	$290	$298	$300
Unit operating income or (loss)	$7	$19	$9	($19)	($13)	($62)
Cost of goods sold/sales (percent)[1]	93.7	90.0	92.8	101.0	98.8	114.4
Operating income or (loss)/sales[1]	2.0	5.5	2.6	(6.6)	(4.2)	(23.7)

[1] Reported data are in percent and period changes are in percentage points.
[2] Not applicable.

Note.–During 2002-03, the United States applied safeguard measures (shaded).

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics. Data for 1996-98 are compiled from *Certain Hot-Rolled Steel Products from Japan*, *Invs. Nos. 731-TA-807 (Final)*, USITC publication 3202, June 1999, tables IV-9, IV-7, III-2, IV-7, III-3, III-5, and VI-5. Data for 1999-2004 are compiled from *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)*, USITC publication 3767, April 2005, table C-1.

Table I-1--*Continued*

2002	2003	2004	2005	2006	2007	2008	2009	2010
71,225,171	78,490,049	79,113,331	81,533,511	82,208,701	82,201,768	81,842,235	78,225,675	79,679,215
63,349,150	65,192,980	68,229,669	62,859,112	65,890,974	61,878,281	56,497,372	39,635,900	54,913,361
88.9	83.1	86.2	77.1	80.2	75.3	69.0	50.7	68.9
62,596,367	64,043,385	67,979,260	61,991,540	65,183,030	60,325,434	56,011,795	38,128,588	52,994,650
19,508,721	19,246,760	35,913,036	32,655,274	36,196,777	32,939,269	42,714,673	19,958,283	31,887,648
$312	$301	$528	$527	$555	$546	$763	$523	$602
491,594	1,486,803	685,931	1,084,187	756,886	1,462,893	1,353,996	1,155,035	1,653,241
166,699	433,613	374,873	595,336	451,987	796,552	1,144,536	581,216	1,004,170
$339	$292	$547	$549	$597	$545	$845	$503	$607
1,857,701	1,668,456	1,846,384	1,809,058	1,759,945	1,849,851	1,000,610	1,352,124	1,617,837
2.9	2.5	2.7	2.9	2.7	3.0	1.7	3.4	3.0
22,837	22,863	21,480	23,757	22,968	23,384	24,599	20,187	21,682
49,046	48,875	48,143	55,396	52,337	51,768	51,573	38,130	47,358
1,271,385	1,420,795	1,456,957	1,580,898	1,627,286	1,688,018	1,743,741	1,209,585	1,540,481
$25.92	$29.07	$30.26	$28.54	$31.09	$32.61	$33.81	$31.72	$32.53
1,249.8	1,297.1	1,378.2	1,134.7	1,259.0	1,195.3	1,095.5	1,039.5	1,159.5
61,457,255	63,767,589	66,638,302	61,217,248	64,467,613	60,308,179	56,681,495	38,665,824	53,701,466
19,072,702	19,102,195	34,823,477	32,838,165	36,284,259	33,163,647	43,492,778	20,467,750	32,440,446
$310	$300	$523	$536	$563	$550	$767	$529	$604
17,936,959	19,352,199	25,428,123	26,727,626	28,836,551	29,328,706	36,666,888	22,222,065	30,772,148
1,135,743	(250,004)	9,395,354	6,110,539	7,447,708	3,834,941	6,825,890	(1,754,315)	1,668,298
1,492,586	1,453,050	1,886,866	880,886	887,239	775,461	785,364	567,477	909,717
(356,843)	(1,703,054)	7,508,488	5,229,653	6,560,469	3,059,480	6,040,526	(2,321,792)	758,581
$292	$303	$382	$437	$447	$486	$647	$575	$573
($6)	($27)	$113	$85	$102	$51	$107	$(60)	$14
94.0	101.3	73.0	81.4	79.5	88.4	84.3	108.6	94.9
(1.9)	(8.9)	21.6	15.9	18.1	9.2	13.9	(11.3)	2.3

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.

Table I-2
Hot-rolled steel: Previous and related investigations, 1982-2010

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

Table continued on following page.

Table I-2--*Continued*
Hot-rolled steel: Previous and related investigations, 1982-2010

Original investigation				First review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	
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
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	Under review
1998	731-TA-806	Brazil	Affirmative	2004	Affirmative	Under review
1998	731-TA-807	Japan	Affirmative	2004	Affirmative	Under review
1998	731-TA-808	Russia	Affirmative	2004	Affirmative	Under review
2000	701-TA-404	Argentina	Affirmative	2006	Negative	Order not continued[3]
2000	701-TA-405	India	Affirmative	2006	Affirmative	Order in place
2000	701-TA-406	Indonesia	Affirmative	2006	Affirmative	Order in place
2000	701-TA-407	South Africa	Affirmative	2006	Negative	Order not continued[3]

Table continued on next page.

Table I-2--*Continued*
Hot-rolled steel: Previous and related investigations, 1982-2010

Original investigation				First review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	
2000	701-TA-408	Thailand	Affirmative	2006	Affirmative	Order in place
2000	731-TA-898	Argentina	Affirmative	2006	Negative	Order not continued[3]
2000	731-TA-899	China	Affirmative	2006	Affirmative	Order in place
2000	731-TA-900	India	Affirmative	2006	Affirmative	Order in place
2000	731-TA-901	Indonesia	Affirmative	2006	Affirmative	Order in place
2000	731-TA-902	Kazakhstan	Affirmative	2006	Negative	Order not continued[3]
2000	731-TA-903	Netherlands	Affirmative	2006	Affirmative	Terminated 6/27/07[4]
2000	731-TA-904	Romania	Affirmative	2006	Negative	Order not continued[3]
2000	731-TA-905	South Africa	Affirmative	2006	Negative	Order not continued[3]
2000	731-TA-906	Taiwan	Affirmative	2006	Affirmative	Order in place
2000	731-TA-907	Thailand	Affirmative	2006	Affirmative	Order in place
2000	731-TA-908	Ukraine	Affirmative	2006	Affirmative	Order in place

[1] "Date" refers to the year in which the investigation or review was instituted by the Commission.
[2] Preliminary determination.
[3] Commerce published the revocation of the subject order on November 20, 2007 (72 FR 65293).
[4] 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*.

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.

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
332-153	1983	Monthly Report on Selected Steel Industry Data	([1])	([1])
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

Table continued on next page.

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

Investigation No.	Year of investigation	Report title	Publication No.	Publication date
332-452	2003	Steel-Consuming Industries: Competitive Conditions with Respect to Steel Safeguard Measures	3632	Sept. 2003

[1] The Commission issued 36 monthly reports beginning in February 1983 and ending in March 1986.
[2] The reports were shifted to a quarterly basis with the first quarterly report being published in March 1991.
[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.

Source: Cited Commission publications.

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

Hot-rolled steel products have been the subject of both safeguard investigations and other arrangements to limit the importation of steel products. A description of such measures since 1980 appears in the staff report for the first review of the subject orders.[27] The following discussion focuses on the most recent safeguard action to include hot-rolled steel.

Following receipt of a request from the Office of the United States Trade Representative ("USTR") on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974[28] 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.[29] 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.[30] 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.[31] 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

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[27] *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-9-10.

[28] 19 U.S.C. § 2252.

[29] *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.

[30] 19 U.S.C. § 2251.

[31] *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.

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.[32] [33] 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.[34]

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. The President's initial proclamation also excluded numerous specific products from the measures, and was followed by subsequent additional exclusions.

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.[35] 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.[36]

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.[37] Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.[38]

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.

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[32] *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.

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

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

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

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

[37] *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.

[38] 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.

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 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 hot-rolled steel as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of

14 U.S. producers of hot-rolled steel[39] that are believed to have accounted for all or virtually all domestic production of hot-rolled steel in 2010.[40] U.S. import data and related information are based on Commerce's official import statistics and the questionnaire responses of 38 U.S. importers of hot-rolled steel that are believed to have accounted for 82.8 percent of the total subject U.S. imports in 2010 and for 31.0 percent of total U.S. imports of hot-rolled steel from other sources. Foreign industry data and related information are based on the questionnaire responses of 11 producers of hot-rolled steel: 3 producers in Brazil, 5 producers in Japan, and 3 producers in Russia, collectively accounting for more than 90 percent of 2010 production. 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 suspension agreement and the likely effects of revocation of such orders and suspension agreement are presented in appendix D. Appendix E presents the industry's financial results using the following valuation methodology for internal consumption and transfers to related firms: the underlying cost of the hot-rolled steel plus the downstream product's gross profit as allocated based on relative cost.

COMMERCE'S REVIEWS

Administrative Reviews[41]

The following tables present information on Commerce's administrative reviews of the subject orders.[42]

Brazil

Commerce has not completed any administrative reviews of the countervailing duty with regard to subject imports of hot-rolled steel from Brazil.[43]

Commerce conducted one administrative review of the antidumping duty suspension agreement on hot-rolled steel from Brazil. The period of review was July 19, 1999 to June 30, 2000 and the results

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[39] Severstal North America reported data separately for its five establishments (Severstal Dearborn, Inc, Severstal Columbus, LLC, Severstal Sparrows Point, LLC, Severstal Warren, Inc., and Severstal Wheeling, Inc.). Subsequent to the submission of questionnaire responses, RG Steel LLC acquired three of these establishments (Severstal Sparrows Point, LLC, Severstal Warren, Inc., and Severstal Wheeling, Inc.).

One additional U.S. producer, Lone Star, which U.S. Steel closed down soon after acquiring it in 2007, did not provide a questionnaire response in these reviews. Therefore, Staff utilized data from its questionnaire responses in Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA-404-408 and 731-TA-898-903 and 905-908 (Review) and Certain Circular Welded Carbon Quality Steel Line Pipe from China and Korea, Inv. Nos. 701-TA-455 and 731-TA-1149-1150 (Preliminary).

[40] Staff compared the U.S. producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, responding U.S. producers accounted for 100 percent of hot strip rolling capacity in the United States in 2010.

[41] Commerce has not issued any duty absorption findings with respect to hot-rolled steel from the subject countries.

[42] 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.

[43] The latest review (initiated on October 28, 2010) was rescinded on February 10, 2011. *Certain Hot-Rolled Carbon Steel Flat Products From Brazil: Rescission of Countervailing Duty Administrative Review*, 76 FR 7546 (February 10, 2011).

were published in the *Federal Register* on February 11, 2002.[44] Commerce determined that CSN and USIMINAS/COSIPA had violated the suspension agreement. Because these violations were not inconsequential and frustrated the purposes of the Agreement, the suspension agreement was terminated.

Since the termination of the suspension agreement, Commerce has completed three antidumping duty administrative reviews with regard to subject imports of hot-rolled steel from Brazil. The results of the administrative reviews are shown in table I-4.

Table I-4
Hot-rolled steel: Administrative reviews of the antidumping duty order for Brazil

Date results published	Period of review	Producer or exporter	Margin (*percent*)
Oct. 7, 2005 (70 FR 58683)	03/01/2003 - 02/29/2004	Companhia Siderurgica Nacional	0.00
		All others	42.12
Oct. 28, 2005 (70 FR 62297)	03/01/2004 - 08/31/2004	Companhia Siderurgica de Tubarao	0.00
		All others	42.12
Oct. 19, 2010 (75 FR 64254)	03/01/2008 - 02/28/2009	USIMINAS/COSIPA	5.16
		All others	42.12
Source: Cited *Federal Register* notices.			

Japan

Commerce has completed three antidumping duty administrative reviews with regard to subject imports of hot-rolled steel from Japan. The results of the administrative reviews are shown in table I-5.

Table I-5
Hot-rolled steel: Administrative reviews of the antidumping duty order for Japan

Date results published	Period of review	Producer or exporter	Margin (*percent*)
Jan. 17, 2002 (67 FR 2408)	02/19/1999 - 05/31/2000	Kawasaki Steel Corporation	0.00
		All others	22.92
June 1, 2006 (71 FR 31157)	06/01/2004 - 05/31/2005	JFE Steel Corporation	40.26
		Kawasaki Steel Corporation	40.26
June 11, 2009 (74 FR 27775)	06/01/2007 - 05/31/2008	JFE Steel Corporation	40.26
		Kobe Steel Ltd.	40.26
		Nippon Steel Corporation	40.26
		All others	22.92
Source: Cited *Federal Register* notices.			

[44] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil: Final Results of Antidumping Duty Administrative Review and Termination of the Suspension Agreement*, 67 FR 6226 (February 11, 2002).

Russia

Commerce has not conducted any administrative reviews of the suspended antidumping duty investigation on imports of hot-rolled steel from Russia.

Five-Year Reviews

Commerce has issued the final results of its reviews with respect to all subject countries. Table I-6 presents the countervailable subsidy margins and table I-7 presents the dumping margins calculated by Commerce in its original investigations, first reviews, and second reviews.[45]

Table I-6
Hot-rolled steel: Commerce's original, first, and second five-year review countervailable subsidy margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
		Brazil[1]	
CSN	6.35	6.35	0.00
USIMINAS/COSIPA	9.67	9.67	0.00
All others	7.81	7.81	0.00

[1] Countervailing duty order, 64 FR 38742, July 19, 1999; suspension of countervailing duty investigation, 64 FR 38797, July 19, 1999; final results of Commerce's first review, 69 FR 70655, December 7, 2004; final results of Commerce's second review, 75 FR 75455, December 3, 2010. In its second review, Commerce determined that while all countervailable benefits had been allocated (resulting in the zero rate), revocation of the order was not appropriate because subsidy programs had not terminated. *See* Memorandum from Susan H. Kuhbach to Ronald K. Lorentzen, November 29, 2010.

Source: Cited *Federal Register* notices.

[45] With respect to countervailable subsidies, Commerce identified the following government programs in Brazil:

- Pre-1992 Equity Infusions;
- Debt-to-Equity Conversions Provided by COSIPA in 1992 and 1993; and
- Debt-to-Equity Conversion Provided by CSN in 1992.

Table I-7
Hot-rolled steel: Commerce's original, first, and second five-year review dumping margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
Brazil[1]			
CSN	41.27	41.27	41.27
USIMINAS/COSIPA	43.40	43.40	43.40
All others	42.12	42.12	42.12
Japan[2]			
Nippon Steel Corporation	19.65	18.37	19.95
NKK Corporation	17.68	17.70	17.70
Kawasaki Steel Corporation	67.14	40.26	40.26
All others	29.30	22.92	22.92
Russia[3]			
JSC Severstal	73.59	73.59	73.59
All others	184.56	184.56	184.56

[1] Antidumping duty order, 64 FR 38756, July 19, 1999; suspension of antidumping duty investigation, 64 FR 38792, July 19, 1999; final results of Commerce's first review, 69 FR 54631, September 9, 2004; final results of Commerce's second review, 75 FR 47541, August 6, 2010.
[2] Antidumping duty order, 64 FR 24329, May 6, 1999; final results of Commerce's first review, 69 FR 61792, October 21, 2004; final results of Commerce's second review, 75 FR 47541, August 6, 2010.
[3] Antidumping duty order, 64 FR 38626, July 19, 1999; suspension of antidumping duty investigation, 64 FR 38642, July 19, 1999; final results of Commerce's first review, 69 FR 54633, September 9, 2004; final results of Commerce's second review, 75 FR 47263, August 5, 2010.

Source: Cited *Federal Register* notices.

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.[46] 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 the orders covering the subject merchandise beginning in Federal fiscal year 2001.[47] Tables I-8 and I-9 present CDSOA disbursements and claims for Federal fiscal years 2005-10, by source and by firm, respectively.[48]

[46] Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)). The Deficit Reduction Act of 2005 repealed the CDSOA with respect to duties on entries of goods made and filed on or after October 1, 2007. *See* Pub. L. No. 109-171, 120 Stat. 4, 154 (2006).

[47] 19 CFR 159.64 (g).

[48] The Federal fiscal year begins on October 1 and ends on September 30 of the next calendar year.

Table I-8
Hot-rolled steel: CDSOA disbursements, by source, Federal fiscal years 2005-10

Item	Federal fiscal year					
	2005	2006	2007	2008	2009	2010
Disbursements (*dollars*)						
Brazil[1]	([2])	([2])	468	13,804	([2])	([2])
Japan[3]	307,434	1,881,139	2,136,043	2,055,130	777,228	444,631
Russia	([2])	([2])	([2])	([2])	([2])	([2])
Total	307,434	1,881,139	2,136,511	2,068,934	777,228	444,631

[1] During 2007-08, U.S. Customs withheld a total of $90.49 due to either administrative actions or pending litigation.
[2] No disbursement for this period.
[3] During 2006 and 2008-10, U.S. Customs withheld a total of $62,424.36 due to either administrative actions or 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.

Table I-9
Hot-rolled steel: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2005-10

Item	Federal fiscal year					
	2005	2006	2007	2008	2009	2010
Disbursements (*dollars*)						
ArcelorMittal USA Inc.[1]	89,971	567,175	589,461	486,668	182,570	104,445
California Steel Industries	11,533	70,156	77,548	71,160	26,757	15,307
Evraz Inc. NA	([2])	([2])	([2])	([3])	([3])	([3])
Gallatin Steel Co.	13,162	83,495	95,478	88,918	33,433	19,127
IPSCO Steel Inc./SSAB Iowa Inc.[1]	4,592	30,447	36,530	32,341	12,160	6,957
Nucor Corp	75,155	458,879	530,221	506,546	190,462	108,960
Severstal North America Inc.[1]	34,657	165,622	188,233	325,876	122,530	70,097
Steel Dynamics Inc.	17,377	110,704	129,331	120,617	45,352	25,945
United States Steel Corp.	60,987	394,661	489,710	436,807	163,963	93,793
Total	307,434	1,881,139	2,136,511	2,068,934	777,228	444,631
Claims (*1,000 dollars*)						
Total	158,097,203	194,073,763	232,048,896	247,818,554	247,811,901	247,808,286

[1] Consolidated.
[2] The company was not listed that year.
[3] No disbursement for this period.

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 products subject to the countervailing duty order, antidumping duty orders, and suspension agreement under review, as defined by Commerce, are certain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch (1.27 cm) 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)[49] regardless of thickness, and in straight lengths, of a thickness less than 4.75 mm and of a width measuring at least 10 times the thickness.[50] Specifically included are vacuum degassed, fully stabilized (commonly referred to as interstitial-free or "IF") steels, high strength low alloy ("HSLA") steels, and the substrate for motor lamination steels.[51] Those steel products within the scope definition that are outside the traditional definitions of carbon steel will be referred to, collectively, as "microalloyed" steel in this report.[52]

Products included in the scope of these reviews, regardless of HTSUS definitions,[53] are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or	1.25 percent of nickel, or
1.50 percent of silicon, or	0.30 percent of tungsten, or
1.00 percent of copper, or	0.012 percent of boron, or
0.50 percent of aluminum, or	0.10 percent of molybdenum, or
1.25 percent of chromium, or	0.10 percent of niobium, or
0.30 percent of cobalt, or	0.41 percent of titanium, or
0.40 percent of lead, 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 these reviews unless otherwise excluded.[54]

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[49] This language, "whether or not in successively superimposed layers," differs from the Harmonized Tariff Schedule of the United States ("HTSUS") definition of flat-rolled products, which includes coiled product only in successively superimposed layers. Product coiled differently, such as narrow product in spirally oscillated coils, that is, wound back and forth across a spool, does not meet the definition of flat-rolled products. Spirally oscillated coils would be classified as a bar product in the HTSUS. *See*, e.g., Customs Ruling letters NY 87847 Feb. 21, 2002 and NY R03189, February 23, 2006.

[50] 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) is not included within the scope of these reviews.

[51] IF steels are recognized as low-carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

[52] The Commission found these products to be part of the domestic like product during the original investigations.

[53] The HTSUS subheadings appear in the section of this report entitled "Tariff Treatment."

[54] The following are excluded by Commerce: 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, and A506); SAE/AISI grades of series 2300 and higher; ball bearing steels, as defined in the HTSUS; tool steels, as defined in the HTSUS; silicomanganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 1.50

(continued...)

Tariff Treatment

The subject merchandise is provided for in headings 7208, 7210, 7211, 7212, 7225, and 7226 of the HTSUS.[55] U.S. tariffs on hot-rolled steel ranged as high as 4.8 percent *ad valorem* in 1999. As a

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[54] (...continued)
percent; ASTM specifications A710 and A736; and USS abrasion-resistant steels (USS AR 400, USS AR 500). In addition, hot-rolled steel which meets the following chemical (in percent by weight), physical, and mechanical specifications also are excluded:

- Product (1): Carbon 0.10-0.14 percent, Manganese 0.90 percent maximum, Phosphorus 0.025 percent maximum, Sulphur 0.005 percent maximum, Silicon 0.30-0.50 percent, Chromium 0.50-0.70 percent, Copper 0.20-0.40 percent, Nickel 0.20 percent maximum, Width = 44.80 inches maximum; Thickness = 0.063-0.198 inches; Yield Strength = 50,000 psi minimum; and Tensile Strength = 70,000-88,000 psi.
- Product (2): Carbon 0.10-0.16 percent, Manganese 0.70-0.90 percent, Phosphorus 0.025 percent maximum, Sulphur 0.006 percent maximum, Silicon 0.30-0.50 percent, Chromium 0.50-0.70 percent, Copper 0.25 percent maximum, Nickel 0.20 percent maximum, Molybdenum 0.21 percent maximum, Width = 44.80 inches maximum; Thickness = 0.350 inches maximum; Yield Strength = 80,000 psi minimum; and Tensile Strength = 105,000 psi.
- Product (3): Carbon 0.10-0.14 percent, Manganese 1.30-1.80 percent, Phosphorus 0.025 percent maximum, Sulphur 0.005 percent maximum, Silicon 0.30-0.50 percent, Chromium 0.50-0.70 percent, Copper 0.20-0.40 percent, Nickel 0.20 percent maximum, Vanadium 0.10 maximum (wt), Cb 0.08 percent maximum, Width = 44.80 inches maximum; Thickness = 0.350 inches maximum; Yield Strength = 80,000 psi minimum; and Tensile Strength = 105,000 psi Aim.
- Product (4) Carbon 0.15 percent maximum, Manganese 1.40 percent maximum, Phosphorus 0.025 percent maximum, Sulphur 0.01 percent maximum, Silicon 0.50 percent maximum, Chromium 1.00 percent maximum, Copper 0.50 percent maximum, Nickel 0.50 percent maximum, Niobium 0.005 percent maximum, Aluminum 0.01-0.07 percent, Treated with Ca, Width = 39.37 inches; Thickness = 0.181 inches maximum; Yield Strength = 70,000 psi minimum for thicknesses less than or equal to 0.148 inches and 65,000 psi minimum for thicknesses > 0.148 inches; and Tensile Strength = 80,000 psi minimum.
- Product (5) Hot-rolled dual phase steel, phase-hardened, primarily with a ferritic-martensitic microstructure, containing 0.9 percent up to and including 1.5 percent silicon by weight, further characterized by either (i) tensile strength between 540 N/mm^2 and 640 N/mm^2 and an elongation percentage greater than or equal to 26 percent for thicknesses of 2 mm and above, or (ii) a tensile strength between 590 N/mm^2 and 690 N/mm^2 and an elongation percentage greater than or equal to 25 percent for thicknesses of 2mm and above.
- Product (6) Hot-rolled bearing quality steel, SAE grade 1050, in coils, with an inclusion rating of 1.0 maximum per ASTM E 45, Method A, with excellent surface quality and chemistry restrictions as follows: 0.012 percent maximum phosphorus, 0.015 percent maximum sulfur, and 0.20 percent maximum residuals including 0.15 percent maximum chromium.
- Product (7) Grade ASTM A570-50 hot-rolled steel sheet in coils or cut lengths, width of 74 inches (nominal, within ASTM tolerances), thickness of 11 gauge (0.119 inch nominal), mill edge and skin passed, with a minimum copper content of 0.20 percent.

[55] Non-alloy hot-rolled flat-rolled steel is imported under the following statistical reporting numbers of the HTSUS: 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 provisions: 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. Although the HTSUS statistical reporting numbers are provided for convenience and customs purposes, the written description of the

(continued...)

result of the U.S. tariff concessions in the World Trade Organization (WTO), U.S. tariffs on hot-rolled steel were reduced in stages, beginning in 1995, and were eliminated beginning in 2004.

THE PRODUCT

Description and Applications[56]

Steel is generally defined as a combination of carbon and iron that is usefully malleable as first cast, and in which iron predominates, by weight, over each of the other contained elements and the carbon content is two percent or less, by weight.[57] Carbon steel includes most common grades of steel and is generally less expensive to produce than the various grades of alloy steels, due primarily to the cost of the alloying elements.

The majority of hot-rolled steel production is consumed internally or transferred to affiliates for downstream processing into cold-rolled and/or galvanized or plated products, cut-to-length plate, or welded pipe. The remainder is sold commercially to end users, service centers, and to steel processors for conversion into downstream steel products, including cold-rolled steel, coated steel, and pipe products. Information summarizing the channels of distribution for hot-rolled steel is presented in Part II.

Hot-rolled steel is used in general structural functional areas where surface finish and light weight are not crucial. Such steel is well suited for and extensively used in automotive applications such as body frames and wheels, pipes and tubes, and floor decks in steel construction. Hot-rolled steel also is used in transportation equipment (such as rail cars, ships, and barges), non-residential construction, appliances, heavy machinery, and machine parts. Although uses of hot-rolled steel include applications where surface finish and lightweight have not been crucial, "lightweighting" is becoming increasingly important. As a result, producers are striving to produce higher-strength steel in thinner thicknesses in order to substitute for regular-strength hot-rolled or even for cold-rolled steel in thicknesses of 2 mm or less. High-strength, low-alloy ("HSLA") steels are used in structural applications for the construction, automotive, machinery, and equipment industries where strength and other attributes are important. IF steel is low-carbon steel having unique deep-drawing ability on stamping presses.[58] Steel may compete against other materials, such as aluminum, plastics, and advanced composites.

Common material specifications for hot-rolled steel are ASTM A1011, which applies to products less than 0.230 inch in thickness, and ASTM A1018, which applies to material 0.230 inch or greater in thickness. Both specifications cover hot-rolled carbon steel, including commercial steel, drawing quality steel, high-strength low-alloy steel, and ultra-high strength steel sheet and strip, in coils and cut lengths (coils only for A1018).

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[55] (...continued)
merchandise under order is dispositive.

[56] Unless otherwise noted, the information in this section is drawn from *Certain Hot-Rolled Steel Products from Japan, Inv. No. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, pp. I-4-9, 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, pp. I-17-21.

[57] *Harmonized Tariff Schedule of the United States* (2011), chap. 72, note 1(d), Steel: Ferrous materials other than those of heading 7203 which (with the exception of certain types produced in the form of castings) are usefully malleable and which contain by weight 2 percent or less of carbon. However, chromium steels may contain higher proportions of carbon.

[58] *Certain Hot-Rolled Steel Products from Japan, Inv. No. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, p. I-9.

Manufacturing Processes[59]

The manufacturing processes for certain hot-rolled steel products are summarized below. In general, the production of hot-rolled steel encompasses three distinct stages: (1) melting and refining, (2) casting molten steel into semi-finished forms, and (3) hot-rolling semi-finished forms into flat-rolled carbon steel mill products.

Steel's major production inputs are coke, iron ore, limestone, and scrap. Coke is a refined carbon product produced by baking coal to drive off volatile matter, and is the principal fuel used to produce hot metal in blast furnaces. Iron ore is melted to produce liquid metal. Limestone is used to flux the liquid metal, thus purifying it. Scrap is used for a portion of the basic oxygen furnace charge; hot metal accounts for the remainder. In addition, scrap is a major input for electric arc furnace (EAF) production. Scrap contains non-ferrous tramp elements so production that uses a lower ratio of scrap to hot metal can generate the clean, pure steel often required for certain value-added applications.

Melt Stage

Steel for the manufacture of hot-rolled steel products is produced from raw materials by either an "integrated" or "nonintegrated" process. The nonintegrated, or scrap-based, process produces molten steel by melting scrap or scrap substitutes in an EAF.[60] In an integrated process, iron ore (the principal iron-containing raw material) is smelted in a blast furnace, using coke, usually supplemented with coal, natural gas, or fuel oil, to produce molten pig iron, which is drained into a large ladle and transported to an oxygen steelmaking furnace. The molten pig iron is poured into a steelmaking furnace, together with a lesser amount of steel scrap and flux materials such as burnt lime, burnt dolomite, and fluorspar. High-purity oxygen is injected into the furnace and reacts with dissolved carbon and other impurities in the charge materials, raising the temperature to that necessary for further processing. Molten steel is poured or "tapped" from the furnace to a ladle to be transported to a ladle metallurgy station and then to casting.

In a "nonintegrated" process, the principal source of iron is steel scrap, and melting occurs in an electric-arc furnace. Primary iron products including cold pig iron, direct-reduced iron and hot-briquetted iron are also used as raw materials in electric-arc furnace steelmaking.[61] The charge materials are melted by electrical current passing though an arc between an electrode and the material in the furnace. Oxygen is also used to oxidize impurities, but at a fraction of the amounts used in oxygen steelmaking. After melting, the molten steel is tapped into a ladle for further processing.

Whether integrated or nonintegrated, steelmakers typically 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. Special ladle treatments include ladle desulfurization and vacuum degassing, which improve steel cleanliness, formability, surface quality, chemistry, and strength. Steelmakers employ additional techniques to refine the product further into extra-clean or low-carbon steels. These refinements are needed to satisfy

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[59] Unless otherwise noted, the information in this section is drawn from *Certain Hot-Rolled Steel Products from Japan, Inv. No. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, pp. I-4-9, 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, pp. I-17-21.

[60] To control product quality further, newer thin-slab flat-rolled mills are using to various degrees scrap substitutes such as direct-reduced iron, hot-briquetted iron, and iron carbide.

[61] Because scrap is generally considered to be the main raw material for electric-arc steelmaking and these primary iron products reduce the amount of scrap needed, they are often referred to as "scrap substitutes." Their use depends upon their prices relative to that of scrap and upon particular end-product-related requirements for material containing smaller amounts of undesirable elements than does scrap.

stringent surface or internal requirements or microcleanliness quality and mechanical properties.[62] Steelmakers may adjust the chemical content by adding alloying elements or by lowering the carbon content (decarburization), or adjusting 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.

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. Continuous casters convert molten steel into slabs for rolling into finished product. The vast majority of carbon sheet steels produced in the United States are continuously cast.[63] There are two broad categories of continuous casting used by most U.S. and foreign integrated producers of hot-rolled steel products: conventional or thick-slab continuous casters and thin-slab casters. The conventional process is used by most U.S. integrated producers, whereas most of the nonintegrated 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.[64] One benefit of thin slab casting is that it eliminates the need for a reheat furnace.

Rolling Stage

Hot-rolled carbon steel flat products are produced on hot-strip mills. Essential components of a hot-strip mill are a rolling mill, a run-out table for cooling the hot-rolled strip after rolling, and equipment to coil the strip. Depending upon the planned capacity of the operation, the thickness of the slabs entering the mill, and properties of the hot-rolled coil to be produced, there are many different configurations of hot-strip mills. When rolling from a thick slab, as described above, there is normally slab heating furnace, a roughing train consisting of several rolling stands (sets of rollers), typically four to five, that reduce the slab or a single reversing stand in which the slab is passed back and forth through the stand and a finishing train with an additional four to seven stands to further reduce the thickness and impart the desired surface finish to the steel. The steel then exits the finishing train onto a runout table where the product is subjected to a combination of water sprays, laminar jets, and/or air cooling to remove mill scale and reduce the temperature of the steel. The steel is then coiled at the end of the runout table. Hot-rolled steel destined for the sheet market can be either shipped as black band, or cleaned in an acid bath and sold as pickled band. These products are used in non-critical surface applications such as automotive frames and wheels, construction products, pipe, off-highway equipment, and guardrails.

"Thin" slabs are typically 2 to 3 inches in thickness, and are transferred directly from the casting operation to the rolling mill. Because thin slabs require fewer rolling passes than thick slabs, the roughing mill may be not be required and the finishing train may be a single, reversing mill rather than a

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[62] 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 sulfides, changing the composition and/or shape of oxides and sulfides that cannot be completely removed, and improving the mechanical properties of the finished steel. U.S. Steel, *The Making, Shaping and Treating of Steel*, p. 671.

[63] Continuous slab casting bypasses several steps of the conventional ingot casting process by casting steel directly into semifinished shapes, called slabs, in the desired cross-sectional dimensions. The many benefits derived from this quicker casting method include increased yield, improved product quality, decreased energy consumption, and less pollution. U.S. Steel, *The Making, Shaping and Treating of Steel*, p. 745–746.

[64] For a description of thin-slab casting processes, *See* "Thin-Slab Casting and Rolling," *Steel Times International*, July 1998, pp. 28-30.

series of in-line mills as described above. The reversing mill would be of the "Steckel" type, having the ability to coil the strip between passes in special furnaces on each side of the mill, in order to conserve temperature.[65]

Using a newly developed process, twin-roll strip casting, Nucor has built two facilities that cast a solid strip approximately 2 mm thick directly from a pool of molten steel established between two counter-rotating rolls. The strip is fed directly into a single hot-rolling mill for reduction to final thickness and then along a cooling table to a coiler. The first of these new facilities started up in 2002 and the second, more advanced unit, started up in 2009.[66] Advantages claimed for the twin-roll strip casting process in comparison to conventional thick-slab or thin-slab processing include the capability to economically produce hot-rolled steel 1 to 2 mm in thickness, which can be used in some applications as a substitute for more expensive cold-rolled steel. In addition, a steel plant incorporating the twin-roll strip casting practice may be built at a much lower capital cost, with a lower economic capacity, than a conventional hot-rolling plant.[67]

Broadly speaking, a producer of hot-rolled steel may be considered to be: (1) an integrated mill, producing steel from iron ore and a limited amount of scrap, and with a thick slab casting and rolling operation; (2) a "mini" or electric furnace mill, producing steel from purchased scrap and supplemented with primary iron products (scrap substitutes), usually with a thin slab casting and rolling operation; or (3) a rolling-only operation, with no on-site steelmaking, using slabs purchased from other steelmakers (usually imported). Each of these three types of operations has an inherent cost structure that differs from the other two; an integrated producer typically has the highest fixed costs and the highest value added in its cost structure; a mini-mill generally has higher raw material costs but less value added; and a rolling-only operation has the lowest value added but the highest raw material cost. In the United States, the rolling-only operations until recently comprised a number of locations that, at one time, had integrated steelmaking facilities, but the operator shut down the steelmaking and continued to operate the rolling mills. Recently, however, a new rolling-only plant has been built by ThyssenKrupp Steel USA in Calvert City, AL, that will roll slabs imported from a related company in Brazil.

Subsequent Operations

Hot-rolled steel may undergo a number of subsequent processes before being used internally by a steel producer or sold. Processing subsequent to hot-rolling may include a temper pass to improve surface finish, gauge tolerance, and coil tightness; pickling and light oil coating;[68] and operations that level, slit, or shear hot-strip mill products to width or length. If the hot-rolled product is designated for cold-reduction and coating, it is first pickled. In the pickling process, the hot-rolled steel product is subjected to a series of acid baths that essentially remove the oxides on the surface that result from exposure to water and the atmosphere. The steel is then treated with an oil that is compatible with the

[65] The primary distinction lies in the placement of a heated coilbox on either side of a single stand reversing mill. For additional details on Steckel mills, *See Certain Carbon Steel Plate from China, Russia, South Africa, and Ukraine, Invs. Nos. 731-TA-753-756 (Final)*, USITC Publication 3076, December 1997.

[66] In 1988, BHP Steel of Australia and Ishikawajima-Harima Heavy Industries ("IHI") of Japan began a collaborative effort to determine the commercial feasibility of twin-roll 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.

[67] Castrip LLC's website, www.castrip.com, accessed March 15, 2011.

[68] During the hot-rolling process, exposure to water and air results in the formation of oxides on the surface of the steel. Pickling involves passing the hot-rolled product through a series of acid baths to remove the oxides. The material is then dried and oiled to prevent reformation of oxides, and recoiled.

mill's cold-reduction mill, cold-reduced,[69] annealed, and temper passed. It might then be coated with a metallic coating.[70] Pickling, oiling, tempering, leveling, 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.[71] 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.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission defined the domestic like product as consisting of all hot-rolled steel, as defined in Commerce's scope.[72] 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.[73] The domestic producers indicated in their response to the Commission's notice of institution in these second five-year reviews that they "do not object" to the Commission's definitions of domestic like product[74] and domestic industry and Russian producer Severstal indicated that it agrees with the Commission's definitions. Respondents JFE Steel Corp. ("JFE") and Nippon Steel Corp. ("NSC") stated in their response that they would like to reserve the opportunity to comment with respect to the definitions in any full review.[75] Companhia Siderurgica Nacional and Companhia Siderurgica Nacional LLC ("CSN"), Open Joint Stock Company Magnitogotsk Iron and Steel Works ("MMK"), and Novolipetsk ("NLMK") stated that they take no position on the definitions and USIMINAS did not indicate its position in its response.[76] No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires or in subsequent submissions.

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[69] Cold-reduction rolling involves a fairly large reduction in the thickness of the 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. A cold-rolling mill typically has five to seven roll stands.

[70] 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.

[71] *Certain Hot-Rolled Steel Products from Japan, Inv. No. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, p. I-8.

[72] *Certain Hot-Rolled Steel Products from Japan, Inv.* No. 731-TA-807 (Final), USITC Publication 3202, June 1999, p. 5.

[73] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia,* 75 FR 16504, April 1, 2010.

[74] ArcelorMittal's prehearing brief, p. 7, U.S. Steel's prehearing brief, p. 11

[75] Respondents did not further address the definition of domestic like product.

[76] *Response* of the domestic interested parties, May 3, 2010, p. 38; *Response* of Severstal p. 10, *Response* of JFE, p. 8; *Response* of NSC, p. 9; *Response* of CSN, p. 10; *Response* of MMK, p. 8; *Response* of NLMK, p. 9.

U.S. MARKET PARTICIPANTS

U.S. Producers

The domestic hot-rolled steel industry has experienced a number of changes since the Commission's original investigations of hot-rolled steel in 1999. Since that time, the domestic industry has restructured, with bankruptcies, consolidations, and reorganizations having changed the composition of domestic production. In the original investigations, the Commission received questionnaire responses of 24 of 28 U.S. producers that accounted for an estimated 95 percent of production of the domestic like product during 1998.[77] The original 12 petitioning producers represented *** percent of total reported 1998 production.[78] In the Commission's first five-year reviews, 18 mills, representing nearly all production of hot-rolled steel in the United States, provided the Commission with data on their hot-rolled steel operations.[79] In these current proceedings, the Commission issued producers' questionnaires to all known domestic producers, all of which provided the Commission with information on their hot-rolled steel operations. These firms are believed to account for all or virtually all U.S. production of hot-rolled steel in 2010.[80] Presented in table I-10 is a list of current domestic producers of hot-rolled steel and each company's position on continuation of the orders, production location(s), related and/or affiliated firms, and share of reported production of hot-rolled steel in 2010.[81]

[77] The Commission identified 28 known U.S. producers that were active at any time during original investigations including: Acme, AK, Armco, Beta, Bethlehem, Caparo, CSI, DSC, Gallatin, Geneva, Gulf States, IPSCO, Ispat/Inland, Lone Star, LTV, National, Newport, North Star/BHP, Nucor, Oregon, Rouge, SDI, TRICO, Tuscaloosa, USX, WCI, Weirton, and WPS.

[78] *Certain Hot-Rolled Steel Products from Japan, Invs. Nos. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, p. III-1, and *Investigations Nos. 701 -TA-384 & 73 1 -TA-806-808 (Final): Certain Hot-rolled Steel Products from Brazil, Japan, and Russia--Staff Report*, INV-W-113, May 27, 1999, p. III-1.

[79] The 18 U.S. producers that supplied the Commission with usable questionnaire information during the first reviews were: AK, Beta, California Steel Industries, Duferco, Gallatin, IPSCO, ISG, Lone Star, Ispat Inland, North Star, NSG, Nucor, Oregon, SDI, Severstal, USS, WCI, and WPS.

[80] Staff compared the U.S. producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, responding U.S. producers accounted for 100 percent of hot strip rolling capacity in the United States in 2010.

[81] The following firms operate mini-mills: Gallatin, NLMK Beta, North Star Bluescope, Nucor, Severstal Columbus, SSAB Enterprises, and Steel Dynamics; the following firms operate integrated mills: AK Steel, ArcelorMittal, Severstal Dearborn, Severstal Sparrows Point, Severstal Warren, Severstal Wheeling, and U.S. Steel; and the following firms do not perform steel melting: California Steel Industries, Duferco Farrell, Evraz Oregon Steel Mills, and ThyssenKrupp Steel USA.

Table I-10
Hot-rolled steel: U.S. producers, positions on the orders, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Mill location(s)	Parent company	Position on orders	Share of production (*percent*)
AK Steel	Middletown, OH	AK Steel (U.S.)	***	***
ArcelorMittal	Burns Harbor, IL Cleveland, OH East Chicago, IN Riverdale, IL	ArcelorMittal S.A. (Luxembourg)	***	***
California Steel Industries	Fontana, CA	***% JFE Steel (Japan) ***% Vale S.A. (Brazil)	***	***
Duferco Farrell	Farrell, PA	Duferco (Switzerland)[1]	***	***
Evraz Oregon Steel Mills	Portland, OR	Evraz Group S.A. (Luxembourg)	***	***
Gallatin	Ghent, KY	***% ArcelorMittalDofasco (Canada)[2] ***% Gerdau North America (U.S.)	***	***
NLMK Beta	Portage, IN	Top Gun Investment Corp. II (U.S.)[3]	***	***
North Star BlueScope	Delta, OH	***% NSS Ventures (U.S.) ***% BlueScope Steel (Australia)	***	***
Nucor	Blytheville, AR Trinity, AL Tuscaloosa, AL Crawfordsville, IN Huger, SC	Nucor (U.S.)	***	***
Severstal North America[4]				
Severstal Columbus	Columbus, MS	Severstal North America (U.S.)	***	***
Severstal Dearborn	Dearborn, MI	Severstal North America (U.S.)	***	***
Severstal Sparrows Point[5]	Sparrows Point, MD	Severstal North America (U.S.)	***	***
Severstal Warren[5]	Warren, OH	Severstal North America (U.S.)	***	***
Severstal Wheeling[5]	Wheeling, WV	Severstal North America (U.S.)	***	***
SSAB Enterprises	Muscatine, IA Axis, AL	Svenskt AP (Sweden)	***	***
Steel Dynamics	Butler, IN	Steel Dynamics (U.S.)	***	***
ThyssenKrupp Steel USA	Calvert, AL	ThyssenKrupp (Germany)[6]	***	***
U.S. Steel	Fairfield, AL Granite City, IL Gary, IN Ecorse, MI Dravosburg, PA	U.S. Steel (U.S.)	***	***

Table continued on next page.

Table I-10–*Continued*
Hot-rolled steel: U.S. producers, positions on the orders, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

[1] On April 21, 2011, NLMK announced that it had reached an agreement to increase to 100 percent from 50 percent its share of the partnership that owns Duferco Farrell. The change in ownership is subject to regulatory approvals and is expected to be completed by June 30, 2011. *NLMK acquires full control over rolling assets of its joint venture with Duferco*, found at http://www.nlmksteel.com/StandardPage 1280.aspx, retrieved on April 25, 2011.
[2] On February 20, 2007, Dofasco announced that it had become part of the ArcelorMittal group.
[3] Top Gun Investment Corp. II is a holding company wholly by NLMK (Russia). *NLMK, About NLMK, Group structure, Subsidiaries and associates*, found at http://www.nlmksteel.com/StandardPage.aspx?id=209, retrieved on March 7, 2011.
[4] Severstal North America, which represents *** percent of 2010 U.S. production, reported data separately for its five establishments. (also see http://www.severstalna.com/about-us/north-american-operations.html, retrieved on March 7, 2011). Severstal North America is a wholly owned subsidiary of OAO Severstal (Russia). Severstal North America, corporate profile, found at http://www.severstalna.com/about-us/corporate-profile.html, retrieved on March 7, 2011.
[5] In March 2011, Renco Group Inc. acquired these steel producing facilities from Severstal to create a new steel company, RG Steel LLC.
[6] ThyssenKrupp Steel USA is a wholly owned subsidiary of ThyssenKrupp Steel & Stainless (U.S.), which in turn is a wholly-owned subsidiary of ThyssenKrupp A.G. (Germany). *See* http://www.thyssenkrupp.com/independent/beteiligungen_steel_americas_en.html, retrieved on March 7, 2011.

Source: Compiled from information submitted in response to Commission questionnaires and cited documents.

Several U.S. producers are related to foreign producers of the subject merchandise or to U.S. importers of the subject merchandise.[82] *ArcelorMittal* is related to subject exporter ArcelorMittal Brasil,[83] as well as other exporters of hot-rolled steel throughout the world (e.g., Belgium, Czech Republic, France, Germany, Romania, and Spain). In addition, ArcelorMittal is related to several foreign producers of hot-rolled steel in nonsubject countries.[84] *California Steel Industries* is related to *** importers/exporters and foreign producer JFE Steel (Japan).[85] *Duferco Farrell* is related to *** importers/exporters Duferco Steel (U.S.) and Duferco S.A. (Switzerland), and related to producers NLMK Beta (U.S.), NLMK Lipetsk (Russia),[86] and Duferco LaLouviere (Belgium).[87] *Evraz Oregon Steel Mills* is related to foreign producer Evraz Regina Steel (Canada). *Gallatin* is related to foreign producer ArcelorMittal Dofasco (Canada).[88] *NLMK Beta* is related to *** importer/exporter Duferco Farrell (U.S.), and producers Duferco Farrell

[82] No U.S. producers reported having any contracts with foreign producers of subject merchandise.

[83] Accounting for *** percent of reported Brazilian production in 2010.

[84] Specifically, ArcelorMittal Annaba (Algeria), ArcelorMittal Gent (Belgium), ArcelorMittal Liege (Belgium), ArcelorMittal Tubarao (Brazil), ArcelorMittal Dofasco (Canada), ArcelorMittal Ostrava (Czech Republic), ArcelorMittal Atlantique et Lorrain (France), ArcelorMittal Mediterranee (France), ArcelorMittal Bremen (Germany), ArcelorMittal Eisenhutenstadt (Germany), ArcelorMittal Temirtau JSC (Kazakstan), ArcelorMittal Skopje (Macedonia), ArcelorMittal Poland, ArcelorMittal Galati (Romania), ArcelorMittal Espana (Spain), ArcelorMittal Sestao (Spain), ArcelorMittal South Africa, and Gallatin (U.S. joint venture).

[85] Accounting for *** percent of reported Japanese production in 2010. Under the shareholders agreement, both stockholders JFE Steel and Vale control the election of the board of the directors and indirectly election of other officers in the firm. California Steel Industries 2010 10-K, p. 30.

[86] Accounting for *** percent of reported Russian production in 2010. On April 21, 2011, NLMK announced that it had reached an agreement to increase to 100 percent from 50 percent its share of the partnership that owns Duferco Farrell. The change in ownership is subject to regulatory approvals and is expected to be completed by June 30, 2011.

[87] Duferco reportedly manages the joint-venture firms, including Duferco Farrell, while NLMK is reported to provide slab to support the production of flat steel production, including hot-rolled steel. *NLMK and Duferco to create a joint venture acquiring steel production facilities in Europe and USA*, NLMK press release, November 27, 2006, found at http://www.nlmksteel.com/StandardPage 910.aspx, retrieved on May 3, 2011.

[88] ArcelorMittal Dofasco is related to producer ArcelorMittal USA which accounted for *** percent of reported U.S. production in 2010. ArcelorMittal Dofasco is also related to subject Brazilian producer ArcelorMittal Brasil, which accounted for *** percent of reported Brazilian production in 2010.

(U.S.) and NLMK Lipetsk (Russia).[89] *North Star BlueScope* is related to *** importers/exporters Cargill Ferrous (U.S.) and BlueScope America (U.S.), as well as to foreign producers New Zealand Steel (New Zealand), BlueScope Steel (Australia), and BlueScope Steel Western Port Works (Australia). *Nucor* is related to *** importer/exporter Nucor Trading USA (U.S.). *Severstal North America* and its individual establishments are related to foreign producer OAO Severstal (Russia).[90] *SSAB Americas* is related to *** importers/exporters Svenskt Stal AB (Sweden), also a related foreign producer, and SSAB Inc. (U.S.). *ThyssenKrupp Steel USA* is related to foreign producer ThyssenKrupp Steel Europe (Germany). *U.S. Steel* is related to *** importers/exporters USS-Posco Industries (U.S.), United Spiral Pipe (U.S.), and U.S. Steel Canada. In addition, U.S. Steel is related to foreign producers U.S. Steel Canada, U.S. Steel Kosice (Slovak Republic), and U.S. Steel Serbia. As discussed in Part III, no domestic producers imported or purchased from importers subject merchandise.

Figure I-3 illustrates the changes in company/mill ownership that have occurred since the original investigations.

U.S. Importers

The Commission received usable data from 52 importers during the original investigations and from 15 firms during the first reviews.[91] In these current proceedings, the Commission issued importers' questionnaires to 93 firms believed to be importers of subject hot-rolled steel, as well as to all U.S. producers of hot-rolled steel. Usable questionnaire responses were received from 37 companies, representing 72.8 percent of total imports from Brazil, Japan, and Russia during 2005-10. Table I-11 lists all responding U.S. importers of hot-rolled steel from the three subject countries and other sources, their locations, and their shares of reported U.S. imports in 2010.[92] As shown in table I-11, many U.S. importers are affiliated with non-U.S. entities, including in some cases producers of hot-rolled steel. Among the U.S. importers affiliated with foreign producers/exporters of hot-rolled steel were the following:[93]

- ArcelorMittal
- CSN
- Duferco Farrell
- Marubeni-Itochu Steel America
- Mitsui USA
- Okaya USA
- Posco America
- PSL North America
- Salzgitter Mannesmann
- SSAB Americas
- Tata Steel International
- ThyssenKrupp Materials NA
- USS-Posco Industries

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[89] Accounting for *** percent of reported Russian production in 2010.

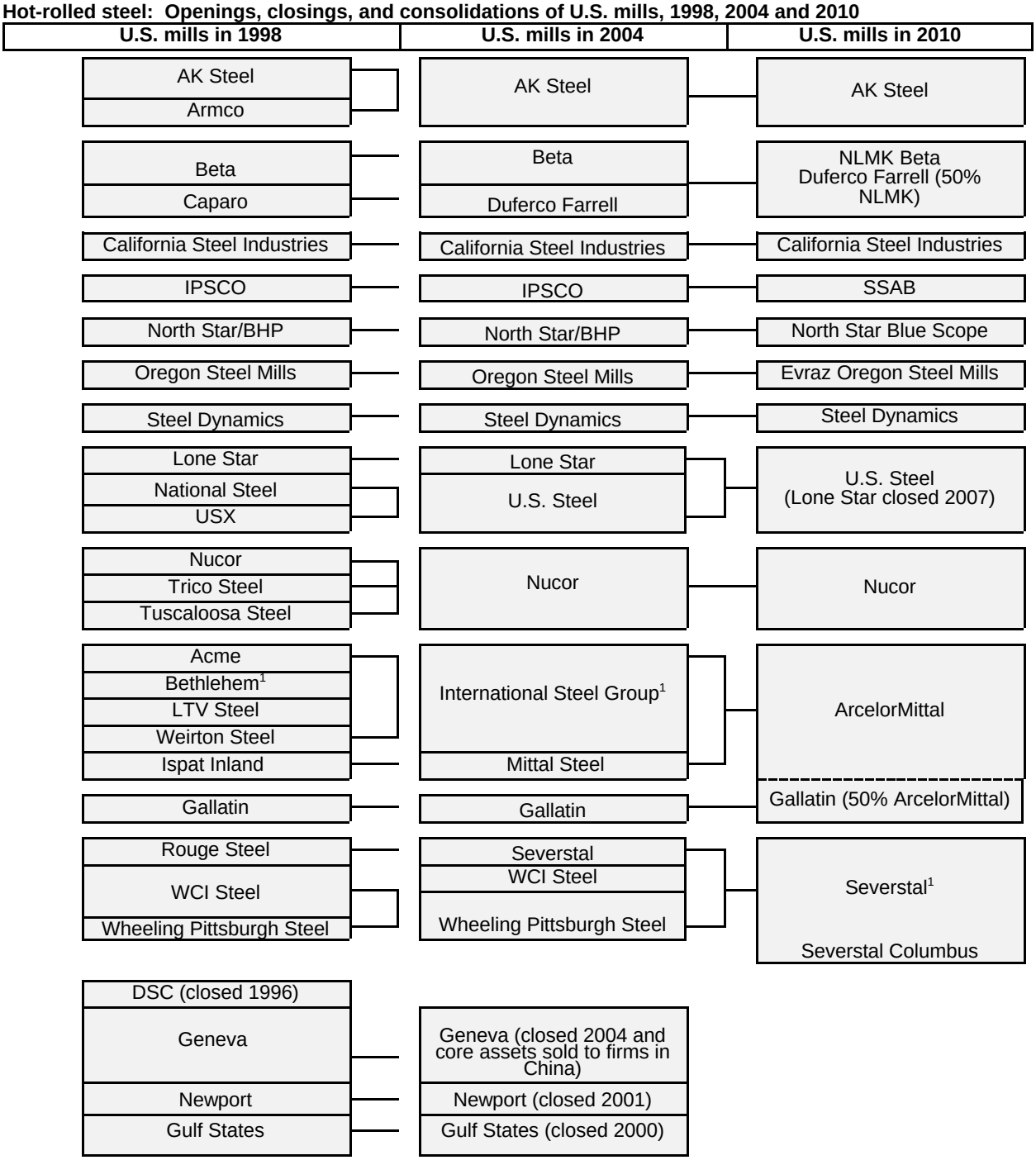
[90] Accounting for *** percent of reported Russian production in 2010.

[91] *Certain Hot-Rolled Steel Products from Japan, Invs. Nos. 731-TA-807 (Final)*, USITC publication 3202, June 1999, p. IV-1, 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-49.

[92] The largest importer of hot-rolled steel from Canada, the largest nonsubject source of hot-rolled steel was ***, accounting for approximately *** percent of total imports during 2005-10 (ranging from *** percent in 2005 to *** percent in 2010). U.S. producers accounted for approximately *** percent of hot-rolled steel imported from Canada during 2005-10 (ranging from low of *** percent in 2010 to high of *** percent in 2008).

[93] In addition, four importers (***) reported having any contracts with foreign producers of subject merchandise.

Figure I-3
Hot-rolled steel: Openings, closings, and consolidations of U.S. mills, 1998, 2004 and 2010



[1] In March 2011, Renco Group Inc. acquired three steel-producing facilities from Severstal: Severstal Wheeling Inc., Severstal Warren LLC, and Severstal Sparrows Point LLC (part of Bethlehem Steel during the original investigations), to create a new steel company, RG Steel LLC.

Source: Compiled from data submitted in response to Commission questionnaires, *Certain Hot-Rolled Steel Products from Japan, Invs. Nos. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, table III-1, 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, table I

Table I-11
Hot-rolled steel: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters	Parent	Source of imports	Share of reported 2010 imports *(percent)*				
				Brazil	Japan	Russia	Other	Total[2]
Ahmsa International	San Antonio, TX	Altos Hornos de Mexico	***	***	***	***	***	***
ArcelorMittal Dofasco	Hamilton, ON	AcelorMittal (Luxembourg)	***	***	***	***	***	***
ArcelorMittal International	Chicago, IL	ArcelorMittal (Luxembourg)	***	***	***	***	***	***
Cargill	Hopkins, MN	None	***	***	***	***	***	***
Commercial Metals	Irving, TX	None	***	***	***	***	***	***
Companhia Siderurgica (CSN)	Terre Haute, IN	CSN Panama (Luxembourg)	***	***	***	***	***	***
Cotia USA	New York, NY	Cotia Vitoria (Brazil)	***	***	***	***	***	***
Coutinho & Ferrostaal	Houston, TX	MPC (Germany) Man Ferrostaal (Germany) Villacero Group (Mexico)	***	***	***	***	***	***
Duferco Farrell	Farrell, PA	Duferco (Switzerland)	***	***	***	***	***	***
Honda Trading America	Marysville, OH	Honda Trading (Japan) America Honda Motor (U.S.)	***	***	***	***	***	***
Leavitt Tube	Chicago, IL	MKK USA (U.S.) Sumitomo Corp. of America (U.S.)	***	***	***	***	***	***
MacSteel International USA	White Plains, NY	MacSteel International Trading (Netherlands)	***	***	***	***	***	***
MacSteel Service Centers USA	Newport Beach, CA	None	***	***	***	***	***	***
Marubeni-Itochu Steel America	New York, NY	Marubeni-Itochu Steel (Japan)	***	***	***	***	***	***
Metal One America	Rosemont, IL	Metal One Holdings (U.S.)	***	***	***	***	***	***
Metallia USA	Fort Lee, NJ	None	***	***	***	***	***	***
Mitsui USA	New York, NY	Mitsui (Japan)	***	***	***	***	***	***

Table continued on next page.

Table I-11--*Continued*
Hot-rolled steel: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters	Parent	Source of imports	Share of reported 2010 imports *(percent)*				
				Brazil	Japan	Russia	Other	Total
Nippon Steel Trading America	Los Angeles, CA	Nippon Steel Trading (Japan)	***	***	***	***	***	***
Noble Americas	Stamford, CT	Noble Resources (Switzerland)	***	***	***	***	***	***
Nucor Trading USA	Los Angeles, CA	Nucor (U.S.) Serimner Holding (Switzerland) Nucor Trading (Switzerland)	***	***	***	***	***	***
Okaya USA	Torrance, CA	Okaya & Co. (Japan)	***	***	***	***	***	***
Posco America	Fort Lee, NJ	Posco (Korea) Posco-Canada	***	***	***	***	***	***
PSL North America	Bay St. Louis, MS	PSL Ltd. (India) HSAW Solution (U.S.) Lloyd Systems (U.S.)	***	***	***	***	***	***
Queen City Steel	Charlotte, NC	None	***	***	***	***	***	***
Ryerson	Chicago, IL	Platinum Equity (U.S.)	***	***	***	***	***	***
Salzgitter Mannesmann	Houston, TX	Salzgitter Mannesmann (Germany)	***	***	***	***	***	***
Samuel Son & Co.	Mississauga, ON	None	***	***	***	***	***	***
Schaeffler Group USA	Fort Mill, SC	None	***	***	***	***	***	***
SSAB	Coraopolis, PA	Svenskt Stal (Sweden)	***	***	***	***	***	***
Stemcor USA	New York, NY	Stemcor Holding (U.K.)	***	***	***	***	***	***
Sunbelt Group	Houston, TX	Russel Metals (Canada)	***	***	***	***	***	***
Tata Steel International (Americas)	Schaumburg, IL	Tata Steel International Holdings (U.S.)	***	***	***	***	***	***

Table continued on next page.

Table I-11--*Continued*
Hot-rolled steel: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters	Parent	Source of imports	Share of reported 2010 imports *(percent)*				
				Brazil	Japan	Russia	Other	Total
Tata Steel International (NA)	Schaumburg, IL	Tata Steel International Holdings (U.S.)	***	***	***	***	***	***
ThyssenKrupp Materials NA	Southfield, MI	ThyssenKrupp USA	***	***	***	***	***	***
Toyota Tsusho America	Georgetown, KY	Toyota Tsusho (Japan)	***	***	***	***	***	***
U.S. Steel	Pittsburgh, PA	None	***	***	***	***	***	***
USS-Posco Industries	Pittsburg, CA	Pitcal/U.S. Steel (U.S.) Posco-California (U.S.)	***	***	***	***	***	***
Total				100.0	100.0	100.0	100.0	100.0

Note.–Several firms did not import in 2010 but did import during the period for which data were collected, and therefore are listed.

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

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

U.S. Purchasers

The Commission issued purchaser questionnaires to 65 purchasers. The Commission received questionnaires from 34 of these firms, 32 of which provided useable data, as well as additional unsolicited questionnaires.[94] Further information regarding these purchasers is presented in table I-12.

Table I-12
Hot-rolled steel: Purchaser names, locations, type of purchaser, and quantity of hot-rolled steel purchased in 2010

* * * * * * *

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of hot-rolled steel during the period for which data were collected in this proceeding are shown in table I-13 and figure I-4. Apparent U.S. consumption increased in 2006, then declined to its lowest point in 2009, and then rose in 2010, though to levels below 2005-08.

[94] ***. The majority of their responses were identical, with the exception of questions regarding sourcing of their hot-rolled steel, e.g., the quantity of hot-rolled steel purchased. These responses are treated as one response unless otherwise indicated.

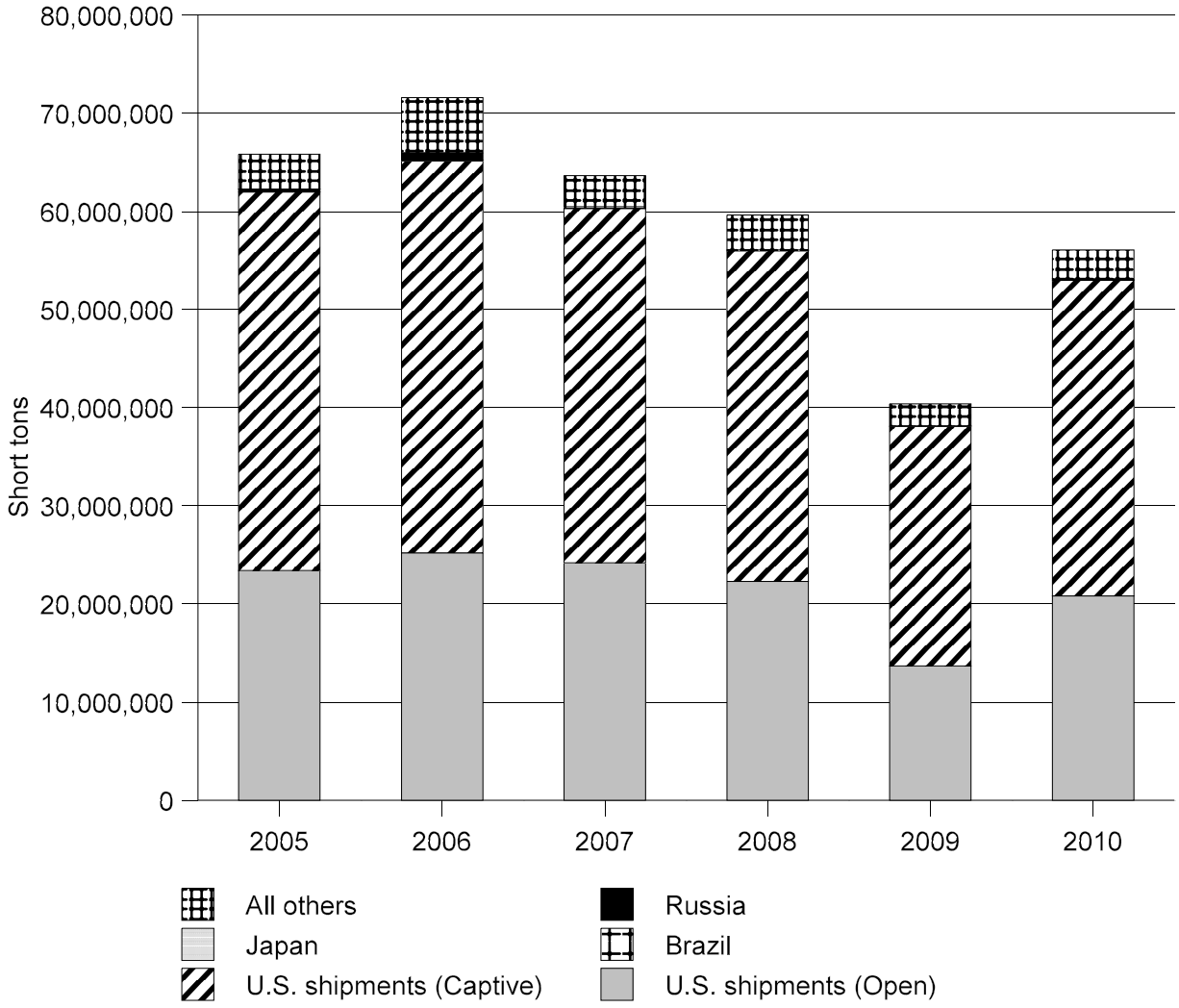
Table I-13
Hot-rolled steel: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
U.S. producers' U.S. shipments--						
Open market shipments	23,418,285	25,214,571	24,204,952	22,306,071	13,692,198	20,809,160
Captive U.S. market shipments	38,573,255	39,968,459	36,120,482	33,705,724	24,436,390	32,185,490
Subtotal	61,991,540	65,183,030	60,325,434	56,011,795	38,128,588	52,994,650
U.S. imports from--						
Brazil	0	2,237	50	46	148	512
Japan	5,009	11,795	15,504	15,577	9,053	15,033
Russia	299,275	789,288	136,293	76,425	1,708	125,079
Subtotal	304,284	803,320	151,847	92,048	10,909	140,624
Nonsubject countries	3,564,545	5,639,254	3,196,799	3,532,867	2,263,178	2,955,493
Total U.S. imports	3,868,829	6,442,574	3,348,646	3,624,915	2,274,087	3,096,118
Open-market U.S. consumption	27,287,114	31,657,145	27,553,598	25,930,986	15,966,285	23,905,278
Apparent U.S. consumption	65,860,369	71,625,604	63,674,080	59,636,710	40,402,675	56,090,768
	Value (*1,000 dollars*)					
U.S. producers' U.S. shipments--						
Open market shipments	12,631,398	14,324,743	13,372,670	17,558,950	7,210,186	12,618,918
Captive U.S. market shipments	20,023,876	21,872,034	19,566,599	25,155,723	12,748,097	19,268,730
Subtotal	32,655,274	36,196,777	32,939,269	42,714,673	19,958,283	31,887,648
U.S. imports from--						
Brazil	0	1,856	37	48	128	402
Japan	3,911	8,549	10,263	13,666	10,897	14,636
Russia	169,124	411,375	69,061	72,989	1,751	69,708
Subtotal	173,035	421,780	79,361	86,703	12,776	84,745
Nonsubject countries	1,948,688	2,937,894	1,752,308	2,799,480	1,203,403	1,828,647
Total U.S. imports	2,121,722	3,359,674	1,831,669	2,886,183	1,216,179	1,913,392
Open-market U.S. consumption	14,753,120	17,684,417	15,204,339	20,445,133	8,426,365	14,532,310
Apparent U.S. consumption	34,776,996	39,556,451	34,770,938	45,600,856	21,174,462	33,801,040

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

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

Figure I-4
Hot-rolled steel: Apparent U.S. consumption, by sources, 2005-10



Source: Table I-13.

U.S. MARKET SHARES

Total U.S. market share data are presented in table I-14, while table I-15 presents open-market consumption and market shares. The share of apparent U.S. consumption held by U.S. producers fluctuated during the period for which data were collected, ending the period slightly higher than at the beginning. Domestic producers accounted for between 80 and 88 percent of open-market consumption and between 91 and 95 percent of total consumption during the period examined in these reviews. Subject imports accounted for less than 1 percent to over 2 percent of open-market consumption and 0 to 1 percent of apparent U.S. consumption during this period.

Table I-14
Hot-rolled steel: Total U.S. consumption and market shares, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Apparent U.S. consumption	65,860,369	71,625,604	63,674,080	59,636,710	40,402,675	56,090,768
	Value (*1,000 dollars*)					
Apparent U.S. consumption	34,776,996	39,556,451	34,770,938	45,600,856	21,174,462	33,801,040
	Share of quantity (*percent*)					
U.S. producers' U.S. shipments	94.1	91.0	94.7	93.9	94.4	94.5
U.S. imports from--						
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
Russia	0.5	1.1	0.2	0.1	0.0	0.2
Subtotal	0.5	1.1	0.2	0.2	0.0	0.3
Nonsubject countries	5.4	7.9	5.0	5.9	5.6	5.3
All countries	5.9	9.0	5.3	6.1	5.6	5.5
	Share of value (*percent*)					
U.S. producers' U.S. shipments	93.9	91.5	94.7	93.7	94.3	94.3
U.S. imports from--						
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.1	0.0
Russia	0.5	1.0	0.2	0.2	0.0	0.2
Subtotal	0.5	1.1	0.2	0.2	0.1	0.3
Nonsubject countries	5.6	7.4	5.0	6.1	5.7	5.4
All countries	6.1	8.5	5.3	6.3	5.7	5.7

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-15
Hot-rolled steel: Open-market U.S. consumption and market shares, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Apparent U.S. consumption	27,287,114	31,657,145	27,553,598	25,930,986	15,966,285	23,905,278
	Value (*1,000 dollars*)					
Apparent U.S. consumption	14,753,120	17,684,417	15,204,339	20,445,133	8,426,365	14,532,310
	Share of quantity (*percent*)					
U.S. producers' U.S. shipments	85.8	79.6	87.8	86.0	85.8	87.0
U.S. imports from--						
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.1	0.1	0.1	0.1
Russia	1.1	2.5	0.5	0.3	0.0	0.5
Subtotal	1.1	2.5	0.6	0.4	0.1	0.6
Nonsubject countries	13.1	17.8	11.6	13.6	14.2	12.4
All countries	14.2	20.4	12.2	14.0	14.2	13.0
	Share of value (*percent*)					
U.S. producers' U.S. shipments	85.6	81.0	88.0	85.9	85.6	86.8
U.S. imports from--						
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.1	0.1	0.1	0.1
Russia	1.1	2.3	0.5	0.4	0.0	0.5
Subtotal	1.2	2.4	0.5	0.4	0.2	0.6
Nonsubject countries	13.2	16.6	11.5	13.7	14.3	12.6
All countries	14.4	19.0	12.0	14.1	14.4	13.2

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

Hot-rolled steel is an input used in a variety of end-use goods including downstream steel products (i.e., cold-rolled and corrosion-resistant steel), pipes and tubes, construction materials, autos, and appliances. Since 2005, the growth of China as a producer and consumer of hot-rolled steel, the economic downturn in the United States and abroad, and fluctuating availability and pricing of raw material inputs have had an effect on the hot-rolled steel market.

CHANNELS OF DISTRIBUTION

The majority (55 to 60 percent during 2005-10) of domestically produced hot-rolled steel is used internally by U.S. producers for the production of cold-rolled steel, coated steel, cut-to-length plate, and welded pipe. Commercial shipments accounted for more than one-third of U.S. hot-rolled steel production (35 to 40 percent during 2005-10). The remainder was transferred to related firms or exported.

Commercially, 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 presented in table II-1, more than half of all U.S. commercial shipments are made to service centers/distributors.[1] With respect to subject imports, a greater share of shipments of imported hot-rolled steel was shipped to distributors/service centers than domestically produced hot-rolled steel. Japanese-produced hot-rolled steel was shipped in each year to other end users, especially in the automotive sector (four of five responding foreign purchasers reported selling hot-rolled steel to the United States solely for automotive purposes). As shipments of Russian-produced hot-rolled steel declined after 2007, so did the share of shipments sold to tubular products manufacturers. This share decreased from a period high of *** percent in 2006 to *** in 2010. The share of shipments of imported nonsubject hot-rolled steel to tubular products producers declined steadily from 2005 to 2010.

GEOGRAPHIC DISTRIBUTION

Producers and importers were requested to provide information on both the broad general market areas served by their hot-rolled steel and specific geographic market areas served by their firm. Table II-2 presents information provided by U.S. producers and importers on the market areas in which they sell hot-rolled steel.

[1] Service centers may serve the role of broker, distributor and/or processor. Service centers may process hot-rolled steel by pickling, oiling, tempering, leveling, slitting, or shearing.

Table II-1
Hot-rolled steel: Channels of distribution for commercial shipments of domestic product and subject imports sold in the U.S. market (as a percent of total shipments), by year and by country, 2005-10

	2005	2006	2007	2008	2009	2010
	Share of quantity (*percent*)					
Domestic industry:						
Shipments to distributors/service centers	57.5	55.6	56.1	53.2	52.5	53.8
Shipments to tubular products manufacturers	18.0	20.7	19.9	23.5	17.7	20.6
Shipments to other end users	24.5	23.7	24.0	23.3	29.8	25.6
Brazil:						
Shipments to distributors/service centers	--	--	--	--	***	***
Shipments to tubular products manufacturers	--	--	--	--	***	***
Shipments to other end users	--	--	--	--	***	***
Japan:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to tubular products manufacturers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Russia:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to tubular products manufacturers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Nonsubject countries:						
Shipments to distributors/service centers	79.1	81.8	85.9	78.4	82.0	88.2
Shipments to tubular products manufacturers	17.8	16.2	9.7	7.7	6.7	2.2
Shipments to other end users	3.1	2.0	4.4	14.0	11.3	9.6

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

Table II-2
Hot-rolled steel: Geographic market areas in the United States served by domestic producers and importers of subject product

Region	Producers	Importers			
	United States	Brazil	Japan	Russia	Other
Northeast	7	2	1	5	10
Midwest	11	1	3	8	9
Southeast	10	0	4	6	13
Central Southwest	8	2	1	9	13
Mountains	7	0	0	2	8
Pacific Coast	8	0	1	4	12
Other	4	0	0	1	2

Note.--There were a total of 16 U.S. producers and 13 importers that responded to this question. Firms were not limited in the number of market areas that they could report and, in fact, many firms identified general and specific market areas.

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

U.S. SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, in the short term, staff believes that U.S. hot-rolled steel producers have the capability to respond to changes in demand with moderate changes in shipments of U.S.-produced hot-rolled steel to the U.S. market. In the medium term, U.S. hot-rolled steel producers have the capability to respond to changes in demand with moderate to large changes in shipments of U.S.-produced hot-rolled steel. Factors contributing to this degree of responsiveness of supply are discussed below.

Industry capacity

U.S. producers' reported capacity utilization for hot-rolled steel fluctuated greatly over the period for which data were collected. Capacity utilization for domestic hot-rolled steel producers increased from 77.1 percent in 2005 to a period high of 80.2 percent in 2006 before declining to 50.7 percent in 2009, reflecting, in part, depressed demand due to the 2008-09 economic downturn. Capacity utilization rebounded to 68.9 percent in 2010. During 2005-10, total capacity also fluctuated within a 4 million ton range; it was 82.2 million tons when capacity utilization was at its peak in 2006, and was 78.2 million tons in 2009 when capacity utilization was at its period nadir. As capacity utilization began to recover,

capacity increased slightly to 79.7 million tons in 2010.[2] This level of capacity utilization indicates that U.S. producers of hot-rolled steel have available capacity with which they could increase production of hot-rolled steel in the event of a price change in the short term. As is discussed in Part III of this report, the extended idling of facilities has reduced overall domestic capacity. However, a new ThyssenKrupp Steel USA carbon steel plant opened in 2010 in Alabama, which will be supplied by more than three million tons of slab from a related company in Brazil and eventually have a capacity of 5 million tons. In 2011, the Renco Group announced the purchase of three hot-rolled steel plants from Severstal, prompting speculation of greater available capacity and increased production.[3]

A majority of producers (10 of 14) and responding importers (17 of 28) noted that U.S. supply conditions had not changed since 2005. Of those that noted changes, the opening of new U.S. mills (specifically, those of ThyssenKrupp in Alabama, Nucor in Arkansas, and Severstal in Ohio), the economic crisis, and domestic mill shutdowns were identified by more than one firm. Also noted by at least one producer or importer were: consolidations, increased globalization, better technology, and non-union mills taking market share from unionized mills. Sixteen of 31 responding purchasers reported that supply conditions in the hot-rolled steel market had changed since 2005. Several purchasers noted a tight supply of domestic steel during the recession. Purchaser *** indicated that at the bottom of the cycle, 19 of 28 U.S. blast furnaces were idled, and, though starting up again in 2009, steel for the automotive sector was in tight supply just as the "Cash for Clunkers" program was in effect. Other purchasers noted short supply earlier in the period, with one noting that it faced controlled order placement several times in 2005-08. One purchaser, (***), included a *** which noted that the domestic industry was short on supply, with record-low inventories and limited import supply (which would contribute to increased prices in 2008). Other purchasers indicated short supply of raw materials, industry consolidation, ThyssenKrupp's new plant, and increased foreign demand as affecting the supply of domestically produced hot-rolled steel.

Four producers indicated that they had refused, declined, or been unable to supply purchasers at some point since 2005. *** did so because ***. *** has declined to sell to potential customers with poor credit or a previous bad experience. At times in 2006 and 2008, *** was operating above rated capacity so it could not fill all requested orders. In 2008, *** had a production shortfall due to a ***, and so could not meet all purchase requests.

Alternative markets

Domestic producers' export share has been increasing since 2006, but accounted for 3.0 percent or less of total shipments throughout 2005-10, indicating that domestic hot-rolled steel producers are constrained in their ability to shift shipments between the United States and other markets in response to price changes. In their questionnaire responses, U.S. producers reported that they find it difficult to shift product to markets outside of the United States. Although most of the 14 hot-rolled steel producers reported that they exported some hot-rolled steel, nine indicated that in general it is difficult to shift from shipping domestically to exporting. High transportation costs, along with exchange rate concerns, competition with countries which are increasing efforts to export, and costs associated with changing business plans impede the ability to export.

[2] At its highest, domestic capacity reached 82.2 million tons in 2007.

[3] "Severstal mill returns to Renco ownership," March 3, 2011, found at http://www.vindy.com/news/2011/mar/03/severstal-mill-returns-to-renco-ownershi/, retrieved March 10, 2011, and "Renco mill restart plan stirs market concerns," Metal Bulletin Research, March 3, 2011.

Inventory levels

Thirteen of fourteen producers reported making at least 95 percent of their sales on a made-to-order basis, so inventories are relatively small.[4] U.S. producers' inventories, as a share of U.S. producers' total shipments, ranged between 1.7 (end of 2008) and 3.4 percent (end of 2009) during the period 2005-10, and were equivalent to approximately 3 percent of total shipments in all other years. These relatively small levels of inventories suggest that U.S. producers are constrained in their ability to respond to changes in demand with relatively large changes in the quantity shipped.

Production alternatives

All producers stated that they were unable to switch production from hot-rolled steel to other products. This differs somewhat from U.S. producers' views at the time of the Commission's previous review of the subject orders and suspension agreements in 2004-05. In that review, two producers reported that they could switch production from hot-rolled steel to carbon steel plate and to alloy coil with minimal cost.[5]

Subject Imports

Based on available information, staff believes that subject hot-rolled steel producers have the capability to respond to changes in demand with moderate to 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.[6]

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[4] Hot-rolled steel that is shipped commercially accounts for approximately one-third of production, with the bulk of production being internally consumed. This contributes to the small shares when comparing inventories to production or total shipments.

[5] *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, p. II-5.

[6] Generally, factors such as relatively low levels of capacity utilization, relatively high inventory levels, and the existence of alternative markets would indicate an increased supply responsiveness. Alternative markets may include export shipments, home market commercial sales, and internal consumption for the production of downstream products. Of these three factors, the existence of exports indicates the subject country's degree of export orientation and experience in export marketing. Home market commercial sales could be diverted to export markets, especially if the industry in the subject country is already experienced in exporting. Internal consumption is less likely to be diverted because such diversion would require scaling back or idling the productive capacity used to manufacture downstream products. However, diverting internal consumption may be somewhat easier 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.

Subject Imports from Brazil[7]

Based on available information, suppliers of hot-rolled steel from Brazil have the capability to respond to changes in demand with small to moderate changes in the quantity shipped to the U.S. market. Supply responsiveness is enhanced by some excess capacity, period-high inventories, and the existence of a strong and growing home and non-U.S. export markets, but reduced by internal consumption.

Industry capacity--Reported Brazilian capacity increased irregularly between 2005 and 2010, from 14.5 million short tons to 15.8 million short tons in 2010. During this period, capacity utilization of Brazilian hot-rolled steel producers decreased from 93.2 percent in 2005 to 89.6 percent in 2006, but increased to 98.5 percent in 2007, before decreasing to 85.3 percent in 2009. Capacity utilization in Brazil has since increased to 90.7 percent in 2010. Brazilian foreign producers indicated that they produce relatively small amounts of other products using the same machinery and workers used to make hot-rolled steel, and therefore have an inability to shift production to hot-rolled from other products.

Inventory levels--Available data indicate that Brazilian hot-rolled steel producers' inventories relative to shipments decreased irregularly from 4.3 percent in 2005 to 3.2 percent in 2008 before increasing to 8.3 percent in 2010, the peak level for the period under review.[8] These data indicate that Brazilian producers have some ability to use inventories as a means to increase shipments to the U.S. market. There were virtually no U.S.-held inventories of Brazilian hot-rolled steel throughout the period.

Alternative markets--Internal consumption and transfers accounted for more than *** of all Brazilian steel production in 2005-10. The remainder was shipped commercially.[9] In 2010, Brazilian home market shipments accounted for 92.7 percent of its total shipments. Accordingly, Brazilian exports accounted for between 3.8 and 12.1 percent of shipments in 2005-10. Brazilian producers of hot-rolled steel reported shipping product to the European Union, China, Asian markets other than China, Mexico, and South American markets.[10] These data indicate that Brazilian hot-rolled steel producers have an active home market and other non-U.S. export markets from which they could shift shipments to the United States.

The ability of Brazilian producers 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 differences in the products. Foreign producers were asked to describe how easily they could shift sales of hot-rolled steel between the U.S. market and alternate country markets. All three responding Brazilian producers provided information. *** is not shipping to the United States because *** are supplying that demand. It did note, however, that it is not difficult to shift sales between international markets because the products are very similar, if not the same. *** stated that the limited amount of commercial shipments of hot-rolled steel not dedicated to downstream steel production are heavily focused on growing the Brazilian market. Demand in Brazil is reportedly expected to increase, particularly as construction expands, and prices in Brazil are generally higher than in the United States. Furthermore, it

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[7] Staff compared the Brazilian producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, the three responding Brazilian producers accounted for 100 percent of hot strip rolling capacity in Brazil in 2010.

[8] Brazilian respondent interested parties noted that ***. Brazilian respondent interested parties' posthearing brief, app. 1, p. 39.

[9] Among shipments that were not consumed internally, the majority of Brazilian producers' commercial shipments of hot-rolled steel were shipped to the Brazilian home market during 2005-10, increasing from *** percent in 2005 to a period high of *** percent in 2008. In 2010, Brazilian home market shipments accounted for *** percent of total commercial shipments.

[10] Brazilian producers reported very limited subject exports of hot-rolled steel to the United States since 2005.

would not want to harm its long-term commercial relationships and commitments in ***. *** reported that it is not easy to shift sales between the U.S. market and alternate country markets because it has abandoned the U.S. market and has abandoned the commercial contacts it had in the United States for those in Latin America and Europe. No Brazilian producer indicate any anticipated changes in the availability of subject hot-rolled steel in the United States.

Sales characteristics--No foreign producers reported contract or availability characteristic data for 2010, as there were no reported exports of hot-rolled steel from Brazilian producers to the United States in 2010.

Subject Imports from Japan[11]

Based on available information, the five responding suppliers of hot-rolled steel from Japan have the capability to respond to changes in demand with small to moderate changes in the quantity shipped to the U.S. market. Supply responsiveness is enhanced by the existence of a strong home market and non-U.S. export markets, particularly those in Asia, but hampered by limited excess capacity, and low levels of inventories in Japan. As discussed in Part IV, recent events in Japan are likely to affect its hot-rolled steel industry, at least indirectly via affected downstream industries, although the magnitude of the impact is unclear at this time.

Industry capacity--Reported Japanese capacity to produce hot-rolled steel decreased from 55.6 million short tons in 2005 to 54.8 million short tons in 2006 before reaching 59.2 million short tons in 2010. During this period, capacity utilization increased from 93.2 percent in 2005 to 97.8 percent in 2007, before declining to 88.5 percent in 2008 and 70.0 percent in 2009. Most recently, capacity utilization has rebounded to 91.3 percent in 2010. Japanese producers can manufacture hot-rolled alloy steel using the same workers and equipment, but all reported they cannot shift between the two. *** stated that it cannot shift because all its production is made-to-order from customers that do not alter their needs. *** stated that it cannot shift because it does not want to alienate long-term customers and wants to maintain good operating ratios for downstream products.

Inventory levels--All responding Japanese producers indicated that they manufacture hot-rolled steel only on a made-to-order basis, with lead times ranging from 2 to 6 months. As such, inventories are typically very low. Available data indicate that Japanese producers' inventories, relative to total shipments, declined irregularly from 2.1 percent in 2005 to 1.9 percent in 2008 before increasing to 2.6 percent in 2010. These data indicate that Japanese producers are constrained in their ability to use inventories as a means to increase shipments to the U.S. market. Inventories of Japanese-produced hot-rolled steel held in the United States, relative to shipments, increased irregularly from *** percent in 2005 to *** percent in 2008. They decreased substantially in 2009, to *** percent of U.S. shipments, before increasing to *** percent by the end of 2010.

Alternative markets--Internal consumption and transfers accounted for approximately three-fifths of all Japanese hot-rolled steel production in 2005-10, with the exception of 2008. The sum of internal consumption and Japanese home market shipments decreased from *** percent of total shipments to ***

[11] Staff compared the Japanese producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, the five responding Japanese producers accounted for *** percent of hot strip rolling capacity in Japan in 2010. The remaining Japanese capacity is attributed by *** to Tokyo Steel, although additional small producers were identified by domestic interested parties. U.S. Steel prehearing brief, p. 45.

percent of total shipments between 2005 and 2008. In 2009, such shipments decreased further, to *** percent of all shipments, but increased to *** percent of total shipments in 2010. Limited volumes were exported to the United States and the European Union in each year, while an increasing share went to other Asian and non-Asian markets.[12] *** responding Japanese producers reported shipping exports to China, South Korea, Thailand, and *** reported shipping to other Asian nations. Additionally, *** reported shipping to Latin America and the Middle East, while *** reported exporting to Greece and Saudi Arabia. Shipments to Asian markets increased irregularly, from *** percent of total shipments in 2005 to *** percent in 2010, whereas exports to non-U.S., EU, and Asian markets increased from *** percent of total shipments in 2005 to *** percent of total shipments in 2010. Based on these data, Japanese producers have the ability to shift some shipments from their home market and other non-U.S. export markets to the United States.

The ability of Japanese producers to shift sales from its home market or from non-U.S. export markets to the U.S. market may be moderated by vertical integration within Asia, strong demand in non-U.S. markets, and differences in products which Japan supplies. ***. *** reported that it has long-term, continuous commitments which it cannot break. Nippon has developed joint ventures and other partnerships throughout Asia for downstream (e.g., cold-rolled and corrosion-resistant steel) production.[13] *** stated that its sales in the United States are for a particular end user. *** stated it has that strong Asian demand from its existing customers such as Japanese automobile company subsidiaries, which source parts for the entire life cycle of a part. At the hearing, witnesses for the respondent interested parties testified that Japanese producers manufacture and export to the United States a high-quality "specialty" steel which is not manufactured elsewhere, despite the existence of the order.[14]

Sales characteristics--All responding foreign producers in Japan reported that 100 percent of their sales of hot-rolled steel in 2010 to U.S. customers were pursuant to short-term contracts of between three and six months. Four of the five reported that prices cannot be renegotiated, both quantity and prices are fixed, and that contracts typically do not contain a meet-or-release clause. No Japanese producer indicated any anticipated changes in the availability of subject hot-rolled steel in the United States.

[12] Approximately *** of Japan's commercial shipments of hot-rolled steel were shipped to the Japanese home market in 2005-08. In 2009, however, home market commercial shipments decreased to *** percent of all commercial shipments, and were *** percent of all commercial shipments in 2010.

[13] Japanese respondent interested parties prehearing brief, pp. 10-13, 31, and exh. 3, and hearing transcript, pp. 230-231 (Aoyama).

[14] *See*, e.g., hearing transcript p. 231 and 233-234 (Aoyama), and 236 (Wood), and Japanese respondent interested parties' prehearing brief, pp. 21-22. "Specialty" steel is principally comprised of hot-rolled steel supplied to automotive and re-rolling customers in the United States and is typically characterized by a high tensile strength for automotive customers or *** re-roller customers. Japanese respondent interested parties' posthearing brief, app. 1, p. 28 and exh. 7.

Subject Imports from Russia[15]

Based on available information, staff believes suppliers of hot-rolled steel from Russia have the capability to respond to changes in demand with relatively large changes in the quantity shipped to the U.S. market. Russian producers' supply responsiveness is enhanced by some available capacity, the existence of a strong home market and a variety of non-U.S. export markets, but diminished by very low levels of inventories.

Industry capacity--Reported Russian capacity to produce hot-rolled steel remained between 23.1 million and 24.2 million short tons during 2005-10. Capacity utilization for Russian hot-rolled steel producers increased from 88.5 percent in 2005 to 92.6 percent in 2007. In 2008 and 2009, capacity utilization dropped to 81.6 and 80.6 percent, respectively, before increasing to 87.2 percent in 2010. These data indicate that there is some unused capacity which Russian producers could use to increase production of hot-rolled steel in the event of a price increase.

All three responding Russian producers produce other products (hot-rolled alloy steel and plate) using the same workers and equipment, but only *** reported shifting production between making hot-rolled steel and other steel. *** stated that the price difference between hot-rolled steel and alternative products is insignificant, and that it has a relatively stable order book for those products. *** stated that it can switch between hot-rolled coils, hot-rolled sheet, and cut-to-length plate, but typically would switch sales by markets rather than by switching products.

Inventory levels--All responding Russian producers indicated that they manufacture hot-rolled steel only on a made-to-order basis, with lead times ranging from 45 days to 5 months. Available data indicate that Russian hot-rolled steel producers' inventories, relative to shipments, ranged between *** and *** percent during the period 2005-10. These data indicate that Russian producers are not able to use inventories as a means to increase shipments to the U.S. market. Inventories of Russian-produced hot-rolled steel held in the United States, as a percentage of U.S. shipments, fluctuated greatly during the period. Between 2005 and 2007, U.S.-held inventories were between *** and *** percent of U.S. shipments of Russian hot-rolled steel. In 2008, however, this increased to *** percent. These inventories declined in 2009 to *** percent before increasing to *** percent in 2010.

Alternative markets--Internal consumption and transfers accounted for slightly more than half (50.6 to 54.1 percent) of all Russian hot-rolled steel production for five of the six years under review.[16] The remainder of Russia's production was shipped commercially. Overall, Russia's internal consumption and home market shipments accounted for between 62.6 and 75.7 percent of total shipments during 2005-10.[17] Markets other than Asia, the EU, and the United States accounted for the largest share of exports in each of the years. The share of total shipments exported to the United States was *** percent in 2005, increasing to *** percent in 2006, but were never more than *** percent of total shipments after 2006. Between 2005 and 2010, exports to the EU (e.g., Germany, Greece, Italy, Latvia, Poland, Spain, and the

[15] Staff compared the Russian producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, the three responding Russian producers accounted for *** percent of hot strip rolling capacity in Russia in 2010. The remaining Russian capacity is attributed by *** to Urals Steel and to OMK Steel, although an additional small producer was identified by domestic interested parties. U.S. Steel prehearing brief, p. 45.

[16] The exception is 2009, when 46.9 percent of production was internally consumed or transferred.

[17] The majority of Russian producers' commercial shipments of hot-rolled steel were exported during 2005-10. The Russian home market nonetheless accounted for between 29.5 percent and 44.5 percent of commercial shipments during 2005-10.

UK)[18] ranged between *** and *** percent of total shipments, and exports to countries other than the United States, the EU, and Asia (e.g., Belarus, Egypt, Iran, Morocco, Nigeria, Turkey, and Ukraine) ranged between *** percent and *** percent of total shipments. Russian export shipments to Asia were highly variable. In 2005, exports to Asia (e.g., Bangladesh, China, India, Korea, Uzbekistan, and Vietnam) accounted for *** percent of total shipments, then dropped to *** to *** percent of total shipments in 2006-08 before increasing to *** percent in 2009. In 2010, this figure was in between the two extremes, at *** percent. Based on these data, it is likely that Russian hot-rolled steel producers have the ability to shift shipments from their home market and other non-U.S. export markets to the United States.

The ability of Russian producers 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. *** stated that it is able to shift sales between markets since most antidumping measures have expired. Exports to the EU, however, are more difficult since the EU has a quota of 1.1 million metric tons for hot-rolled steel from Russia. *** Russian producers that provided information on this issue, ***, reported that it is difficult to shift exports to the United States, since they ***.[19] ***, so long lead times make it difficult to ship to firms that may not want to add risk in a volatile market. Furthermore, high freight costs and low availability of ships bound for the United States make logistics difficult. Also, *** believes that the quota on shipments to Europe will be lifted after Russian accession to the WTO in 2011 or 2012.

Sales characteristics–*** reported that *** percent of its exports to U.S. customers in 2010 were sold on the spot market.[20] *** reported that its 2010 exports to U.S. customers were pursuant to contracts that were typically 12 months in length, fixed quantity, with price renegotiable, but not containing a meet-or-release clause. Two of three Russian producers expect availability of Russian-produced hot-rolled steel in the United States to decrease due to ***.

Nonsubject Imports

The five largest sources of nonsubject imports during 2005-10 were Canada, Korea, Australia, Mexico, and the Netherlands. Combined, these countries accounted for 87.6 percent of imports of hot-rolled steel in 2010. They have consistently accounted for the majority of U.S. imports, including approximately 90 percent during 2007-10. Specifically, after accounting for 69.3 percent in 2005 and 56.0 percent in 2006, they accounted for between 87.6 and 91.3 percent of imports in 2007-10.

U.S. Demand

Based on available information, hot-rolled steel purchasers 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.

[18] ***.

[19] Both of these firms reported that *** of their sales are made on a contract basis and that the length of these contracts is one year.

[20] *** also reported, however, that all of its steel is produced on a made-to-order basis, as was also noted by the other Russian producers.

End Uses

U.S. demand for hot-rolled steel depends on the level of demand for downstream products using hot-rolled steel products.[21] Some of the hot-rolled steel is sold to service centers which may further process the hot-rolled steel to customer specifications while other hot-rolled steel is used in a diverse array of industries such as automobiles, auto parts, appliances, and construction. Various importers, producers, and foreign producers reported the use of hot-rolled steel in pipes, tubes, shelving racks, torque converter covers, agricultural equipment, construction equipment, industrial machinery, automotive parts, shipbuilding machinery, tin mill products, boilers, cranes, platforms, guard rails, and pilings. Hot-rolled steel purchasers also noted using hot-rolled steel in products such as automotive suspension parts, beam assemblies, brake components, bumpers, conduit, dishwashers, electrical housings, hollow structural shapes, hydraulic tanks, lawn mower decks, refrigerators, steel grating, and washing machines.

Four producers, one importer, and four purchasers reported that there have been changes in end uses since 2005; some are new products and others represent a change in inputs. Producer *** stated that more sophisticated hot-rolled products have been used in some cold-rolled and corrosion-resistant applications. Producer *** indicated the renewable energy sector is a new end use. Producer *** reported the use of lighter-gauge hot-rolled steel in new applications. Importer *** indicated that more light gauge HSLA hot-rolled is being used in galvanizing. Purchaser *** noted steel utility poles and frames for solar panels as new end uses. Purchaser *** stated that new automotive parts may take the place of old automotive parts whose life cycle has ended. Purchaser *** stated that there is more use in the mining exploration industry. While most producers, importers, and purchasers reported that they did not anticipate changes in the end uses of hot-rolled steel, a few producers, importers, and purchasers reported that they saw continued evolution and development of the end uses such as the consumption of more light gauge hot-rolled steel and the replacement of some more costly, less “green” products. In contrast, purchasers *** noted they anticipate decreasing direct usage in the automotive industry as zinc coated steel use increases and as there is a shift from full-frame chassis to a unibody chassis.

Foreign producers reported as to whether the end uses for hot-rolled steel they produce vary by destination country. Two of three Brazilian producers reported that the end uses are the same in the home market and in export markets. The other Brazilian producer, ***, stated that most of the hot-rolled steel it produces for the domestic market is used ***. Four of five Japanese producers indicated that the hot-rolled steel they sell to U.S. purchasers is used ***, whereas the hot-rolled steel produced for home market and third-country markets has a variety of end uses. *** noted that it supplies mostly commercial steel to the U.S. and third-country markets, whereas since 2005 it has supplied ***.[22]

Business Cycles

Industry participants generally agree that the hot-rolled steel industry experiences recurrent expansions and contractions. U.S. industry representatives have referred to the steel industry as being cyclical in nature. In general, demand for hot-rolled steel tends to follow the broad demand trends in the

[21] In 2010, 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-reduction process and substitution with other products is not possible.

[22] This was the only significant change in the product range, product mix, or product marketing that was identified by any foreign producer. No foreign producer expects any changes in these factors in the U.S. market.

U.S. economy.[23] U.S. producers, importers, and 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. Seven producers and 16 importers responded "no," while 7 producers and 12 importers responded "yes." Of the 32 responding purchasers, 19 reported "yes" while 13 stated "no." Responses were highly varied. The identified distinctive conditions of competition included: availability of steel, dependence on global economic conditions (especially construction), industry consolidation, scrap demand from China, demand for further-processed steel, more profitable steel products, and demand from various downstream industries. Purchasers also described three types of business cycles which affect the hot-rolled steel market. First, *** described an inventory cycle of purchasers trying to "beat the next price increase," which further pushes up the price of hot-rolled steel, and then ending up with extra inventory and ceasing purchasing until the price declines. Purchasers *** and *** reported a 12-month cycle, strengthening in the first quarter, peaking in the second quarter, falling in the third quarter, and reaching bottom in the fourth quarter of a given year, with order books filling up for the next year during the holiday season. The third cycle described by several purchasers is a multi-year cycle driven by broad manufacturing (especially in the auto and energy sectors) and construction cycles.

Producers, importers, and purchasers were also asked if business cycles or conditions of competition distinctive to the hot-rolled steel industry have changed since 2005. Eight of 14 producers and 13 of 29 importers identified changes in conditions of competition or business cycles since 2005, most frequently noting the increased volatility of pricing and demand and the economic downturn as causing the changes. Among purchasers, 18 responded "yes," while 14 responded "no." The most frequently noted changes in the conditions of competition by purchasers were the increased volatility in prices and availability of hot-rolled steel. Purchasers described changes in availability attributable to industry consolidations, the idling of domestic production due to decreases in demand, new capacity being brought on line,[24] increasing steel consumption outside the United States, and China's growth. Two purchasers also reported that business cycles have become shorter since 2005.

Apparent Consumption

Available data indicate that apparent U.S. consumption of hot-rolled steel increased 8.8 percent from 2005 to 2006 (from 65.9 million short tons to 71.6 million short tons), then declined through 2009 (to 40.4 million short tons - a 43.6 percent decrease) before rising by 38.8 percent in 2010 (56.1 million short tons). Overall, apparent consumption was 14.5 percent lower in 2010 compared with 2005.

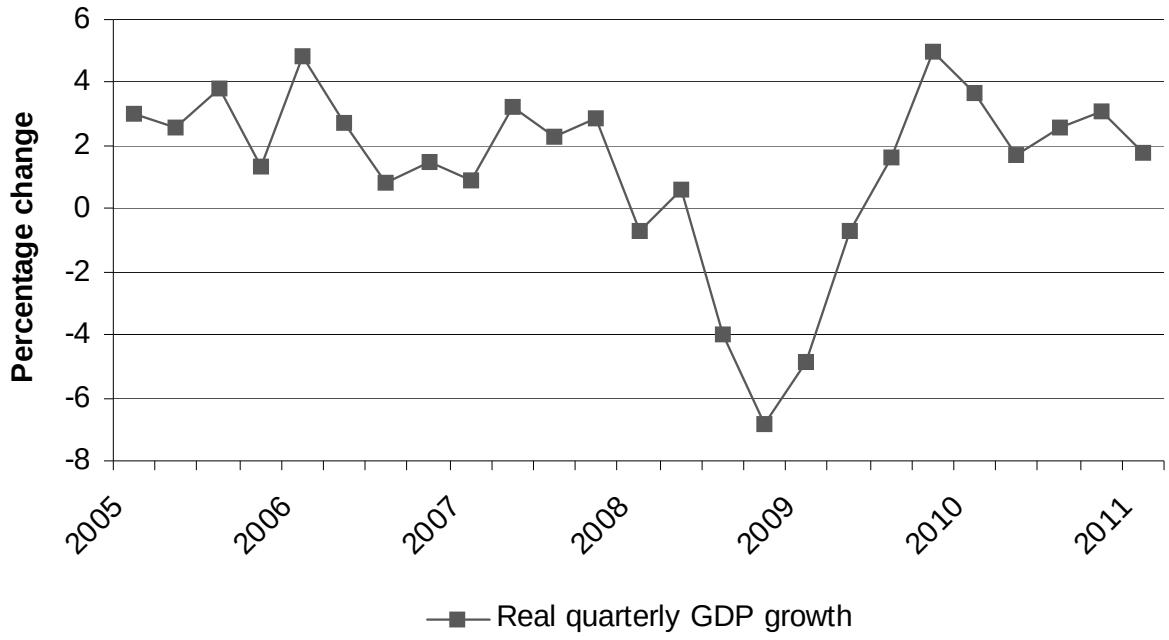
Numerous responding firms indicated that demand for hot-rolled steel generally tracks overall economic conditions. Quarterly real growth in U.S. GDP is presented in figure II-1. Average forecasts for U.S. real GDP growth are 2.9 percent in 2011 and 3.2 percent in 2012.[25] Petitioners presented testimony at the hearing noting that in particular the automotive, construction, and energy sectors have an effect on the demand for hot-rolled steel. Real industrial production is predicted to increase by 4.5 percent in 2011 and 4.1 percent in 2012. In fact, "vehicle production may be a particular contributor to faster growth in manufacturing. Unit sales of autos and light trucks continue to improve and in February

[23] *See 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, p. II-1.

[24] One purchaser noted that the glut of global capacity was occurring as global demand was contracting severely.

[25] *Blue Chip Economic Indicators*, Vol. 36, No. 4, April 10, 2011. This average or "consensus" rate is derived from monthly interviews of leading business economists and is one of the best known organizations for consensus macroeconomic forecasts. *See* http://www.aeaweb.org/RFE/showRes.php?rfe_id=35&cat_id=, retrieved March 15, 2011.

Figure II-1
Real U.S. GDP growth: Percentage change, quarterly, January 2005-March 2011



Source: Bureau of Economic Analysis.

rose to their highest monthly level since the August 2009 'cash for clunkers' surge."[26] General Motors reported that it expects to increase production *** percent between 2010 and 2011.[27]

Monthly U.S. auto sales figures are presented in figure II-2. Auto sales decreased at the same time as the general decline in the U.S. economy both in the United States and worldwide. At the hearing, domestic interested parties reported that a large number (3½-4 million vehicles per year) of auto sales prior to 2008 were made using home-equity financing, leading to an unsustainable level of demand.[28] Auto sales in the United States have since recovered to 13.3 million units on an annualized basis, and have been predicted to be over 13 million units for full-year 2011.[29] Worldwide production of cars increased from 46.8 million units in 2005 to 53.2 million units in 2007 before decreasing to 47.7 million units by 2009. Car production has increased more that 20 percent since 2009, however, reaching a record 58.3 million units in 2010.[30] Worldwide commercial vehicle[31] production increased irregularly

[26] Ibid., p. 11.

[27] Letter from ***.

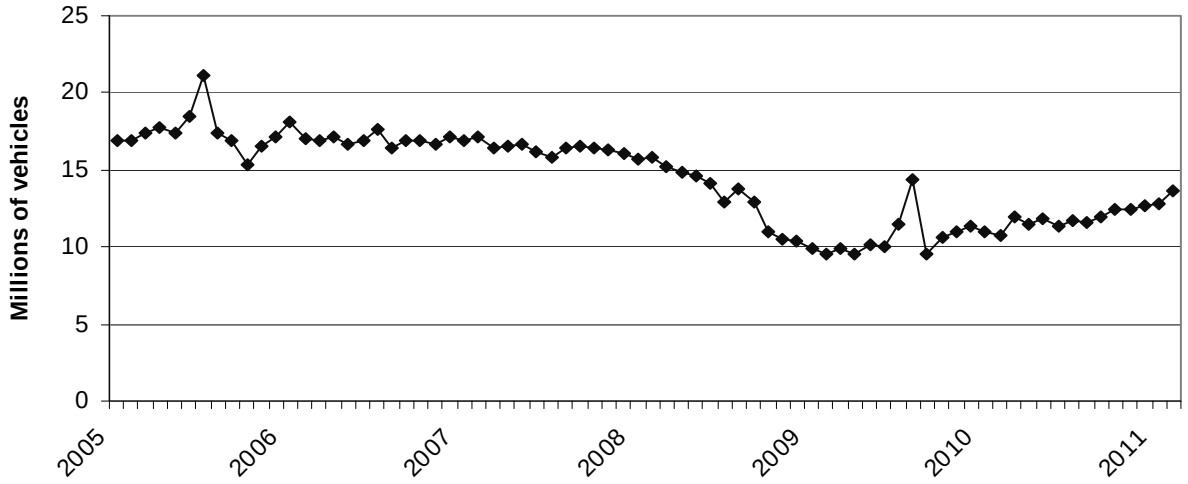
[28] Hearing transcript, p. 122 (Conway).

[29] "Auto Sales May Top Analysts' Earlier Estimates on Job Recovery," Bloomberg News, April 11, 2011, included as exh. 2 to respondent interested parties' Joint Brazilian and Japanese posthearing brief and hearing transcript, p. 242 (Vandevert).

[30] International Organization of Motor Vehicle Manufacturers, retrieved April 18, 2011, found at http://oica.net/category/production-statistics/.

[31] Includes light commercial vehicles, heavy trucks, coaches, and buses.

Figure II-2
U.S. automotive sales: Automobile and truck retail sales, monthly, on an seasonally adjusted, annualized basis, January 2005-February 2011



Source: Bureau of Economic Analysis.

from 19.6 million units in 2005 to 20.1 million units in 2007, before declining to 14.0 million units in 2009. In 2010, worldwide commercial vehicle production increased to 19.3 million units.[32] Purchaser Ford noted that worldwide motor vehicle production will increase further in 2011.[33]

Figure II-3 shows total construction spending on a monthly basis and a leading economic indicator known as the Architecture Billings Index ("ABI").[34] Total construction spending is comprised of residential and non-residential spending. Nonresidential spending generally increased from January 2005 until October 2008, and has been generally declining since that time. Residential spending, on the other hand, increased between January 2005 and March 2006, declined until July 2009, and has been fluctuating just above that level since July 2009. The ABI generally declined from March 2007 (the period when the first data is available) until January 2009, partially recovered in 2009, and has been increasing irregularly since March 2010.

Demand for hot-rolled steel is driven partially by the demand for welded pipe. One measure of shipments of welded pipe (continuous and ERW pipe, as reported by *Metal Bulletin Research*) increased from 2.8 million short tons in 2005 to 3.1 million short tons 2007. Shipments decreased in 2008 to 2.6 million tons and decreased precipitously in 2009, to 1.1 million short tons, before increasing to 1.8 million short tons in 2010.[35]

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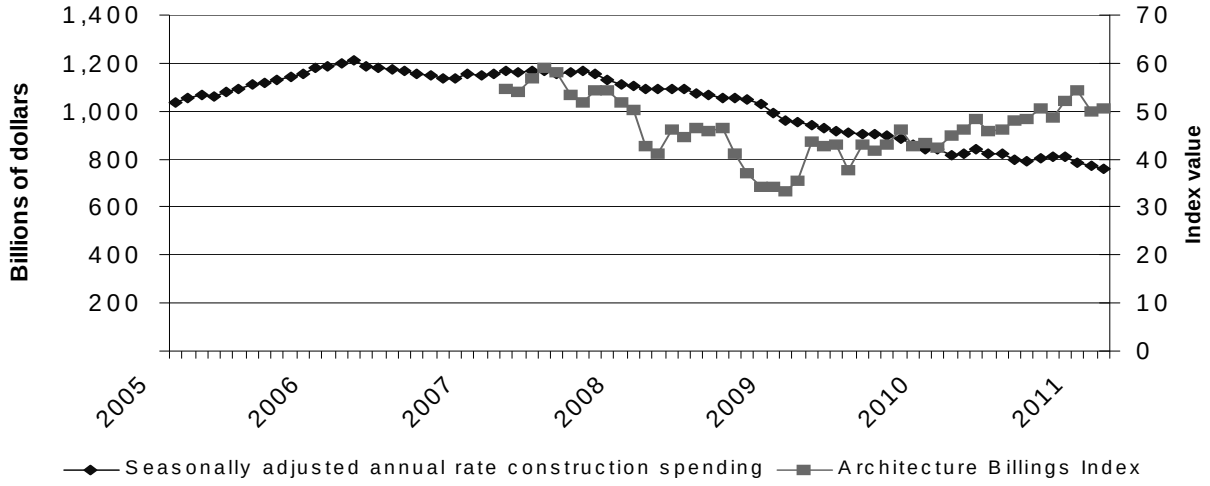
[32] International Organization of Motor Vehicle Manufacturers, retrieved April 18, 2011, found at http://oica.net/category/production-statistics/.

[33] Respondent interested party Ford's posthearing brief, p. 1.

[34] The Architecture Billings Index is derived from a monthly "Work-on-the-Boards" survey which is produced by the American Institute or Architects Economics and Market Research Group. The ABI is reported to provide a 9- to 12-month glimpse into the future of nonresidential construction activity. Found at http://www.architectmagazine.com/economic-conditions/abi-report.aspx, retrieved April 13, 2011.

[35] *Metal Bulletin Research*, various issues, January 2006-February 2011.

Figure II-3
U.S. construction activity: Total construction spending (residential and nonresidential), monthly, January 2005-February 2011, and the Architecture Billings Index, monthly, March 2007-February 2011



Source: U.S. Census Bureau and *Architect* Magazine.

Demand Perceptions

Producers, importers, purchasers, and foreign producers were asked to discuss trends in demand in the United States during 2005-10. All but one responding U.S. producers (11 of 12) reported that demand for hot-rolled steel had fluctuated since 2005, noting steady or increasing demand before the economic downturn started in 2008, then a decline in 2008-09, and some recovery in 2010.[36] A majority of responding importers (18 of 29) and purchasers (21 of 31) provided a similar assessment, with 8 importers and 6 purchasers noting a decrease in domestic demand and 3 importers and 2 purchasers reporting "no change." Only two purchasers identified increasing demand, with each noting that an increase in lower-gauge mini-mill production capabilities which would lead to a shift from cold-rolled steel to hot-rolled steel.[37] Among foreign producers, two each reported increasing, decreasing, and fluctuating U.S. demand for hot-rolled steel, and one reported that there was no change.

Purchasers were also asked to describe how demand for their end-use products had changed since 2005. Fourteen reported that demand for the end-use products had fluctuated, four noted an increase, one noted a decrease, and one stated that it had not changed. Eighteen of 22 responding purchasers noted that the changes had affected their demand for hot-rolled steel. Purchasers identified changes in the appliance, automotive, construction, and pipe markets as directly affecting demand for hot-rolled steel. Purchaser *** also noted that demand for lighter, more fuel-efficient cars which use less hot-rolled steel than full-size trucks will fluctuate inversely with the price of gas; therefore demand for hot-rolled steel will vary somewhat with gas prices.

When asked about anticipated future changes in hot-rolled steel demand in the United States, 3 of 10 producers, 15 of 28 importers, 11 of 32 purchasers, and 5 of 7 foreign producers responded that they anticipate increasing demand. Six producers, 8 importers, and 16 purchasers anticipate fluctuating demand, while only one importer and one purchaser anticipate decreasing demand. A large majority of

[36] The other producer reported decreasing demand in the United States for hot-rolled steel since 2005.

[37] This shift would not affect demand greatly, as hot-rolled steel is used in the production of cold-rolled steel.

responses indicated that general economic trends would be the reason if they identified that demand would either fluctuate or increase. Purchaser *** anticipates declining demand due to a "continued decline in domestic manufacturing." One producer, two foreign producers and four importers and purchasers each reported not anticipating any changes in U.S. hot-rolled steel demand. Recently, the Chairman and CEO of Steel Dynamics reported that "there is strength in many of the end-markets the company serves, notably automotive, transportation, energy, industrial, agricultural and construction equipment."[38]

Substitute Products

Seven of 14 responding U.S. producers, 4 of 23 responding importers, and 3 of 11 foreign producers listed one or more substitutes products for hot-rolled steel. Substitutes include other types of steel (e.g., alloy, cold-rolled, galvanized, and stainless), and other types of material (e.g., aluminum, carbon fiber, composites, concrete, copper, ductile iron, non-ferrous materials, and plastics). Seventeen of the 35 responding purchasers reported that there were substitutes for hot-rolled steel which, in addition to those reported by the producers, importers, and foreign producers, included downstream products (e.g., coated products and seamless tubing), wood, stainless steel, aluminum alloy, and hot-rolled plate.

Substitution depends greatly upon the intended end use for the hot-rolled steel. End uses for which other steel products could be used included agricultural equipment, appliances, automotive, building components, exhaust flanges, galvanized steel, laser machines, pipe and tube, and tanks. Other non-steel substitutes could be used in building, poles and posts, sheet molded composites, stamped parts, and water transmission.

U.S. producers, importers, purchasers, and foreign producers were asked if the price of substitutes affected the price of hot-rolled steel. None of the U.S. producers, importers, or foreign producers and only one of the 14 responding purchasers reported that the price of substitutes had an effect on the price of hot-rolled steel. ***, the only purchaser reporting that the price of substitutes did affect the price of hot-rolled steel, reported that both concrete and other steel products were substitutes in the construction or manufacturing industries.

None of the U.S. producers, importers, or foreign producers reported that there had been changes in substitutes for hot-rolled steel since 2005; one purchaser (***) reported that its core engineering strategy is an ongoing review of material substitutions possibilities.

None of the producers or importers reported that they expected changes in substitutes for hot-rolled steel. Two purchasers reported that they expect changes in substitutes: one expects high strength steel to increase in popularity while the other expects new substitutes from normal innovation, but did not note any specific areas in which it expect this innovation to occur. One foreign producer reported the increasing use of plastic, copper, and stainless steel in potable water pipe applications.

Cost Share

The cost share of final end-use products accounted for by hot-rolled steel depends greatly upon the end use in which it is needed. Producers, importers, and purchasers were asked to estimate the percentage of the total cost of the end product accounted for by the cost of the hot-rolled steel. Producer and importer estimates of cost shares ranged from less than 1 percent (e.g., agricultural products and construction projects) to about 80 to 90 percent (agricultural and construction equipment, cut-to-length

[38] "Mill cuts send flat-rolled steel tags in about-face," American Metal Markets, April 20, 2011, found at http://www.amm.com/Article/2811634/Mill-cuts-send-flat-rolled-steel-tags-in-about-face.html, retrieved April 26, 2011.

plate, pipe, tube, storage racks, and warehousing).[39] Purchaser cost-share estimates ranged from 1 percent or less (for deck products, front rail outer frames for pickups and SUVs, refrigerators, steel joists, and washing machines) to 70 to 90 percent (for pipe, tube, hollow shapes, and steel gratings).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported hot-rolled steel depends upon such factors as relative prices, quality (e.g., formability, performance, surface quality, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that overall there is a high degree of substitutability between domestically produced hot-rolled steel and hot-rolled steel imported from Brazil, Japan, and Russia.

Purchaser Characteristics

Purchaser questionnaires were sent to 65 purchasers. Responses were received from 34 of these firms, 32 of which provided useable data, and unsolicited questionnaires were also received.[40] Detailed information regarding these purchasers is presented in Part I. Sixteen purchasers buy hot-rolled steel on a daily basis, seven on a weekly basis, six on a monthly basis, one quarterly, two annually, and five on some other basis. Only two purchasers reported changing their purchasing patterns since 2005, but they both described how they intend to change their purchasing patterns in the future: *** reported that it wants to contract every two years, and *** noted that it could purchase twice monthly as forecasting technology improves. Purchasers reported contacting between 1 and 8 suppliers before purchasing hot-rolled steel, but on average between 3 and 4 suppliers are contacted.

Knowledge of Country Sources

Purchasers were asked to indicate the countries of origin for which they have actual hot-rolled steel marketing/pricing knowledge. All 38 responding purchasers were familiar with U.S.-produced hot-rolled steel, 4 were familiar with product from Brazil, 7 were familiar with product from Japan, 4 were familiar with product from Russia, and 14 were familiar with those from other countries, including Canada, China, Egypt, France, Germany, Hungary, India, Malaysia, Mexico, the Netherlands, New Zealand, South Korea, Spain, Sweden, Thailand, and Turkey.

Purchasers were also asked how frequently they and their customers made purchasing decisions based on the country of origin or the manufacturer of hot-rolled steel. The majority of purchasers reported that they always or usually make purchase decisions based on country of origin; however, the majority of their customers sometimes or never make hot-rolled steel purchasing decisions based on country of origin. The manufacturer is relatively much less important: approximately 90 percent of purchasers and their customers reported that they only sometimes or never make hot-rolled steel purchasing decisions based on the manufacturer (table II-3).[41]

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[39] Answers seem somewhat dependent on what responding firms consider the "end use." For example, steel may account for a large cost of agricultural equipment, but a small share of the final cost of the crop that is produced.

[40] ***. The majority of their responses were identical, with the exception of questions regarding sourcing of their hot-rolled steel, e.g., the quantity of hot-rolled steel purchased. These responses are treated as one response unless otherwise indicated.

[41] The *** were compiled separately for this calculation, as their answers were not the same.

Table II-3
Hot-rolled steel: Purchaser responses to questions regarding the origin of their purchases

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes purchase decision based on country of origin	9	14	9	6
Purchaser makes purchase decision based on the manufacturer	0	4	13	18
Purchaser's customer makes purchase decision based on country of origin	2	6	10	14
Purchaser's customer makes purchase decision based on the manufacturer	1	2	15	12

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

Factors Affecting Purchasing Decisions

Major Factors in Purchasing

Purchasers were asked to identify the three major factors considered by their firm in deciding from which firm to buy hot-rolled steel (table II-4). Quality was reported to be one of the top three factors by all 32 of the responding purchasers, and price was reported to be one of the top three factors by 31 firms. Quality was the most frequently cited most important factor (cited by 17 purchasers), quality was the most frequently reported second most important factor (10 purchasers), and price and delivery/lead times were the most frequently reported third most important factor (10 purchasers).

Table II-4
Hot-rolled steel: Ranking factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting			
	First	Second	Third	Total
Quality	17	10	5	32
Price	12	9	10	31
Availability	1	8	4	13
Delivery/lead times	1	5	10	16
Product range	0	0	3	3
Other[1]	1	0	0	1

[1] Other includes approval process ***.

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

Of the 33 purchasers which responded when asked how often they purchase the hot-rolled steel that is offered at the lowest price, 21 firms indicated "usually," 10 firms indicated "sometimes," 2 firms indicated "always," and no firms indicated "never." Twenty-three purchasers listed reasons why they purchased higher-priced hot-rolled steel even though lower-priced hot-rolled steel was available. Reasons indicated by purchasers included: quality, service, delivery/reliability of supply, availability, size range, approval by customers, minimum order size, partnerships, and technical assistance. Most firms did not specify the country of origin of the higher-priced hot-rolled steel that they purchased.

Twenty-four purchasers also reported that they purchased hot-rolled steel from one source although a comparable product was available at a lower price from another source. Reasons provided include: availability to meet customer schedule, freight rates, lead time, long-term relationship with supplier, quality, purchasing a specific size range, and preference for domestic product.

Purchasing Patterns[42]

Purchasers were asked a number of questions about whether their purchasing patterns for hot-rolled steel from subject and nonsubject sources had changed since 1999. Twenty-six of 36 responding purchasers reported that they had purchased hot-rolled steel from Brazil, Japan, or Russia before 1999, but only one of these reported no changes in its purchasing patterns since 1999. One firm reported that it had discontinued its purchases from Japan because of the order, two purchasers reported decreasing their purchases since the order (one from Russia and one from Russia and Japan). Five reported changes in purchases for reasons other than the order, with most of these reporting changes because of decreased availability of product from subject countries.

Eleven purchasers reported that they did not purchase from nonsubject countries before or after the orders or suspension agreement; 18 reported that their purchases from nonsubject countries were essentially unchanged; 2 increased their purchases from nonsubject countries because of the orders; and 6 changed their purchases from nonsubject countries for reasons other than the orders (e.g., availability, price, and supply risk management).

Importance of Specified Purchase Factors

Purchasers were asked to rate the importance of 15 factors when making their purchasing decisions (table II-5). The factors listed as "very important" by at least half of the responding firms were product consistency (30 purchasers); availability and reliability of supply (29 purchasers each); delivery time, quality meets industry standards, and price (28 purchasers each); U.S. transportation costs (21 purchasers); delivery terms (19 purchasers); product range (18 purchasers); and technical support (17 purchasers each).

Factors Determining Quality

Purchasers were asked to identify the factors that determine the quality of hot-rolled steel. Purchasers reported numerous specific factors. These factors include the following: chemistry; consistency (e.g., gauge controls, consistency of finish, and consistency of product between coils and batches); physical properties (e.g., formability, impact toughness, yield/tensile strengths, and ductility); shape (e.g., flatness, width, thickness); surface (e.g., clean, free of pits and corrosion, and quality of milled edges); and other factors (e.g., adherence to specifications, meeting ASTM standards, level of camber, quality of certification, sound welds, strip profile, and type of steel-making equipment).

Purchasers were also asked to report whether they require each of seven 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.[43] As shown in table II-6, almost all of responding purchasers found that hot-rolled steel

[42] The *** were compiled separately for this section, as their answers were not the same.

[43] 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.

Table II-5
Hot-rolled steel: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	29	3	0
Delivery terms	19	13	0
Delivery time	28	4	0
Discounts offered	14	15	3
Extension of credit	13	9	10
Minimum quantity requirements	9	17	6
Overall quality meets industry standards	28	4	0
Overall quality exceeds industry standards	13	13	6
Packaging	11	15	6
Price	28	4	0
Product consistency	30	2	0
Product range	18	12	2
Reliability of supply	29	3	0
Technical support/service	17	14	1
U.S. transportation costs	21	10	1
Other[1]	5	0	1

[1] "Other" includes country of origin, financial stability, offering 12 month fixed prices, payment terms, and quality certification.

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

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

from the United States tend to have each of these characteristics. Japanese hot-rolled steel was next most likely to be reported to have these characteristics followed by Brazilian hot-rolled steel, and Russian hot-rolled steel. Although preferences may differ, the majority of responding purchasers reported product from each of the three subject countries had each of these characteristics.

Five of the 32 responding purchasers reported that certain grades/types/sizes of hot-rolled steel were available from only one source (either domestic or foreign). They reported that certain strength grades are only available from a single source (e.g., ***); and some width and thicknesses are available from only one source (e.g., ***).

Table II-6
Hot-rolled steel: Information on certain quality factors required by U.S. purchasers, by factor and by source[1]

Quality factor is required?	Yes	No	If so, would you purchase from: U.S. Y	U.S. N	Brazil Y	Brazil N	Japan Y	Japan N	Russia Y	Russia N
Formability	28	5	31	0	15	1	20	1	13	2
Steel cleanliness	27	2	30	0	11	5	16	5	10	7
Tight gauge control	27	3	29	0	9	5	16	5	9	7
Tight chemistry tolerances (carbon or other elements)	26	6	30	2	15	1	21	1	12	2
Coil-to-coil and batch-to-batch consistency	25	4	28	1	10	5	16	5	9	7
Surface quality (*i.e.*, skin passed)	24	5	27	0	9	5	15	5	8	7
Cut-edge	17	12	26	1	13	6	17	6	11	8

[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.

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

Supplier Certification

Twenty-nine of 34 responding purchasers reported they require their suppliers to become certified or pre-qualified for all the hot-rolled steel that they purchase.[44] Factors considered in certification or pre-qualification include: ASTM certification; competitiveness; experience with the supplier (e.g., mill visits, referrals from trusted sources, suppliers' demonstrated ability to supply on time and at expected quality, and suppliers' financial stability); product characteristics (e.g., physical characteristics, chemical requirements); range of products; and lead times. The time to qualify a new supplier ranged from a low of one day to a high of one year; most purchasers reported that it took three months or less to qualify a new supplier.

Purchasers were also asked if, since 2005, any domestic or foreign producers had failed in their attempts to certify or qualify their hot-rolled steel with their firm or if any producers had lost their approved status. Thirty-one of the 33 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. Of the two firms that reported that firms had failed to be certified or lost their certification, one reported that Chinese product frequently failed to qualify because of quality, mill test reports which lacked integrity, or delivery delays, while the other reported that some products from *** had been disqualified, but the firms were working to solve the production issues and re-qualify them.

[44] This response compiles *** separately.

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 being sold from inventory. Thirteen of 14 responding producers reported that 95 percent or more of their sales were of product made-to-order. Similarly, 13 of the 15 responding importers reported that 90 percent or more of their sales were of product made-to-order. The majority of U.S. producers making hot-rolled steel on a produce-to-order basis reported lead times of four to six weeks; for those limited number of firms that reported sales from inventories, lead times ranged from 1 to 2 weeks. Importers reported lead times ranged from about 2 to 6 months for product that is made to order, while lead times from inventories ranged from 1 to 7 days.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Purchasers were asked a number of questions comparing hot-rolled steel produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 15 factors (table II-7) for which they were asked to rate the importance. For the U.S. product compared to the Brazilian product, most responding purchasers reported U.S. product was superior to the Brazilian product for all characteristics except the following: minimum quantity requirements, overall quality meets industry standards, packaging, and product consistency (for which most reported they were comparable). At least half of responding purchasers reported that the U.S. product was superior to Japanese product in terms of six factors (availability, delivery terms, delivery time, price, reliability of supply, and U.S. transportation costs); the majority reported that the U.S. and Japanese product were comparable in terms of seven factors (discounts offered, extension of credit, overall quality meets industry standards, overall quality exceeds industry standards, packaging, product consistency, and technical support). A majority of purchasers reported U.S. product was superior to Russian product for all factors except five. They reported U.S. and Russian product were comparable for packaging, and price. For extension of credit and minimum quantity requirement, two each reported U.S. was superior and U.S. was comparable with Russian product, and for discounts offered two reported U.S. and Russian products were comparable, one reported the U.S. product was superior to Russian product, and one reported U.S. was inferior to Russian product.

Producers, importers, and purchasers were asked how frequently hot-rolled steel from different countries were interchangeable (table II-8). Almost all responding U.S. producers reported that the domestic and imported products are always or frequently interchangeable; one producer, however, reported that the Russian product is only sometimes interchangeable as a result of packaging, surface, consistency, lead times, and on-time delivery.

Most importers agreed that domestic and subject imported products were always or frequently interchangeable. Two importers reported that U.S. and Brazilian product were only sometimes interchangeable, four importers reported that U.S. and Japanese product was either sometimes or never interchangeable, and five reported that U.S. product was only sometimes interchangeable with product from Russia. Two importers reported generally that there are differences in surface quality, cleanliness of steel, and tolerances among countries, while one reported differences in quality and specifications. One importer reported that Japanese quality was not available from U.S. producers, while another reported that the Japanese product was more consistent for some products. One importer reported that some Russian mills may not produce steel of an adequate quality.

Table II-7
Hot-rolled steel: Comparisons of product by source country, as reported by purchasers

Factor	U.S. vs Brazil			U.S. vs Japan			U.S. vs Russia			U.S. vs Nonsubject		
	S	C	I	S	C	I	S	C	I	S	C	I
	Number of firms responding											
Availability	5	1	0	4	3	1	4	0	0	12	11	1
Delivery terms	5	1	0	4	4	0	4	0	0	11	13	0
Delivery time	6	0	0	7	1	0	4	0	0	12	11	1
Discounts offered	3	2	0	1	5	1	1	2	1	3	14	5
Extension of credit	4	1	0	1	6	0	2	2	0	6	16	0
Minimum quantity requirements	2	4	0	3	4	1	2	2	0	3	21	0
Overall quality meets industry standards	2	4	0	0	7	1	3	1	0	2	22	0
Overall quality exceeds industry standards	3	2	0	0	5	2	4	0	0	7	16	0
Packaging	1	4	0	1	5	1	1	3	0	3	20	0
Price	4	2	0	4	4	0	0	4	0	5	11	8
Product consistency	2	4	0	0	6	2	4	0	0	5	19	0
Product range	5	1	0	2	3	3	3	1	0	11	13	0
Reliability of supply	5	1	0	4	4	0	4	0	0	10	14	0
Technical support/service	5	1	0	2	5	1	4	0	0	9	15	0
U.S. transportation costs	5	1	0	5	3	0	4	0	0	13	11	0

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

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

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

A substantial majority of purchasers (14 of 16 for Brazil, 18 of 20 for Japan, and 10 of 15 for Russia) stated that hot-rolled steel from the United States was always or frequently interchangeable with subject imports. None of the purchasers reported why product was only sometimes or never interchangeable.

Table II-8
Hot-rolled steel: U.S. firms' perceived degree of interchangeability of products produced in the United States and other countries[1]

Country comparison	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Brazil	9	1	0	0	8	11	2	0	8	6	1	1
U.S. vs. Japan	9	1	0	0	9	9	1	3	12	6	1	1
U.S. vs. Russia	8	1	1	0	5	12	5	0	6	4	4	1
Brazil vs. Japan	8	2	0	0	8	10	2	0	8	4	0	1
Brazil vs. Russia	8	1	1	0	5	12	4	0	6	3	2	1
Japan vs. Russia	8	1	1	0	8	10	4	0	8	2	0	2
U.S. vs. nonsubject	8	1	1	0	6	14	3	0	9	9	5	1
Brazil vs. nonsubject	8	1	1	0	7	11	3	0	6	4	1	1
Japan vs. nonsubject	8	1	1	0	7	10	2	0	9	3	1	1
Russia vs. nonsubject	8	1	1	0	7	11	3	0	6	3	2	1

[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.

Foreign producers were asked if the hot-rolled steel they produce and sell to their home market is interchangeable with that sold in the United States or third-country markets. All three Brazilian producers replied "yes." Three of five Japanese producers and two of three Russian producers replied "no," citing differences in specification standards.[45]

The majority of producers, importers, and purchasers reported that product from different subject countries were either always or frequently interchangeable with product from other subject countries (table II-8). The differences reported were the same as those reported comparing U.S. product with subject product. Similarly, most U.S. producers, importers, and purchasers reported that product from nonsubject countries was always or frequently interchangeable with both U.S. product and product from each of the subject countries.

In addition, producers, importers, and purchasers 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-9). Most U.S. producers reported that differences other than price were never important for any country combination. In contrast, responses by importers and purchasers were more mixed. When comparing the United States to subject countries, most importers and purchasers reported that there were "sometimes" or "never" differences other than price. However, a number

[45] One of these Russian producers referenced an answer to an earlier questions which would indicate a "no" response.

Table II-9
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 countries[1]

Country comparison	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Brazil	0	0	1	9	4	2	6	7	5	2	5	4
U.S. vs. Japan	0	0	2	8	7	1	5	6	5	3	7	4
U.S. vs. Russia	0	0	0	9	4	3	7	7	4	1	7	4
Brazil vs. Japan	0	0	2	8	5	2	5	6	4	2	3	4
Brazil vs. Russia	0	1	1	8	4	3	6	6	4	1	4	4
Japan vs. Russia	0	1	1	8	4	2	5	6	3	1	4	5
U.S. vs. nonsubject	0	0	2	8	4	4	7	7	5	1	11	5
Brazil vs. nonsubject	0	0	2	8	4	3	5	6	5	1	3	4
Japan vs. nonsubject	0	0	2	8	4	2	5	6	4	1	4	4
Russia vs. nonsubject	0	0	2	8	4	2	5	6	4	1	4	4

[1] Producers, importers and purchasers 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.

reported there were "always" or "frequently" differences other than price (6 of 19 importers and 7 of 16 purchasers for Brazil, 8 of 19 importers and 8 of 19 purchasers for Japan, and 7 of 21 importers and 5 of 16 purchasers for Russia). Most responding purchasers reported that there were sometimes or never differences than prices for all subject vs. nonsubject country comparisons.

Differences reported by purchasers noting differences include: availability/accessibility/lead times, customer preferences, domestic/"Buy America"/NAFTA purchase requirements, product consistency, product range, quality, reliability of supply, technical support/service, and transportation/freight costs. These firms did not specify for which country pairs these differences occurred. Two firms reported specific differences between U.S. and Japanese product. Purchaser *** reported that if product is not from the United States or Japan, then quality is always a concern, since Japan has a reputation for very high quality but producers from every other country must prove their quality.

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were encouraged to comment on these estimates in their prehearing or posthearing briefs. Joint Brazilian and Japanese respondent interested parties did so, noting that the suggested elasticities were a reasonable description of the general U.S. hot-rolled steel market.[46]

U.S. Supply Elasticity[47]

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 moderate ability to increase or decrease shipments to the U.S. market; an estimate in the range of 2 to 4 is suggested.

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 a range of -0.75 to -1.0. 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.[48] 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 imports is likely to be moderate and in the range of 3 to 5, with more specialized products falling in the lower part of this range.[49]

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[46] Joint Brazilian and Japanese respondent interested parties noted, however, that there were no foreign supply elasticities included in the staff report. Joint Brazilian and Japanese respondent interested parties' posthearing brief, app. 1, p. 19. These estimates are not typically presented in staff reports.

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

[48] 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.

[49] Joint Brazilian and Japanese respondent interested parties contend that this substitution elasticity does not capture the nature of Japanese exports to the United States being focused on "very high quality specialty hot-rolled steel," and the estimate for Japan should be "much smaller." Joint Brazilian and Japanese respondent interested parties' posthearing brief, app. 1, p. 19.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

During the period since the filing of the original petitions, 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 September 30, 1998.

Table III-1
Hot-rolled steel: Survey of industry events since September 30, 1998

Year	Company	Description of event (Merger, shutdown, bankruptcy, change in capacity, etc.)
1998	Bethlehem Steel	**Acquisition:** Acquires Lukens, Inc., a producer primarily of plate products, but with some capability to produce heavy plate in coils.
	Inland Steel	**Acquisition:** Was acquired by Ispat International, Inc., a London-based holding company of mostly minimill steel companies in several countries.
	Caparo Steel	**Acquisition:** Was acquired by the Duferco Group, a Swiss trading company.
1999	AK Steel	**Acquisition:** Acquires Armco Inc., a producer primarily of stainless and silicon steel flat products, but also a producer of hot-rolled steel.
2000	Gulf States Steel	**Closure**: In Chapter 11 bankruptcy proceedings and ceases production. 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. Pension taken over by the Pension Benefit Guaranty Corporation ("PBGC").
	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. Pension taken over by PBGC. 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. Pension taken over by PBGC.
	Nucor	**Acquisition:** Acquires Trico Steel Co.

Table continued on next page.

Table III-1--*Continued*
Hot-rolled steel: Survey of industry events since September 30, 1998

Year	Company	Description of event (Merger, shutdown, bankruptcy, change in capacity, etc.)
2002	Trico Steel Co.	**Bought out:** Acquired by Nucor.
	Domestic Industry	**Safeguard measures:** Applied on flat-rolled (including hot-rolled) steel and other steel products, March 2002-December 2003.
2003	Bethlehem Steel	**Bought out:** Acquired by ISG.
	Geneva Steel	**Bankruptcy**: Enters Chapter 7 bankruptcy proceedings.
	International Steel Group	**Acquisition:** Acquires Bethlehem Steel.
	National Steel	**Bought out:** U.S. Steel purchases and operates substantially all of the assets and National is liquidated.
	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. Pension taken over by PBGC.
	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. Pension taken over by PBGC.
	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 was completed in 2007.

Table continued on next page.

Table III-1--*Continued*
Hot-rolled steel: Survey of industry events since September 30, 1998

Year	Company	Description of event (Merger, shutdown, bankruptcy, change in capacity, etc.)
2007	Evraz Group	**Acquisition:** Acquires the assets of Oregon Steel.
	Mittal Steel USA Inc.	**Divestiture:** The U.S. Department of Justice rules that Mittal must divest its Sparrows Point, MD facility (formerly owned by Bethlehem Steel) for antitrust regulations concerning the production of tin mill products. Mittal agrees 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). This agreement fails and the Sparrows Point facility is sold to Severstal in 2008.
	IPSCO	**Bought out**: Acquired by SSAB Americas (Sweden).
	SeverCorr	**New Producer:** Starts operation of a newly-built plant in Columbus, MI.
	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**: Merges with Esmark Inc., a steel service center chain, October 2007.
	U.S. Steel	**Acquisition**: Acquires Stelco, Inc. (Ontario, Canada), a major Canadian producer of hot-rolled steel, November 2007.
2008	Severstal	**Acquisition:** Acquires WCI Steel Inc., Warren, OH, and renames the unit Severstal Warren LLC.
	Severstal	**Acquisition:** Acquires the Sparrow Point MD operations of ArcelorMittal SA and renames the unit Severstal Sparrows Point LLC.
	Severstal	**Acquisition:** Acquires Esmark Inc., including Wheeling-Pittsburgh Steel Corp, which it renames Severstal Wheeling Inc.
	Severstal	**Buyout:** Completes the buyout of the founding group of managers of SeverCorr, Columbus, MI, increasing its ownership share to 85 percent. Renames the unit Severstal Columbus Inc.
	NMLK	**Acquisition:** AcquiresBeta Steel, Portage, IN.
2009	Severstal	**Shutdown:** Idles Wheeling and Warren facilities.
2010	Severstal	**Restart:** Warren facility restarted.
	Severstal	**Shutdown:** Idles Sparrows Point facility.
	ThyssenKrupp Steel USA	**New producer:** ThyssenKrupp Steel USA commences operations at a newly constructed plant in Calvert City AL, producing HRC from imported semifinished steel.
2011	RG Steel LLC	**Acquisition:** Privately-owned Renco Group Inc., acquires three steel producing facilities from Severstal: Severstal Wheeling Inc., Severstal Warren LLC, and Severstal Sparrows Point LLC, to create a new steel company, RG Steel LLC.

Source: American Metal Market (various issues); *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine: Investigations Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review)*, USITC Publication 3956, October 2007, p. III-2.

Background

Information in this section is based on the questionnaire responses of 14 current and one former domestic producers that accounted for all or virtually all domestic production in 2010.[1]

Changes Experienced by the Industry

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; or any other change in the character of their operations or organization relating to the production of hot-rolled steel since 2005. All domestic producers indicated that they had experienced such changes; their responses are presented in table III-2.

Table III-2
Hot-rolled steel: Changes in the character of U.S. producers' operations since January 1, 2005

* * * * * * *

Anticipated Changes in Operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of hot-rolled steel. Their responses appear in table III-3. The majority of firms did not anticipate such changes. Among the firms that do anticipate such changes, the largest were tentative about the impact of the market on their future operating rates and project plans.[2]

Table III-3
Hot-rolled steel: Anticipated changes in the character of U.S. producers' operations

* * * * * * *

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for hot-rolled steel are presented in table III-4.[3] [4] Capacity and production fluctuated but decreased overall, despite recovering in

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[1] Severstal North America reported data separately for its five establishments (Severstal Dearborn, Inc, Severstal Columbus, LLC, Severstal Sparrows Point, LLC, Severstal Warren, Inc., and Severstal Wheeling, Inc.). For the purposes of this section of the report, unless otherwise noted, data for each establishment have been reported separately. Former U.S. producer, Lone Star, was closed down by U.S. Steel soon after acquiring it in 2007.

[2] Of the two U.S. producers that provided informal business plans pertaining to hot-rolled steel, both *** anticipated slight increases in production and sales of hot-rolled steel in 2011, and *** predicting slightly lower prices than in 2010.

[3] *** reported production of downstream product cold-rolled steel, but did not reflect this in its hot-rolled production or shipment data; accordingly, Staff has adjusted the company's data to incorporate these volumes into production and internal consumption of hot-rolled steel.

[4] Both ArcelorMittal and Severstal Sparrows Point initially reported data for the Sparrows Point facility before the acquisition by Severstal in May 2008, therefore Staff has adjusted data to eliminate this double counting. Lone

(continued...)

2010 from their period lows in 2009. All but two firms (***) reported a decline in production in 2009,[5] and all but two firms (***) reported increases in production in 2010. The largest increases and decreases in production during the period for which data were collected involved the largest firms, in terms of both capacity and production. *** represented the majority of the decline in production in 2007, and along with ***, represented the majority of the production declines in 2008 and 2009. In addition, these *** large producers also represented the majority of the increase in production in 2010.[6]

Table III-4
Hot-rolled steel: U.S. capacity, production, and capacity utilization, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Capacity (*short tons*)	81,533,511	82,208,701	82,201,768	81,842,235	78,225,675	79,679,215
Production (*short tons*)	62,859,112	65,890,974	61,878,281	56,497,372	39,635,900	54,913,361
Capacity utilization (*percent*)	77.1	80.2	75.3	69.0	50.7	68.9

Note.–***.

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

During the period for which data were collected, two firms, Severstal Columbus and ThyssenKrupp Steel USA, began production in new hot-rolled steel mills. Severstal Columbus initiated hot-rolled steel operations in the fourth quarter of 2007,[7] while ThyssenKrupp Steel USA's hot-strip mill began production in July 2010.[8] The additional capacity of Severstal Columbus in 2008, however, was offset by reductions in capacity by *** which reported declines in 2008 production capacity of *** short tons and *** short tons, respectively.[9] These two firms, along with ***, comprised the majority of the decline in domestic industry's capacity in 2009.[10]

[4] (...continued)
Star, which U.S. Steel closed down soon after acquiring it in 2007, did not provide a questionnaire response in these reviews. Therefore, Staff utilized data from its questionnaire responses in Hot-Rolled Steel Products from Argentina, China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA-404-408 and 731-TA-898-903 and 905-908 (Review) and Certain Circular Welded Carbon Quality Steel Line Pipe from China and Korea, Inv. Nos. 701-TA-455 and 731-TA-1149-1150 (Preliminary).

[5] Many of these firms specifically noted that these declines were due to low demand, with several firms attributing this to general economic conditions.

[6] In 2010, ***, compared to 2009 levels.

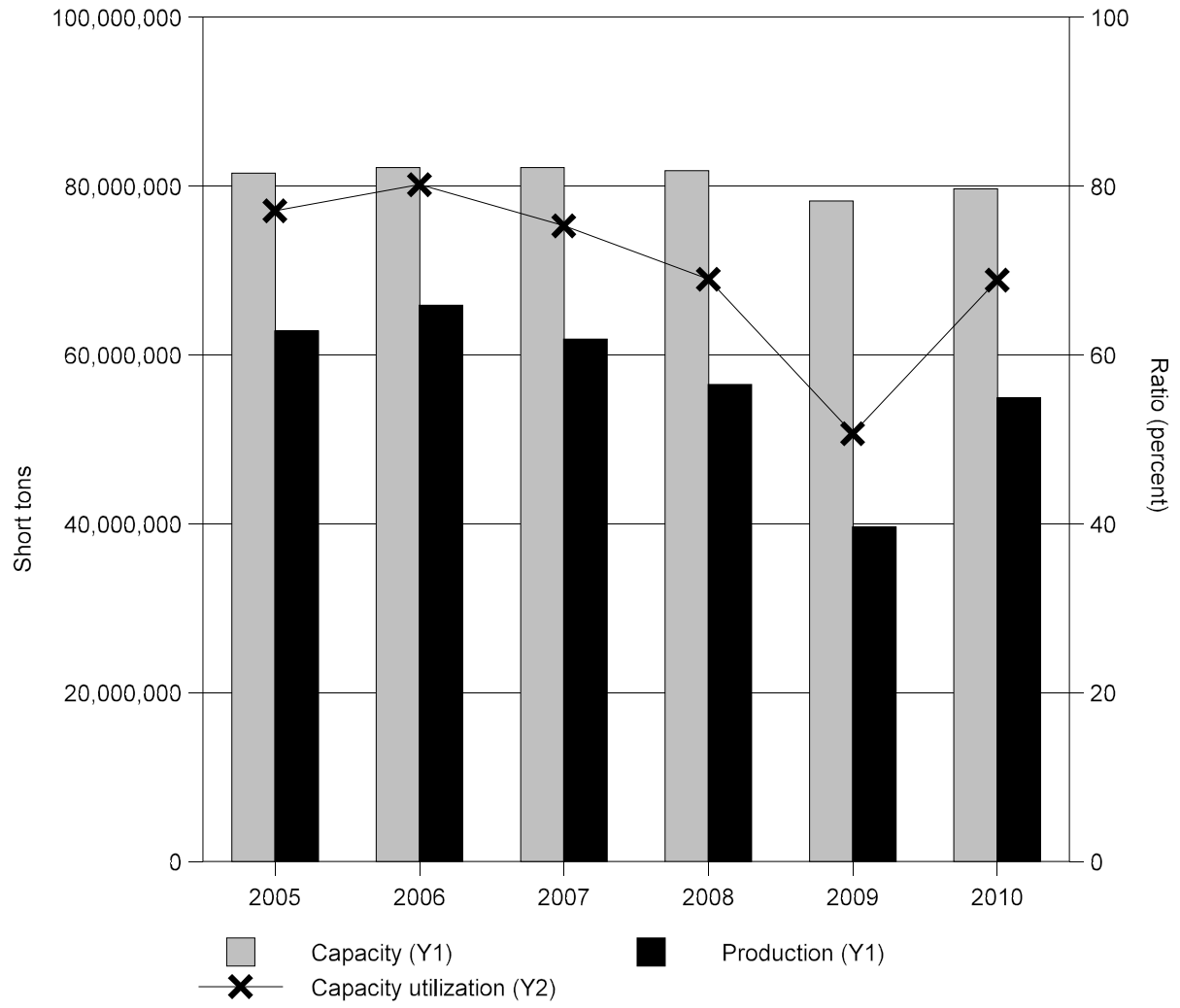
[7] *Severstal Reinforces Commitment to the US Steel Market as SeverCorr Begins Production*, Severstal press release, October 23, 2007, found at http://www.severstal.com/eng/media/news/document649.phtml, retrieved March 2, 2011.

[8] *ThyssenKrupp, welcome*, found at http://www.thyssenkruppsteelusa.com/, retrieved March 2, 2011.

[9] ***.

[10] ***.

Figure III-1
Hot-rolled steel: U.S. producers' capacity, production, and capacity utilization, 2005-10



Source: Table III-4.

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 constraints.[11] The remaining firms provided the information presented in table III-5 regarding their constraints on capacity.

[11] The domestic producers that indicated that they had no constraints on capacity include ***.

Table III-5
Hot-rolled steel: U.S. producers' constraints on capacity

* * * * * * *

Alternative and Downstream 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. Six companies (***) indicated that they produce other products on their hot-rolled steel equipment and machinery. Twelve domestic producers (***) responded that they do not produce other products on the same equipment and machinery used to make hot-rolled steel.

Data on domestic producers' capacity, production, and capacity utilization for alternative steel products are presented in table III-6. The reported capacity, production, and capacity utilization for all six categories of steel products fluctuated throughout the period for which data were collected with reported capacity and production levels generally lower during 2010 than reported during 2005.[12] ArcelorMittal and Nucor reported production of slab casting, nonsubject hot-strip, cold-rolled steel, coated steel and steel plate (cut from coils), while U.S. Steel reported production of slab casting, cold-rolled steel, coated steel, steel plate (cut from coils), and tubular products. Gallatin was the only domestic producer which reported producing only subject hot-rolled steel. In total, 13 firms reported production of slabs,[13] 6 reported production of nonsubject products on their hot-strip mill,[14] [15] 13 reported production of cold-rolled steel,[16] 12 reported production of coated steel,[17] 5 reported production of steel plate (cut from coils),[18] and 2 reported production of tubular products.[19]

[12] The exception to this was tubular products, which declined in 2009 but ended the review period with higher levels of capacity and comparable levels of production relative to 2005.

[13] AK Steel, ArcelorMittal, NLMK Beta, North Star BlueScope, Nucor, Severstal Columbus, Severstal Dearborn, Severstal Sparrows Point, Severstal Warren, Severstal Wheeling, SSAB Americas, Steel Dynamics, and U.S. Steel.

[14] ***.

[15] Over the period for which data were collected, hot-strip mill production of nonsubject product represented less than *** percent of total hot-strip mill production in any given year for ***, but represented between approximately *** percent for ***.

[16] AK Steel, ArcelorMittal, California Steel Industries, Duferco Farrell, Nucor, Severstal Columbus, Severstal Dearborn, Severstal Sparrows Point, Severstal Warren, Severstal Wheeling, Steel Dynamics, ThyssenKrupp Steel USA, and U.S. Steel.

[17] AK Steel, ArcelorMittal, California Steel Industries, Nucor, Severstal Columbus, Severstal Dearborn, Severstal Sparrows Point, Severstal Warren, Severstal Wheeling, Steel Dynamics, ThyssenKrupp Steel USA, and U.S. Steel.

[18] ArcelorMittal, Evraz Oregon Steel Mills, Nucor, Severstal Wheeling, and U.S. Steel.

[19] California Steel Industries and U.S. Steel (in addition, former U.S. producer Lone Star also produced tubular products).

Table III-6
Hot-rolled steel: U.S. producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Slab casting:[1]						
Capacity (short tons)	76,156,484	77,349,484	77,436,656	78,659,731	75,560,246	76,546,646
Production (short tons)	64,665,962	65,449,390	63,078,022	59,699,230	41,184,543	56,678,953
Capacity utilization (percent)	84.9	84.6	81.5	75.9	54.5	74.0
Hot-strip mill:						
Capacity (short tons)	84,906,281	85,880,181	85,954,093	86,602,581	83,299,375	83,046,045
Production (short tons)						
Subject	62,859,112	65,890,974	61,878,281	56,497,372	39,635,900	54,913,361
Nonsubject[2]	2,997,633	3,372,483	4,429,742	4,132,895	2,374,945	3,914,657
Total	65,856,745	69,263,457	66,308,023	60,630,267	42,010,845	58,828,018
Capacity utilization (percent)	77.6	80.7	77.1	70.0	50.4	70.8
Cold-rolled steel:						
Capacity (short tons)	45,413,675	45,540,144	46,263,787	44,952,740	40,651,647	40,225,915
Production (short tons)	34,453,506	34,888,537	31,582,218	28,499,383	21,705,106	27,327,288
Capacity utilization (percent)	75.9	76.6	68.3	63.4	53.4	67.9
Coated steel:						
Capacity (short tons)	25,113,570	25,342,190	25,436,150	23,923,857	22,030,437	22,315,833
Production (short tons)	18,823,487	19,393,111	17,970,800	15,965,484	11,495,001	15,511,065
Capacity utilization (percent)	75.0	76.5	70.7	66.7	52.2	69.5
Steel plate (cut from coils):						
Capacity (short tons)	1,870,000	1,920,000	1,980,000	1,858,000	1,775,042	1,785,042
Production (short tons)	850,551	1,004,361	1,046,111	917,826	446,123	625,514
Capacity utilization (percent)	45.5	52.3	52.8	49.4	25.1	35.0
Tubular products:						
Capacity (short tons)	***	***	***	***	***	***
Production (short tons)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***

[1] Slab casting production for U.S. producer Lone Star, which was shut down in 2007, was not available and is not included.
[2] Examples include hot-rolled alloy steel and discrete plate produced on a Steckel mill.

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

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

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of hot-rolled steel are presented in table III-7.[20] The quantity of U.S. shipments increased between 2005 and 2006, declined in 2007 and 2008 and more sharply in 2009 before increasing in 2010, although U.S. shipments were still below 2005 levels. The value of U.S. shipments was also lower at the end of the period compared with 2005, although to a lesser degree.[21] As a share of total shipments, commercial shipments increased between 2005 and 2007, declined in 2008 and 2009, then rose in 2010, and closed 2010 at a higher level than in 2005. Internal consumption followed the opposite trend, ending below 2005 levels. Internal consumption was reported by thirteen firms.[22] Both transfers to related firms and exports were less than 4 percent of total shipments throughout the period examined.[23]

Average unit values for all forms of shipments peaked in 2008 and, despite a sharp decline in 2009, closed 2010 higher than in 2005. Average unit values for export shipments were higher than the unit values for U.S. commercial shipments in each year except in 2007, when export values were $7 per short ton lower, and in 2009, when export values were $24 per short ton lower.

Table III-7
Hot-rolled steel: U.S. producers' shipments, by types, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Commercial shipments	23,418,285	25,214,571	24,204,952	22,306,071	13,692,198	20,809,160
Internal consumption	37,184,587	38,348,101	34,056,743	31,856,117	23,437,062	30,226,652
Transfers to related firms	1,388,668	1,620,358	2,063,739	1,849,607	999,328	1,958,838
U.S. shipments	61,991,540	65,183,030	60,325,434	56,011,795	38,128,588	52,994,650
Export shipments	1,084,187	756,886	1,462,893	1,353,996	1,155,035	1,653,241
Total shipments	63,075,727	65,939,916	61,788,327	57,365,791	39,283,623	54,647,891

Table continued on following page.

[20] *** reported production of downstream product cold-rolled steel, but did not reflect this in its hot-rolled production or shipment data; accordingly Staff has adjusted *** data to incorporate this into production and internal consumption of hot-rolled steel.

[21] The value of U.S. shipments fluctuated over the period, rising and falling in each subsequent year, although falling more sharply in 2009 and rising more sharply in 2010.

[22] ***.

[23] Three firms reported no export shipments, ***. Of the others that reported exports, *** reported the highest share of export shipments (***) to total shipments, with the remaining firms reporting less than 10 percent in any given year. Of the 15 firms that reported exports, 12 reported Canada as a principal export market, 10 reported Mexico, and 2 reported other markets in South America or Europe.

Table III-7--*Continued*
Hot-rolled steel: U.S. producers' shipments, by types, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
			Value (*1,000 dollars*)			
Commercial shipments	12,631,398	14,324,743	13,372,670	17,558,950	7,210,186	12,618,918
Internal consumption	19,276,549	20,958,296	18,409,405	23,650,360	12,202,896	18,087,921
Transfers to related firms	747,327	913,738	1,157,194	1,505,363	545,201	1,180,809
U.S. shipments	32,655,274	36,196,777	32,939,269	42,714,673	19,958,283	31,887,648
Export shipments	595,336	451,987	796,552	1,144,536	581,216	1,004,170
Total shipments	33,250,610	36,648,764	33,735,821	43,859,209	20,539,499	32,891,818
			Unit value (*per short ton*)			
Commercial shipments	$539	$568	$552	$787	$527	$606
Internal consumption	518	547	541	742	521	598
Transfers to related firms	538	564	561	814	546	603
U.S. shipments	527	555	546	763	523	602
Export shipments	549	597	545	845	503	607
Total shipments	527	556	546	765	523	602
			Share of quantity (*percent*)			
Commercial shipments	37.1	38.2	39.2	38.9	34.9	38.1
Internal consumption	59.0	58.2	55.1	55.5	59.7	55.3
Transfers to related firms	2.2	2.5	3.3	3.2	2.5	3.6
U.S. shipments	98.3	98.9	97.6	97.6	97.1	97.0
Export shipments	1.7	1.1	2.4	2.4	2.9	3.0
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

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

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

U.S. PRODUCERS' INVENTORIES

As shown in table III-8 inventories fluctuated in absolute and relative terms between 2005 and 2010. U.S. producers' inventories ended in 2010 lower than in 2005 in absolute terms, but were comparable relative to production and shipments. The domestic industry's inventories of hot-rolled steel peaked in 2007, then in 2008 declined sharply in absolute and relative terms, falling to period lows. Throughout the period for which data were collected, the *** largest firms, in terms of both capacity and production, generally generated the largest increases and decreases in producer inventories. In addition to these producers, *** had the second largest decline in inventories in 2008, which along with *** helped offset the increases in inventories by the largest domestic producers and ***. In 2008, *** reported its largest, and fourth largest industry decline, in inventories. Over one-half of the increase in inventories in 2010 were due to ***.

Table III-8
Hot-rolled steel: U.S. producers' end-of-period inventories, 2005-10

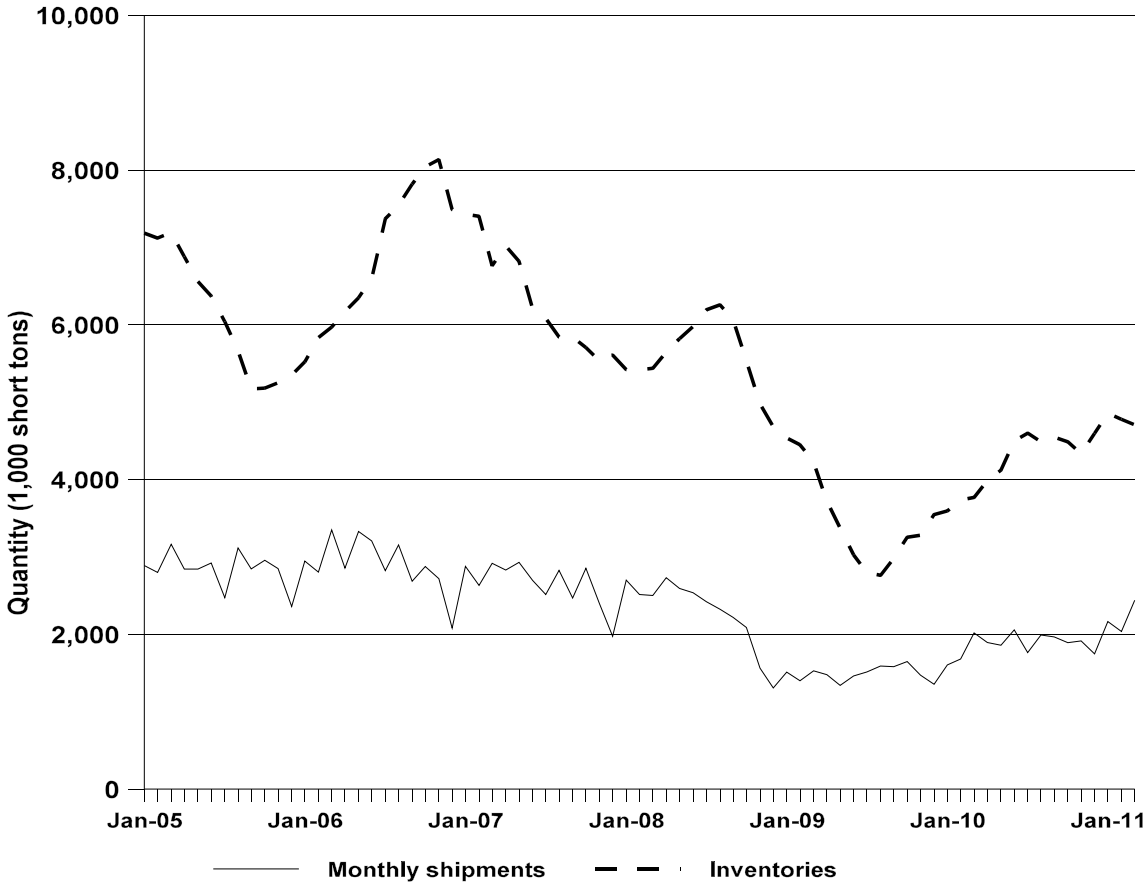
Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Inventories (*short tons*)	1,809,058	1,759,945	1,849,851	1,000,610	1,352,124	1,617,837
Ratio to production (*percent*)	2.9	2.7	3.0	1.8	3.4	2.9
Ratio to U.S. shipments (*percent*)	2.9	2.7	3.1	1.8	3.5	3.1
Ratio to total shipments (*percent*)	2.9	2.7	3.0	1.7	3.4	3.0
Source: Compiled from data submitted in response to Commission questionnaires.						

Steel inventories are held by numerous market participants, including producers, end users, importers, and service centers.[24] Steel service centers inventory and distribute steel for industrial customers.[25] Figure III-2 illustrates the trends in steel service center shipments and inventories that have taken place over January 2005-March 2011.

[24] Public data on inventory holdings are available for those inventories held in storage or at service centers. According to the Metal Service Center Institute, in December 2010, more than 4.6 million tons of carbon flat-rolled products, excluding plate, were held in inventory in the United States. This figure is approximately 25 percent lower than the 2004 annual average inventory of 6.1 million tons in inventory. Compiled from data obtained from the Metal Service Center Institute, *Data on shipments and inventories of carbon flat-rolled products (excluding plate)*, found at *www.ssci.org/Reports.aspx*, retrieved March 10, 2011.

[25] *Today's Metal Service Center Institute*, Metals Service Center Institute, found at http://www.ssci.org/Description.aspx, retrieved March 10, 2011.

Figure III-2
Carbon steel flat-rolled product (excluding plate): Steel service center's shipments and inventories, January 2005-March 2011



Source: Compiled from Metal Service Center Institute data.

U.S. PRODUCERS' IMPORTS AND PURCHASES

No domestic producer imported or purchased subject merchandise from importers. *** were the only domestic producers that directly imported from nonsubject sources.[26] Only one U.S. producer, ***, purchased from importers hot-rolled steel (***) from nonsubject countries. In addition, four domestic producers (***) reported purchases from other sources, believed to be U.S. distributors.[27]

[26] ***.

[27] These producers reported total purchases of *** short tons valued at $*** during 2005-10.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for hot-rolled steel are presented in table III-9.[28] The number of production and related workers ("PRWs") employed by the domestic hot-rolled producers declined between 2005 and 2010 by 2,075 or 8.7 percent.[29] A substantial portion of the decline in PRWs between 2005 and 2010 (particularly between 2008 and 2009) was attributed to producers with integrated mills, even when taking into account that these firms accounted for a larger number of PRWs in the domestic industry. ***, with a decline of *** PRWs, accounted for the largest overall decline in the number of PRWs between 2005-10. Most of the decline was in ***. The next largest decline of PRWs was by *** which had several operations idled or curtailed production, followed by ***, which idled its mill between ***. In addition to these two firms, *** contributed to the decline in PRWs in 2009, the year in which employment of PRWs barely topped 20,000.[30]

Table III-9
Hot-rolled steel: U.S. producers' employment-related data, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Production and related workers (PRWs)	23,757	22,968	23,384	24,599	20,187	21,682
Hours worked by PRWs (*1,000 hours*)	55,396	52,337	51,768	51,573	38,130	47,358
Hours worked per PRW	2,332	2,279	2,214	2,097	1,889	2,184
Wages paid to PRWs (*1,000 dollars*)	1,580,898	1,627,286	1,688,018	1,743,741	1,209,585	1,540,481
Hourly wages	$28.54	$31.09	$32.61	$33.81	$31.72	$32.53
Productivity (*short tons produced per 1,000 hours*)	1,134.7	1,259.0	1,195.3	1,095.5	1,039.5	1,159.5
Unit labor costs (*per short ton*)	$25.15	$24.70	$27.28	$30.86	$30.52	$28.05

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

[28] Both ArcelorMittal and Severstal Sparrows Point initially reported data for the Sparrows Point facility before the acquisition by Severstal in May 2008, therefore Staff has adjusted data to eliminate this double counting. Lone Star, which U.S. Steel closed down soon after acquiring it in 2007, did not provide a questionnaire response in these reviews, therefore data was used from its response to a 2007 investigation on Hot-Rolled Steel.

[29] A witness for United Steelworkers of America, AFL-CIO/CLC reported that it agreed to the consolidation of the steel industry involving major workforce reductions and changes in workplace rules to increase productivity. The witness further noted that during the 2008 downturn, in addition to the reductions in PRWs, VEBA fund payments (which help provide healthcare, prescription drug benefits, supplemental Medicare for current and future retirees) were deferred. Hearing transcript, pp. 72, 76, and 155 (Conway).

[30] ***.

FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

Background

The financial results of fifteen U.S. producers of hot-rolled steel are presented in this section of the report.[31] Financial results were primarily reported on the basis of U.S. generally accepted accounting principles ("GAAP").[32] With the exception of North Star BlueScope and ThyssenKrupp Steel USA, which reported on a fiscal-year basis ending May 31 and September 30, respectively, U.S. producers reported their financial results on a calendar-year basis.

Internal consumption is the largest category of overall hot-rolled steel activity, representing 56.2 percent of the period's cumulative sales quantity. The next largest category is commercial sales (40.8 percent of cumulative sales quantity), followed by a relatively small level of transfers to related firms (3.0 percent of cumulative sales quantity).[33] As shown in the company-specific table presented in this section of the report, the relative importance of these categories to each U.S. producer was not uniform.

*** together accounted for *** percent of the period's cumulative sales quantity. With respect to U.S. producers with operations throughout the period, the remaining company-specific shares of cumulative sales quantity ranged from *** to ***.

Producers' Operations on Hot-Rolled Steel

Table III-10 presents the overall financial results of the U.S. industry's operations on hot-rolled steel. Corresponding financial information by producer for selected items is presented in table III-11. Table III-12 presents a variance analysis of the U.S. producer financial results.[34] As reflected in these tables, fair market values assigned to internal consumption and transfers to related firms are based on commercial sales values adjusted for differences, if any, in the cost of hot-rolled steel consumed for commercial sales and the cost of hot-rolled steel consumed for internal consumption/transfers to related firms ("constructed fair market value"). Alternatively, appendix E presents the industry's financial results using the following valuation methodology for internal consumption and transfers to related firms: the

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[31] As noted in Part I of this report, the Severstal facilities in Columbus, MS, Dearborn, MI, Sparrows Point, MD, Wheeling, WV, and Warren, OH, responded to the Commission's questionnaire as individual producers. In the relevant tables of this section of the report, the financial results of the above-referenced Severstal facilities are presented separately. ***. USITC auditor prehearing notes. USITC auditor posthearing notes.

[32] ***.

[33] These shares are generally consistent with the first reviews when commercial sales, internal consumption, and transfers to related firms represented 58.6 percent, 37.8 percent, and 3.6 percent, respectively, of the cumulative sales quantity for the period 1999-2004. *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),* USITC Publication 3767, April 2005, based on table III-15, p. III-18.

[34] The Commission's variance analysis is calculated in three parts: sales variance, cost of goods sold ("COGS") variance, and sales, general and administrative ("SG&A") expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a volume (quantity) variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the respective tables, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and SG&A volume variances. All things being equal, a stable overall product mix generally enhances the utility of the Commission's variance analysis.

Table III-10
Hot-rolled steel: Results of U.S. producers' operations (valuation of internal consumption and transfers to related firms based on constructed fair market value), fiscal years 2005-10

Item	Fiscal year					
	2005	2006	2007	2008	2009	2010
				Quantity (*short tons*)		
Commercial sales	24,344,276	25,945,597	25,600,972	23,968,147	14,704,148	22,105,802
Internal consumption	35,472,139	36,895,220	32,643,468	30,858,858	22,940,450	29,481,432
Transfers to related firms	1,400,833	1,626,796	2,063,739	1,854,490	1,021,226	2,114,232
Total net sales	61,217,248	64,467,613	60,308,179	56,681,495	38,665,824	53,701,466
				Value (*$1,000*)		
Commercial sales	13,287,725	14,632,834	14,186,400	18,421,332	8,097,837	13,413,463
Internal consumption	18,795,552	20,733,613	17,820,753	23,559,417	11,811,807	17,740,302
Transfers to related firms	754,888	917,812	1,156,494	1,512,029	558,106	1,286,681
Total net sales	32,838,165	36,284,259	33,163,647	43,492,778	20,467,750	32,440,446
Raw material	16,121,273	17,514,992	17,630,112	24,011,346	13,779,544	20,345,940
Direct labor	2,526,317	2,534,368	2,421,692	2,507,339	2,047,414	2,392,885
Other factory costs	8,080,036	8,787,191	9,276,902	10,148,203	6,395,107	8,033,323
Total cost of goods sold	26,727,626	28,836,551	29,328,706	36,666,888	22,222,065	30,772,148
Gross profit or (loss)	6,110,539	7,447,708	3,834,941	6,825,890	(1,754,315)	1,668,298
Selling expenses	33,221	32,806	25,842	29,151	22,379	28,037
General and administrative expenses	847,665	854,433	749,619	756,213	545,098	881,680
Total SG&A expenses	880,886	887,239	775,461	785,364	567,477	909,717
Operating income or (loss)	5,229,653	6,560,469	3,059,480	6,040,526	(2,321,792)	758,581
Interest expense	302,305	348,672	521,261	482,487	516,328	490,125
Other expenses	14,373	62,123	7,722	484,762	46,876	70,467
CDSOA funds received	2,737	13,552	10,991	10,306	9,308	7,126
Other income items	36,838	49,727	63,570	20,902	30,342	132,023
Net income or (loss)	4,952,550	6,212,953	2,605,058	5,104,485	(2,845,346)	337,138
Depr. and amortization (incl. above)	825,666	893,528	874,768	846,992	978,079	1,046,666
Est. cash flow from operations	5,778,216	7,106,481	3,479,826	5,951,477	(1,867,267)	1,383,804
				Ratio to net sales (*percent*)		
Raw material	49.1	48.3	53.2	55.2	67.3	62.7
Direct labor	7.7	7.0	7.3	5.8	10.0	7.4
Other factory costs	24.6	24.2	28.0	23.3	31.2	24.8
Total cost of goods sold	81.4	79.5	88.4	84.3	108.6	94.9
Gross profit or (loss)	18.6	20.5	11.6	15.7	(8.6)	5.1
Total SG&A expenses	2.7	2.4	2.3	1.8	2.8	2.8
Operating income or (loss)	15.9	18.1	9.2	13.9	(11.3)	2.3
Net income or (loss)	15.1	17.1	7.9	11.7	(13.9)	1.0

Table continued on next page.

Table III-10--*Continued*
Hot-rolled steel: Results of U.S. producers' operations (valuation of internal consumption and transfers to related firms based on constructed fair market value), fiscal years 2005-10

Item	Fiscal year					
	2005	2006	2007	2008	2009	2010
Unit value (*dollars per short ton*)						
Commercial sales	546	564	554	769	551	607
Internal consumption	530	562	546	763	515	602
Transfers to related firms	539	564	560	815	547	609
Total net sales	536	563	550	767	529	604
Raw material	263	272	292	424	356	379
Direct labor	41	39	40	44	53	45
Other factory costs	132	136	154	179	165	150
Total cost of goods sold	437	447	486	647	575	573
Gross profit or (loss)	100	116	64	120	(45)	31
SG&A expenses	14	14	13	14	15	17
Operating income or (loss)	85	102	51	107	(60)	14
Number of companies reporting						
Data	14	14	14	13	13	14
Operating losses	3	1	4	2	11	6
Source: Compiled from data submitted in response to Commission questionnaires.						

underlying cost of the hot-rolled steel plus the gross profit of downstream products as allocated based on relative cost ("cost plus allocated gross profit of downstream products").[35]

Table III-11
Hot-rolled steel: Selected financial information of U.S. producers' operations (valuation of internal consumption and transfers to related firms based on constructed fair market value), fiscal years, 2005-10

* * * * * * *

[35] *Hot-Rolled Steel Products From Argentina, China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine, Invs. Nos. 701-TA-404-408 and 731-TA-898-902 and 904-908 (Review),* USITC Publication 3956, October 2007, pp. 40-41.

While most U.S. producers provided different valuations for internal consumption and transfers to related firms as requested in the U.S producer questionnaire, several U.S. producers did not. In response to a staff question regarding why it did not apply the valuation methodologies requested, ***. E-mail with attachment from *** to USITC auditor, February 16, 2011. ***.

Table III-12
Hot-rolled steel: Variance analysis of the financial results of U.S. producers' operations (valuation of internal consumption and transfers to related firms based on constructed fair market value), fiscal years 2005-10

Item	Fiscal year					
	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
Total net sales:						
Price variance	3,633,898	1,702,533	(779,561)	12,323,455	(9,201,265)	4,013,580
Volume variance	(4,031,617)	1,743,561	(2,341,051)	(1,994,324)	(13,823,763)	7,959,116
Total net sales variance	(397,719)	3,446,094	(3,120,612)	10,329,131	(23,025,028)	11,972,696
Cost of goods sold:						
Raw material:						
Cost variance	(6,203,913)	(537,751)	(1,245,183)	(7,441,436)	2,600,025	(1,208,065)
Volume variance	1,979,246	(855,968)	1,130,063	1,060,202	7,631,777	(5,358,331)
Net raw material variance	(4,224,667)	(1,393,719)	(115,120)	(6,381,234)	10,231,802	(6,566,396)
Direct labor:						
Cost variance	(176,730)	126,085	(50,841)	(231,278)	(337,009)	450,689
Volume variance	310,162	(134,136)	163,517	145,631	796,934	(796,160)
Net direct labor variance	133,432	(8,051)	112,676	(85,647)	459,925	(345,471)
Other factory costs:						
Cost variance	(945,292)	(278,141)	(1,056,658)	(1,429,175)	527,587	848,594
Volume variance	992,005	(429,014)	566,947	557,874	3,225,509	(2,486,810)
Net other factory cost variance	46,713	(707,155)	(489,711)	(871,301)	3,753,096	(1,638,216)
Net cost of goods sold:						
Cost variance	(7,325,934)	(689,806)	(2,352,682)	(9,101,889)	2,790,603	91,218
Volume variance	3,281,412	(1,419,119)	1,860,527	1,763,707	11,654,220	(8,641,301)
Total net cost of goods sold	(4,044,522)	(2,108,925)	(492,155)	(7,338,182)	14,444,823	(8,550,083)
Gross profit variance	(4,442,241)	1,337,169	(3,612,767)	2,990,949	(8,580,205)	3,422,613
SG&A expenses:						
Expense variance	(136,979)	40,418	54,534	(56,536)	(31,733)	(121,570)
Volume variance	108,148	(46,771)	57,244	46,633	249,620	(220,670)
Total SG&A variance	(28,831)	(6,353)	111,778	(9,903)	217,887	(342,240)
Operating income variance	(4,471,072)	1,330,816	(3,500,989)	2,981,046	(8,362,318)	3,080,373
Summarized as:						
Price variance	3,633,898	1,702,533	(779,561)	12,323,455	(9,201,265)	4,013,580
Net cost/expense variance	(7,462,913)	(649,388)	(2,298,148)	(9,158,425)	2,758,870	(30,352)
Net volume variance	(642,056)	277,671	(423,280)	(183,984)	(1,919,923)	(902,855)

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

Net Sales Quantity and Value

The beginning of the period reflects a continuation of stronger demand which began in 2004.[36] As shown in table III-10, the industry's total sales quantity reached its highest level in 2006 and then subsequently declined with a notably sharp drop in 2009. Table III-11 shows that the majority of U.S. producers reported lower sales quantity in 2009 compared to 2008.

Notwithstanding declines in total sales quantity in 2007 and 2008, the value of the industry's revenue reached its highest absolute level in 2008 due to higher average sales value. Table III-11 shows that all U.S. producers reported substantially higher average sales values in 2008 than in 2007. Likewise, in 2008 U.S. producers collectively reported the period's highest average raw material costs. In 2009, this pattern was reversed with almost all U.S. producers reporting sharp declines in average sales values which were only partially offset by corresponding declines in average raw material costs. U.S. producers generally indicated that this pattern reflected extreme supply and demand conditions in 2009.[37]

With a few exceptions, as shown in table III-11, most U.S. producers reported somewhat higher average sales values in 2010 compared to 2009.

Operating Costs and Expenses

Raw material costs represent the single largest component of overall COGS: 62.7 percent of total COGS on a cumulative basis. As shown in table III-11, average raw material costs and direct laborand other factory costs (i.e., conversion costs) vary from company to company and generally reflect underlying differences in steel production; e.g., the average raw material costs reported by ***, an integrated producer, are consistently lower than those of ***, a mini-mill producer, while its average other factory costs are higher. This pattern is consistent with the lower relative cost of the more basic raw materials consumed in integrated steel production and the corresponding higher cost to convert these raw materials into steel. With respect to non-start-up operations, the highest average raw material costs were reported by *** which do not have steel production and instead purchase steel in semi-finished slab form. While company-specific patterns of change in average raw material costs were not uniform throughout the entire period, table III-11 shows that most U.S. producers reported sharp increases in average raw material costs in 2008 compared to 2007 followed by declines in 2009.

After raw materials, the largest component of reported COGS is other factory costs, 29.1 percent on a cumulative basis, followed by direct labor at 8.3 percent. Company-specific changes in average direct labor and other factory costs were mixed during the period with some companies reporting their highest average direct labor and other factory costs in 2008, while others reported the highest average value for these items in 2009. As shown in table III-11, ***.[38]

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[36] AK Steel 2005 10-K, p. 17 (noting that "{t}he industry was particularly hard hit by the economic downturn that continued until the end of 2003"). *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)*, USITC Publication 3767, April 2005, based on table III-15, p. III-18.

[37] Letter from *** to USITC auditor, January 31, 2011.

With regard to average sales values in 2008 and 2009, U.S. Steel stated that it ***. Letter from *** to USITC auditor, January 27, 2011.

ArcelorMittal stated that ***. Letter from *** to USITC auditor January 27, 2011.

[38] All things being equal, given the substantially larger declines in company-specific sales and production quantity in 2009 compared to 2008, average direct labor and other factory costs would generally be expected to reach their highest level in 2009 due to substantially reduced fixed cost absorption in that year. According to

(continued...)

Non-Recurring Charges

A number of companies included non-recurring charges in COGS and SG&A expenses with *** reporting notably large amounts in 2008 and 2009, respectively: ***.[39]

Profitability

Table III-10 shows that the industry's gross profit, on an absolute and relative basis, was at its highest level in 2006. Notwithstanding variability in average direct labor and other factory costs, changes in the industry's gross profit margin primarily reflect the extent to which changes in average raw material costs were or were not offset by corresponding changes in average sales value.[40]

As shown in table III-11 and with respect to the operating results of larger quantity producers, ***.[41]

Table III-11 also shows that, while *** were the *** companies to report operating income throughout the period, ***.[42]

As noted in a previous section of this report, ThyssenKrupp Steel USA's new mill in Calvert, AL began operations in 2010. ***.[43] Staff notes that under U.S. GAAP start-up costs are expensed immediately and that ***.

Research and Development Expenses, Capital Expenditures, Assets, and Return on Investment

Table III-13 presents data on company-specific research and development ("R&D") expenses, capital expenditures, total assets, and return on investment.

As shown in table III-13, *** were the only U.S. producers that reported R&D expenses. ***, which accounted for *** of cumulative R&D expenses (*** percent), stated that the reported amounts ***.[44]

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[38](...continued)
ArcelorMittal, ***. Letter from *** to USITC auditor, January 27, 2011.
U.S. Steel reported ***. Letter from *** to USITC auditor, January 27, 2011 .

[39] The notable increase in 2009 "Other income items" shown in table III-10 primarily reflects ***. Auditor prehearing notes.

[40] While changes in average sales value and average raw material cost generally tracked each other during the period (i.e., the exception being 2007 when average sales value declined compared to 2006, while corresponding average raw material costs increased), the year-to-year net change in average sales value and corresponding average raw material cost alternated between positive and negative: positive $18 per short ton between 2005 and 2006, negative $34 per short ton between 2006 and 2007, positive $86 per short ton between 2007 and 2008, negative $171 per short ton between 2008 and 2009, and positive $52 per short ton between 2009 and 2010. As indicated by these net changes, the effective "metal margin" also fluctuated during the period and reached its highest level on an average per short ton basis in 2008. Notwithstanding other factors which impacted profitability, the alternating pattern of positive and negative net change in average sales value and raw material costs follows the same general pattern of positive and negative operating income variance shown in table III-12.

[41] Letter from *** to USITC auditor, February 18, 2011.

[42] E-mail with attachment from *** to USITC auditor, February 16, 2011 .

[43] Auditor prehearing notes. ***. Ibid.

[44] Letter from *** to USITC auditor, January 18, 2011.

Table III-13
Hot-rolled steel: Value of research and development expenses, capital expenditures, total assets, and return on investment of U.S. producers, fiscal years 2005-10

	Fiscal year					
	2005	2006	2007	2008	2009	2010
R&D expenses	**Value (*$1,000*)**					
	* * * * * * *					
Capital expenditures	**Value (*$1,000*)**					
	* * * * * * *					
Total capital expenditures	957,002	816,414	1,864,978	1,506,657	1,546,009	2,369,384
Total assets	**Value (*$1,000*)**					
	* * * * * * *					
Total assets	12,440,860	12,914,941	15,169,831	16,550,668	15,030,810	19,323,050
Return on investment	**Ratio to total assets (*percent*)[2]**					
	* * * * * * *					
Average ROI	42.0	50.8	20.0	37.0	(15.4)	3.9

[1] ***

[2] Return on investment, as presented in this table, is the ratio of annual operating income (loss) to total assets. ***. The operating income (loss) used to calculate the return on investment in this table incorporates values for internal consumption and transfers to related firms based on constructed fair market value.

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

Table III-13 shows that the industry's total capital expenditures increased during the period examined and reached their highest level in 2010. ***, which accounted for *** percent of cumulative capital expenditures, the *** company-specific share and just above the cumulative share accounted for by ***, stated that it ***.[45]

The 2009 and 2010 capital expenditures reported by ThyssenKrupp Steel USA, representing *** percent of cumulative capital expenditures, reflect the construction of the company's new steel mill in Calvert, AL.[46] Similarly, Severstal's capital expenditures (all facilities combined) increased notably in 2007 and 2008 due primarily to the construction of the company's new mill in Columbus, MS. On an overall basis, Severstal accounted for *** percent of the industry's cumulative capital expenditures.

According to Nucor, whose capital expenditures ***.[47] Nucor accounted for *** percent of cumulative capital expenditures.

[45] Letter from *** to USITC auditor, January 27, 2011.

[46] ***. E-mail from *** to USITC auditor, February 17, 2011.

[47] Letter from *** to USITC auditor, January 18, 2011.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 93 firms believed to have imported hot-rolled steel between 2005 and 2010. Thirty-seven firms provided data and information in response to the questionnaires, while 28 firms indicated that they had not imported hot-rolled steel during the period for which data were collected.[1] Based on official Commerce statistics for imports of hot-rolled steel, importers' questionnaire data accounted for 46.2 percent of total U.S. imports during 2005-10 and 72.8 percent of total subject-country imports during 2005-10. Firms responding to the Commission's questionnaire accounted for the following shares of U.S. imports of hot-rolled steel during the review period:

- Virtually all of the subject imports from Brazil;
- Virtually all of the subject imports from Japan;
- 71.4 percent of the subject imports from Russia; and
- 44.3 percent of hot-rolled steel imports from all other countries.

In light of the data coverage by the Commission's questionnaires, import data in this report are based on official Commerce statistics.[2] Imports of micro-alloy steel (overwhelmingly from nonsubject countries) accounted for 2.6 percent of the total quantity of imports reported by all U.S. importers in their questionnaire responses during 2005-10.[3]

One importer reported entering or withdrawing hot-rolled steel from foreign trade zones and one importer did so from bonded warehouses.[4] No importers reported imports of hot-rolled steel under the temporary importation under bond program.

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[1] One importer, ***, reported importing from Russia and other sources, but did not provide useable data. Questionnaires issued to six firms were returned as undeliverable because the company could not be located, and the remaining firms did not provide a response.

[2] Import data were based on the following HTS statistical reporting numbers: 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, 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. Import data do not include the following HTS statistical reporting numbers that cover primarily coated or other forms of nonsubject merchandise: 7210.70.3000, 7210.90.9000, 7211.14.0030, 7212.40.1000, 7212.40.5000, and 7212.50.0000. This approach is consistent with that used in the most recent five-year review concerning hot-rolled steel. *See 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),* USITC Publication 3956, October 2007, tables IV-1 and IV-2.

[3] Two firms (***) imported micro-alloy steel from Japan, no firms imported micro-alloy steel from Brazil or Russia, and two firms (***) imported micro-alloy steel from all other sources.

[4] ***.

Imports from Subject and Nonsubject Countries

Table IV-1 presents data for U.S. imports of hot-rolled steel from Brazil, Japan, Russia, and all other sources. As shown in table IV-1, total subject imports were at their highest level in 2006 before declining to their lowest level in 2009. Russia was the largest subject source throughout the period except in 2009, when imports from Russia fell 97.8 percent (compared to 2008) to their lowest level.[5] Subject imports from Brazil remained minimal during 2005-10, while subject imports from Japan increased from 2005 to 2008, declined by 41.9 percent in 2009, then recovered in 2010, with quantities approximately three times higher than in 2005. Imports of hot-rolled steel from nonsubject countries fluctuated throughout the period, ending 17.1 percent below 2005 levels.

Unit values of subject imports declined between 2005 and 2007, increased substantially in 2008 and 2009, then fell in 2010, ending above 2005 levels. Unit values of imports from subject and nonsubject countries were relatively close, except in 2008 and particularly in 2009.[6] Unit values of imports from Russia were generally the lowest among the imports from subject countries, except in 2008 and 2009.

Table IV-1
Hot-rolled steel: U.S. imports, by sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Brazil	0	2,237	50	46	148	512
Japan	5,009	11,795	15,504	15,577	9,053	15,033
Russia	299,275	789,288	136,293	76,425	1,708	125,079
Subtotal	304,284	803,320	151,847	92,048	10,909	140,624
Other sources	3,564,545	5,639,254	3,196,799	3,532,867	2,263,178	2,955,493
Total	3,868,829	6,442,574	3,348,646	3,624,915	2,274,087	3,096,118
	Value (*1,000 dollars*)[1]					
Brazil	0	1,856	37	48	128	402
Japan	3,911	8,549	10,263	13,666	10,897	14,636
Russia	169,124	411,375	69,061	72,989	1,751	69,708
Subtotal	173,035	421,780	79,361	86,703	12,776	84,745
Other sources	1,948,688	2,937,894	1,752,308	2,799,480	1,203,403	1,828,647
Total	2,121,722	3,359,674	1,831,669	2,886,183	1,216,179	1,913,392

Table continued on next page.

[5] Imports from Russia represented between 83.0 percent and 98.4 percent of subject imports, except in 2009 when their share fell to 15.7 percent.

[6] In 2009 unit values of subject imports were greater than twice that of imports from nonsubject countries.

Table IV-1--*Continued*
Hot-rolled steel: U.S. imports, by sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Unit value (*per unit*)					
Brazil	([2])	$830	$733	$1,047	$863	$785
Japan	$781	725	662	877	1,204	974
Russia	565	521	507	955	1,025	557
Subtotal	569	525	523	942	1,171	603
Other sources	547	521	548	792	532	619
Total	548	521	547	796	535	618
	Share of quantity (*percent*)					
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.1	0.2	0.5	0.4	0.4	0.5
Russia	7.7	12.3	4.1	2.1	0.1	4.0
Subtotal	7.9	12.5	4.5	2.5	0.5	4.5
Other sources	92.1	87.5	95.5	97.5	99.5	95.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.
[2] Not applicable.

Source: Compiled from official Commerce statistics.

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 three subject countries. The leading nonsubject suppliers are shown in table IV-2. Nonsubject imports peaked early in the review period, reaching their highest level in 2006. The leading nonsubject sources were Canada,[7] followed by Korea.[8] These two countries combined accounted for 34.4 - 61.4 percent of imports of hot-rolled steel from nonsubject sources during 2005-10.[9]

[7] According to proprietary Customs data, the largest importer of hot-rolled steel from Canada was ***, accounting for approximately *** percent of total imports during 2005-10 (ranging from *** percent in 2005 to *** percent in 2010). U.S. producers accounted for approximately *** percent of hot-rolled steel imported from Canada during 2005-10 (ranging from low of *** percent in 2010 to high of *** percent in 2008).

[8] *** accounted for approximately *** percent of total imports of hot-rolled steel from Korea during 2005-10 (ranging from low of *** percent in 2010 to a high of *** percent in 2005). The second largest importer of hot-rolled steel from Korea was ***, accounting for approximately *** percent of total imports during 2005-10.

[9] These two countries were also the leading nonsubject sources in 2010, accounting for 38.4 percent and 17.0 percent of total imports of hot-rolled steel from nonsubject sources, respectively.

Table IV-2
Hot-rolled steel: U.S. imports from leading nonsubject sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Canada	940,655	984,396	1,360,056	1,453,932	915,370	1,136,367
Korea	670,553	955,873	601,905	708,485	457,911	503,676
Australia	281,618	479,082	394,399	580,415	234,665	456,586
Mexico	272,591	402,957	245,233	179,693	276,284	294,378
Netherlands	306,093	336,709	234,643	227,025	183,248	196,560
Germany	45,678	95,922	31,331	49,786	15,436	91,088
New Zealand	59,654	129,226	119,259	66,825	44,650	87,498
India	6,618	62,234	17,665	185	0	58,849
France	239,905	170,666	80,379	56,988	41,398	50,369
Finland	4,351	5,419	0	0	33,964	46,567
All other	736,830	2,016,771	111,930	209,533	60,252	33,557
Total	3,564,545	5,639,254	3,196,799	3,532,867	2,263,178	2,955,493
	Value (*1,000 dollars*)[1]					
Canada	548,535	603,798	784,642	1,149,319	485,421	723,575
Korea	327,720	454,540	288,386	484,208	275,797	293,918
Australia	151,528	231,445	205,815	460,803	115,540	264,133
Mexico	141,769	226,267	131,536	138,748	128,700	181,595
Netherlands	153,606	176,248	127,467	157,925	86,662	117,127
Germany	29,512	58,846	18,710	36,980	8,665	60,869
New Zealand	36,551	71,054	67,876	50,613	21,322	53,409
India	4,951	32,418	10,464	291	0	43,973
France	143,011	101,858	50,031	43,206	22,907	31,150
Finland	2,376	2,981	0	0	29,689	34,432
All other	409,129	978,438	67,380	277,387	28,701	24,466
Total	1,948,688	2,937,894	1,752,308	2,799,480	1,203,403	1,828,647

Table continued on next page.

Table IV-2--*Continued*
Hot-rolled steel: U.S. imports from leading nonsubject sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Unit value (*per unit*)					
Canada	$583	$613	$577	$790	$530	$637
Korea	489	476	479	683	602	584
Australia	538	483	522	794	492	578
Mexico	520	562	536	772	466	617
Netherlands	502	523	543	696	473	596
Germany	646	613	597	743	561	668
New Zealand	613	550	569	757	478	610
India	748	521	592	1,571	([2])	747
France	596	597	622	758	553	618
Finland	546	550	([2])	([2])	874	739
All other	555	485	602	1,324	476	729
Average	547	521	548	792	532	619

[1] Landed, duty-paid.
[2] Not applicable.

Source: Compiled from official Commerce statistics.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2010

The Commission requested importers to indicate whether they had imported or arranged for importation of hot-rolled steel from subject countries for delivery after December 31, 2010. Data on the actual and arranged imports for 2011 are presented in the following tabulation.

Source	2011				
	Jan.-Mar.	Apr.-June	July-Sept.	After Sept.	Total
	Quantity (*short tons*)				
Brazil	0	0	0	0	0
Japan	***	***	***	***	***
Russia	***	***	***	***	***
All other sources	19,304	8,761	0	0	28,065

Commerce reported that actual and preliminary Customs import data (6-digit level) for January-March 2011 were 51 short tons from Brazil, 1,919 short tons from Japan, and 8,553 short tons from Russia. Commerce also reported that import licenses have been granted for hot-rolled steel in April 2011 of 187 short tons from Brazil, 873 short tons from Japan, and 18,364 short tons from Russia.[10] [11]

U.S. IMPORTERS' INVENTORIES

Table IV-3 presents data for end-of-period inventories of U.S. imports of hot-rolled steel from Brazil, Japan, and Russia and all other sources held in the United States. Inventories of imports from subject countries, after rising between 2005 and 2006, fluctuated throughout the remainder of period, rising and falling in each successive period. Inventories of imports from Japan were largely accounted for by ***. Inventories of imports from Russia during 2005-07 were mostly held by ***,[12] while different importers represented the majority of inventories in different years between 2008 and 2010. Inventories of nonsubject imports fell from 2005 to their lowest levels in 2007, then increased to their highest levels in 2008, before declining in 2009 and 2010. *** reported the majority of inventories of imports from nonsubject counties during 2005-10.[13] The increase in 2008 was largely attributed to *** which imported *** in that year and reported *** quantities of shipments in 2008.

[10] US Department of Commerce, Import Administration, *Steel Import Monitoring & Analysis System (SIMA)*, found at http://ia.ita.doc.gov/steel/license/, retrieved on May 5, 2011.

[11] Russian producer *** reported that it ***. The firm reported U.S. sales of *** short tons during January-March 2011. Email from ***, May 4, 2011. Russian producer ***, which ***. In addition, the firm stated that ***. Email from ***, May 3, 2011. Russian producer *** reported that ***. The firm reported U.S. sales of *** short tons during January-March 2011. Email from ***, May 5, 2011.

[12] *** held lower quantities of inventories and represented a lower share of total inventories of imports from Russia in 2008-10.

[13] These firms along with importers *** reported the vast majority of inventories of imports from nonsubject countries.

Table IV-3
Hot-rolled steel: U.S. importers' end-of-period inventories of imports, by source, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Imports from Brazil:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Imports from Japan:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Imports from Russia:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Subtotal:						
Inventories (*short tons*)	10,381	20,596	9,595	31,423	5,317	12,870
Ratio to U.S. imports (*percent*)	5.5	3.7	8.7	33.7	14.7	11.1
Ratio to total shipments of imports (*percent*)	5.2	3.8	7.9	44.0	8.5	11.8
Imports from all other sources:						
Inventories (*short tons*)	137,535	121,753	47,962	281,431	116,272	94,568
Ratio to U.S. imports (*percent*)	7.0	4.1	3.5	20.5	15.0	10.3
Ratio to total shipments of imports (*percent*)	7.2	4.2	3.5	25.5	12.6	10.2
Imports from all sources:						
Inventories (*short tons*)	147,916	142,349	57,557	312,854	121,589	107,438
Ratio to U.S. imports (*percent*)	6.8	4.1	3.8	21.3	15.0	10.4
Ratio to total shipments of imports (*percent*)	7.0	4.2	3.8	26.6	12.3	10.4

[1] Not applicable.

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 Part II of this report. Additional information concerning geographic markets and simultaneous presence in the market is presented below.

For the purposes of its original determinations and first five-year review determinations, the Commission cumulated imports from Brazil, Japan, and Russia.[14]

Domestic interested parties contend that all of the statutory requirements for cumulation have been met, and the similarities in the conditions of competition far outweigh any differences among the countries that exist. Moreover, the domestic interested parties maintain that there are no propensities or conditions that are likely to persist for reasonable foreseeable future that would significantly limit competition.[15]

Brazilian respondents contend that subject imports from Brazil should not be cumulated with imports from Japan and Russia since the volumes of imports from Brazil will have no discernable adverse impact on the domestic industry.[16] Moreover, the Brazilian respondents argue that several conditions of competition unique to Brazil warrant separate consideration. Among these conditions are the historical lack of export-orientation (particularly towards the United States), Brazilian producers' focus on the growing domestic Brazilian market, higher prices in Brazil than in the United States, and high capacity utilization rates.[17]

Japanese respondents contend that the Commission should not cumulate imports from Japan with imports from Brazil or Russia because the low levels of Japanese imports and relatively higher average unit values of these imports are likely to have no discernable adverse impact on the domestic U.S. industry.[18] In addition, the Japanese respondents maintain that several conditions of competition distinguish Japanese circumstances from the other two subject countries, including the Japanese producers' long-term and consistent focus on home and Asian export markets, an export strategy focusing on high-quality hot-rolled steel for use in the automotive industry and supply of substrate to Asian producers of downstream products, the historical lack of interest in the U.S. market, and the reconstruction efforts in Japan following the Tohoku earthquake and tsunami.[19]

Russian respondents did not offer direct arguments concerning cumulation.

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[14] *Certain Hot-Rolled Steel Products from Japan, Invs. Nos. 731-TA-807 (Final),* USITC Publication 3202, June 1999, p. 9; *Certain Hot-Rolled Steel Products from Brazil and Russia, Invs. Nos. 701-TA-384 (Final) and 731-TA-806 and 808 (Final),* USITC Publication 3223, August 1999, p. 3; and *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),* USITC Publication 3767, April 2005, p. 23.

[15] ArcelorMittal USA's prehearing brief, p. 7; Gallatin Steel, SSAB NAD, and Steel Dynamics' prehearing brief, p. 6; Nucor's posthearing brief, p. 3; and U.S. Steel's posthearing brief, p. 7.

[16] Hearing transcript, p. 302 (Stoel).

[17] CSN and USIMINAS' posthearing brief, p. 1 and hearing transcript, pp. 220-221. The Brazilian respondents also argue that the Commission should exclude Brazilian producer ArcelorMittal Brasil from its consideration of the likely impact of Brazilian imports on the U.S. market. *Ibid.*, p. 12 and hearing transcript, p. 267 (Stoel).

[18] Japanese producers' posthearing brief, p. 2 and hearing transcript, pp. 301-302 (Wood).

[19] Japanese producers' posthearing brief, pp. 3-4.

Geographic Markets

As noted previously, hot-rolled steel produced in the United States is shipped nationwide. During 2005-10, the top Customs district for imports from Brazil was Philadelphia, PA, while for imports from Japan it was Savannah, GA. The top two Customs districts for Russia were Houston-Galveston, TX, and New Orleans, LA. Additional information on geographic markets may be found in Part II of this report.

Presence in the Market

Table IV-4 presents data on the monthly entries of U.S. imports of hot-rolled steel, by source, during 2005-10. Hot-rolled steel produced in each of the two larger subject countries (Japan and Russia) was generally present in most months during 2005-10, with the exception of hot-rolled steel from Russia in 2009 which was present in only one month of that year. Imports from the other subject country, Brazil, were relatively more sporadic with no entries in 2005 and less than half the months in 2007-10. Imports from all other sources combined were present throughout the period.

Table IV-4
Hot-rolled steel: U.S. imports, monthly entries into the United States, by sources, January 2005-December 2010

Country	Calendar year					
	2005	2006	2007	2008	2009	2010
Brazil	0	8	4	2	3	4
Japan	12	12	12	12	12	12
Russia	10	11	9	9	1	12
All others	12	12	12	12	12	12

Source: Compiled from official statistics of Commerce.

THE INDUSTRY IN BRAZIL

Overview

Three firms, accounting for virtually all Brazilian production of hot-rolled steel in 1998, provided data in response to the Commission's questionnaire in the original investigations: COSIPA, CSN, and USIMINAS.[20] In the first reviews, COSIPA, CSN, and USIMINAS provided data on their Brazilian operations, as did CST.[21] Although created in 1976 as a joint venture between Kawasaki of Japan and Ilva of Italy, CST did not begin operations until 1983 and did not bring its hot-strip mill online until 2002.[22] Finally, three companies provided data in response to Commission questionnaires in the current reviews: ArcelorMittal Brasil (formerly CST), CSN, and USIMINAS, which fully integrated COSIPA in

[20] *Staff Report*, INV-W-113 (May 27, 1999), p. VII-2. A fourth Brazilian firm, Acesita, stated that it had not exported hot-rolled steel to the United States between 1996 and 1998. Ibid.

[21] *Staff Report*, INV-CC-040 (March 29, 2005), p. IV-11. A fifth Brazilian firm, Mangels Industria e Comercio Ltda., stated that it had not produced or exported hot-rolled steel since January 1, 1999. Ibid.

[22] *ArcelorMittal, History*, found at http://www.cst.com.br/english/company/profile/history/history.asp, retrieved on March 2, 2011.

2010.[23] These firms are believed to account for virtually all current Brazilian production of hot-rolled steel.[24] Presented in table IV-5 is a list of the responding Brazilian producers of hot-rolled steel and each company's primary mill location(s), related and/or affiliated U.S. hot-rolled steel producer, and share of reported Brazilian production of hot-rolled steel in 2010. Brazilian producer ArcelorMittal Brasil is related to U.S. producer ArcelorMittal USA, which accounted for *** percent of reported U.S. production in 2010 as well as Gallatin, which accounted for *** percent of U.S. production in 2010.[25]

Table IV-5
Hot-rolled steel: Brazilian producers' primary mill locations, U.S. producer affiliation, and share of 2010 reported Brazilian production

Producer name	Primary mill location(s)	U.S. producer affiliation	Share of production (*percent*)
ArcelorMittal Brasil	Tubarao	ArcelorMittal USA Gallatin	***
CSN	Volta Redonda	None	***
USIMINAS	Cubatao, Ipatinga	None	***

Source: Compiled from data submitted in response to Commission questionnaires and Metal Bulletin Ltd., *Iron & Steel Works of the World*, 18th edition.

Hot-Rolled Steel Operations

Table IV-6 presents responding Brazilian producers ArcelorMittal Brasil, CSN, and USIMINAS production, capacity, and capacity utilization data during calendar years 2005-10. *** reported having a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel. As discussed in greater detail below, *** provided a multi-year marketing analysis for hot-rolled steel.

Table IV-6
Hot-rolled steel: Brazilian producers' production, capacity, and capacity utilization, 2005-10

* * * * * * *

Production of Hot-Rolled Steel in Brazil

The combined capacity to produce hot-rolled steel in Brazil increased moderately between 2005 and 2008. In 2009, capacity dropped below 14 million short tons for the only time during the period for

[23] CSN owns 9.45 percent of USIMINAS and is reported to be increasing its stake to 10 percent, which would give it the right to a seat on the company's board. *CSN getting closer to 10% stake in Usiminas*, Metal Bulletin, April 20, 2011, found at http://www.metalbulletin.com/Article/2810590/CSN-getting-closer-to-10-stake-in-Usiminas.html.

[24] Staff compared the Brazilian producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, the three responding Brazilian producers accounted for 100 percent of hot strip rolling capacity in Brazil in 2010.

[25] Brazilian hot-rolled steel producer CSN owns CSN, LLC, a cold rolling and hot-dip galvanizing operation located in Terre Haute, IN. In certain years, CSN, LLC imported slab from *** for ***. During 2005-10 CSN imported *** short tons from *** and produced *** short tons of cold-rolled steel. Thus, slab imports from *** were equivalent to *** percent of cold-rolled steel produced by CSN, LLC during 2005-10. Email from Craig Lewis, counsel to CSN and CSN, LLC, April 29, 2011, May 4, 2011, and May 5, 2011.

which data were collected, reflecting ***.[26] However, capacity rose above 15 million short tons in 2010, as *** and ArcelorMittal Brasil began ramping up expanded hot strip mill capacity at its Tubarão facility.[27] Actual production was far more variable, rising between 2006 and 2007 to peak at more than 14 million short tons, declining in both 2008 and 2009, and then recovering in 2010 to above 14 million short tons, just short of the previous peak production level in 2007. Brazilian producers' capacity utilization reflected the general growth in capacity and fluctuating production, exceeding 90 percent in every year except 2006 and 2009.

Brazilian producer USIMINAS is finalizing the installation of a new *** hot strip mill at its Cubatão facility, approximately *** of which is reported be ***.[28] Installation is expected to be complete in *** and capacity is expected to ramp up during the *** time frame. Production is expected by USIMINAS to support ***, *** ahead of the 2014 World Cup and 2016 Olympics, and ***. USIMINAS also is *** at its Ipatinga facility. In 2009, Vale announced an agreement with a Brazilian firm, Aço Cearense, to build a future joint-venture hot-rolling mill with a capacity of 750,000 metric tons of flat-rolled steel. In October 2010, Vale announced that it had been granted an installation license for its slab mill to be built in Brazil's northern Para state and that the output of that mill would feed the planned joint venture rolling mill, as well as the California Steel Industries joint venture in the United States in which Vale owns a 50 percent interest.[29] Finally, new entrants Gerdau Açominas and Companhia Siderurgica Suape are expected to bring 800,000 and *** metric ton facilities online beginning in 2012 (ramping up through 2015) and 2014 (ramping up through ***), respectively.[30]

Shipments of Hot-Rolled Steel Produced in Brazil

Brazilian producers' shipments of hot-rolled steel generally mirrored production trends, but exhibited a less pronounced recovery in 2010 when inventories rose. The Brazilian home market was the primary destination for these shipments, with shares increasing over the period from 88 percent in 2005 to 93 percent in 2010. The increasing level of shipments within Brazil initially reflected growing commercial shipments, at least between 2005 and 2008; more recently, both commercial shipments and internal consumption decreased sharply in 2009 and rebounded in 2010. Brazilian producers' exports of hot-rolled steel, in contrast, declined both absolutely and relative to total shipments between 2005 and 2010, with declines in shipments to the European Union, Asia, and all other markets (primarily Latin America). Exports of each of the reporting firms all declined in 2007 and 2008, the two years with the largest declines, then exports by each firm rebounded in 2009. *** accounted for the largest share of total exports in every year except 2005 (roughly *** the next largest exporter in most years). Brazilian producers' exports of hot-rolled steel to the United States during this period were minor; indeed, in *** out of the six years for which data were collected, no Brazilian producer reported exporting hot-rolled

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[26] Email from ***, April 29, 2011.

[27] The Tubarão hot strip mill has a rated capacity of *** metric tons, an increase from *** metric tons. ArcelorMittal Brasil reports that the new capacity will be fully online in *** and will ***. *See also* *** (confirming that ArcelorMittal Brasil is in the process of ***).

[28] Brazilian producers posthearing brief, app. 1, p. 4, and hearing transcript, pp. 290-291 (Dunn).

[29] Metal Bulletin, *Vale's planned Alpa mill to source semifinished to CSI, June 21, 2010, and ILAFA: Vale gets installation licence for 2.5 million tpy slab mill in northern Brazil*, October 26, 2010.

[30] *See* ***. *See also*
Gerdau Açominas, Brazil, invests in new plate and Steckel mills, found at http://www.steel-grips.com/newsdesk/americas/Gerdau_A_ominas_Brazil_invests_in_new_plate_and_Steckel_mills.html, retrieved on March 9, 2011.

steel to the United States. In addition to the United States, imports of hot-rolled steel from Brazil are subject to antidumping duties in Canada.

*** provided a multi-year sales plan reflecting its expectation that its domestic merchant market shipments will experience *** percent average annual growth during 2012-15, in line with its expectation that the Brazilian market will increase ***, thus permitting *** to *** its home market share. Growth is expected to *** in 2015, ahead of the 2016 summer Olympic games in Brazil. *** projects a *** percent average decline in export shipments during the 2012-15 timeframe.

Table IV-7 presents the responding Brazilian producers' hot-rolled steel operations in Brazil during calendar years 2005-10.

Table IV-7
Hot-rolled steel: Brazilian producers' capacity, production, shipments, and inventories, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Capacity	14,585,769	15,037,865	15,039,993	14,883,374	13,841,291	15,834,506
Production	13,592,807	13,467,297	14,810,515	13,453,151	11,810,642	14,364,521
End of period inventories	580,892	443,515	499,189	436,347	453,794	1,137,943
Shipments:						
Internal consumption	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***
Exports:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	1,624,172	1,542,905	979,203	519,182	1,278,197	1,002,685
Total shipments	13,456,511	13,604,674	14,754,840	13,515,993	11,793,194	13,680,372
	Value (*$1,000*)					
Commercial shipments:						
Home market	***	***	***	***	***	***
Exports to--						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	1,179,065	956,813	607,528	455,384	677,985	526,114
Total shipments	5,079,604	4,561,866	5,764,683	7,352,128	4,983,891	6,658,818

Table continued on next page.

Table IV-7--*Continued*
Hot-rolled steel: Brazilian producers' capacity, production, shipments, and inventories, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Average unit value (*dollars per short ton*)					
Commercial shipments:						
Home market	$***	$***	$***	$***	$***	$***
Exports to--						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	726	620	620	877	531	525
Total shipments	920	785	904	1,215	964	1,109
	Ratios and shares (*percent*)					
Capacity utilization	93	89.6	98.5	90.4	85.3	90.7
Inventories to production	4.3	3.3	3.4	3.2	3.8	7.9
Inventories to total shipments	4.3	3.3	3.4	3.2	3.8	8.3
Share of total quantity of:						
Internal consumption	***	***	***	***	***	***
Home market	***	***	***	***	***	***
Exports to–						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	12.1	11.3	6.6	3.8	10.8	7.3

[1] Not applicable.

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

Alternative and Downstream Products

As shown in table IV-8, the three responding Brazilian producers typically reported producing less than *** short tons of products such as cut-to-length plate or alloy hot-rolled steel on the same equipment used to produce subject merchandise, although this figure surpassed *** short tons in 2008. Brazilian producers generally reported producing approximately 7 million short tons of cold-rolled steel, of which approximately *** short tons was coated, although both of these figures were depressed in 2009. Brazilian producers also reported the production from hot-rolled steel of plate cut from coils, but in substantially smaller volumes. In each year between 2005 and 2010, Brazilian producers' capacity

utilization for their downstream operations was lower than the capacity utilization of their hot-strip mills, except in 2009, when capacity utilization for *** operations matched or surpassed capacity utilization for the Brazilian hot-strip mills.

Table IV-8
Hot-rolled steel: Brazilian producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Slab casting:						
Capacity (short tons)	***	***	***	***	***	***
Production (short tons)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***
Hot strip mill:[1]						
Capacity (short tons)	14,660,788	15,100,788	15,128,125	15,001,580	13,902,328	15,931,015
Production (short tons)						
Subject	13,592,689	13,466,840	14,810,911	13,453,196	11,811,139	14,364,717
Nonsubject[2]	***	***	***	***	***	***
Total	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***
Cold-rolled steel:						
Capacity (short tons)	8,049,454	8,272,860	8,260,532	8,081,009	7,424,681	7,709,339
Production (short tons)	7,112,795	7,194,599	7,573,178	6,741,302	6,230,128	6,735,726
Capacity utilization (percent)	88.4	87.0	91.7	83.4	83.9	86.9
Coated steel:						
Capacity (short tons)	***	***	***	***	***	***
Production (short tons)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***
Steel plate (cut from coils):						
Capacity (short tons)	***	***	***	***	***	***
Production (short tons)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***
Tubular products:						
Capacity (short tons)	0	0	0	0	0	0
Production (short tons)	0	0	0	0	0	0
Capacity utilization (percent)	([3])	([3])	([3])	([3])	([3])	([3])

Table continued on next page.

Table IV-8--*Continued*
Hot-rolled steel: Brazilian producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

[1] Because of minor reporting discrepancies, figures may not match data reported in table IV-7.
[2] Examples include hot-rolled alloy steel and discrete plate produced on a Steckel mill.
[3] Not applicable.

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

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

THE INDUSTRY IN JAPAN

Overview

Six firms, accounting for an estimated 90 percent of Japanese production of hot-rolled steel in 1998, provided data in response to the Commission's questionnaire in the original investigations: Kawasaki, Kobe, Nippon, Nisshin, NKK, and Sumitomo.[31] In the first reviews, only JFE Steel Corp. (formed from the merger of Kawasaki and NKK in 2002) provided data on its Japanese operations.[32] Finally, five companies provided data in response to Commission questionnaires in the current reviews: JFE, Kobe, Nippon, Nisshin, and Sumitomo.[33] These firms are believed to account for a substantial portion of current Japanese production of hot-rolled steel.[34] Presented in table IV-9 is a list of the responding Japanese producers of hot-rolled steel and each company's primary mill location(s), related and/or affiliated U.S. hot-rolled steel producer, and share of reported Japanese production of hot-rolled steel in 2010.[35]

[31] *Staff Report*, INV-W-113 (May 27, 1999), p. VII-4.

[32] *Staff Report*, INV-CC-040 (March 29, 2005), p. IV-17. One Japanese company, Takasago Tekko, K.K., stated that it had not produced or exported hot-rolled steel since January 1, 1999. Ibid.

[33] According to a statement released on February 3, 2011, Nippon and Sumitomo "jointly announced that they have agreed to commence consideration of the integration of their entire businesses (the "Business Integration"), targeted for October 1, 2012." *See* "Commencement of Consideration of Business Integration of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd."

[34] Staff compared the Japanese producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, the five responding Japanese producers accounted for *** percent of hot strip rolling capacity in Japan in 2010. The remaining Japanese capacity is attributed by *** to Tokyo Steel. There are other steel producers in Japan including Nakayama Steel Works, Nippon Yakin Kogyo, Nippon Metal Industry, and Daido Steel. While there is limited available data on these companies regarding their production of hot-rolled steel, the first firm operates a mini-mill and the latter three are producers of stainless steel and all firms are believed to produce relatively small volumes, if any, of subject hot-rolled steel. Metal Bulletin Ltd., *Iron & Steel Works of the World*, 18th edition.

[35] In addition, Japanese producer Nippon is a partner with ArcelorMittal in two U.S.-based joint ventures: ArcelorMittal Tek (40 percent interest), a continuous cold rolling mill located in New Carlisle, IN, and ArcelorMittal Kote (50 percent interest), a galvanizing plant adjacent to ArcelorMittal Tek, with both hot-dip and electrolytic galvanizing lines.

Table IV-9
Hot-rolled steel: Japanese producers' primary mill locations, U.S. producer affiliation, and share of 2010 reported Japanese production

Producer name	Primary mill location(s)	U.S. producer affiliation	Share of production (*percent*)
JFE	Chiba, Keihin, Kurashiki, Fukuyama	CSI	***
Kobe	Kakogawa	None	***
Nippon	Yawata, Hirohata, Nagoya, Kimitsu, Oita	None	***
Nisshin	Kure	None	***
Sumitomo	Kashima, Wakayama	None	***

Source: Compiled from data submitted in response to Commission questionnaires, and Metal Bulletin Ltd., *Iron & Steel Works of the World*, 16th and 18th editions.

Hot-Rolled Steel Operations

Table IV-10 presents responding Japanese producers JFE, Kobe, Nippon, Nisshin, and Sumitomo production, capacity, and capacity utilization data during calendar years 2005-10. *** reported having a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel. As discussed in greater detail below, *** provided planning documents that addressed hot-rolled steel and related operations.

Table IV-10
Hot-rolled steel: Japanese producers' production, capacity, and capacity utilization, 2005-10

* * * * * * *

Staff notes that these documents and other supply and demand forecasts do not take into account the impact of the Tohoku Pacific earthquake and tsunami of March 11, 2011. This occurrence is a tragedy on many levels. Focusing on hot-rolled steel, however, the effects are not entirely clear. Short term disruptions reportedly have been largely a result of power outages or restrictions, rather than substantial structural damage to key facilities, many of which have already resumed at least some production.[36] [37] The Kashima Works of Sumitomo Metal Industries, which produces heavy plate as well as hot-rolled steel and a variety of downstream products, was the most heavily damaged of the Japanese mills. On May 2, Sumitomo announced that it expected to achieve overall normal operation at Kashima

[36] Nippon noted that Japanese steel mills are energy self-sufficient, and that while one plant was damaged it was expected to return to normal operations in the near future, and that it had not had a significant impact on the supply side. Hearing transcript, p. 269 (Aoyama).

[37] Both Japanese respondents and domestic producers contend that the overall direct effect on hot-rolled steel industry in Japan is expected to be limited. Japanese respondents' posthearing brief, app. p. 15, ArecelorMittal's posthearing brief, exh. 1, p. 37, Nucor's posthearing brief, p. 2, and U.S. Steel's posthearing brief, p. 15.

by the end of May.[38] However, longer term questions remain regarding the nature of demand, such as a potential surge in construction demand counterbalanced by possible reductions in the Japanese automotive sector as well as potential negative effect on the overall Japanese economy. Some analysts suggest that the Japanese steel industry, defined broadly, has sufficient capacity to meet Japan's anticipated reconstruction needs and will not require imports, except perhaps in the near term. However, damage to port facilities as well as other transportation infrastructure may impact Japanese steel trade generally, including downstream products, as well as raw material availability.[39]

Production of Hot-Rolled Steel in Japan

The combined capacity to produce hot-rolled steel in Japan increased between 2005 and 2010, rising from less than 56 million short tons in 2005 to a period peak of more than 59 million short tons in 2010. Capacity declined only between 2005 and 2006, when ***.[40] Production increased between 2005 and 2007 to peak at more than 55 million short tons, before declining in both 2008 and 2009, and then recovering in 2010 to almost 54 million short tons, just short of the previous peak production level in 2007. Japanese producers' capacity utilization reflected the growing capacity and fluctuating production, exceeding 90 percent in 2005, 2006, and 2007 (when it reached nearly 98 percent), then dropping below 90 percent for the first time in the period in 2008. Japanese producers' capacity utilization dipped to 70 percent in 2009, but recovered to surpass 90 percent in 2010.

None of the responding Japanese producers reported any anticipated changes in their hot-rolled steel operations, a position that is consistent with analysis by ***. However, Tokyo Steel, a smaller producer with limited downstream operations that did not respond to the Commission's questionnaires, reportedly commissioned a new hot-rolled steel facility in Tahara in 2010.[41]

Shipments of Hot-Rolled Steel Produced in Japan

Japanese producers' shipments of hot-rolled steel closely tracked production trends throughout the period for which data were collected. Internal consumption by the Japanese producers themselves consistently accounted for the largest share of shipments, and was relatively stable at approximately 60 percent of overall shipments. Commercial sales in the Japanese home market accounted for just over *** percent of total shipments in 2005, but decreased markedly in 2009 and remained depressed in 2010, both absolutely and as a share of total shipments. Japanese producers' exports of hot-rolled steel, in contrast, exhibited year-on-year volume growth in each year of the period examined except 2008, and increased as a share of total shipments from less than *** percent in 2005 to nearly *** percent in 2010. Japanese producers' exports of hot-rolled steel to the United States and the European Union during this period were relatively minor, while exports to Asia approached *** percent of total shipments by 2009 and 2010. Key markets for Japanese hot-rolled steel in Asia include Korea, China, Thailand, and, increasingly,

[38] SMI expects normal ops at Kashima by end-May, Metal Bulletin, May 3, 2011.

[39] *See, e.g.,* "Japan Steelmakers Resume Shipments But Output Seen Curtailed" by Alex MacDonald, Dow Jones Newswires, March 15, 2011, found at http://online.wsj.com/article/BT-CO-20110315-711682.html, retrieved on March 17, 2011; *see also* "Japan steel capacity can feed massive reconstruction," by Manolo Serapio Jr. and Yuko Inoue, Reuters, March 16, 2011, found at http://in.reuters.com/article/2011/03/16/idINIndia-55625220110316, retrieved on March 17, 2011.

[40] ***.

[41] The Tahara hot strip mill is believed to increase Tokyo Steel's hot-rolled steel capacity by *** metric tons, or approximately *** short tons. *See* ***.

Vietnam.[42] Hot-rolled steel from Japan (other than that used for vehicles, electronics, or electro-galvanizing operations) is subject to an antidumping duty order in Thailand. Hot-rolled steel from Japan is also the subject of an ongoing antidumping duty investigation in Pakistan.

Looking ahead, JFE's 2010 business report (included in its questionnaire but available from JFE's website) stresses growth in Asian markets generally but no significant growth in the Japanese market. JFE emphasizes R&D-intensive "Only One" and "Number One" products as well as expanding relationships in China and India. *** projects increasing foreign demand but decreasing domestic demand. ***, like JFE, emphasizes high-end products; it also aims to ***. *** also sees future growth in Asian markets other than Japan, and seeks to capitalize on its existing technology strengths and to expand into developing markets through its own global sales network and through alliance partnerships.[43] [44]

Japanese producer *** reported joint ventures with downstream processors of hot-rolled steel throughout Asia with ownership interest ranging from *** percent to *** percent, and *** reported joint ventures with ownership interest ranging from *** percent to *** percent. *** reported share ownership of downstream processors of hot-rolled steel throughout Asia with ownership interest ranging from *** percent to *** percent. In addition, *** reported supply memoranda of understanding ("MOU") with downstream processors of hot-rolled steel throughout Asia.[45]

Table IV-11 presents the responding Japanese producers' hot-rolled steel operations in Japan during calendar years 2005-10.

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[42] *See, e.g.*, questionnaire responses of *** (stressing in particular its commercial relationships with ***) and *** (listing ongoing and prospective partnerships with downstream producers in ***).

[43] *See* questionnaire responses of ***, ***, and ***.

[44] In addition, Nippon and Sumitomo identified the following objectives for their anticipated merger: "The Companies would, through the Business Integration, accelerate their global strategies and realize a level of competitiveness which is globally outstanding in all aspects, including technology, quality, and cost, by combining their respective resources that each has built up, and generate synergies through consolidation of the superiority area in their respective businesses. By implementing these measures, the Companies, in the midst of drastic changes to the overall business environment, aim to become a truly world-leading comprehensive steel manufacturer. In addition, through the Business Integration, the Companies aim to better respond to the needs of customers both in Japan and overseas and desire to contribute to further development of the Japanese and global economy and improvement of global society." *See* "Commencement of Consideration of Business Integration of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd."

[45] Japanese respondents' posthearing brief, app. p. 1 and exh. 3. Japanese producers note that the ***. The Japanese producers emphasize the importance of long-term relationships with their customers and contend that these agreements are a part of these relationships. Email from J. Christopher Wood, counsel to Japanese producers, April 27, 2011 and hearing transcript, p. 240 (Wood).

Table IV-11
Hot-rolled steel: Japanese producers' capacity, production, shipments, and inventories, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Capacity	55,567,044	54,820,273	56,347,341	56,947,882	57,638,211	59,163,638
Production	51,774,147	52,965,027	55,086,464	50,404,075	40,335,191	53,994,048
End of period inventories	1,056,482	1,242,511	1,262,984	945,694	1,016,686	1,394,754
Shipments:						
Internal consumption	31,722,159	32,731,947	34,088,119	29,811,425	24,158,056	32,310,389
Commercial home market shipments	***	***	***	***	***	***
Exports:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	51,060,407	52,779,098	55,066,091	50,721,465	40,264,199	53,616,980
	Value (*$1,000*)					
Commercial shipments:						
Home market	***	***	***	***	***	***
Exports to--						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	9,065,255	9,098,654	9,947,757	14,656,514	8,845,272	13,662,871

Table continued on next page.

Table IV-11--*Continued*
Hot-rolled steel: Japanese producers' capacity, production, shipments, and inventories, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Average unit value (*dollars per short ton*)					
Commercial shipments:						
Home market	$***	$***	$***	$***	$***	$***
Exports to--						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	469	454	474	701	549	641
	Ratios and shares (*percent*)					
Capacity utilization	93.2	96.6	97.8	88.5	70.0	91.3
Inventories to production	2.0	2.3	2.3	1.9	2.5	2.6
Inventories to total shipments	2.1	2.4	2.3	1.9	2.5	2.6
Share of total quantity of:						
Internal consumption	62.1	62.0	61.9	58.8	60.0	60.3
Home market	***	***	***	***	***	***
Exports to--						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***

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

Alternative and Downstream Products

As shown in table IV-12, the five responding Japanese producers typically reported producing 2.3 million to 2.6 million short tons of products such as cut-to-length plate or alloy hot-rolled steel on the same equipment used to produce subject merchandise, although this figure dropped below 1.8 million short tons in 2009. Japanese producers generally reported producing 27 to 29 million short tons of cold-

rolled steel, of which 16 to 18 million short tons generally was coated.[46] Japanese producers also reported the production from hot-rolled steel of tubular products and plate cut from coils, but in substantially smaller volumes. In each year between 2005 and 2010, Japanese producers' capacity utilization for their downstream operations was lower than the capacity utilization of their hot-strip mills.

Table IV-12
Hot-rolled steel: Japanese producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Slab casting:						
Capacity (short tons)	87,039,939	88,263,746	89,197,766	90,758,947	90,483,380	94,875,835
Production (short tons)	79,475,357	82,014,516	85,240,137	84,919,617	66,262,730	83,483,455
Capacity utilization (percent)	91.3	92.9	95.6	93.6	73.2	88.0
Hot strip mill:[1]						
Capacity (short tons)	58,046,904	57,362,379	59,012,998	59,607,971	60,119,932	61,853,686
Production (short tons)						
Subject	51,761,147	52,952,027	55,060,464	50,376,075	40,321,191	53,969,048
Nonsubject[2]	2,273,674	2,317,323	2,566,340	2,466,044	1,768,640	2,531,386
Total	54,034,821	55,269,350	57,626,804	52,842,119	42,089,831	56,500,434
Capacity utilization (percent)	93.1	96.4	97.7	88.6	70.0	91.3
Cold-rolled steel:						
Capacity (short tons)	33,008,287	33,676,893	33,796,707	34,110,260	33,551,451	33,252,473
Production (short tons)	27,474,662	27,644,868	29,001,552	28,772,599	19,952,423	27,822,948
Capacity utilization (percent)	83.2	82.1	85.8	84.4	59.5	83.7
Coated steel:						
Capacity (short tons)	18,650,157	19,621,096	19,963,535	19,802,818	19,332,141	19,248,101
Production (short tons)	16,192,717	16,796,295	18,146,443	17,042,054	12,420,446	16,245,978
Capacity utilization (percent)	86.8	85.6	90.9	86.1	64.2	84.4
Steel plate (cut from coils):						
Capacity (short tons)	***	***	***	***	***	***
Production (short tons)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***

Table continued on next page.

[46] The exception to this was 2009, in which Japanese producers produced approximately *** percent less cold-rolled steel and coated steel than in other years during 2005-10.

Table IV-12–*Continued*
Hot-rolled steel: Japanese producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Tubular products:						
Capacity (short tons)	***	***	***	***	***	***
Production (short tons)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***

[1] Because of minor reporting discrepancies, figures may not match data reported in table IV-11.
[2] Examples include hot-rolled alloy steel and discrete plate produced on a Steckel mill.

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

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

THE INDUSTRY IN RUSSIA

Overview

Three firms, accounting for an estimated *** percent of Russian production of hot-rolled steel in 1998, provided data in response to the Commission's questionnaire in the original investigations: Magnitogorsk Iron and Steel Works (MMK), Novolipetsk Iron and Steel Corp. (NLMK), and JSC Severstal.[47] In the first reviews, MMK, NLMK, and Severstal again provided data on their Russian operations.[48] Finally, these same three companies, MMK, NLMK, and Severstal, provided data in response to Commission questionnaires in the current reviews. These firms are believed to account for virtually all current Russian production of hot-rolled steel.[49] Presented in table IV-13 is a list of the responding Russian producers of hot-rolled steel and each company's primary mill location(s), related and/or affiliated U.S. producer, and share of reported Russian production of hot-rolled steel in 2010.

[47] *Staff Report*, INV-W-113 (May 27, 1999), p. VII-6.

[48] *Staff Report*, INV-CC-040 (March 29, 2005), p. IV-26.

[49] Staff compared the Russian producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, the three responding Russian producers accounted for *** percent of hot strip rolling capacity in Russia in 2010. The remaining Russian capacity is attributed by *** to Urals Steel and to OMK Steel. There are other steel producers in Russia, including Mechel Steel Group. While there is limited available data on these companies regarding their production of hot-rolled steel, these firms are believed to produce relatively small volumes, if any, of subject hot-rolled steel.

Table IV-13
Hot-rolled steel: Russian producers' primary mill locations, U.S. producer affiliation, and share of 2010 reported Russian production

Producer name	Primary mill location(s)	U.S. producer affiliation	Share of production (*percent*)
MMK	Magnitogorsk	None	***
NLMK	Lipetsk	NLMK Beta, Duferco Farrell	***
Severstal	Cherepovets	Severstal Dearborn, Severstal Columbus	***

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

Hot-Rolled Steel Operations

Table IV-14 presents responding Russian producers MMK, NLMK, and Severstal production, capacity, and capacity utilization data during calendar years 2005-10. *** reported having a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for hot-rolled steel. As discussed in greater detail below, *** provided internal research and externally-generated documents used to analyze export markets for hot-rolled steel.

Table IV-14
Hot-rolled steel: Russian producers' production, capacity, and capacity utilization, 2005-10

* * * * * * *

Production of Hot-Rolled Steel in Russia

The combined capacity to produce hot-rolled steel in Russia increased between 2005 and 2009, when it topped 24 million short tons. In 2010, capacity dropped below 23.3 million short tons, the second-lowest level during the period for which data were collected, reflecting reductions by ***. Production peaked much earlier in the period, surpassing 21 million short tons in 2006 and again in 2007, before falling below 20 million short tons in 2008 and 2009. In 2010, Russian production exceeded 20 million short tons but did not recover to 2005 levels, largely as a result of a decline in production levels by ***. Russian capacity utilization in 2010 was below 90 percent - comparable to capacity utilization in 2005 and substantially higher than levels during 2008-09, but below the peak capacity utilization rates exceeded 92 percent recorded in 2006-07.

*** anticipates increasing hot-rolled steel capacity by *** short tons by 2012, although less than *** of that increase is expected to be available for commercial shipments.[50] Additional expansions reportedly were completed by OMK Steel, which did not complete a questionnaire, in 2010 (***), while OAO Tulachermet is expected to bring *** of new hot-rolled steel capacity online in ***.[51]

[50] Questionnaire response of ***.

[51] *See* ***.

Shipments of Hot-Rolled Steel Produced in Russia

Russian producers' shipments of hot-rolled steel generally mirrored production trends, peaking in 2006-07 at over 21 million short tons, falling below 20 million short tons in 2008-09, and ending the period for which data were collected above 20 million short tons, but still below initial 2005 levels. The Russian home market was the primary destination for these shipments, as growth in internal consumption and especially open market shipments during 2005-07, combined with a marked decline in exports, particularly in 2008, drove the home market share of total Russian shipments above 75 percent by 2008. This trend reversed sharply in 2009, however, as strong export growth offset marked declines in commercial and non-commercial home market shipments.[52] While this burst of exports was not maintained in 2010, exports continued to account for approximately 30 percent of total Russian shipments, a ratio similar to that in 2005, the beginning of the period for which data were collected.

Russian export shipments were directed to a variety of markets during the period for which data were collected. The most stable export market for Russian hot-rolled steel was the European Union, which consistently accounted for approximately *** percent of total Russian shipments. The United States accounted for substantially less than *** percent of total Russian shipments of hot-rolled steel during 2007-10, but accounted for nearly *** percent in 2006. Shipments to Asian markets shifted markedly over the period for which data were collected, ranging from less than *** percent of total shipments (in ***) to more than *** percent (in ***). Other markets (including Belarus, Turkey, Iran, Morocco, Ukraine, Egypt, and Nigeria), however, proved to be a large and growing share of total Russian shipments, in aggregate accounting for approximately *** percent of total Russian shipments of hot-rolled steel by 2009-10. Exports of hot-rolled steel (including stainless steel and other alloy steel) from Russia face a quantitative restriction in the European Union of approximately 1.1 million metric tons of flat products in coils (although this restriction will expire if Russia joins the WTO)[53] as well as antidumping duty orders in Argentina, Indonesia, Thailand, Peru, and Mexico.

***'s analysis of regional markets describes a more promising demand environment for Russia and China than for Europe or the United States. In terms of supply, *** emphasizes the low cost position of Russian producers (benefitting exports) and contrasts it with higher production costs in both Europe and China (although noting official efforts in China to close inefficient capacity). *** highlights its own investments in crude and finished steel capacity as well as efforts to expand its vertical integration in energy and raw materials and increase production efficiency. Table IV-15 presents the responding Russian producers' hot-rolled steel operations in Russia during calendar years 2005-10.

[52] Throughout 2005-10, internal consumption typically accounted for over one-half of total shipments.

[53] *Official Journal of the European Union*, L 300/52, November 17, 2007, found at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:300:0052:0070:EN:PDF, retrieved on March 16, 2011.

Table IV-15
Hot-rolled steel: Russian producers' capacity, production, shipments, and inventories, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Capacity	23,605,139	23,342,574	23,097,313	23,705,139	24,151,764	23,267,100
Production	20,900,987	21,563,337	21,377,055	19,345,701	19,468,894	20,299,268
End of period inventories	***	***	***	***	***	***
Shipments:						
Internal consumption	10,900,288	11,676,376	11,377,496	10,481,810	9,130,985	10,259,191
Commercial home market shipments	3,405,456	4,114,571	4,447,631	4,174,191	3,051,629	3,879,231
Exports:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	6,567,144	5,794,144	5,547,632	4,710,338	7,282,670	6,124,399
Total shipments	20,872,888	21,585,090	21,372,759	19,366,338	19,465,284	20,262,821
	Value (*$1,000*)					
Commercial shipments:						
Home market	1,594,737	1,985,914	2,332,496	3,171,430	1,242,907	2,046,343
Exports to--						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	2,403,092	2,190,349	2,607,622	3,007,542	2,551,809	2,828,259
Total shipments	3,997,829	4,176,263	4,940,118	6,178,972	3,794,716	4,874,602

Table continued on next page.

Table IV-15--*Continued*
Hot-rolled steel: Russian producers' capacity, production, shipments, and inventories, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Average unit value (*dollars per short ton*)					
Commercial shipments:						
Home market	468	483	524	760	407	528
Exports to--						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	366	378	470	638	350	462
Total shipments	401	421	494	695	367	487
	Ratios and shares (*percent*)					
Capacity utilization	88.5	92.4	92.6	81.6	80.6	87.2
Inventories to production	***	***	***	***	***	***
Inventories to total shipments	***	***	***	***	***	***
Share of total quantity of:						
Internal consumption	52.2	54.1	53.2	54.1	46.9	50.6
Home market	16.3	19.1	20.8	21.6	15.7	19.1
Exports to--						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	31.5	26.8	26.0	24.3	37.4	30.2

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

Alternative and Downstream Products

As shown in table IV-16, the three responding Russian producers reported a general decline in the production of products such as cut-to-length plate or alloy hot-rolled steel on the same equipment used to produce subject merchandise, with volume dropping from nearly *** short tons in 2005 to below *** short tons in 2009, before partially recovering above *** short tons in 2010. Cold-rolled steel production, in contrast, reached approximately 8.7 million short tons in 2006-07 and was generally near or above the 8-million-ton mark throughout the period for which data were collected, with approximately 2.5 million to 3.5 million short tons further processed into coated steel. Russian producers also reported variable levels of production from hot-rolled steel of tubular products and plate cut from coils, with the latter nearly reaching 3.8 million short tons in 2008. In each year between 2005 and 2010, Russian producers' capacity utilization for their downstream operations was lower than the capacity utilization of their hot strip mills.

Table IV-16
Hot-rolled steel: Russian producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Slab casting:						
Capacity (short tons)	33,830,171	35,291,021	34,743,866	34,627,795	33,361,547	35,285,190
Production (short tons)	32,313,205	34,209,544	35,566,505	32,891,027	29,321,610	33,736,022
Capacity utilization (percent)	95.5	96.9	102.4	95.0	87.9	95.6
Hot strip mill:						
Capacity (short tons)	23,802,874	23,498,495	23,167,905	23,725,963	24,170,409	23,295,099
Production (short tons)						
Subject	20,900,945	21,563,308	21,377,027	19,345,691	19,468,870	20,299,240
Nonsubject[1]	***	***	***	***	***	***
Total	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***
Cold-rolled steel:						
Capacity (short tons)	9,204,198	9,565,806	9,444,730	9,832,827	9,816,904	9,606,941
Production (short tons)	7,986,974	8,701,975	8,652,925	8,149,387	7,346,213	8,166,458
Capacity utilization (percent)	86.8	91.0	91.6	82.9	74.8	85.0
Coated steel:						
Capacity (short tons)	2,950,962	3,554,818	3,718,464	3,931,438	4,298,440	4,542,503
Production (short tons)	2,437,703	2,962,194	3,369,156	3,204,175	3,040,888	3,482,398
Capacity utilization (percent)	82.6	83.3	90.6	81.5	70.7	76.7

Table continued on next page.

Table IV-16–*Continued*
Hot-rolled steel: Russian producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Steel plate (cut from coils):						
Capacity (short tons)	3,607,096	3,453,458	3,948,629	4,575,034	3,828,117	4,093,352
Production (short tons)	2,446,288	2,910,128	3,653,587	3,786,721	2,374,548	3,081,148
Capacity utilization (percent)	67.8	84.3	92.5	82.8	62.0	75.3
Tubular products:						
Capacity (short tons)	***	***	***	***	***	***
Production (short tons)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***

[1] Examples include hot-rolled alloy steel and discrete plate produced on a Steckel mill.

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

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

THE GLOBAL MARKET

Production and Capacity

Worldwide hot-rolled steel capacity is concentrated in four regions (from greatest to smallest): China, Europe, Asia (except China), and North America. Table IV-17 presents rated capacities of hot-rolled steel facilities, by region (in *1,000 short tons*).

Table IV-17
Hot-rolled steel: Global and regional production capacity for hot strip rolling, 2010, and planned changes in capacity, 2011–12

* * * * * * *

Global production of hot-rolled steel has grown considerably in recent years, primarily due to production in China. According to one published source, global production increased by approximately *** percent during 1999–2004, and by *** percent during 2005–10.[54] Despite a decline in production in 2008 and 2009 corresponding to the economic decline in those years, production increased in 2010, reaching an all-time record level, driven by growth in Asia–primarily in China. Data compiled by *** on historical, current, and projected global production of hot-rolled steel are presented in tables IV-18 through IV-20.

[54] ***. Production data compiled by *** are for ***. Global production levels in 1999 were just beginning to recover from the lower levels achieved in 1998, a year in which absolute production volumes declined globally as well as in nearly every major producing region. *See* ***.

Table IV-18
Hot-rolled steel: Global and regional production of hot-rolled steel, 1999-2004

* * * * * * *

Table IV-19
Hot-rolled steel: Global and regional production of hot-rolled steel, 2005-10

* * * * * * *

Table IV-20
Hot-rolled steel: Forecast of global and regional production of hot-rolled steel, 2011-15

* * * * * * *

Consumption

Data compiled by *** on historical, current, and forecasted global consumption of hot-rolled steel are presented in tables IV-21 through IV-23.[55] Consumption increased by *** percent during 1999–2004, with most of the increase in East and Southeast Asia, primarily in China.[56] During 2005-10, consumption increased by another *** percent, despite a setback in consumption during the economic recession of 2008-09. Again, growth in Southeast Asia, including China, was primarily responsible for the increase. Global consumption is forecasted to continue to increase during 2011-15, with growth in all regions and the greatest consumption increase in China.

Table IV-21
Hot-rolled steel: Global, regional, and individual country consumption of hot-rolled sheet, 1999-2004

* * * * * * *

Table IV-22
Hot-rolled steel: Global, regional, and individual country consumption of hot-rolled sheet, 2005-10

* * * * * * *

[55] ***.

[56] Global consumption levels in 1999 were beginning to recover from the lower levels in 1998, a year that saw substantial declines in consumption in Asia, Russia and other regional markets, and to a lesser extent Latin America, but not in North America. *See* ***. This is consistent with the sequence of events known as the "Asian financial crisis." The initial crisis spread from Thailand in mid-1997 through Asia, and then more broadly, including Russia and Brazil by 1998. According to Commerce, reduced Asian steel demand, declining Asian currency values, and increased U.S. steel demand contributed to an increase in U.S. steel imports. *See Global Steel Trade: Structural Problems and Future Solutions*, International Trade Administration, U.S. Department of Commerce, July 2000, pp. 17-29.

Table IV-23
Hot-rolled steel: Forecast of global, regional, and individual country consumption of hot-rolled sheet, 2011-15

* * * * * * *

U.S. producers, importers, purchasers, and foreign producers were asked if demand for hot-rolled steel outside the United States had changed since 2005. Eight producers reported that demand had fluctuated outside the United States. Three noted increases in demand in developing countries (two referenced China specifically), and one noted declining demand in Europe. Twelve of 25 responding importers and 11 of 21 responding purchasers also described demand outside the United States as having fluctuated since 2005. The reason that was most frequently offered for this pattern is the same as with U.S. demand - the global recession. In addition, one producer, nine importers, and nine purchasers described demand outside the United States as having increased since 2005. Developing countries (specifically China and India, or Asia in general) were most often described as the regions where demand for hot-rolled steel was growing. Four importers and one purchaser described demand outside the United States as having decreased since 2005. The reasons offered included: the global recession, decreasing demand in the EU and Canada, and high steel prices.

Foreign producers were asked about changes in demand in their home markets since 2005. One Brazilian producer each noted increasing, decreasing, and unchanging demand. All Japanese producers reported fluctuating demand in Japan for hot-rolled steel since 2005. Two Russian producers reported decreasing demand in Russia, and one reported fluctuating demand in Russia. One foreign producer (***) reported ***.

Regarding third-country markets, 8 of 11 foreign producers noted increasing demand, while one each noted fluctuating, decreasing, and unchanging demand. Trends described by foreign producers include increasing Chinese and other Asian demand, particularly for hot-rolled steel for automobiles,[57] and demand fluctuating with global economic conditions.

*** reported that, according to *World Steel Dynamics*, world apparent steel consumption is estimated to be 1.41 billion tons in 2010, 1.48 billion tons in 2011, and 1.55 billion tons in 2012. It predicts that the apparent world steel consumption excluding China will rise by 6 percent in 2011, and in 2012 recover to the 2007 pre-crisis level.

When asked about anticipated future changes in hot-rolled steel demand outside the United States, 4 producers, 16 importers, and 15 purchasers reported that they anticipate increasing demand. Seven producers, 8 importers, and 8 purchasers anticipate fluctuating demand, while no firm anticipates decreasing demand.[58] A number of responses indicated that general economic trends in developing countries such as Brazil, Russia, India, and China would be the reason why demand would fluctuate or increase. Growth in infrastructure and manufacturing (e.g., automotive and appliance industries) was noted as specific reasons where developing country growth would occur. Purchaser *** anticipates increasing demand due to manufacturing relocating to outside U.S. borders.

Foreign producers were asked about anticipated changes in demand in their home markets. All three Brazilian producers anticipate increasing demand in their home market. ***.

Two of the five responding Japanese producers reported anticipating fluctuating demand in Japan, and one each anticipates increasing, decreasing, and unchanging demand for hot-rolled steel When

[57] *** stated that Japanese steel manufacturers were somewhat less impacted by the global recession due to growth in Japanese automotive plants which relocated to other Asian countries.

[58] One producer, three importers, and two purchasers anticipate no change in demand outside the United States.

describing the home market, Japanese producers anticipate demand will be "stable," "limited," "gradually increase," or experience "not ... high growth."

All three Russian producers reported anticipating increasing demand in Russia. *** stated that *** has reported that "Russian consumption will increase by *** percent per year." *** submitted the metals consultancy GFMS's forecast that hot-rolled steel demand in Russia would be 4.3 million metric tons in 2011, surpassing the level of 2005, and 4.64 million metric tons in 2012. *** stated that it "expects Russian HR steel demand to reach the 2007 peak by 2013." It anticipates increasing demand due to the "active development of Russian automotive industry, increasing hot-rolled steel demand from the domestic railroads and shipbuilding industries, under-investment for infrastructure during the previous years for maintenance, infrastructure development for the Sochi 2014 Winter Olympics and 2018 World {Cup} Soccer Championship, and increasing steel demand from the energy industry."

Regarding third-country markets, 10 of 11 foreign producers anticipate increasing demand in third-country markets, particularly in Asia.

Prices

The Commission asked U.S. producers and importers to compare prices for hot-rolled steel in U.S. and non-U.S. markets. Ten of the 14 responding producers provided price comparisons. *** stated that the United States, due to its size and openness, has an attractive market, particularly for Japanese and Russian hot-rolled steel producers, which have been low-price leaders in the world export market during the last year or two. *** asserted that, because of a protected home market, Brazil can offer very low export prices for hot-rolled steel, comparable to those of China, and that the new hot-rolling mill scheduled to come on line in the spring of 2011 will increase the amount of hot-rolled steel to be exported from Brazil. *** stated that prices in the United States are relatively attractive compared to those in other markets and that fact, combined with the relative openness of the U.S. market makes it extremely attractive to exporters in non-U.S. markets such as the three counties at issue in this review. *** reported that U.S. prices are higher than those in Europe and Asia except during periods of economic recession, such as 2003 and 2009-10. *** and *** noted that U.S. prices are higher than those in some regions and lower than those in other regions. ***, ***, ***, and *** referred to prices published by CRU or Steel Benchmarker for comparison; *** noted that Benchmarker shows U.S. prices to be highest, China lowest, and the rest of the world in between. *** stated that prices of hot-rolled steel in *** "mirror" those in the United States.

Responses to this question were received from 22 of the 36 importers of hot-rolled steel. *** provided answers similar to those of their related U.S. steel producers. Several importers reported specific pricing as of the date of their responses: *** reported a price of $544 per ton for the United States, compared to $608 for Europe and $599 for China; *** reported a current U.S. price of $753 per ton compared to a "global" price of $635 stowed; *** reported prices for the fourth quarter of 2010 as $520-$580 per ton in the United States, compared to $500-$600 in Asia and $475-$530 in Europe; and *** reported a current price of $710 per ton for the United States, compared to $618 for China and $599 for Europe-Black Sea.[59] *** noted that prices in the United States are similar to those in Canada while

[59] Prices in this paragraph were reported by respondents as either dollars per metric ton (tonne) or dollars per short ton. Those that were reported as dollars per metric ton have been converted by USITC staff to dollars per short ton for ease of comparison.

*** stated that prices are $36 per ton higher in South America. *** reported that comparisons are not possible because U.S. material meeting their specifications is not available.[60]

Published price data, including that referred to by certain respondents, 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 presented in Part V of this report, which are collected directly from U.S. producers and U.S. importers according to precise product definitions.

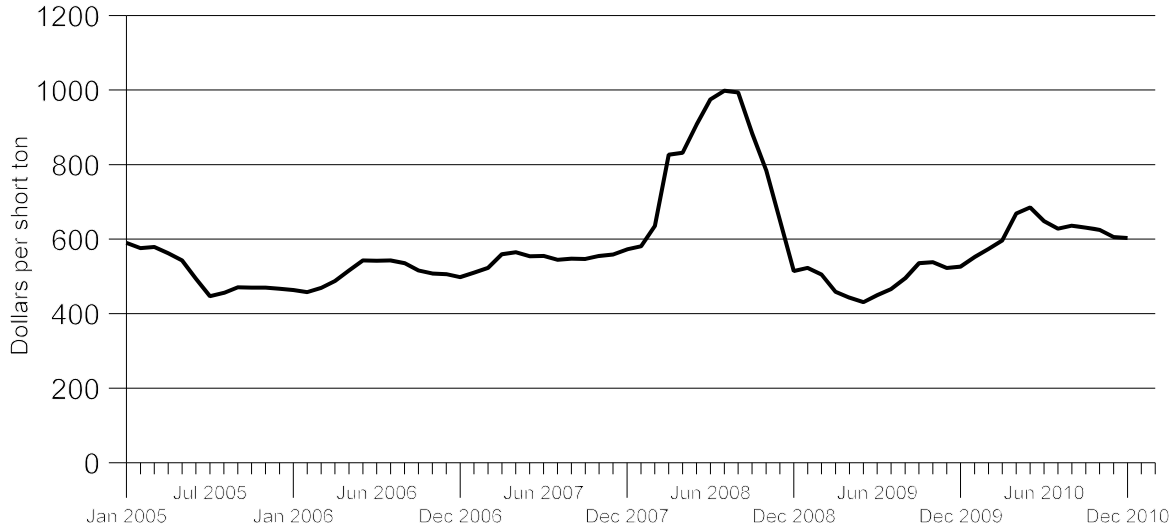
Average world prices and country- and region-specific monthly transaction prices, as compiled by Management Engineering & Production Services ("MEPS"), are presented in table IV-24 and figures IV-1 and IV-2. As the data show, the country- and region-specific monthly transaction prices follow roughly the same trends as the average world prices.

Table IV-24
Hot-rolled steel: Negotiated transaction prices (ex mill) for prime hot-rolled steel, by selected country, and by month, January 2005-February 2011

* * * * * * *

Figure IV-1

Average world price for hot-rolled steel, January 2005 - February 2011



Source: Compiled from data published by MEPS, found at http://www.meps.co.uk/World%20Carbon%20Price.htm.

[60] Other responses were less specific: "market in U.S. about $50 MT higher as of 01-01-2011" (***); "HRC lower in the U.S. market than in other markets worldwide" (***); "We hear about some discrepancies" (***); "Ever changing" (***); "Not much difference" (***); "Constantly shifting" (***).

Figure IV-2
Prices for hot-rolled steel, by selected country, January 2005-February 2011

* * * * * * *

*** is another source of price data. *** compiles country- and region-specific pricing data, as shown in table IV-25.

Table IV-25
Hot-rolled steel: Prices for hot-rolled steel, by selected country or region, and by month, January 2005-March 2011

* * * * * * *

Average North America- and Brazil-specific monthly transaction prices, as compiled by Steel Business Briefing, are presented in table IV-26.

Table IV-26
Hot-rolled steel: Prices (average) for hot-rolled steel, by selected country or region, and by month, January 2007-January 2011

Month	Price (*dollars per short ton*)	
	North America	Brazil
2007		
January	500	617
February	520	658
March	565	617
April	570	617
May	570	658
June	530	667
July	510	674
August	500	710
September	510	710
October	520	708
November	530	708
December	530	757

Table continued on next page.

Table IV-26–*Continued*
Hot-rolled steel: Prices (average) for hot-rolled steel, by selected country or region, and by month, January 2007-January 2011

Month	Price (*dollars per short ton*)	
	North America	Brazil
2008		
January	560	758
February	655	758
March	725	839
April	1,010	862
May	1,093	1,048
June	1,079	1,093
July	1,088	1,261
August	1,040	1,266
September	998	1,207
October	838	1,015
November	685	968
December	540	889
2009		
January	515	939
February	510	860
March	462	843
April	419	833
May	386	884
June	388	890
July	489	924
August	526	955
September	587	969
October	565	1,060
November	520	1,036
December	529	1,023

Table continued on next page.

Table IV-26–*Continued*
Hot-rolled steel: Prices (average) for hot-rolled steel, by selected country or region, and by month, January 2007-January 2011

Month	Price (*dollars per short ton*)	
	North America	Brazil
2010		
January	590	1,034
February	603	995
March	653	989
April	690	1,107
May	708	1,067
June	667	1,169
July	606	1,089
August	579	1,121
September	603	1,201
October	572	1,159
November	569	1,159
December	686	1,096
2011		
January	800	1,110

Source: Compiled from data published by Steel Business Briefing, hot-rolled steel prices of FOB Midwest Mill and Brazil, Brazilian and Japanese Joint Respondent prehearing brief, exh. 12 (pubic version).

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Prices of hot-rolled steel purchased by U.S. users depend on the quality, properties, and intended end use of the steel. 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 typically are measured in terms of AISI and SAE grades, which generally rate the steel's chemistry, 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; whether the agreement is a spot sale or a longer-term contract; and, at times, surcharges for raw materials, transportation, fuel, and/or energy.[1]

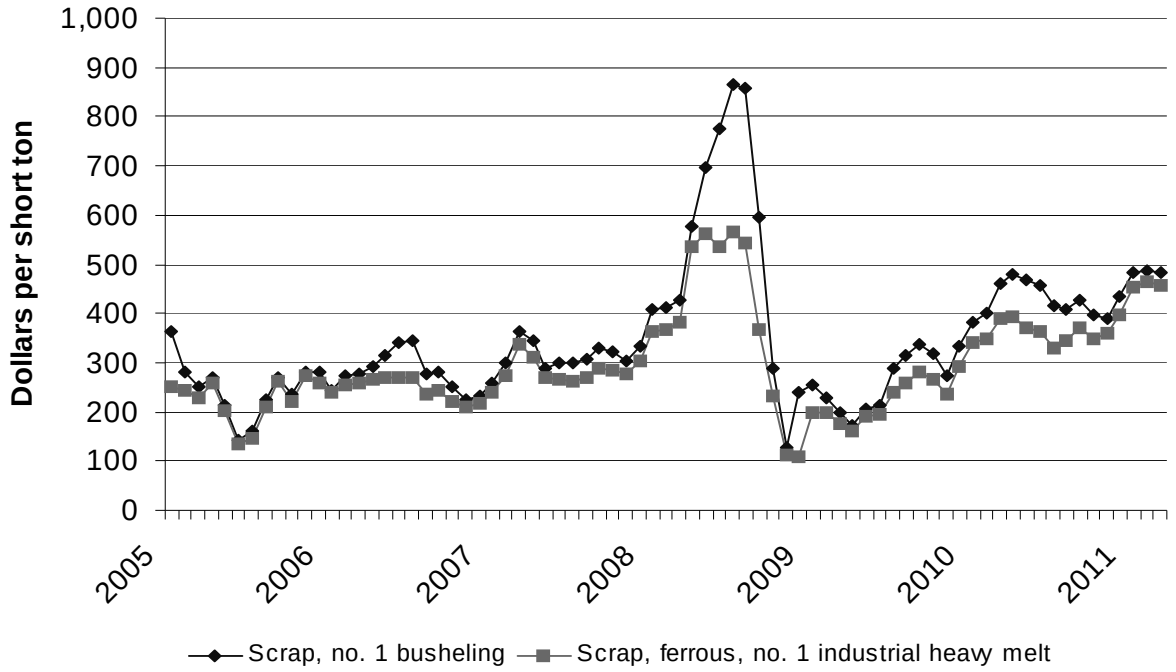
Raw Material Costs

At least seven U.S. producers specifically noted that scrap, iron (either pig iron, iron pellets, direct reduced iron, or iron ore), and alloys were the raw materials used in the production of hot-rolled steel. Coke was identified by four producers, and coal by three. Additionally, three non-integrated producers reported that steel slabs were the primary raw material used to manufacture hot-rolled steel. Of the producers, only *** reported a change in its raw materials since 2005, stating that it ***.[2] Between 2005 and 2010, the price of heavy melt scrap steel on a monthly basis varied from a low of $141 per short ton in June 2005 to a high of $866 per short ton in July 2008 (see figure V-1). In general, prices of scrap steel generally rose from mid-2005 to early 2008 before surging in mid-2008. Prices spiked in July 2008 before the global recession, then decreased by more than 70 percent by December 2008. Since that time, prices of scrap steel have been increasing, and by March 2011 were higher than pre-spike 2008 levels.

[1] *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)*, USITC Publication 3956, October 2007, p. V-1.

[2] Foreign producers in all three subject countries indicated that the same or similar raw materials were used in their manufacturing processes. Foreign producers in Brazil and Japan reported that contracts for raw materials were typically of a longer term (up to *** for iron ore for multiple producers in each country) than those used by foreign producers in Russia. Since 2005, however, contract lengths have typically become shorter for producers in Brazil and Japan.

Figure V-1
Scrap steel: American Metal Market #1 busheling (consumer buying price), Chicago, and ferrous #1 industrial heavy melt, Chicago, monthly prices, January 2005-March 2011



Source: *American Metal Market*.

Eight of 17 producers reported that they have included surcharges in their sales contracts for hot-rolled steel to cover changes in the prices of raw materials at some point since 2005, while only 2 importers have done so. Some of these producers noted that it is not a standard practice, but rather is negotiated on a case-by-case basis. One U.S. producer, ***, reported that a raw material surcharge was only used in 2005. Twenty of 28 responding purchasers reported paying raw material/scrap surcharges on their purchases of hot-rolled steel since 2005, although surcharges were not applied throughout the entire 2005-10 period. Purchaser *** stated that "Generally all U.S. producers utilized surcharges since 2005." Surcharges may be applied on a purchaser-by-purchaser and contract-by contract basis. Nine purchasers noted the continued presence of surcharges, either for scrap or fuel/transportation in 2010.[3]

A majority of producers and importers reported a correlation between changes in the price of raw materials and the price of hot-rolled steel. Published data suggest that the price of hot-rolled steel is indeed highly sensitive to the price of scrap iron. The correlation between two indices of the price of scrap and the three indices of the price of hot-rolled steel (lagged one month) for 2005 to 2011 ranged between 0.82 and 0.90.[4] The relationship is demonstrated in figure V-2. These data indicate that since January 2011, the price spread between scrap and hot-rolled steel has been increasing. At the hearing,

[3] Longer-term contracts would be more likely to include surcharges which would hedge against fluctuations in raw material prices.

[4] Several producers noted that steel surcharges were based on the price of scrap for the preceding month. These indices include *American Metal Market*'s scrap #1 busheling, Chicago; scrap #1 industrial heavy melt, Chicago; hot-rolled sheet, Midwest; hot-rolled coil, import; and ***.

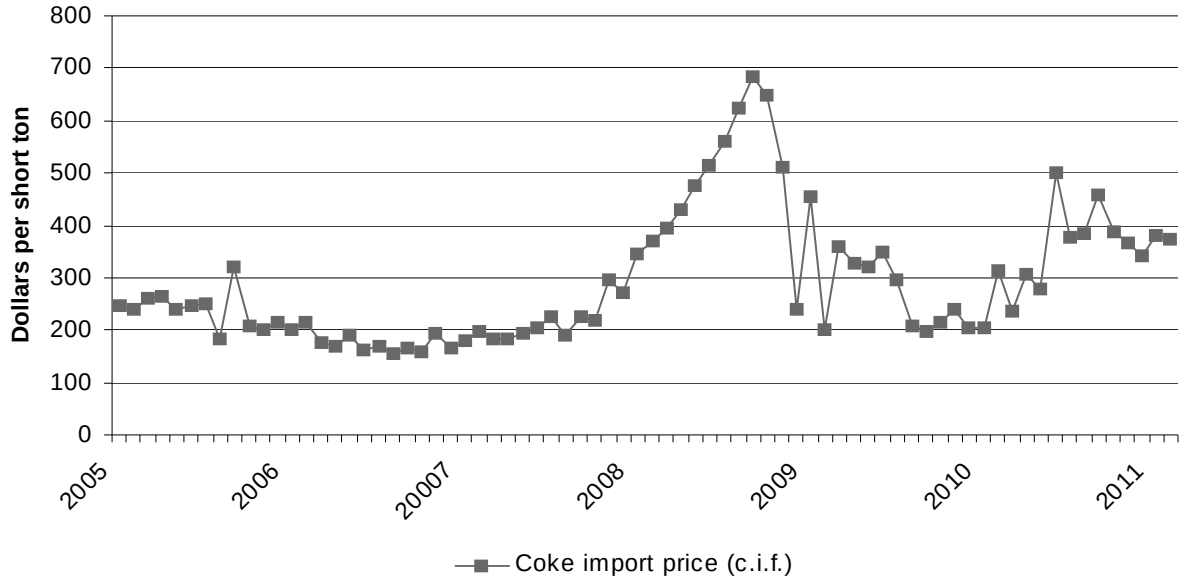
however, one industry representative reported that "We have increased our hot-rolled prices recently, but that is because our raw material cost increase which have been massive, not because the market is strong."[5]

Figure V-2
Scrap and hot-rolled steel: Price indices for scrap and hot-rolled steel, monthly, January 2005-March 2011

* * * * * * *

Coke is used to charge the blast furnaces. Several integrated steel producers manufacture their own coke from coal stocks, and even sell coke to other steel companies, while others import coke. As seen in figure V-3, c.i.f. import unit values of coke were generally declining until 2008 when they increased greatly. After September 2008, unit values decreased precipitously and were at early 2008 levels until early 2010. Since then, unit values nearly doubled but began to generally decline in late 2010.

Figure V-3
Coke: Unit values of imports of coke for blast furnaces (on a c.i.f. basis), monthly, January 2005-February 2011



Source: Compiled from official Commerce statistics, HTS subheading 2704.00.00.

All producers and 20 of 28 responding importers anticipated changes in the price of raw materials in the foreseeable future. Eight producers anticipate continuing volatility in raw material pricing, while four anticipate increasing prices and one anticipates decreasing prices. Three producers stated that demand drives these trends, whereas *** reported that the scrap supply in the market is very tight and is driven by global capacity, in particular in China and (increasingly) in Turkey. Importers also noted volatile and increasing raw material prices. Importer *** reported that coke and coal contracts are

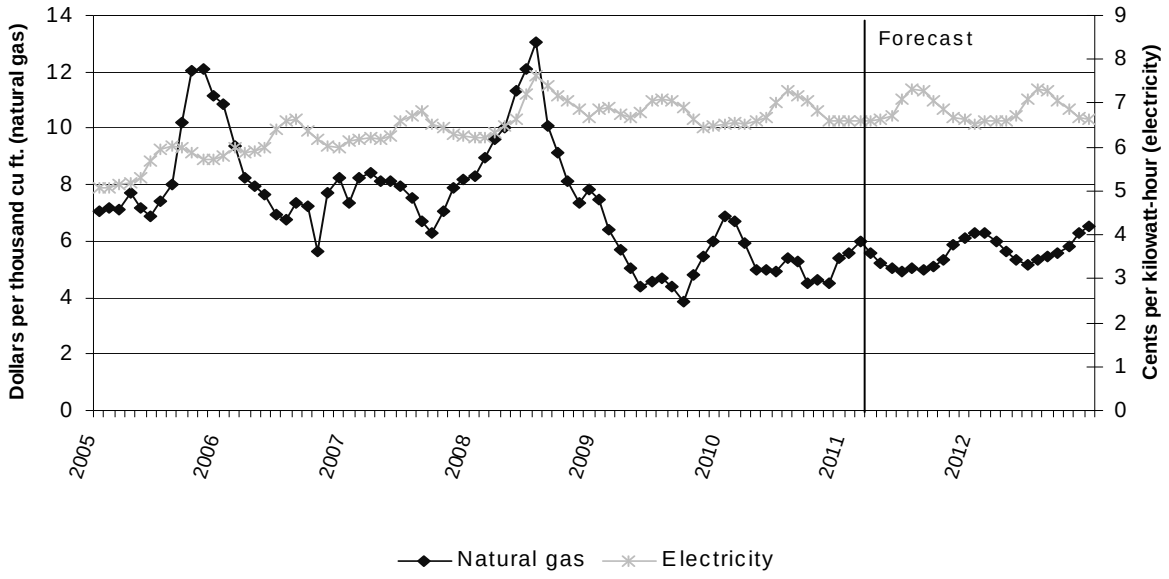
[5] Hearing transcript, p. 52 (DiMicco).

changing from a yearly to a quarterly basis. Furthermore, it noted that the increasing role of China as a consumer is one reason why it believes raw material prices will continue to increase.

Energy Costs

Energy costs are an important factor in hot-rolled steel production, especially for mills using electric arc furnaces. Available data indicate that annual average industrial prices of electricity (per kilowatt hour) generally increased from 5.23 cents in January 2005 to 6.35 cents in January 2011 (figure V-4).[6] Natural gas prices (per thousand cubic feet) spiked during late 2005 and mid-2008. Natural gas prices hit a period low in September 2009, and have not recovered to pre-2008 prices since that time. Prices for electricity and natural gas are not forecasted to vary appreciably from 2010 levels in 2011-12.

Figure V-4
Industrial natural gas and electricity: monthly prices, January 2005-March 2011 and April 2011-December 2012 (forecast)



Source: *Short Term Energy Outlook*, Energy Information Administration, retrieved from www.eia.doe.gov, April 13, 2011.

U.S. Inland Transportation Costs

Questionnaire responses indicate that U.S. inland transportation costs for hot-rolled steel ranged between 2 and 5.5 percent for U.S. producers (with an average of 3.9 percent) and between 1 and 18 percent for U.S. importers (with an average of 6.6 percent). Producers and importers were also asked to estimate the percentage of their sales that occurred within 100 miles of their storage or production facility, between 100 and 1,000 miles, and over 1,000 miles. Nine of 14 producers and 14 of 18 importers reported that 40 percent or more of their shipments were made within 100 miles, averaging 41 percent for producers and 68 percent for importers. Six importers reported only shipping within 100 miles of their

[6] As shown in figure V-4, energy prices appear to be highly cyclical, with electricity prices increasing in the summer and natural gas prices increasing in the winter, due to seasonal demand.

importation facility or warehouse. Ten of 14 producers and six of 18 importers reported that 40 percent or more of their sales were shipped between 101 and 1,000 miles to their customers, averaging 48 percent of producers' shipments and 31 percent of importers' shipments.

Thirteen of 14 producers arrange for transportation to their purchasers at least some of the time. Twelve of 23 responding importers reported that they arrange for transportation, whereas 11 of their purchasers arrange for transportation by themselves. Twelve of 14 producers sell on an f.o.b. basis, whereas half of importers sell on an f.o.b. basis and half on a delivered basis.

Three producers (***) have added fuel or transportation surcharges to the price that they charge for hot-rolled steel since 2005, as have four importers (***). Twelve purchasers reported having paid fuel or transportation surcharges since 2005.

Exchange Rates

Brazil's currency appreciated 70 percent against the dollar over January 2005-December 2010 in real terms, half of which occurred in 2009-10. Recently, however, Brazilian authorities have enacted numerous reforms in an attempt to curb this appreciation.[7] Japan's currency depreciated against the dollar in 2005 in real terms, and maintained approximately that level until mid-2008, when it began appreciating against the dollar. By the last quarter of 2010, the yen had appreciated 7 percent against the dollar in real terms. The Russian currency appreciated against the dollar in real terms by over 60 percent between the first quarter of 2005 and the third quarter of 2008. By the first quarter of 2009, it had given back all but 6 percent of that appreciation. Since that point, however, the ruble has generally appreciated against the dollar and was 36 percent higher in the last quarter of 2010 than the first quarter of 2005 (28 percent higher than the first quarter of 2009). For more information, see figure V-5.

[7] *See*, e.g., "FACTBOX-How Brazil is trying to curb currency appreciation", March 15, 2011, retrieved April 8, 2011, found at http://www.reuters.com/article/2011/03/15/brazil-forex-idUSN1524033620110315.

Figure V-5
Exchange rates: Indices of the nominal and real exchange rates between the Brazilian real, Japanese yen, and Russian ruble and the U.S. dollar, by quarters, January 2005- December 2010

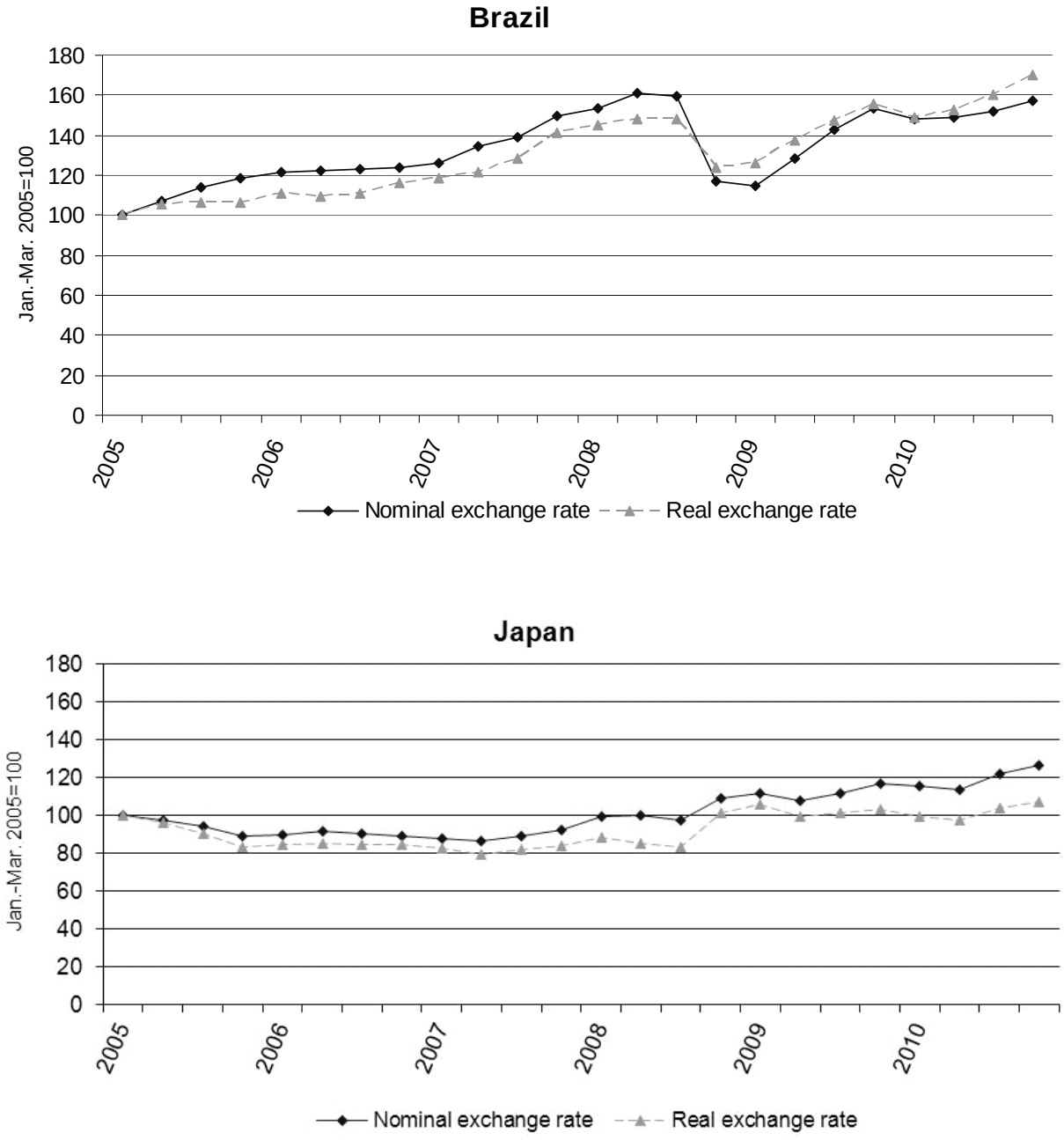
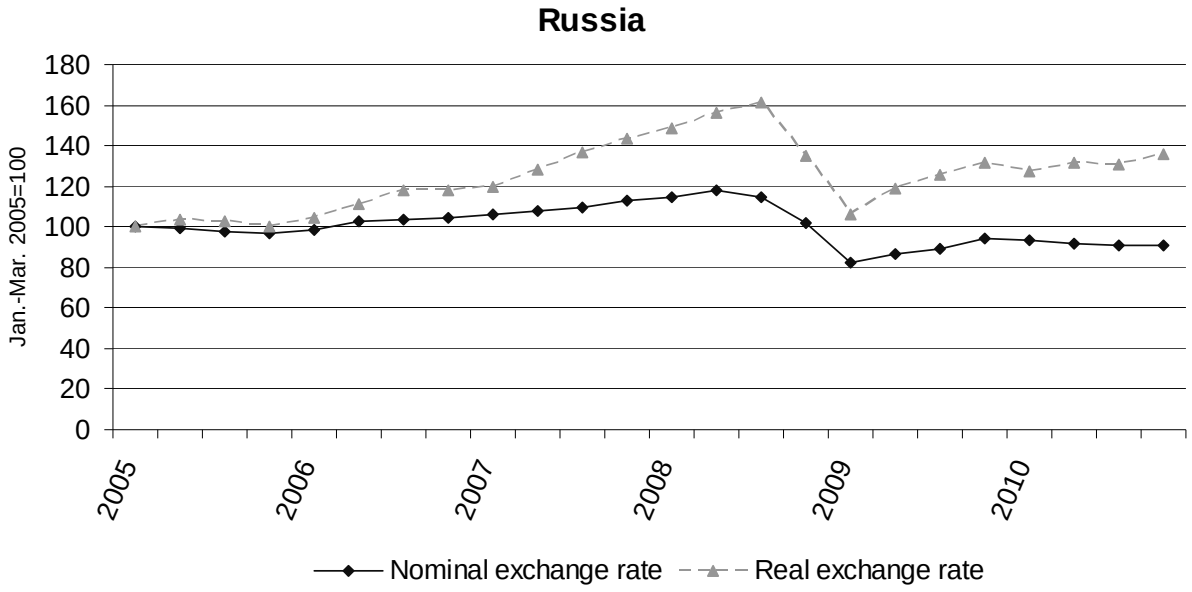


Figure continued on next page.

Figure V-5--*Continued*
Exchange rates: Indices of the nominal and real exchange rates between the Brazilian real, Japanese yen, and Russian ruble and the U.S. dollar, by quarters, January 2005- December 2010



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

PRICING PRACTICES

Pricing Methods

U.S. producers establish prices in a variety of ways. All producers use transaction-by-transaction negotiation, 9 of 14 sell via contracts, and only two (***) sell off of published price lists. U.S. producer *** reported that it stopped selling via a price list after discovering that importers were allegedly using the list to undercut its prices. The majority of responding importers (23 of 29) also use transaction-by-transaction negotiation, with nine selling via contracts and three (***) selling via published price lists. All but two purchasers (***) reported their purchases of hot-rolled steel usually involve negotiations with suppliers. Eighteen of 32 responding purchasers noted that they tend to vary their purchases from a given supplier within a specified time period based on the price offered for that period.

Thirteen of 14 U.S. producers indicated that the majority of their sales were on the spot market in 2010 (more than 80 percent, based on a simple average), and 13 also sell via short-term contracts. Only *** sells solely in the spot market. Three producers also reported selling via long-term contracts in 2010 (***), although *** also responded to questions regarding long-term contracts. Long-term contracts reportedly do not contain meet-or-release clauses. Three producers reported that both prices and quantities are fixed, while the other two reported fixing prices only. Two of the five also noted that prices could be renegotiated within the contract period. Short-term contracts were reported to vary greatly in length–between one and 12 months– and with regard to the terms of the contract (e.g., meet-or-release clauses, raw material surcharges, etc.).[8]

[8] Long-term contracts are defined as contracts of more than 12 months. Short-term contracts include multiple deliveries that may be as long as 12 months.

A greater proportion of hot-rolled steel is being sold on the spot market or via contracts that are of a shorter length when compared with the market conditions prevailing in the first review.[9] While there is a proportion of purchasers that need long-term contracts, raw material cost volatility has made longer-term contracts riskier, and thus, shorter-term sales more widespread, even for auto manufacturers such as Ford.[10] Between 98 and 100 percent of hot-rolled steel is purchased by auto manufacturers on a short-term basis, according to ***. *** reported buying any hot-rolled steel via long-term contract, which amounted to ***. Two witnesses for the domestic interested parties stated that iron ore producers will not sell iron ore for a period of longer than three months, leading to the reduction in the availability of longer-term hot-rolled steel contracts.[11]

Fifteen of 20 responding importers reported at least 95 percent of their 2010 hot-rolled steel sales were on the spot market, and four importers reported at least 90 percent of their 2010 hot-rolled steel sales were via short-term contract. The other importer reported an equal split between spot sales and short-term contract sales. Importers' contracts were somewhat more consistent across companies. Four of the seven responding importers that sell via short-term contract reported contract lengths of between three and four months. None of these importers typically renegotiates prices within the contract period or has meet-or-release clauses, and six of seven fix both price and quantity.

Sales Terms and Discounts

Five of 14 producers offer quantity discounts to at least one customer and three offer annual total volume discounts. Among importers, ***, which bases discounts on individual customers, was the only importer which noted offering discounts. All but two producers allow an early payment discount of up to ½ percent, whereas only three importers offer an early payment discount.

Price Leadership

Purchasers were asked which firms in the industry they consider to be price leaders.[12] In nearly every instance, firms considered to be price leaders in the industry were domestic mills. Nucor was mentioned by the greatest number of purchasers (25), followed by ArcelorMittal (14), U.S. Steel (9), and AK Steel (8). Also noted were Severstal North America, Kenwal, California Steel Industries, Steel Dynamics, NLMK Beta, and "minimills" generically. Purchasers noted that price changes are typically communicated two to three months before delivery for spot purchases, and within a day of an announcement of a price increase, most other mills have adjusted their prices accordingly. Further, they noted that prices are announced monthly, although price changes could occur at any time.

Regional Price Differences

Producers and importers were asked if regional price differences existed in the hot-rolled steel market. Nine of 14 producers indicated that prices could be slightly higher on shipments to the West Coast, with a majority of these indicating that this was mostly due to increased freight costs, although a few noted that the lack of producers/competitive situations affects demand in this area as well. No producer reported any variances in pricing related to a price transmission lag. Nine importers also

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[9] *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. V-5-6.

[10] Hearing transcript, pp. 186-188 (Blume, Busse, Scherrbaum) and 249 (McConnell).

[11] Hearing transcript, pp. 187-188 (Blume and Busse).

[12] A price leader is defined as: (1) a firm that initiates a price change, either upward or downward, that is followed by other firms, or (2) a firm that has a significant impact on prices.

indicated that the West Coast typically has higher pricing, and three additionally noted that prices differ due to freight costs, but did not specify the West Coast as the region with higher pricing. Four importers further noted the lack of producers on the West Coast leading to higher prices. Only importer *** reported that there were any timing differences, noting that the West Coast is typically slower to react to price changes.

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 customers in the U.S. market. Data were requested for the period January 2005 to December 2010. 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 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 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.

All 14 U.S. producers and 13 importers of hot-rolled steel from Brazil, Japan, and/or Russia provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Eleven of the 13 reported data for Russia, and one company each provided data for Brazil and Japan. By quantity, pricing data reported by responding firms in 2005-10 accounted for approximately 47.5 percent of reported U.S. producers' commercial shipments of hot-rolled steel, *** percent of reported U.S. shipments of subject imports from Brazil, 6.1 percent of the reported U.S. shipments of subject imports from Japan, and 79.3 percent of reported U.S. shipments of subject imports from Russia.[13]

Price Trends

As shown in tables V-1 through V-4 and in figures V-6 through V-9, weighted-average U.S. quarterly f.o.b. prices of hot-rolled steel products 1-4 declined from the first quarter to the third quarter of 2005, before increasing through the third quarter of 2006. Prices then declined irregularly through the end of 2007. Prices increased by 69 to 82 percent from the last quarter of 2007 to the third quarter of 2008. As the U.S. economy went into recession, prices dropped swiftly, to around 2007 levels or below

[13] With regard to Japan, there was very little data reported for the products for which pricing data were requested. Many of the subject products imported from Japan are characterized as specialty steel items for the automotive industry by Japanese respondent interested parties. Four of five Japanese foreign producers reported that they exported only this type of hot-rolled steel during 2005-10.

(for products 2 and 3). Prices for domestically produced products 1, 2, and 3 then increased through the second quarter of 2010 before declining through the end 2010.[14] Overall, prices for all U.S.-produced hot-rolled steel products decreased between the first quarter of 2005 and the last quarter of 2010. More detailed information is presented in table V-5.

Price data for hot-rolled steel products from Brazil (as reported by U.S. importers) were reported in only one quarter and for only one product, so no trends are available. Prices for hot-rolled steel imported from Japan were available only for product 4, and displayed price trends dissimilar to those for domestically produced hot-rolled steel. Prices increased by *** percent between the first quarter of 2005 and the first quarter of 2006. Prices then stayed within *** percent of those levels through the second quarter of 2008, when sales of imported Japanese product 4 ceased. Price trends for the four pricing products imported from Russia and sold in the United States generally followed the trends displayed by domestically produced hot-rolled steel, although with greater variability. This increased volatility is likely due to the smaller and less consistent volume of shipments of Russian-produced hot-rolled steel compared the volume of domestically produced and sold hot-rolled steel.

Purchasers were also asked if there has there been a change in the price of hot-rolled steel since 2005, 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 Brazil, Japan, and Russia. Only one purchaser (***) reported that there had not been any changes in prices of hot-rolled steel. Seventeen purchasers reported that prices of domestic and imported hot-rolled steel have changed by the same amount. Two purchasers reported that U.S. prices had decreased relative to Russian prices, and one indicated that U.S. prices had decreased relative to Brazilian prices. Additionally, one purchaser indicated that U.S. prices had increased relative to Japanese prices.

U.S. producers have announced successive price increases since late 2010. As shown in figure V-2, as of January 2011, prices for hot-rolled sheet and coil had reached nearly $800 per short ton. Published sources noted in February 2011 that the price for hot-rolled steel continued to climb and that Severstal announced a price of $900 per short ton for orders placed after February 11, 2011, with additional announcements expected.[15] Published reports in March indicated upward price movements, although with somewhat more emphasis on supply and demand factors and less on input costs.[16] Published reports in mid-to-late April have indicated that prices have eased from $900 per ton back to $860-880 per ton, due to slight declines in scrap prices and the threat of new steelmaking capacity entering the market. Keith Busse, Chairman and CEO of Steel Dynamics reported that "I don't think it's any big surprise that the market has tempered itself a little bit. It may have more future movement in it, but right now it's paused in the (mid-$800s) and there's a good likelihood as the economy continues to grow that it could move forward somewhat."[17]

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[14] Product 4 did not follow the same pattern as the other products in 2009. Its price decline was more extended, declining through the first quarter of 2010, save for a price increase in the last quarter of 2009. Product 4 did, however, decline from the second to the fourth quarters of 2010 along with the trend observed in domestically produced pricing products 1 through 3.

[15] "Severstal North America increases hot-rolled steel to $900/st EXW," Platts February 17, 2011, retrieved February 28, 2011, found at http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Metals/6842956.

[16] *See, e.g.,* "SSAB Americas hikes plate, sheet," American Metal Markets, March 14, 2011, found at http://www.amm.com/Article/2786884/Search/Results/SSAB-Americas-hikes-plate-sheet.html?Keywords=SSAB%2c+plate&OrderType=1, retrieved on March 17, 2011; *see also*
"US hot band tags on run, more hikes seen looming," American Metal Markets, March 16, 2011, found at http://www.amm.com/Article.aspx?ArticleID=2788665&LS=EMS502682, retrieved on March 17, 2011.

[17] "Mill cuts send flat-rolled steel tags in about-face," American Metal Markets, April 20, 2011, found at http://www.amm.com/Article/2811634/Mill-cuts-send-flat-rolled-steel-tags-in-about-face.html, retrieved April 26, 2011.

Table V-1
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2005-December 2010[2]

Period	United States		Russia		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2005:					
Jan.-Mar.	$613.81	1,485,275	$***	***	***
Apr.-June	564.86	1,306,476	***	***	***
July-Sept.	464.26	1,365,469	***	***	***
Oct.-Dec.	521.31	1,511,241	***	***	***
2006:					
Jan.-Mar.	549.25	1,581,112	***	***	***
Apr.-June	564.90	1,705,076	***	***	***
July-Sept.	606.36	1,450,850	***	***	***
Oct.-Dec.	565.97	1,115,547	***	***	***
2007:					
Jan.-Mar.	525.99	1,309,029	***	***	***
Apr.-June	562.65	1,351,072	***	***	***
July-Sept.	547.84	1,228,228	***	***	***
Oct.-Dec.	526.34	1,454,985	***	***	***
2008:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2009:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2010:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***

[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.

[2] Data for product 1 imported from Brazil were reported only in ***. ***.

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

Table V-2
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2005-December 2010

Period	United States		Russia		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2005:					
Jan.-Mar.	$598.81	738,674	$***	***	***
Apr.-June	535.30	635,209	***	***	***
July-Sept.	438.14	691,751	***	***	***
Oct.-Dec.	505.75	757,362	***	***	***
2006:					
Jan.-Mar.	526.45	795,573	***	***	***
Apr.-June	552.28	893,370	***	***	***
July-Sept.	594.63	765,298	***	***	***
Oct.-Dec.	543.04	534,322	***	***	***
2007:					
Jan.-Mar.	503.18	748,366	***	***	***
Apr.-June	551.88	908,680	***	***	***
July-Sept.	548.48	812,817	***	***	***
Oct.-Dec.	538.72	819,834	***	***	***
2008:					
Jan.-Mar.	584.50	890,497	***	***	***
Apr.-June	799.20	973,170	***	***	***
July-Sept.	963.16	721,755	--	0	--
Oct.-Dec.	696.49	347,264	***	***	***
2009:					
Jan.-Mar.	524.52	354,398	***	***	***
Apr.-June	432.43	345,876	***	***	***
July-Sept.	506.65	603,145	--	0	--
Oct.-Dec.	601.09	609,851	***	***	***
2010:					
Jan.-Mar.	548.02	478,482	***	***	***
Apr.-June	635.33	494,543	***	***	***
July-Sept.	551.47	427,274	***	***	***
Oct.-Dec.	524.95	431,711	***	***	***

[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-3
Hot-rolled steel: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2005-December 2010

Period	United States		Russia		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2005:					
Jan.-Mar.	$657.16	268,330	--	0	--
Apr.-June	598.55	255,568	--	0	--
July-Sept.	510.65	242,337	--	0	--
Oct.-Dec.	560.43	277,784	--	0	--
2006:					
Jan.-Mar.	569.65	316,135	--	0	--
Apr.-June	595.26	295,221	$***	***	***
July-Sept.	645.79	269,613	***	***	***
Oct.-Dec.	619.38	198,271	***	***	***
2007:					
Jan.-Mar.	581.75	263,620	--	0	--
Apr.-June	624.56	284,044	--	0	--
July-Sept.	580.94	307,298	--	0	--
Oct.-Dec.	582.16	260,761	--	0	--
2008:					
Jan.-Mar.	630.36	347,678	--	0	--
Apr.-June	840.22	295,561	--	0	--
July-Sept.	1,030.97	215,815	--	0	--
Oct.-Dec.	803.05	138,291	--	0	--
2009:					
Jan.-Mar.	587.71	121,410	--	0	--
Apr.-June	478.12	133,267	--	0	--
July-Sept.	495.41	176,512	--	0	--
Oct.-Dec.	548.53	177,983	--	0	--
2010:					
Jan.-Mar.	589.60	225,909	--	0	--
Apr.-June	689.89	188,680	--	0	--
July-Sept.	657.31	191,682	--	0	--
Oct.-Dec.	609.34	181,022	--	0	--

[1] Hot-rolled carbon 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.

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 4[1] and margins of underselling/(overselling), by quarters, January 2005-December 2010

Period	United States		Japan			Russia		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2005:								
Jan.-Mar.	$672.51	399,251	$***	***	***	--	0	--
Apr.-June	599.84	312,487	***	***	***	$***	***	***
July-Sept.	486.22	327,647	***	***	***	--	0	--
Oct.-Dec.	538.54	402,689	***	***	***	***	***	***
2006:								
Jan.-Mar.	566.27	467,921	***	***	***	***	***	***
Apr.-June	579.26	465,121	***	***	***	***	***	***
July-Sept.	623.41	467,358	***	***	***	***	***	***
Oct.-Dec.	597.88	354,725	***	***	***	***	***	***
2007:								
Jan.-Mar.	569.37	416,702	***	***	***	--	0	--
Apr.-June	618.12	457,592	***	***	***	***	***	***
July-Sept.	614.20	435,588	***	***	***	--	0	--
Oct.-Dec.	598.53	439,976	***	***	***	***	***	***
2008:								
Jan.-Mar.	605.25	515,938	***	***	***	***	***	***
Apr.-June	807.71	551,794	***	***	***	***	***	***
July-Sept.	1,012.13	562,599	--	0	--	***	***	***
Oct.-Dec.	870.25	331,599	--	0	--	--	0	--
2009:								
Jan.-Mar.	773.04	248,342	--	0	--	***	***	***
Apr.-June	640.20	159,938	--	0	--	***	***	***
July-Sept.	625.20	294,663	--	0	--	***	***	***
Oct.-Dec.	739.98	388,604	--	0	--	--	0	--
2010:								
Jan.-Mar.	597.83	277,964	--	0	--	***	***	***
Apr.-June	686.34	312,491	--	0	--	***	***	***
July-Sept.	662.83	352,543	--	0	--	***	***	***
Oct.-Dec.	596.42	250,183	--	0	--	***	***	***

[1] Hot-rolled carbon 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.

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

Figure V-6
Hot-rolled steel: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 1, 2005-10

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Figure V-7
Hot-rolled steel: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 2, 2005-10

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Figure V-8
Hot-rolled steel: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 3, 2005-10

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Figure V-9
Hot-rolled steel: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 4, 2005-10

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Table V-5
Hot-rolled steel: Summary of weighted-average f.o.b. prices for products 1-4 from the United States, Japan, and Russia[1]

Item	Number of quarters	Low price (*per short ton*)	High price (*per short ton*)	Change in price[2] (*percent*)
Product 1				
United States	24	***	***	***
Russia	24	***	***	***
Product 2				
United States	24	432	963	(12.3)
Russia	22	***	***	***
Product 3				
United States	24	478	1,031	(7.3)
Russia	3	***	***	***
Product 4				
United States	24	486	1,012	(11.3)
Japan	14	***	***	***
Russia	18	***	***	***

[1] Only one data point was provided for pricing products from Brazil.
[2] Percentage change from the first quarter in which price data were available to the last quarter in which price data were available, based on unrounded data.

Source: Tables V-1 to V-4.

Price Comparisons

Price comparisons between U.S.-produced and imported hot-rolled steel were reported in 82 instances. In 55 of 82 instances, the imported product was priced above the domestically produced product, while in 27 of the 82 instances, the imported product was priced below the domestic product (table V-6). With respect to Brazil and Japan (which accounted for 15 instances), the imported product was always priced higher than the U.S. product. Brazil accounted for one instance of overselling, with a margin of *** percent. The margins for the 14 quarters of overselling for Japan ranged from *** percent to *** percent.[18] Hot-rolled steel imported from Russia undersold the domestic product in 27 of 67 quarters, with margins averaging 8.3 percent. In the remaining 40 quarters, margins of overselling averaged (15.6) percent.[19]

Table V-6
Hot-rolled steel: Number of quarters of underselling and (overselling) and highest and lowest margins of underselling and (overselling), by product number, January 2005-December 2010

Product and Country	Number of quarters of underselling	Number of quarters of (overselling)	Margins of underselling			Margins of (overselling)		
			Average (*percent*)	Range (*percent*)		Average (*percent*)	Range (*percent*)	
				Min	Max		Min	Max
Brazil[1]								
1	0	1	--	--	--	***	***	***
Japan[2]								
4	0	14	--	--	--	***	***	***
Russia[3]								
1	4	20	***	***	***	***	***	***
2	9	13	***	***	***	***	***	***
3	3	0	***	***	***	--	--	--
4	11	7	***	***	***	***	***	***
Subtotal	27	40	8.3	0.1	24.1	(15.6)	(0.1)	(52.2)
Total	**27**	**55**	**8.3**	**0.1**	**24.1**	**(63.6)**	**(0.1)**	**(270.2)**

[1] In the original investigations, there were 36 instances of underselling and 22 instances of overselling for Brazil; in the 2005 reviews, there were 7 instances of underselling and 23 instances of overselling.
[2] In the original investigations, there were 23 instances of underselling and 39 instances of overselling for Japan; in the 2005 reviews, there were 2 instances of underselling and 2 instances of overselling.
[3] In the original investigations, there were 63 instances of underselling and 9 instances of overselling for Russia; in the 2005 reviews, there were 42 instances of underselling and 36 instances of overselling.

Source: Compiled from data submitted in response to Commission questionnaires and *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, p. V-15.

[18] ***. Staff telephone interview with ***, March 15, 2011.

[19] In 2005, 9 of the 10 quarters of comparison showed overselling, while 14 of the 15 quarters of comparison in 2006 showed underselling. The other years had relatively mixed patterns of overselling and underselling.

APPENDIX A

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY
in
Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia
Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)

On July 6, 2010, the Commission determined that it should proceed to full reviews in each of the subject five-year reviews pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(3)(B).

The Commission received one response to the notice of institution from domestic interested parties, which was jointly filed by United States Steel Corp., ArcelorMittal USA Inc., Nucor Corp., Steel Dynamics, Inc., Gallatin Steel Co., and SSAB Enterprises LLC (collectively "Domestic Producers"). Each of the Domestic Producers is a U.S. producer of hot-rolled flat-rolled carbon-quality steel products ("hot rolled steel"). The Commission determined that the individual responses of each of the Domestic Producers was adequate. Because Domestic Producers collectively account for a substantial proportion of domestic hot rolled steel production, the Commission also determined that the domestic interested party group response was adequate.

With respect to the reviews of the antidumping duty and countervailing duty orders on subject merchandise from Brazil, the Commission received two sets of responses to the notice of institution from respondent interested parties. One of these was jointly filed by Companhia Siderurgica Nacional (CSN), a producer and exporter of subject merchandise from Brazil, and Companhia Siderurgica Nacional LLC (CSN LLC), an affiliated importer of subject merchandise. The other was filed by Usinas Siderurgicas de Minas Gerais (Usiminas), a producer and exporter of subject merchandise from Brazil. The Commission found that each individual response was adequate. Because CSN and Usiminas collectively account for a substantial proportion of the production of subject merchandise from Brazil, the Commission determined that the respondent interested party group response was adequate for the reviews of the orders covering subject merchandise from Brazil.

With respect to the review of the antidumping duty order on subject merchandise from Japan, the Commission received individually adequate responses from two respondent interested parties, JFE Steel Corp. and Nippon Steel Corp., each of which is a producer and exporter of subject merchandise from Japan. Because JFE and Nippon collectively account for a substantial proportion of the production of subject merchandise from Japan, the Commission determined that the respondent interested party group response was adequate for the review on the order covering subject merchandise from Japan.

With respect to the review of the suspension agreement on subject merchandise from Russia, the Commission received individually adequate responses from three respondent interested parties, Magnitogorsk Iron and Steel Works (MMK), Novolipetsk Steel (NLMK), and JSC Severstal, each of which is a producer and exporter of subject merchandise from Russia. Because MMK, NLMK, and Severstal collectively represent a substantial proportion of production of subject merchandise from Russia, the Commission determined that the respondent interested party group response was adequate for the review of the suspension agreement covering subject merchandise from Russia.

Consequently, in each of the subject reviews both the domestic interested party group response and the respondent interested party group response was adequate. The Commission accordingly determined to conduct full reviews in each of the subject reviews.

A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (http://www.usitc.gov).

Indian Reservation, Oregon may proceed after that date if no additional claimants come forward.

The Northwest Museum, Whitman College is responsible for notifying the Confederated Tribes of the Umatilla Indian Reservation, Oregon that this notice has been published.

Dated: March 16, 2010

Sherry Hutt,

Manager, National NAGPRA Program.

[FR Doc. 2010–7252 Filed 3–31–10; 8:45 am]

BILLING CODE 4312–50–S

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[CO200–LLCOF00000–L07770900–XZ0000–241A00]

Notice of Meeting, Front Range Resource Advisory Council

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of public meeting.

SUMMARY: In accordance with the Federal Land Policy and Management Act (FLPMA) and the Federal Advisory Committee Act of 1972 (FACA), the U.S. Department of the Interior, Bureau of Land Management (BLM) Front Range Resource Advisory Council (RAC), will meet as indicated below.

DATES: The meeting will be held April 20, 2010 from 9:15 a.m. to 4 p.m.

ADDRESSES: BLM Royal Gorge Field Office, 3028 East Main Street, Cañon City, Colorado 81212.

FOR FURTHER INFORMATION CONTACT: Cass Cairns, Front Range RAC Coordinator, BLM Royal Gorge Field Office, 3028 E. Main St., Cañon City, CO 81212. *Phone:* (719) 269–8553. *E-mail: ccairns@blm.gov.*

SUPPLEMENTARY INFORMATION: The 15-member Council advises the Secretary of the Interior, through the Bureau of Land Management, on a variety of planning and management issues associated with public land management in the BLM Front Range District, which includes the Royal Gorge Field Office and the San Luis Valley Public Lands Center, Colorado. Planned agenda topics include: Arkansas River Travel Management Plan Supplemental Rules process; BLM Renewable Energy Team; 2010 Spring and Fall Prescribed Burn Program, and the 2010 Fire Season Outlook; Manager updates on current land management issues that include; Park Center Well; American Recovery Reinvestment Act projects update; status of Over The River draft Environmental Impact Statement; and establishing the 2010 Front Range RAC meeting schedule.

This meeting is open to the public. The public is encouraged to make oral comments to the Council at 9:30 a.m. or written statements may be submitted for the Council's consideration. Depending on the number of persons wishing to comment and time available, the time for individual oral comments may be limited. Summary minutes for the Council Meeting will be maintained in the Royal Gorge Field Office and will be available for public inspection and reproduction during regular business hours within thirty (30) days following the meeting. Meeting minutes and agenda (10 days prior to each meeting) are also available at: *http://www.blm.gov/rac/co/frrac/co_fr.htm.*

Dated: March 26, 2010.

Anna Marie Burden,

Acting State Director.

[FR Doc. 2010–7287 Filed 3–31–10; 8:45 am]

BILLING CODE 4310–JB–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[L58820000.PH0000.LXRSMA990000; HAG 10–0198]

Meeting Notice for the Medford District Resource Advisory Council

AGENCY: Bureau of Land Management, Interior.

ACTION: Meeting notice for the Medford District Resource Advisory Council.

SUMMARY: Pursuant to the Federal Land Policy and Management Act and the Federal Advisory Committee Act, the U.S. Department of the Interior, Bureau of Land Management (BLM) Medford District Resource Advisory Council (Medford RAC) will meet as indicated below:

DATES: The Medford RAC meeting will begin 8:30 a.m. PDT on April 21, 2010.

ADDRESSES: The Medford RAC will meet at the Medford Interagency Office, 3040 Biddle Road in Medford, Oregon.

FOR FURTHER INFORMATION CONTACT: Jim Whittington, Medford District Public Affairs Officer, 3040 Biddle Road, Medford, OR 97504 or via phone at 541–618–2220 or via electronic mail at *jim_whittington@blm.gov.*

SUPPLEMENTARY INFORMATION: The meeting agenda includes decisions on Title II project submissions and other matters as may reasonably come before the council. The public is welcome to attend all portions of the meeting and may make oral comments to the Council at 9:30 a.m. on April 21, 2010 at the meeting location. Those who verbally address the Medford RAC are asked to provide a written statement of their comments or presentation. Unless otherwise approved by the RAC Chair, the public comment period will last no longer than 30 minutes, and each speaker may address the RAC for a maximum of three minutes. If reasonable accommodation is required, please contact the BLM's Medford District Public Affairs Officer at 541–618–2220 as soon as possible.

Timothy B. Reuwsaat,

District Manager, Medford District Office.

[FR Doc. 2010–7376 Filed 3–31–10; 8:45 am]

BILLING CODE 4310–33–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–384 and 731–TA–806–808 (Second Review)]

Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty order on certain hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspended investigation on hot-rolled steel from Russia.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty order on hot-rolled steel from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspended investigation on hot-rolled steel from Russia 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

[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. 10–5–212, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 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.

consideration, the deadline for responses is May 3, 2010. Comments on the adequacy of responses may be filed with the Commission by June 14, 2010. 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), as most recently amended at 74 FR 2847 (January 16, 2009).

DATES: *Effective Date:* April 1, 2010.

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 June 29, 1999, the Department of Commerce ("Commerce") issued an antidumping duty order on imports of hot-rolled steel from Japan (64 FR 34778). Effective July 6, 1999, Commerce suspended the antidumping and countervailing duty investigations on such imports from Brazil (64 FR 38792 and 38797, July 19, 1999). Note: I switched the order here because the AD suspension is the one cited first. and, effective July 12, 1999, Commerce suspended the antidumping duty investigation on such imports from Russia (64 FR 38642, July 19, 1999). After terminating the suspension agreement with respect to the antidumping duty investigation on imports of hot-rolled steel from Brazil (67 FR 6226, February 11, 2002), Commerce issued an antidumping duty order on such imports (67 FR 11093, March 12, 2002). Effective September 26, 2004, Commerce terminated the suspension agreement with respect to the countervailing duty investigation on imports of hot-rolled steel from Brazil and issued a countervailing duty order on such imports (69 FR 56040, September 17, 2004). Following five-year reviews by Commerce and the Commission, effective May 12, 2005, Commerce issued a continuation of the countervailing duty order on hot-rolled steel from Brazil (70 FR 30417, May 26, 2005), the antidumping duty orders on hot-rolled steel from Brazil and Japan (70 FR 30413, May 26, 2005), and the suspended investigation on imports of hot-rolled steel from Russia (70 FR 32571, June 3, 2005). The Commission is now conducting second reviews to determine whether revocation of the orders and termination of the suspended investigation 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 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 Commerce.

(2) The Subject Countries in these reviews are Brazil, Japan, and Russia.

(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 and full five-year review determinations, the Commission found one *Domestic Like Product* consisting of all hot-rolled steel, as defined in 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 and full five-year review determinations, the Commission defined the *Domestic Industry* as all producers of hot-rolled steel.

(5) 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 advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official has advised that a five-year review is not considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b)(19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was developed in consultation with the Office of Government Ethics. Consequently, former employees are not required to seek Commission approval to appear in a review under Commission rule 19 CFR 201.15, even if the corresponding underlying original investigation was pending when they were Commission employees. For further ethics advice on this matter, 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 May 3, 2010. 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 June 14, 2010. 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) 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 and the termination of the suspended investigation 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 after 2004.

(7) A list of 3–5 leading purchasers in the U.S. market for the *Domestic Like Product* and the *Subject Merchandise* (including street address, World Wide Web address, and the name, telephone number, fax number, and E-mail address of a responsible official at each firm).

(8) A list of known sources of information on national or regional prices for the *Domestic Like Product* or the *Subject Merchandise* in the U.S. or other markets.

(9) 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 2009, except as noted (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Product* accounted for by your firm's(s') production;

(b) Capacity (quantity) of your firm to produce the *Domestic Like Product* (*i.e.,* the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix);

(c) the quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s); and

(d) the quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(e) the value of (i) net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the *Domestic Like Product* produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) 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 2009 (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.*

(11) 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 2009 (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) Capacity (quantity) of your firm to produce the *Subject Merchandise* in each *Subject Country* (*i.e.,* the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) 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.

(12) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Country(ies)* after 2004, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in the *Subject Country(ies),* and such merchandise from other countries.

(13) (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: March 19, 2010.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–6623 Filed 3–31–10; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–661]

In the Matter of Certain Semiconductor Chips Having Synchronous Dynamic Random Access Memory Controllers and Products Containing Same; Notice of Commission Determination To Review in Part an Initial Determination Finding Respondents in Violation of Section 337; Denial of Respondents' Joint Motion To Extend Target Date; Schedule for Briefing on the Issues on Review and 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 in part the presiding administrative law judge's ("ALJ") Initial Determination on Violation of Section 337 ("ID") and Recommended Determination on Remedy and Bond finding that Respondents violated section 337 of the Tariff Act of 1930 by importation into the United States, the sale for importation, or the sale within the United States after importation, of certain semiconductor chips having synchronous dynamic random access memory controllers and products containing same by reason of infringement of one or more claims of U.S. Patent Nos. 6,470,405 ("the '405 patent"), 6,591,353 ("the '353 patent"), and 7,287,109 ("the '109 patent").

FOR FURTHER INFORMATION CONTACT: Paul M. Bartkowski, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 708–5432. 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 Inv. No. 337–TA–661 on December 10, 2008, based on a complaint filed by Rambus, Inc. of Los Altos, California ("Rambus"). 73 FR 75131–2. The complaint, as amended and supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337 ("section 337"), in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain electronic devices by reason of infringement of certain claims of the '353 patent, the '405 patent, the '109 patent, as well as certain claims of U.S. Patent Nos. 7,117,998 ("the '998 patent); 7,210,016 ("the '016 patent"); 7,287,119 ("the '119 patent"); 7,330,952 ("the '952 patent"); 7,330,953 ("the '953 patent"); and 7,360,050 ("the '050 patent"). The Commission's notice of investigation named the following respondents: NVIDIA Corporation of Santa Clara, California; Asustek Computer, Inc. of Taipei, Taiwan; ASUS Computer

29. *Glen Elder ID, Glen Elder Unit, P–SMBP, Kansas:* Intent to enter into a contract for repayment of extraordinary maintenance work on the spillway structure in accordance with ARRA.

30. *Glen Elder ID, Glen Elder Unit, P–SMBP, Kansas:* Amendment to extend the expiration date of the water service contract and renewal of long-term water service contract.

31. *State of Kansas Department of Wildlife and Parks, Glen Elder Unit, P–SMBP, Kansas:* Reclamation is contemplating a contract for the remaining conservation storage in Waconda Lake.

32. *Arkansas Valley Conduit, Fryingpan-Arkansas Project, Colorado:* Consideration of a repayment contract for the Arkansas Valley Conduit.

33. *North Havre County WD, Milk River Project, Montana:* Reclamation is contemplating a contract amendment for a change in the point of delivery of a portion of the District's water under contract.

34. *Milk River Irrigation Project Joint Board of Control, Milk River Project, Montana:* Reclamation is contemplating a new contract for transferring O&M responsibilities of Fresno Dam and Reservoir and Nelson Dikes and Reservoir.

35. *State of Wyoming, Pathfinder Dam and Reservoir, North Platte Project, Wyoming:* The State of Wyoming has requested a water service contract for water to be stored in Pathfinder Reservoir associated with the implementation of the Pathfinder Modification Project.

36. *Loup Valley's Rural Public Power District, North Loup Division, P–SMBP, Nebraska:* Proposed sale of Reclamation's share in joint-owned power line to the co-owner of the line.

37. *Northern Colorado Water Conservancy District, Colorado Big Thompson Project, Colorado:* Intent to enter into a contract for repayment of extraordinary maintenance work on the Pole Hill Canal in accordance with ARRA.

38. *Frenchman Valley ID, Frenchman-Cambridge Division, P–SMBP, Nebraska:* Consideration of a request for a repayment of extraordinary maintenance work on stilling basin outlet works at Enders Dam, in accordance with Subtitle G of Public Law 111–11.

39. *H & RW ID, Frenchman-Cambridge Division, P–SMBP, Nebraska:* Consideration of a request for a repayment contract for outlet works modification at Enders Dam, in accordance with the Omnibus Public Lands Management Act of 2009.

40. *Individual irrigators, Cambridge Unit, Frenchman-Cambridge Division, P–SMBP, Nebraska:* Consideration of a request for a long-term excess capacity conveyance contract for transporting nonproject irrigation water.

41. *Southeastern Colorado Water Conservancy District, Fryingpan-Arkansas Project, Colorado:* Consideration of a request to amend the existing water service contract to adjust the annual project water payments.

42. *Scotty Phillip Cemetery, Mni-Wiconi Project, South Dakota:* Consideration of a new long-term M&I water service contract.

43. *Barretts Minerals, East Bench Unit, P–SMBP, Montana:* Renewal of long-term water service contract.

44. *George A. Stevens, Lower Marias Unit, P–SMBP, Montana:* Renewal of long-term water service contract.

45. *Northern Colorado Water Conservancy District, Colorado Big Thompson Project, Colorado:* Amend or supplement the repayment contract to include the Carter Lake Dam Additional Outlet Works and Flatiron Power Plant Bypass facilities.

46. *Colorado Springs Utilities, Fryingpan-Arkansas Project, Colorado:* Consideration of a request for a long-term contract for the use of excess capacity in the Fryingpan-Arkansas Project and annual repayment for the operation, maintenance, and replacement costs of the single-purpose municipal works.

47. *Garrison Diversion Conservancy District, Garrison Diversion Project, North Dakota:* Intent to enter into temporary or interim irrigation or miscellaneous use water service contracts to provide up to 1,000 acre-feet of water annually for terms of up to 5 years.

48. *Garrison Diversion Conservancy District, Garrison Diversion Unit, P–SMBP, North Dakota:* Intent to enter into a project pumping power contract with the District to pump project water to authorized areas in conformance with the Dakota Water Resources Act of 2000.

The following actions have been completed since the last publication of this notice on November 26, 2009:

1. (27) *Individual Irrigations, Lower Marias Unit, P–SMBP, Montana:* Execute long-term water service contracts for commercial irrigation from Lake Elwell and the Marias River below Tiber Dam. Contract was executed on December 4, 2009.

2. (42) *Individual contractors; Canyon Ferry Unit, P–SMBP; Montana:* Replace temporary 1-year contracts with short-term water service contracts for minor amounts of less than 1,000 acre-feet of M&I water annually from the Missouri River, Canyon Ferry Dam. Contract was executed on December 4, 2009.

3. (43) *Keyhole Country Club; Keyhole Unit, P–SMBP; South Dakota:* Reclamation is contemplating a contract reassignment from the Shattuck Hills Homeowner's Association to the Keyhole Country Club. The proposed action will involve a change in the point of delivery for the 50 acre-feet of water under the existing contract. Contract was executed on November 16, 2009.

4. (47) *Rocky Mountain National Park, Colorado—Big Thompson Project, Colorado:* Amendment to the existing memorandum of understanding for project water. Contract was executed on October 20, 2009.

5. (49) *Mirage Flats ID, Mirage Flats Project, Nebraska:* Request to amend contract to change billing date from May to July. Contract was executed on October 30, 2009.

Dated: June 11, 2010.

Roseann Gonzales,

Director, Policy and Administration, Denver Office.

[FR Doc. 2010–17933 Filed 7–21–10; 8:45 am]

BILLING CODE 4310–MN–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–384 and 731–TA–806–808 (Second Review)]

Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the countervailing duty order on certain hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspended investigation on hot-rolled steel from Russia.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the countervailing duty order on hot-rolled steel from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspended investigation on hot-rolled steel from Russia would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later

date. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* July 6, 2010.

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 July 6, 2010, 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 with respect to each of the subject reviews both the domestic and respondent interested party group responses to its notice of institution (75 FR 16504, April 1, 2010) were adequate. 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: July 15, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–17857 Filed 7–21–10; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–473 and 731–TA–1173 (Final)]

Certain Potassium Phosphate Salts From China

Determinations

On the basis of the record [1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 735(b) and 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b) and 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of certain potassium phosphate salts, specifically anhydrous dipotassium phosphate ("DKP") and tetrapotassium pyrophosphate ("TKPP"), provided for in subheadings 2835.24.00 (DKP) and 2835.39.10 (TKPP) of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV) and subsidized by the Government of China.

The Commission also determines that an industry producing anhydrous monopotassium phosphate ("MKP"), provided for in subheading 2835.24.00 of the Harmonized Tariff Schedule of the United States, is not materially injured or threatened with material injury, nor that the establishment of an industry is materially retarded, by reason of imports from China, that have been found by Commerce to be sold in the United States at LTFV and subsidized by the Government of China.

Background

On September 24, 2009, a petition was filed with the Commission and Commerce by ICL Performance Products LP, St. Louis, MO, and Prayon, Inc., Augusta, GA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of DKP, MKP, sodium tripolyphosphate ("STPP"), and TKPP from China.[2] The final phase of the investigations was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of DKP, MKP, and TKPP from China were being sold at LTFV and subsidized within the meaning of sections 733(b) and 703(b) of the Act (19 U.S.C. § 1671b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the **Federal Register** of April 1, 2010 (*Certain Potassium Phosphate Salts from China,* 75 FR 16509). The hearing was held in Washington, DC, on June 2, 2010, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in these investigations to the Secretary of Commerce on July 15, 2010. The views of the Commission are contained in USITC Publication 4171 (July 2010), entitled *Certain Potassium Phosphate Salts From China: Investigation Nos. 701–TA–473 and 731–TA–1173 (Final).*

By order of the Commission.
Issued: July 15, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–17863 Filed 7–21–10; 8:45 am]

BILLING CODE 7020–02–P

[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] The Commission unanimously determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of subject imports of STPP from China alleged to be sold at less than fair value and subsidized by the Government of China. *Certain Sodium and Potassium Phosphate Salts from China: Determinations,* 74 FR 61173, November 23, 2009.

INTERNATIONAL TRADE COMMISSION

Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has received a complaint entitled "In Re Certain Flat Panel Digital Televisions and Components Thereof"; the Commission is soliciting comments on any public interest issues raised by the complaint.

FOR FURTHER INFORMATION CONTACT: Marilyn R. Abbott, Secretary to the Commission, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–2000. The public version of the complaint can be accessed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov,* and 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.

refer to the docket number ("Docket No. 2759") in a prominent place on the cover page and/or the first page. The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, *http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf*). Persons with questions regarding electronic filing should contact the Secretary (202–205–2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and of sections 201.10 and 210.50(a)(4) of the Commission's Rules of Practice and Procedure (19 CFR 201.10, 210.50(a)(4)).

Issued: October 6, 2010.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–25547 Filed 10–8–10; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–384 and 731–TA–806–808 (Second Review)]

Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty order on hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspended antidumping duty investigation on hot-rolled steel from Russia.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty order on hot-rolled steel from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and/or the suspended investigation on hot-rolled steel from Russia would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined that these reviews are extraordinarily complicated, and will therefore 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).

DATES: *Effective Date:* October 1, 2010.

FOR FURTHER INFORMATION CONTACT: Joshua Kaplan (202–205–3184), 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 July 6, 2010, 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 (75 FR 42782, July 22, 2010). 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 March 17, 2011, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing. The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on April 6, 2011, 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 March 29, 2011. 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 April 1, 2011, 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 March 28, 2011. 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 April 15, 2011; 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 April 15, 2011. On May 11, 2011, 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 May 13, 2011, 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.

Issued: October 6, 2010.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–25551 Filed 10–8–10; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Consent Decree Under the Clean Air Act

Notice is hereby given that on September 30, 2010, a proposed Consent Decree in *United States* v. *BP Products North America Inc,* (Civil No. 4:10-cv-3569), was lodged with the United States District Court for the Southern District of Texas.

This settlement relates to BP Products North America Inc.'s ("BP Products") petroleum refinery located in Texas City, Texas (the "Texas City Refinery").

The United States alleges civil claims against BP Products for violations at the Texas City Refinery of Clean Air Act ("CAA") Section 112(r) and the Chemical Accident Prevention Provisions promulgated at 40 CFR part 68. The United States' CAA claims, which are stated in a Complaint also filed on September 30, 2010 in the above-referenced matter, arise from three events—two fires and a leak of regulated substances—at the Texas City Refinery. The Complaint also alleges violations of Part 68 reporting requirements.

Under the proposed Consent Decree, BP Products will pay a civil penalty to the United States in the amount of $15 million. The Consent Decree also requires BP Products to regularly report to EPA on indicators of process safety at the Texas City Refinery, including: (1) The status of equipment inspections, (2) whether operations employees have received process safety training, and (3) whether additional accidental releases of regulated substances have occurred at the Texas City Refinery.

The Department of Justice will receive comments relating to the Consent Decree for a period of thirty (30) days from the date of this publication. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and either e-mailed to *pubcomment-ees.enrd@usdoj.gov* or mailed to P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611, and should refer to *United States* v. *BP Products North America Inc.,* Civil Action No. 4:10-cv-3569 (S.D. Tex.), and D.J. Ref. 90–5–2–1–08741.

The Consent Decree may be examined at the Office of the United States Attorney, Southern District of Texas, 919 Milam, Suite 1500, Houston, TX 77208 and at U.S. EPA Region 6, 1445 Ross Avenue, Dallas, Texas 75202. During the public comment period, the Consent Decree may also be examined on the following Department of Justice Web site: *http://www.usdoj.gov/enrd/Consent_Decrees.html.* A copy of the Consent Decree may also be obtained by mail from the Consent Decree Library, P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611 or by faxing or e-mailing a request to Tonia Fleetwood (*tonia.fleetwood@usdoj.gov*), fax no. (202) 514–0097, phone confirmation number (202) 514–1547. In requesting a copy by mail, from the Consent Decree Library, please enclose a check in the amount of $8.50 (25 cents per page reproduction cost) for the Consent Decree payable to the U.S. Treasury.

Maureen L. Katz,

Assistant Chief, Environmental Enforcement Section, Environment and Natural Resources Division.

[FR Doc. 2010–25520 Filed 10–8–10; 8:45 am]

BILLING CODE 4410–15–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Settlement Agreement

Notice is hereby given that on October 5, 2010, a proposed settlement agreement in *United States* v. *Sunoco, Inc., et al.,* Civil Action No. 05–6336, was lodged with the United States District Court for the Eastern District of Pennsylvania.

In this action the United States sought, under the Pennsylvania Uniform Contribution Among Tortfeasors Act, 42 Pa. Cons. Stat. Ann. §§ 8321–27, and the Pennsylvania Storage Tank and Spill Prevention Act, 35 Pa. Stat. Ann. §§ 6021.101–.2104, the recovery of environmental cleanup costs incurred by the United States at the former Defense Supply Center Philadelphia ("DSCP") property located at 2800 South 20th Street in Philadelphia, Pennsylvania. The United States also alleged—and sought an order under the Pennsylvania Clean Streams Law, 35 Pa. Stat. Ann. §§ 691.1–.1001, directing the defendants to abate—ongoing migration of petroleum hydrocarbons from a

the **Federal Register** on February 26, 2010. *See* 75 FR 8919.

Under the CZMA, the Secretary must close the decision record in an appeal 160 days after the notice of appeal is published in the **Federal Register**. 16 U.S.C. 1465. The CZMA, however, authorizes the Secretary to stay closing of the decision record for up to 60 days when the Secretary determines it is necessary to receive, on an expedited basis, any supplemental information specifically requested by the Secretary to complete consistency review. 16 U.S.C. 1465(b)(3).

After reviewing the decision record developed to date, the Secretary has determined that supplemental and clarifying information needs to be requested in order to complete consistency review. In order to allow receipt of this information, the Secretary hereby stays closure of the decision record until October 4, 2010.

Additional information on this appeal is available at the NOAA, Office of General Counsel for Ocean Services, 1305 East-West Highway, Room 6111, Silver Spring, MD 20910 and on the following Web site: *http://www.ogc.doc.gov/czma.htm.*

[Federal Domestic Assistance Catalog No. 11.419 Coastal Zone Management Program Assistance.]

Dated: August 2, 2010.

Joel La Bissonniere,

Assistant General Counsel for Ocean Services, NOAA.

[FR Doc. 2010–19297 Filed 8–4–10; 8:45 am]

BILLING CODE P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–821–809]

Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation; Final Results of the Expedited Sunset Review of Antidumping Duty Suspended Investigation

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

ACTION: Notice of expedited sunset review of the antidumping duty suspended investigation on certain hot-rolled flat-rolled carbon-quality steel products from the Russian Federation; final results.

SUMMARY: On April 1, 2010, the Department of Commerce ("the Department") initiated a sunset review of the antidumping duty suspended antidumping duty investigation of certain hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from the Russian Federation ("Russia").[1] On the basis of the notice of intent to participate, an adequate substantive response submitted on behalf of the domestic interested parties, and no participation from respondent interested parties, the Department conducted an expedited sunset review of the suspended antidumping duty investigation pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C) of the Department's regulations. As a result of this sunset review, the Department determined that termination of the antidumping duty suspended investigation would likely lead to continuation or recurrence of dumping at the levels listed below in the section entitled "Final Results of Review."

DATES: *Effective Date:* August 5, 2010.

FOR FURTHER INFORMATION CONTACT: Anne D'Alauro or Sally C. Gannon, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington DC 20230; telephone: 202–482–4830 or 202–482–0162, respectively.

SUPPLEMENTARY INFORMATION:

Background

On April 1, 2010, the Department initiated a sunset review of the suspended antidumping duty investigation on hot-rolled steel from Russia in accordance with section 751(c) of the Tariff Act of 1930, as amended ("the Act"). *See Notice of Initiation,* 75 FR 16437 (2010). Section 351.218(d)(1)(i) of the Department's regulations provides domestic interested parties opportunity to file a Notice of Intent to Participate in a Sunset Review within 15 days of initiation of review. The Department received notices of intent to participate within the applicable deadline specified in section 351.218(d)(1)(i) of the Department's regulations on behalf of Nucor Corporation, United States Steel Corporation, Gallatin Steel, SSAB North America Division, ArcelorMittal USA, Inc., and Steel Dynamics, Inc. (collectively "domestic interested parties"). The domestic interested parties claimed interested-party status as producers of subject merchandise in the United States as defined by section 771(9)(C) of the Act. In addition, domestic interested parties assert that they are not related to a foreign producer/exporter and are not importers, or related to importers, of the subject merchandise.

The Department's regulations at section 351.218(d)(3)(i) state that all interested parties participating in a sunset review must submit a complete substantive response to a Notice of Initiation within 30 days of initiation of the sunset review. On May 3, 2010, the Department received a complete substantive response from the domestic interested parties within the 30-day deadline specified in the Department's regulations under section 351.218(d)(3)(i). After examining the substantive response from the domestic interested parties, on May 21, 2010, the Department determined that the response was adequate, consistent with the requirements of 19 CFR 351.218(e). *See* Memorandum from Anne D'Alauro, Senior Policy Analyst, Office of Policy, Import Administration, to Sally C. Gannon, Director for Bilateral Agreements, Office of Policy, Import Administration, regarding "Sunset Review of the Agreement Suspending the Antidumping Investigation of Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation: Adequacy Determination" (May 14, 2010). *See also* Letter from Barbara E. Tillman, Director, Office 6, AD/CVD Operations, Import Administration, to Ms. Catherine DeFilippo, Director, Office of Investigations, International Trade Commission (May 21, 2010). Although the Department received a letter of appearance on behalf of the Russian Ministry of Economic Development, the Department did not receive any notices of intent to participate or substantive responses from respondent interested parties to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations, the Department conducted an expedited (120-day), sunset review of this antidumping duty suspended investigation.

Scope of the Suspended Investigation

See Appendix 1.

Analysis of Comments Received

All issues raised in this sunset review are addressed in the "Issues and Decision Memorandum" ("Decision Memo") from Paul Piquado, Deputy Assistant Secretary for Policy and Negotiations, Import Administration, to Ronald Lorentzen, Deputy Assistant Secretary for Import Administration, dated July 30, 2010, which is hereby adopted by this notice. The issues

[1] *See Initiation of Five-Year ("Sunset") Review,* 75 FR 16437 (April 1, 2010) (*Notice of Initiation*).

discussed in the Decision Memo include both the likely effects of termination of the suspension agreement and underlying investigation and the magnitude of the margin likely to prevail if the suspended investigation were terminated. Parties can find a complete discussion of all issues raised in this sunset review and the corresponding recommendations in this public memo, which is on file in room 1117 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at *http://ia.ita.doc.gov/frn,* under the heading "August 2010". The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

The Department determines that termination of the suspended antidumping duty investigation on hot-rolled steel from Russia would be likely to lead to continuation or recurrence of dumping at the following weighted-average margins:

Manufacturers/producers/ exporters	Weighted-average margin (percent)
JSC Severstal	73.59
Russia-Wide Rate	184.56

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is 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 the results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: July 30, 2010.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

Appendix I

For the purposes of this Suspension Agreement, "hot-rolled steel" means 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 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 agreement.

Specifically included in this scope 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 and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. 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 agreement, regardless of HTSUS definitions, are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 1.50 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 0.012 percent of boron, or 0.10 percent of molybdenum, or 0.10 percent of niobium, or 0.41 percent of titanium, 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 agreement unless otherwise excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this agreement:

—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, and A506).

—SAE/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 1.50 percent.

—ASTM specifications A710 and A736.

—USS Abrasion-resistant steels (USS AR 400, USS AR 500).

—Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10–0.14%	0.90% Max	0.025% Max	0.005% Max	0.30–0.50%	0.50–0.70%	0.20–0.40%	0.20% Max

Width = 44.80 inches maximum; Thickness = 0.063–0.198 inches; Yield Strength = 50,000 ksi minimum; Tensile Strength = 70,000–88,000 psi.

—Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10–0.16%	0.70–0.90%	0.025% Max	0.006% Max	0.30–0.50%	0.50–0.70%	0.25% Max	0.20% Max
Mo							
0.21% Max.							

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum; Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

—Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10–0.14%	1.30–1.80% ..	0.025% Max	0.005% Max	0.30–0.50% ..	0.50–0.70% ..	0.20–0.40% ..	0.20% Max
V(wt.)	Cb						
0.10 Max	0.08% Max.						

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum; Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

—Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.15% Max	1.40% Max ...	0.025% Max	0.010% Max	0.50% Max ...	1.00% Max ...	0.50% Max ...	0.20% Max
Nb	Ca	Al					
0.005% Min	Treated	0.01–0.07%.					

Width = 39.37 inches; Thickness = 0.181 inches maximum; Yield Strength = 70,000 psi minimum for thicknesses ≤ 0.148 inches and 65,000 psi minimum for thicknesses >0.148 inches; Tensile Strength = 80,000 psi minimum.

—Hot-rolled dual phase steel, phase-hardened, primarily with a ferritic-martensitic microstructure, contains 0.9 percent up to and including 1.5 percent silicon by weight, further characterized by either (i) tensile strength between 540 N/mm² and 640 N/mm² and an elongation percentage ≥26 percent for thicknesses of 2 mm and above, or (ii) a tensile strength between 590 N/mm² and 690 N/mm² and an elongation percentage ≥25 percent for thicknesses of 2 mm and above.

—Hot-rolled bearing quality steel, SAE grade 1050, in coils, with an inclusion rating of 1.0 maximum per ASTM E 45, Method A, with excellent surface quality and chemistry restrictions as follows: 0.012 percent maximum phosphorus, 0.015 percent maximum sulfur, and 0.20 percent maximum residuals including 0.15 percent maximum chromium.

• Grade ASTM A570–50 hot-rolled steel sheet in coils or cut lengths, width of 74 inches (nominal, within ASTM tolerances), thickness of 11 gauge (0.119 inches nominal), mill edge and skin passed, with a minimum copper content of 0.20 percent.

The covered merchandise is classified in the *Harmonized Tariff Schedule of the United States* ("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, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 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, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00. Certain hot-rolled flat-rolled carbon-quality steel covered include: 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. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the covered merchandise is dispositive.

[FR Doc. 2010–19285 Filed 8–4–10; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

RIN: 0648–XX99

Fisheries of the Gulf of Mexico; Southeast Data, Assessment, and Review (SEDAR) update; greater amberjack

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of SEDAR Assessment Webinar I for Gulf of Mexico greater amberjack.

SUMMARY: The SEDAR update of the assessment of the Gulf of Mexico stock of greater amberjack will consist of a series of webinars. This assessment will update the stock assessment conducted under SEDAR 9. See **SUPPLEMENTARY INFORMATION**.

DATES: The first Assessment webinar will occur on August 25, 2010, from 1 p.m.—4 p.m. The established times may be adjusted as necessary to accommodate the timely completion of discussion relevant to the assessment process. Such adjustments may result in the meeting being extended from, or completed prior to the time established by this notice. See **SUPPLEMENTARY INFORMATION**.

ADDRESSES: The Webinars may be attended by the public. Those interested in participating should contact Julie A. Neer at SEDAR (See **FOR FURTHER INFORMATION CONTACT**) to request an invitation providing webinar access information.

A listening station will be available at the Gulf of Mexico Fishery Management Council office located at 2203 N Lois Avenue, Suite 1100, Tampa, FL 33607. Those interested in participating via the listening station should contact Julie A. Neer at SEDAR (See **FOR FURTHER INFORMATION CONTACT**) at least 1 day prior to the webinar.

FOR FURTHER INFORMATION CONTACT: Julie A. Neer, SEDAR Coordinator, 4055 Faber Place Drive, Suite 201, North Charleston, SC 29405; telephone: (843) 571–4366; e-mail: *julie.neer@safmc.net*

SUPPLEMENTARY INFORMATION: The Gulf of Mexico, South Atlantic, and Caribbean Fishery Management Councils, in conjunction with NOAA Fisheries and the Atlantic and Gulf States Marine Fisheries Commissions have implemented the Southeast Data, Assessment and Review (SEDAR) process, a multi-step method for determining the status of fish stocks in the Southeast Region. A full benchmark assessment conducted under SEDAR includes three workshops: (1) Data Workshop, (2) Stock Assessment Workshop Process and (3) Review Workshop. The product of the Data Workshop is a data report which compiles and evaluates potential datasets and recommends which datasets are appropriate for assessment analyses. The product of the Stock Assessment Workshop is a stock

Name of Project	Name of Operator	Geographical Service Area	Original **Federal Register** Notice
Los Angeles MBEC	University of Southern California.	California Counties of: Los Angeles & Ventura.	71 FR 42351, as amended by 74 FR 58246.
Nevada MBEC	New Ventures Capital Development Company.	State of Nevada	71 FR 42351, as amended by 74 FR 58246.
Northern California MBEC	Asian, Inc	California Counties of: Santa Clara, Alameda, San Francisco, San Mateo, San Benito, Monterey, Santa Cruz, Sonoma, Napa, Solano, Contra Costa, Mendocino, San Joaquin, Sacramento, & Marin.	71 FR 42351, as amended by 74 FR 58246.
Washington MBEC	Seattle Business Assistance Center.	State of Washington	71 FR 42351, as amended by 74 FR 58246.

Award extensions and their additional funding described herein will be made at the sole discretion of MBDA and the Department of Commerce using the following evaluation criteria: (1) The MBEC's overall program performance rating during the 2009 program year; (2) the availability of appropriated funds; and (3) MBDA's and the Department of Commerce's priorities. MBDA will review each of the MBEC's overall performance ratings as evaluated through the standardized performance reports and assessments required under the MBEC Program to determine which projects will be offered an extension. MBDA will prioritize those MBEC awards meeting the above criteria that also have current award periods scheduled to end on or before January 31, 2010. In addition, although MBDA is allowing the award period for all of the above-referenced MBEC projects to be extended, it is possible that not all projects will be offered an extension and that some or all awards will be extended for less than a nine-month period.

A total of approximately $1.1 million in FY 2010 funds is available under the Consolidated Appropriations Act, 2010, Public Law 111–117, to fund award extensions for the MBEC projects referenced in this notice. MBDA also anticipates that additional appropriated funds will be available in FY 2011 to fund award extensions for those MBEC projects not receiving extensions during FY 2010. In no event will MBDA or the Department of Commerce be responsible for any costs incurred outside of the current award period by the incumbent operators of the MBEC projects affected by this notice if the MBEC Program fails to receive funding, or if an award extension is not made because of other MBDA or Department of Commerce priorities. Publication of this announcement does not oblige MBDA or the Department of Commerce to award any extensions or to obligate any available funds.

Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements

The Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements contained in the **Federal Register** notice of February 11, 2008 (73 FR 7696) are applicable to this notice.

Paperwork Reduction Act

This document contains collection of information requirements subject to the Paperwork Reduction Act (PRA). The use of the MBDA Performance Online Database and Standard Forms 424, 424A and 424B has been approved by Office of Management and Budget (OMB) under the control numbers 0640–0002, 4040–0004, 4040–0006 and 4040–0007, respectively. Notwithstanding any other provisions of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with a collection of information subject to the PRA unless that collection displays a currently valid OMB Control Number.

Executive Order 12866

This notice has been determined to be not significant for purposes of E.O. 12866.

Executive Order 13132 (Federalism)

It has been determined that this notice does not contain policies with Federalism implications as that term is defined in Executive Order 13132.

Administrative Procedure Act/ Regulatory Flexibility Act

Prior notice and an opportunity for public comment are not required by the Administrative Procedure Act for rules concerning public property, loans, grants, benefits, and contracts. 5 U.S.C. 553(a)(2). Because notice and opportunity for comment are not required pursuant to 5 U.S.C. 553 or any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.,* are inapplicable. Therefore, a regulatory flexibility analysis is not required and has not been prepared.

Authority: 15 U.S.C. 1512 and Executive Order 11625.

Dated: August 3, 2010.

David A. Hinson,

National Director, Minority Business Development Agency.

[FR Doc. 2010–19486 Filed 8–5–10; 8:45 am]

BILLING CODE 3510–21–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–828, A–588–846]

Hot–Rolled Flat–Rolled Carbon–Quality Steel Products from Brazil and Japan: Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders

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

SUMMARY: On April 1, 2010, the Department of Commerce (the Department) initiated sunset reviews of the antidumping duty orders on hot–rolled flat–rolled carbon–quality steel products from Brazil and Japan, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). The Department has conducted expedited (120–day) sunset reviews for both orders pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2). As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping.

EFFECTIVE DATE: August 6, 2010.

FOR FURTHER INFORMATION CONTACT: Jacqueline Arrowsmith or Milton Koch, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230;

telephone: (202) 482–5255 and (202) 482–2584, respectively.

SUPPLEMENTARY INFORMATION:

Background

On April 1, 2010, the Department published the notice of initiation of the second sunset reviews of the antidumping duty orders on hot–rolled flat–rolled carbon–quality steel products from Brazil and Japan pursuant to section 751(c) of the Act. *See Initiation of Five–Year (''Sunset'') Review*, 75 FR 16437 (April 1, 2010).

The Department received notices of intent to participate on behalf of United States Steel Corporation, Nucor Corporation, Gallatin Steel, SSAB N.A.D., Steel Dynamics, Inc., and ArcelorMittal USA Inc. (collectively ''domestic interested parties''), within the deadline specified in 19 CFR 351.218(d)(1)(i). The companies claimed interested party status under section 771(9)(C) of the Act as producers of the subject merchandise in the United States.

The Department received an adequate substantive response to the notice of initiation from the domestic interested parties within the deadline specified in 19 CFR 351.218(d)(3)(i). We received no substantive responses from respondent interested parties with respect to either of the orders covered by these sunset reviews. As a result, pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2), the Department has conducted expedited (120–day) sunset reviews of the antidumping duty orders on hot–rolled flat–rolled carbon–quality steel products from Brazil and Japan.

Scope of the Orders

The products covered by the antidumping duty orders are 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 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 the orders.

Specifically included in the scope 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 and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro–alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. 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 the orders, regardless of Harmonized Tariff Schedule of the United States (HTSUS) definitions, are products in which: 1) iron predominates, by weight, over each of the other contained elements; 2) the carbon content is 2 percent or less, by weight; and 3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
1.50 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
0.012 percent of boron, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.41 percent of titanium, 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 the orders unless otherwise excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of the orders:

- 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, and A506).
- SAE/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 1.50 percent.
- ASTM specifications A710 and A736.
- USS Abrasion–resistant steels (USS AR 400, USS AR 500).
- Hot–rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10 - 0.14%	0.90% Max	0.025% Max	0.005% Max	0.30 - 0.50%	0.50 - 0.70%	0.20 - 0.40%	0.20% Max

Width = 44.80 inches maximum;
Thickness = 0.063 - 0.198 inches;
Yield Strength = 50,000 ksi minimum;
Tensile Strength = 70,000 - 88,000 psi.

- Hot–rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	Mo
0.10 - 0.16%	0.70 - 0.90%	0.025% Max	0.006% Max	0.30 - 0.50%	0.50 - 0.70%	0.25% Max	0.20% Max	0.21% Max

Width = 44.80 inches maximum;
Thickness = 0.350 inches maximum;
Yield Strength = 80,000 ksi minimum;
Tensile Strength = 105,000 psi Aim.

- Hot–rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	V(wt.)	Cb
0.10 - 0.14%	1.30 - 1.80%	0.025% Max	0.005% Max	0.30 - 0.50%	0.50 - 0.70%	0.20 - 0.40%	0.20% Max	0.10 Max	0.08% Max

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum; Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

• Hot–rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	Nb	Ca	Al
0.15% Max ...	1.40% Max	0.025% Max	0.010% Max	0.50% Max	1.00% Max	0.50% Max	0.20% Max	0.005% Min	Treated	0.01 - 0.07%

Width = 39.37 inches; Thickness = 0.181 inches maximum; Yield Strength = 70,000 psi minimum for thicknesses ≤ 0.148 inches and 65,000 psi minimum for thicknesses >0.148 inches; Tensile Strength = 80,000 psi minimum.

• Hot–rolled dual phase steel, phase–hardened, primarily with a ferritic–martensitic microstructure, contains 0.9 percent up to and including 1.5 percent silicon by weight, further characterized by either (i) tensile strength between 540 N/mm² and 640 N/mm² and an elongation percentage ≥ 26 percent for thicknesses of 2 mm and above, or (ii) a tensile strength between 590 N/mm² and 690 N/mm² and an elongation percentage ≥ 25 percent for thicknesses of 2mm and above.

• Hot–rolled bearing quality steel, SAE grade 1050, in coils, with an inclusion rating of 1.0 maximum per ASTM E 45, Method A, with excellent surface quality and chemistry restrictions as follows: 0.012 percent maximum phosphorus, 0.015 percent maximum sulfur, and 0.20 percent maximum residuals including 0.15 percent maximum chromium.

• Grade ASTM A570–50 hot–rolled steel sheet in coils or cut lengths, width of 74 inches (nominal, within ASTM tolerances), thickness of 11 gauge (0.119 inch nominal), mill edge and skin passed, with a minimum copper content of 0.20%.

The merchandise subject to the 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, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 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, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00.

Certain hot–rolled flat–rolled carbon–quality steel products are covered by the 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. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise covered by the orders is dispositive.

Analysis of Comments Received

All issues raised in these reviews are addressed in the "Issues and Decision Memorandum: Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders on Hot–Rolled Flat–Rolled Carbon–Quality Steel Products from Brazil and Japan" from Edward C. Yang, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, dated concurrently with this notice ("Issues and Decision Memorandum"), which is hereby adopted by this notice. The issues discussed in the Issues and Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the orders were revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room 1117 of the main Commerce Department building.

In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the Internet at *http://ia.ita.doc.gov/frn*. The paper copy and electronic version of the Issues and Decision Memorandum are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty orders on hot–rolled flat–rolled carbon–quality steel products from Brazil and Japan would be likely to lead to continuation or recurrence of dumping at the following weighted–average percentage margins:

Producer/Exporter for Brazil	Weighted Average Margin
Companhia Siderurgica Nacional	41.27%
Usinas Siderurgicas de Minas Gerais	43.40%
Companhia Siderurgica Paulista	43.40%
All Others	42.12%

Producer/Exporter for Japan	Weighted Average Margin
Kawasaki Steel Corporation	40.26%
NKK Corporation	17.70%
Nippon Steel Corporation	19.95%
All Others	22.92%

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 violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: July 30, 2010.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 2010–19454 Filed 8–5–10; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[Docket No. I.D. GF001]

Grants to Manufacturers of Certain Worsted Wool Fabrics

AGENCY: Department of Commerce, International Trade Administration.

ACTION: Notice announcing the availability of grant funds.

SUMMARY: The purpose of this notice is to inform potential applicants that the Department of Commerce is providing financial assistance in calendar year 2010 for U.S. manufacturers of certain worsted wool fabrics. Section 4002(c)(6)(A) of the Miscellaneous Trade and Technical Corrections Act of 2004 (Pub. L. 108–429, 118 Stat. 2603) (the "Act") authorizes the Secretary of Commerce to provide grants to persons (including firms, corporations, or other legal entities) who were, during calendar years 1999, 2000, and 2001, manufacturers of two categories of worsted wool fabrics. The first category are manufacturers of worsted wool fabrics, containing 85 percent or more by weight of wool, with average fiber diameters greater than 18.5 micron (Harmonized Tariff Schedule of the United States (HTS) heading 9902.51.11); the total amount of available funds is $2,666,000, to be allocated among such manufacturers on the basis of the percentage of each manufacturers' production of worsted wool fabric included in HTS 9902.51.11. The second category are manufacturers of worsted wool fabrics, containing 85 percent or more by weight of wool, with average fiber diameters of 18.5 micron or less (HTS heading 9902.51.15, previously HTS heading 9902.51.12); the total amount of available funds is $2,666,000, to be allocated among such manufacturers on the basis of the percentage of each manufacturers' production of worsted wool fabric included in HTS 9902.51.15. Funding for the worsted wool fabrics grant program will be provided by the Department of the Treasury from amounts in the Wool Apparel Manufacturers Trust Fund (the "Trust Fund"). The total amount of grants to manufacturers of worsted wool fabrics described in HTS 9902.51.11 shall be $2,666,000 in calendar year 2010. The total amount of grants to manufacturers of worsted wool fabrics described in HTS 9902.51.15 shall also be $2,666,000 in calendar year 2010.

DATES: Applications by eligible U.S. producers of certain worsted wool fabrics must be received and validated by Grants.gov, postmarked, or provided to a delivery service on or before 5 p.m. EDT, August 20, 2010. Validation or rejection of your application by Grants.gov may take up to 2 business days after submission. Applications received after the closing date and time will be rejected/returned to the sender without further consideration. Use of U.S. mail or another delivery service must be documented with a receipt. No facsimile or electronic mail applications will be accepted.

ADDRESSES: The standard application package is available at *http://www.grants.gov.* For applicants without Internet access, an application package may be received by contacting Mr. Jim Bennett, Office of Textiles and Apparel—Rm. 3100, International Trade Administration, U.S. Department Commerce, Washington, DC 20230, phone (202) 482–4058, e-mail: *James.Bennett@trade.gov.*

FOR FURTHER INFORMATION CONTACT: Technical questions can be directed to Jim Bennett, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482–4058; *James.Bennett@trade.gov.* Grants related administration questions concerning this program should be addressed to Janet Russell, Department of Commerce Grants Officer, (301) 713–0942; *Janet.J.Russell@noaa.gov.* For assistance with using grants.gov, contact *support@grants.gov.*

SUPPLEMENTARY INFORMATION: The items listed below are required before an award can be made. Failure to submit items below by the application date will result in the application not being reviewed. Applicants must have produced in the United States, during calendar years 1999, 2000 and 2001, worsted wool fabrics of a kind described in HTS 9902.51.11 or 9902.51.15. Applicants must provide: (1) Company name, address, contact and phone number; (2) Federal tax identification number; (3) the name and address of each plant or location in the United States where worsted wool fabrics of the kind described in HTS 9902.51.11 or HTS 9902.51.15 was woven by the applicant in 1999, 2000 and 2001; (4) the name and address of each plant or location in the United States where the applicant is weaving worsted wool fabrics of the kind described in HTS 9902.51.11 or HTS 9902.51.15 as of the date of application; (5) the quantity, in linear yards, of worsted wool fabric production described in HTS 9902.51.11 or 9902.51.15, as appropriate, woven in the United States in each of calendar years 1999, 2000 and 2001; and (6) the value of worsted wool fabric production described in HTS 9902.51.11 or 9902.51.15, as appropriate, woven in the United States in each of calendar years 1999, 2000 and 2001.

This data must indicate actual production (not estimates) of worsted wool fabric of the kind described in HTS 9902.51.11 or 9902.51.15. At the conclusion of the application, the applicant must attest that "all information contained in the application is complete and correct and no false claims, statements, or representations have been made." Applicants should be aware that, generally, pursuant to 31 U.S.C. 3729, persons providing a false or fraudulent claims, and, pursuant to 18 U.S.C. 1001, persons making materially false statements or representations, are subject to civil or criminal penalties, respectively. Information that is marked "business confidential" will be protected from disclosure to the full extent permitted by law.

Other Application Requirements: Complete applications must also include the following forms and documents: CD–346, Applicant for Funding Assistance; CD–511, Certification Regarding Lobbying; SF–424, Application for Federal Assistance; and SF–424B, Assurances—Non-Construction Programs.

Electronic Access: The federal funding opportunity announcement for this program can be accessed via the Grants.gov Web site at *http://www.grants.gov.* The announcement will also be available by contacting the program officials identified under the section labeled **FOR FURTHER INFORMATION CONTACT**. Applicants must comply with all requirements contained in the full funding opportunity announcement.

Statutory Authority: Section 4002(c)(6) of the Miscellaneous Trade and Technical Corrections Act of 2004 (Pub. L. 108–429, 118 Stat. 2603) (the "Act"), and amended by Section 1633 of the Pension Protection Act of 2006 (Pub. L. 109–280); Division C, Title 111, Section 325 (b) of the Emergency Economic

Dated: November 29, 2010.

Susan H. Kuhbach,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2010–30381 Filed 12–2–10; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–351–829]

Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil: Final Results of Full Sunset Review of Countervailing Duty Order

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

SUMMARY: On April 1, 2010, the Department of Commerce (the Department) initiated the second sunset review of the countervailing duty (CVD) order on certain hot-rolled flat-rolled carbon-quality steel products (hot-rolled steel) from Brazil, 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 an adequate substantive response filed on behalf of the domestic interested parties,[1] and adequate responses from Usinas Siderurgicas de Minas Gerais and Companhia Siderurgica Paulista (USIMINAS/COSIPA) [2] and Companhia Siderurgica Nacional (CSN), producers of hot-rolled steel, and the Government of Brazil (GOB), the Department determined to conduct a full sunset review of this CVD order pursuant to section 751(c) of the Act and 19 CFR 351.218(e)(2). As a result of our analysis, the Department finds that revocation of the CVD order would likely lead to continuance or recurrence of a countervailable subsidy.

DATES: *Effective Date:* December 3, 2010.

FOR FURTHER INFORMATION CONTACT: Milton Koch, AD/CVD Operations Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; *telephone:* (202) 482–2584.

SUPPLEMENTARY INFORMATION:

Background

On April 1, 2010, the Department initiated the second sunset review of the countervailing duty order on hot-rolled steel from Brazil in accordance with section 751(c) of the Act. *See Initiation of Five-Year (''Sunset'') Review,* 75 FR 16437 (April 1, 2010). The domestic interested parties timely filed a notice of intent to participate. The Department received substantive responses filed on behalf of the domestic interested parties, and responses from USIMINAS/COSIPA and CSN, producers of hot-rolled steel, and the GOB. Based on a finding that the substantive responses were adequate, the Department determined to conduct a full sunset review of this CVD order pursuant to section 751(c) of the Act and 19 CFR 351.218(e)(2). *See* Memorandum from Jacqueline Arrowsmith, Trade Compliance Analyst, to Barbara Tillman, Director, AD/CVD Operations, Office 6 re: Adequacy Determination in Countervailing Duty Sunset Review Of Hot-Rolled Carbon, Steel Flat Products from Brazil—Second Countervailing Duty Review (2005 through 2009) (May 21, 2010).

On July 20, 2010, the Department issued the preliminary results of the full sunset review, finding a likelihood of continuation or recurrence of subsidization with a net countervailable subsidy likely to prevail of zero percent for USIMINAS/COSIPA, CSN and all other companies. *See Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Preliminary Results of Full Sunset Review,* 75 FR 43931 (July 27, 2010). Interested parties were invited to comment on the preliminary results. On September 15, 2010, the Department received timely case briefs from domestic interested parties, USIMINAS/COSIPA, and CSN. On September 20, 2010, the Department received rebuttal briefs from the same parties.

Scope of the Order

The products covered by the order are 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 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 the order.

Specifically included in the scope 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 and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. 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 the order, regardless of Harmonized Tariff Schedule of the United States (''HTSUS'') definitions, are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
1.50 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
0.012 percent of boron, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.41 percent of titanium, or
0.15 percent of vanadium, or
0.15 percent of zirconium.

[1] Bethlehem Steel Corporation, US Steel Group, a unit of USX Corporation, Ispat Inland Steel, LTV Steel Company, Inc., National Steel Corporation, California Steel Industries, Gallatin Steel Company, Geneva Steel, Gulf States Steel Inc., IPSCO Steel Inc., Steel Dynamics, Weirton Steel Corporation, Independent Steelworkers Union, and United Steelworkers of America were petitioners in the original investigation. In 2002, International Steel Group was formed; International Steel Group reported that it is the successor to LTV Steel Company Inc., Weirton Steel Corporation, and Bethlehem Steel Corporation, which are no longer in existence. In 2005, International Steel Group and Ipsat Inland Steel merged with Mittal Steel Company NV. In 2006, Arcelor and Mittal Steel Company NV merged, and Mittal Steel's U.S. hot-rolled steel operations became a part of ArcelorMittal USA. ArcelorMittal USA stated that it is a U.S. producer of hot-rolled steel and an interested party pursuant to section 771(9)(C) of the Act. *See* April 15, 2010 Notice of Intent to Participate letter from ArcelorMittal USA to the Department. Nucor Corporation is also a domestic producer of subject merchandise. According to the domestic interested parties, IPSCO Steel Inc. is now known as SSAB N.A.D.

[2] The Department found that USIMINAS owned 49.79 percent of COSIPA during the period of investigation. *See Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil,* 64 FR 38741, 38744 (July 19, 1999). Accordingly, the Department treated these two producers as a single company for purposes of the investigation in accordance with section 771(33)(E) of the Act.

All products that meet the physical and chemical description provided above are within the scope of the order unless otherwise excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of the 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, and A506).

• SAE/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 1.50 percent.

• ASTM specifications A710 and A736.

• USS Abrasion-resistant steels (USS AR 400, USS AR 500).

• Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10–0.14%	0.90% Max	0.025% Max	0.005% Max	0.30–0.50%	0.50–0.70%	0.20–0.40%	0.20% Max

Note: Width = 44.80 inches maximum; Thickness = 0.063–0.198 inches; Yield Strength = 50,000 ksi minimum; Tensile Strength = 70,000–88,000 psi.

• Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	Mo
0.10–0.16%	0.70–0.90%	0.025% Max	0.006% Max	0.30–0.50%	0.50–0.70%	0.25% Max	0.20% Max	0.21% Max

Note: Width = 44.80 inches maximum; Thickness = 0.350 inches maximum; Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

• Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	V(wt.)	Cb
0.10–0.14%	1.30–1.80%	0.025% Max	0.005% Max	0.30–0.50%	0.50–0.70%	0.20–0.40%	0.20% Max	0.10% Max	0.08% Max

Note: Width = 44.80 inches maximum; Thickness = 0.350 inches maximum; Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

• Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni	Nb	Ca	Al
0.15% Max	1.40% Max	0.025% Max	0.010% Max	0.50% Max	1.00% Max	0.50% Max	0.20% Max	0.005% Max	Treated	0.01–0.07%

Width = 39.37 inches; Thickness = 0.181 inches maximum; Yield Strength = 70,000 psi minimum for thicknesses ≤0.148 inches and 65,000 psi minimum for thicknesses >0.148 inches; Tensile Strength = 80,000 psi minimum.

• Hot-rolled dual phase steel, phase-hardened, primarily with a ferritic-martensitic microstructure, contains 0.9 percent up to and including 1.5 percent silicon by weight, further characterized by either (i) tensile strength between 540 N/mm² and 640 N/mm² and an elongation percentage ≥ 26 percent for thicknesses of 2 mm and above, or (ii) a tensile strength between 590 N/mm² and 690 N/mm² and an elongation percentage ≥ 25 percent for thicknesses of 2mm and above.

• Hot-rolled bearing quality steel, SAE grade 1050, in coils, with an inclusion rating of 1.0 maximum per ASTM E 45, Method A, with excellent surface quality and chemistry restrictions as follows: 0.012 percent maximum phosphorus, 0.015 percent maximum sulfur, and 0.20 percent maximum residuals including 0.15 percent maximum chromium.

• Grade ASTM A570–50 hot-rolled steel sheet in coils or cut lengths, width of 74 inches (nominal, within ASTM tolerances), thickness of 11 gauge (0.119 inch nominal), mill edge and skin passed, with a minimum copper content of 0.20%.

The merchandise subject to the 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, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 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, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00.

Certain hot-rolled flat-rolled carbon-quality steel covered by the 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 7226.99.00.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise covered by the order is dispositive.

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum (*Decision Memorandum*) from Susan H. Kuhbach, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, dated concurrently with this notice, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendation in this public memorandum which is on file in the Central Records Unit, Room 7046 of the main Commerce building. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the Internet at *http://ia.ita.doc.gov/frn.* The paper copy and electronic version of the *Decision Memorandum* are identical in content.

Final Results of Review

The Department determines that revocation of the CVD order would likely lead to continuation or recurrence of a countervailable subsidy. The net countervailable subsidy likely to prevail if the order were revoked is zero percent for USIMINAS/COSIPA, CSN, and all other companies.

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 violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: November 29, 2010.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 2010–30383 Filed 12–2–10; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

Advisory Committee on Earthquake Hazards Reduction Meeting

AGENCY: National Institute of Standards and Technology, Department of Commerce.

ACTION: Notice of open meeting.

SUMMARY: The Advisory Committee on Earthquake Hazards Reduction (ACEHR or Committee), will hold a meeting via conference call on Tuesday, December 21, 2010 from 1 p.m. to 3:30 p.m. Eastern Daylight Time (EDT). The primary purpose of this meeting is to develop recommendations for public release on the upcoming New Madrid Bicentennial events. Interested members of the public will be able to participate in the meeting from remote locations by calling into a central phone number.

DATES: The ACEHR will hold a meeting via conference call on Tuesday, December 21, 2010, from 1 p.m. until 3:30 p.m. Eastern Daylight Time (EDT). The meeting will be open to the public. Interested parties may participate in the meeting from their remote location.

ADDRESSES: Questions regarding the meeting should be sent to National Earthquake Hazards Reduction Program Director, National Institute of Standards and Technology, 100 Bureau Drive, Mail Stop 8604, Gaithersburg, Maryland 20899–8604. For instructions on how to participate in the meeting, please see the **SUPPLEMENTARY INFORMATION** section of this notice.

FOR FURTHER INFORMATION CONTACT: Dr. Jack Hayes, National Earthquake Hazards Reduction Program Director, National Institute of Standards and Technology, 100 Bureau Drive, Mail Stop 8604, Gaithersburg, Maryland 20899–8604. Dr. Hayes' e-mail address is *jack.hayes@nist.gov* and his phone number is (301) 975–5640.

SUPPLEMENTARY INFORMATION: The Committee was established in accordance with the requirements of Section 103 of the NEHRP Reauthorization Act of 2004 (Pub. L. 108–360). The Committee is composed of 15 members appointed by the Director of NIST, who were selected for their technical expertise and experience, established records of distinguished professional service, and their knowledge of issues affecting the National Earthquake Hazards Reduction Program. In addition, the Chairperson of the U.S. Geological Survey (USGS) Scientific Earthquake Studies Advisory Committee (SESAC) serves in an ex-officio capacity on the Committee. The Committee assesses:

- Trends and developments in the science and engineering of earthquake hazards reduction;
- The effectiveness of NEHRP in performing its statutory activities (improved design and construction methods and practices; land use controls and redevelopment; prediction techniques and early-warning systems; coordinated emergency preparedness plans; and public education and involvement programs);
- Any need to revise NEHRP; and
- The management, coordination, implementation, and activities of NEHRP.

Background information on NEHRP and the Advisory Committee is available at *http://nehrp.gov/.*

Pursuant to the Federal Advisory Committee Act, 5 U.S.C. app., notice is hereby given that the Advisory Committee on Earthquake Hazards Reduction (ACEHR) will hold a meeting via conference call on Tuesday, December 21, 2010, from 1 p.m. until 3:30 p.m. Eastern Daylight Time (EDT). There will be no central meeting location. The public is invited to participate in the meeting by calling in from remote locations. The primary purpose of this meeting is to develop recommendations for public release on the upcoming New Madrid Bicentennial events.

Members of the public who would like to listen to the meeting are required to register by close of business Tuesday, December 14, 2010. Please submit your name, time of participation, e-mail address, and phone number to Michelle Harman. At the time of registration, participants will be provided with detailed instructions on how to dial in from a remote location in order to participate. Michelle Harman's e-mail address is *michelle.harman@nist.gov,* and her phone number is (301) 975–5324.

Individuals and representatives of organizations who would like to offer comments and suggestions related to the Committee's affairs are invited to request detailed instructions on how to dial in from a remote location to participate in the meeting. Approximately fifteen minutes will be reserved from 3:15 p.m.–3:30 p.m. Eastern Daylight Time (EDT) for public comments; speaking times will be assigned on a first-come, first-serve basis. The amount of time per speaker will be determined by the number of requests received, but is likely to be about 3 minutes each. Questions from the public will not be considered during this period. Speakers who wish to

refer to the docket number ("Docket No. 2759") in a prominent place on the cover page and/or the first page. The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, *http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf*). Persons with questions regarding electronic filing should contact the Secretary (202–205–2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and of sections 201.10 and 210.50(a)(4) of the Commission's Rules of Practice and Procedure (19 CFR 201.10, 210.50(a)(4)).

Issued: October 6, 2010.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–25547 Filed 10–8–10; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–384 and 731–TA–806–808 (Second Review)]

Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty order on hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspended antidumping duty investigation on hot-rolled steel from Russia.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty order on hot-rolled steel from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and/or the suspended investigation on hot-rolled steel from Russia would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined that these reviews are extraordinarily complicated, and will therefore 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).

DATES: *Effective Date:* October 1, 2010.

FOR FURTHER INFORMATION CONTACT: Joshua Kaplan (202–205–3184), 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 July 6, 2010, 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 (75 FR 42782, July 22, 2010). 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 March 17, 2011, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing. The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on April 6, 2011, 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 March 29, 2011. 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 April 1, 2011, 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 March 28, 2011. 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 April 15, 2011; 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 April 15, 2011. On May 11, 2011, 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 May 13, 2011, 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.

Issued: October 6, 2010.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–25551 Filed 10–8–10; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Consent Decree Under the Clean Air Act

Notice is hereby given that on September 30, 2010, a proposed Consent Decree in *United States* v. *BP Products North America Inc,* (Civil No. 4:10-cv-3569), was lodged with the United States District Court for the Southern District of Texas.

This settlement relates to BP Products North America Inc.'s ("BP Products") petroleum refinery located in Texas City, Texas (the "Texas City Refinery").

The United States alleges civil claims against BP Products for violations at the Texas City Refinery of Clean Air Act ("CAA") Section 112(r) and the Chemical Accident Prevention Provisions promulgated at 40 CFR part 68. The United States' CAA claims, which are stated in a Complaint also filed on September 30, 2010 in the above-referenced matter, arise from three events—two fires and a leak of regulated substances—at the Texas City Refinery. The Complaint also alleges violations of Part 68 reporting requirements.

Under the proposed Consent Decree, BP Products will pay a civil penalty to the United States in the amount of $15 million. The Consent Decree also requires BP Products to regularly report to EPA on indicators of process safety at the Texas City Refinery, including: (1) The status of equipment inspections, (2) whether operations employees have received process safety training, and (3) whether additional accidental releases of regulated substances have occurred at the Texas City Refinery.

The Department of Justice will receive comments relating to the Consent Decree for a period of thirty (30) days from the date of this publication. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and either e-mailed to *pubcomment-ees.enrd@usdoj.gov* or mailed to P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611, and should refer to *United States* v. *BP Products North America Inc.,* Civil Action No. 4:10-cv-3569 (S.D. Tex.), and D.J. Ref. 90–5–2–1–08741.

The Consent Decree may be examined at the Office of the United States Attorney, Southern District of Texas, 919 Milam, Suite 1500, Houston, TX 77208 and at U.S. EPA Region 6, 1445 Ross Avenue, Dallas, Texas 75202. During the public comment period, the Consent Decree may also be examined on the following Department of Justice Web site: *http://www.usdoj.gov/enrd/Consent_Decrees.html.* A copy of the Consent Decree may also be obtained by mail from the Consent Decree Library, P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611 or by faxing or e-mailing a request to Tonia Fleetwood (*tonia.fleetwood@usdoj.gov*), fax no. (202) 514–0097, phone confirmation number (202) 514–1547. In requesting a copy by mail, from the Consent Decree Library, please enclose a check in the amount of $8.50 (25 cents per page reproduction cost) for the Consent Decree payable to the U.S. Treasury.

Maureen L. Katz,

Assistant Chief, Environmental Enforcement Section, Environment and Natural Resources Division.

[FR Doc. 2010–25520 Filed 10–8–10; 8:45 am]

BILLING CODE 4410–15–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Settlement Agreement

Notice is hereby given that on October 5, 2010, a proposed settlement agreement in *United States* v. *Sunoco, Inc., et al.,* Civil Action No. 05–6336, was lodged with the United States District Court for the Eastern District of Pennsylvania.

In this action the United States sought, under the Pennsylvania Uniform Contribution Among Tortfeasors Act, 42 Pa. Cons. Stat. Ann. §§ 8321–27, and the Pennsylvania Storage Tank and Spill Prevention Act, 35 Pa. Stat. Ann. §§ 6021.101–.2104, the recovery of environmental cleanup costs incurred by the United States at the former Defense Supply Center Philadelphia ("DSCP") property located at 2800 South 20th Street in Philadelphia, Pennsylvania. The United States also alleged—and sought an order under the Pennsylvania Clean Streams Law, 35 Pa. Stat. Ann. §§ 691.1–.1001, directing the defendants to abate—ongoing migration of petroleum hydrocarbons from a

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject:	Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia
Inv. Nos.:	701-TA-384 and 731-TA-806-808 (Second Review)
Date and Time:	April 6, 2011 - 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 Mark Pryor, United States Senator, Arkansas
The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana
The Honorable Tim Murphy, U.S. Representative, 18th District, Pennsylvania
The Honorable Jason Altmire, U.S. Representative, 4th District, Pennsylvania
The Honorable Mo Brooks, U.S. Representative, 5th District, Alabama

OPENING STATEMENTS:

In Support of Continuation of Orders (**Alan H. Price**, Wiley Rein LLP)
In Opposition to Continuation of Orders (**Craig A. Lewis**, Hogan Lovells)

In Support of the Continuation of the Countervailing Duty Order, Antidumping Duty Orders, and Suspension Agreement:

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, D.C.
on behalf of

United States Steel Corporation ("U.S. Steel")

John P. Surma, **Jr.**,Chairman and Chief Executive Officer, U.S. Steel

Joseph R. Scherrbaum, Jr., Vice President, Sales, U.S. Steel

Robert Y. Kopf, III, General Manager, North American Flat Roll Marketing, U.S. Steel

Bert J. Phillips, General Manager, Automotive, U.S. Steel

Dr. Seth T. Kaplan, Principal, The Brattle Group

Robert E. Lighthizer)
James C. Hecht)
) – OF COUNSEL
Stephen P. Vaughn)
Stephen J. Narkin)

Wiley Rein LLP
Washington, D.C.
on behalf of

Nucor Corporation ("Nucor")

Daniel R. DiMicco, Chief Executive Officer and Chairman, Nucor

Rick Blume, Director, Sales and Marketing Manager, Nucor

In Support of the Continuation of the Countervailing Duty Order, Antidumping Duty Orders, and Suspension Agreement (continued):

Dr. Seth T. Kaplan, Principal, The Brattle Group

Alan H. Price)
) – OF COUNSEL
Timothy C. Brightbill)

Kelley Drye & Warren LLP
Washington, D.C.
on behalf of

ArcelorMittal USA LLC

Daniel Mull, Executive Vice President, Sales and Marketing, ArcelorMittal USA LLC

Roy Platz, Director, Marketing, ArcelorMittal USA LLC

Thomas Conway, International Vice President, United Steelworkers of America, AFL-CIO/CLC

Paul C. Rosenthal)
) – OF COUNSEL
Kathleen W. Cannon)

Schagrin Associates
Washington, D.C.
on behalf of

SSAB N.A.D.
Gallatin Steel Company
Steel Dynamics, Inc.

Tobin Pospisil, President, Gallatin Steel Company

Keith Busse, Chairman and Chief Executive Officer, Steel Dynamics, Inc.

Roger B. Schagrin) – OF COUNSEL

In Opposition to the Continuation to the Countervailing Duty Order, Antidumping Duty Orders, and Suspension Agreement:

Winston & Strawn LLP
Washington, D.C.
on behalf of

Usinas Siderurgicas De Minas Gerais ("Usiminas")

Thomas J. Prusa, Professor of Economics,
Rutgers University

Christopher A. Dunn)
) – OF COUNSEL
Matthew P. McCullough)

Gibson, Dunn & Crutcher LLP
Washington, D.C.
on behalf of

JFE Steel Corporation
Kobe Steel, Ltd.
Nippon Steel Corporation
Nisshin Steel Co., Ltd.
Sumitomo Metal Industries, Ltd.

Takeo Aoyama, Executive Vice President, General Manager, Chicago Office, Nippon Steel U.S.A Inc.

Thomas J. Prusa, Professor of Economics,
Rutgers University

J. Christopher Wood) – OF COUNSEL

In Opposition to the Continuation to the Countervailing Duty Order, Antidumping Duty Orders, and Suspension Agreement (continued):

Hogan Lovells
Washington, D.C.
on behalf of

Companhia Siderurgica Nacional ("CSN")

Manuel Raimundez Alvarez, Export Manager,
Companhia Siderurgica Nacional

Thomas J. Prusa, Professor of Economics,
Rutgers University

Craig A. Lewis)
) – OF COUNSEL
Jonathan T. Stoel)

Hogan Lovells
Washington, D.C.
on behalf of

Ford Motor Company ("Ford")

Paul K. Vandevert, International Trade Attorney,
Ford

Mark S. McConnell)
) – OF COUNSEL
Deen Kaplan)

REBUTTAL/CLOSING REMARKS

In Support of Continuation of Orders (**Paul C. Rosenthal**,
Kelley Drye & Warren, *and* **Roger B. Schagrin**,
Schagrin Associates)
In Opposition to Continuation of Orders (**Christopher A. Dunn**,
Winston & Strawn LLP, *and* **Mark S. McConnell**,
Hogan Lovells)

APPENDIX C

SUMMARY DATA

Table C-1
Hot-rolled steel: Summary data concerning the total U.S. market, 2005-10

(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					
Item	2005	2006	2007	2008	2009	2010	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
U.S. consumption quantity:												
Amount	65,860,369	71,625,604	63,674,080	59,636,710	40,402,675	56,090,768	-14.8	8.8	-11.1	-6.3	-32.3	38.8
Producers' share (1)	94.1	91.0	94.7	93.9	94.4	94.5	0.4	-3.1	3.7	-0.8	0.4	0.1
Importers' share (1):												
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0
Russia	0.5	1.1	0.2	0.1	0.0	0.2	-0.2	0.6	-0.9	-0.1	-0.1	0.2
Subtotal	0.5	1.1	0.2	0.2	0.0	0.3	-0.2	0.7	-0.9	-0.1	-0.1	0.2
All other sources	5.4	7.9	5.0	5.9	5.6	5.3	-0.1	2.5	-2.9	0.9	-0.3	-0.3
Total imports	5.9	9.0	5.3	6.1	5.6	5.5	-0.4	3.1	-3.7	0.8	-0.4	-0.1
U.S. consumption value:												
Amount	34,776,996	39,556,451	34,770,938	45,600,856	21,174,462	33,801,040	-2.8	13.7	-12.1	31.1	-53.6	59.6
Producers' share (1)	93.9	91.5	94.7	93.7	94.3	94.3	0.4	-2.4	3.2	-1.1	0.6	0.1
Importers' share (1):												
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.0
Russia	0.5	1.0	0.2	0.2	0.0	0.2	-0.3	0.6	-0.8	-0.0	-0.2	0.2
Subtotal	0.5	1.1	0.2	0.2	0.1	0.3	-0.2	0.6	-0.8	-0.0	-0.1	0.2
All other sources	5.6	7.4	5.0	6.1	5.7	5.4	-0.2	1.8	-2.4	1.1	-0.5	-0.3
Total imports	6.1	8.5	5.3	6.3	5.7	5.7	-0.4	2.4	-3.2	1.1	-0.6	-0.1
U.S. imports from:												
Brazil:												
Quantity	0	2,237	50	46	148	512	(2)	(2)	-97.7	-8.7	221.9	245.9
Value	0	1,856	37	48	128	402	(2)	(2)	-98.0	30.4	165.3	214.5
Unit value	-----	$830	$733	$1,047	$863	$785	(2)	(2)	-11.7	42.8	-17.6	-9.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Japan:												
Quantity	5,009	11,795	15,504	15,577	9,053	15,033	200.1	135.5	31.4	0.5	-41.9	66.1
Value	3,911	8,549	10,263	13,666	10,897	14,636	274.2	118.6	20.1	33.2	-20.3	34.3
Unit value	$781	$725	$662	$877	$1,204	$974	24.7	-7.2	-8.7	32.5	37.2	-19.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Russia:												
Quantity	299,275	789,288	136,293	76,425	1,708	125,079	-58.2	163.7	-82.7	-43.9	-97.8	7,222.1
Value	169,124	411,375	69,061	72,989	1,751	69,708	-58.8	143.2	-83.2	5.7	-97.6	3,880.3
Unit value	$565	$521	$507	$955	$1,025	$557	-1.4	-7.8	-2.8	88.5	7.3	-45.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:												
Quantity	304,284	803,320	151,847	92,048	10,909	140,624	-53.8	164.0	-81.1	-39.4	-88.1	1,189.0
Value	173,035	421,780	79,361	86,703	12,776	84,745	-51.0	143.8	-81.2	9.3	-85.3	563.3
Unit value	$569	$525	$523	$942	$1,171	$603	6.0	-7.7	-0.5	80.2	24.3	-48.5
Ending inventory quantity	10,381	20,596	9,595	31,423	5,317	12,870	24.0	98.4	-53.4	227.5	-83.1	142.1
All other sources:												
Quantity	3,564,545	5,639,254	3,196,799	3,532,867	2,263,178	2,955,493	-17.1	58.2	-43.3	10.5	-35.9	30.6
Value	1,948,688	2,937,894	1,752,308	2,799,480	1,203,403	1,828,647	-6.2	50.8	-40.4	59.8	-57.0	52.0
Unit value	$547	$521	$548	$792	$532	$619	13.2	-4.7	5.2	44.6	-32.9	16.4
Ending inventory quantity	137,535	121,753	47,962	281,431	116,272	94,568	-31.2	-11.5	-60.6	486.8	-58.7	-18.7
All sources:												
Quantity	3,868,829	6,442,574	3,348,646	3,624,915	2,274,087	3,096,118	-20.0	66.5	-48.0	8.3	-37.3	36.1
Value	2,121,722	3,359,674	1,831,669	2,886,183	1,216,179	1,913,392	-9.8	58.3	-45.5	57.6	-57.9	57.3
Unit value	$548	$521	$547	$796	$535	$618	12.7	-4.9	4.9	45.6	-32.8	15.6
Ending inventory quantity	147,916	142,349	57,557	312,854	121,589	107,438	-27.4	-3.8	-59.6	443.6	-61.1	-11.6
U.S. producers':												
Average capacity quantity	81,533,511	82,208,701	82,201,768	81,842,235	78,225,675	79,679,215	-2.3	0.8	-0.0	-0.4	-4.4	1.9
Production quantity	62,859,112	65,890,974	61,878,281	56,497,372	39,635,900	54,913,361	-12.6	4.8	-6.1	-8.7	-29.8	38.5
Capacity utilization (1)	77.1	80.2	75.3	69.0	50.7	68.9	-8.2	3.1	-4.9	-6.2	-18.4	18.2
U.S. shipments:												
Quantity	61,991,540	65,183,030	60,325,434	56,011,795	38,128,588	52,994,650	-14.5	5.1	-7.5	-7.2	-31.9	39.0
Value	32,655,274	36,196,777	32,939,269	42,714,673	19,958,283	31,887,648	-2.4	10.8	-9.0	29.7	-53.3	59.8
Unit value	$527	$555	$546	$763	$523	$602	14.2	5.4	-1.7	39.7	-31.4	15.0
Export shipments:												
Quantity	1,084,187	756,886	1,462,893	1,353,996	1,155,035	1,653,241	52.5	-30.2	93.3	-7.4	-14.7	43.1
Value	595,336	451,987	796,552	1,144,536	581,216	1,004,170	68.7	-24.1	76.2	43.7	-49.2	72.8
Unit value	$549	$597	$545	$845	$503	$607	10.6	8.8	-8.8	55.2	-40.5	20.7
Ending inventory quantity	1,809,058	1,759,945	1,849,851	1,000,610	1,352,124	1,617,837	-10.6	-2.7	5.1	-45.9	35.1	19.7
Inventories/total shipments (1)	2.9	2.7	3.0	1.7	3.4	3.0	0.1	-0.2	0.3	-1.2	1.7	-0.5
Production workers	23,757	22,968	23,384	24,599	20,187	21,682	-8.7	-3.3	1.8	5.2	-17.9	7.4
Hours worked (1,000s)	55,396	52,337	51,768	51,573	38,130	47,358	-14.5	-5.5	-1.1	-0.4	-26.1	24.2
Wages paid ($1,000s)	1,580,898	1,627,286	1,688,018	1,743,741	1,209,585	1,540,481	-2.6	2.9	3.7	3.3	-30.6	27.4
Hourly wages	$28.54	$31.09	$32.61	$33.81	$31.72	$32.53	14.0	8.9	4.9	3.7	-6.2	2.5
Productivity (tons/1,000 hours)	1,134.7	1,259.0	1,195.3	1,095.5	1,039.5	1,159.5	2.2	10.9	-5.1	-8.3	-5.1	11.5
Unit labor costs	$25.15	$24.70	$27.28	$30.86	$30.52	$28.05	11.5	-1.8	10.5	13.1	-1.1	-8.1
Net sales:												
Quantity	61,217,248	64,467,613	60,308,179	56,681,495	38,665,824	53,701,466	-12.3	5.3	-6.5	-6.0	-31.8	38.9
Value	32,838,165	36,284,259	33,163,647	43,492,778	20,467,750	32,440,446	-1.2	10.5	-8.6	31.1	-52.9	58.5
Unit value	$536	$563	$550	$767	$529	$604	12.6	4.9	-2.3	39.5	-31.0	14.1
Cost of goods sold (COGS)	26,727,626	28,836,551	29,328,706	36,666,888	22,222,065	30,772,148	15.1	7.9	1.7	25.0	-39.4	38.5
Gross profit or (loss)	6,110,539	7,447,708	3,834,941	6,825,890	(1,754,315)	1,668,298	-72.7	21.9	-48.5	78.0	(3)	(3)
SG&A expenses	880,886	887,239	775,461	785,364	567,477	909,717	3.3	0.7	-12.6	1.3	-27.7	60.3
Operating income or (loss)	5,229,653	6,560,469	3,059,480	6,040,526	(2,321,792)	758,581	-85.5	25.4	-53.4	97.4	(3)	(3)
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	$437	$447	$486	$647	$575	$573	31.2	2.5	8.7	33.0	-11.2	-0.3
Unit SG&A expenses	$14	$14	$13	$14	$15	$17	17.7	-4.4	-6.6	7.8	5.9	15.4
Unit operating income or (loss)	$85	$102	$51	$107	($60)	$14	-83.5	19.1	-50.1	110.1	(3)	(3)
COGS/sales (1)	81.4	79.5	88.4	84.3	108.6	94.9	13.5	-1.9	9.0	-4.1	24.3	-13.7
Operating income or (loss)/ sales (1)	15.9	18.1	9.2	13.9	(11.3)	2.3	-13.6	2.2	-8.9	4.7	-25.2	13.7

(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 SUBJECT ORDERS AND SUSPENSION AGREEMENT AND THE LIKELY EFFECTS OF REVOCATION

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APPENDIX E

HOT-ROLLED STEEL: FINANCIAL RESULTS, SELECTED FINANCIAL INFORMATION BY FIRM, AND VARIANCE ANALYSIS

(VALUATION OF INTERNAL CONSUMPTION AND TRANSFERS TO RELATED FIRMS BASED ON COST PLUS ALLOCATED GROSS PROFIT OF DOWNSTREAM PRODUCTS)

Table E-1
Hot-rolled steel: Results of U.S. producers' operations (valuation of internal consumption and transfers to related firms based on cost plus allocated gross profit of downstream products), fiscal years 2005-10

Item	Fiscal year					
	2005	2006	2007	2008	2009	2010
				Quantity (*short tons*)		
Commercial sales	24,344,276	25,945,597	25,600,972	23,968,147	14,704,148	22,105,802
Internal consumption	35,472,139	36,895,220	32,643,468	30,858,858	22,940,450	29,481,432
Transfers to related firms	1,400,833	1,626,796	2,063,739	1,854,490	1,021,226	2,114,232
Total net sales	61,217,248	64,467,613	60,308,179	56,681,495	38,665,824	53,701,466
				Value (*$1,000*)		
Commercial sales	13,287,724	14,632,834	14,186,400	18,421,332	8,097,837	13,413,463
Internal consumption	17,458,939	18,731,819	17,081,766	21,202,430	11,993,613	17,427,175
Transfers to related firms	776,008	940,638	1,216,337	1,498,351	579,542	1,262,666
Total net sales	31,522,671	34,305,291	32,484,503	41,122,113	20,670,992	32,103,304
Raw material	16,121,273	17,514,992	17,630,112	24,011,346	13,779,544	20,345,940
Direct labor	2,526,317	2,534,368	2,421,692	2,507,339	2,047,414	2,392,885
Other factory costs	8,080,036	8,787,191	9,276,903	10,148,203	6,395,107	8,033,323
Total cost of goods sold	26,727,626	28,836,551	29,328,707	36,666,888	22,222,065	30,772,148
Gross profit or (loss)	4,795,045	5,468,740	3,155,796	4,455,225	(1,551,073)	1,331,156
Selling expenses	33,221	32,806	25,842	29,151	22,379	28,037
General and administrative expenses	847,665	854,433	749,619	756,213	545,098	881,680
Total SG&A expenses	880,886	887,239	775,461	785,364	567,477	909,717
Operating income or (loss)	3,914,159	4,581,501	2,380,335	3,669,861	(2,118,550)	421,439
Interest expense	302,305	348,672	521,261	482,487	516,328	490,125
Other expenses	14,373	62,123	7,722	484,762	46,876	70,467
CDSOA funds received	2,737	13,552	10,991	10,306	9,308	7,126
Other income items	36,838	49,727	63,570	20,901	30,342	132,023
Net income or (loss)	3,637,056	4,233,985	1,925,913	2,733,819	(2,642,104)	(4)
Depr. and amortization (incl. above)	825,666	893,528	874,768	846,992	978,079	1,046,666
Est. cash flow from operations	4,462,722	5,127,513	2,800,681	3,580,811	(1,664,025)	1,046,662
				Ratio to net sales (*percent*)		
Raw material	51.1	51.1	54.3	58.4	66.7	63.4
Direct labor	8.0	7.4	7.5	6.1	9.9	7.5
Other factory costs	25.6	25.6	28.6	24.7	30.9	25.0
Total cost of goods sold	84.8	84.1	90.3	89.2	107.5	95.9
Gross profit or (loss)	15.2	15.9	9.7	10.8	(7.5)	4.1
Total SG&A expenses	2.8	2.6	2.4	1.9	2.7	2.8
Operating income or (loss)	12.4	13.4	7.3	8.9	(10.2)	1.3
Net income or (loss)	11.5	12.3	5.9	6.6	(12.8)	(0.0)

Table continued on next page.

Table E-1--*Continued*
Hot-rolled steel: Results of U.S. producers' operations (valuation of internal consumption and transfers to related firms based on cost plus allocated gross profit of downstream products), fiscal years 2005-10

Item	Fiscal year					
	2005	2006	2007	2008	2009	2010
Unit value (*dollars per short ton*)						
Commercial sales	546	564	554	769	551	607
Internal consumption	492	508	523	687	523	591
Transfers to related firms	554	578	589	808	567	597
Total net sales	515	532	539	725	535	598
Raw material	263	272	292	424	356	379
Direct labor	41	39	40	44	53	45
Other factory costs	132	136	154	179	165	150
Total cost of goods sold	437	447	486	647	575	573
Gross profit or (loss)	78	85	52	79	(40)	25
SG&A expenses	14	14	13	14	15	17
Operating income or (loss)	64	71	39	65	(55)	8
Number of companies reporting						
Data	14	14	14	13	13	14
Operating losses	3	2	4	3	11	6
Source: Compiled from data submitted in response to Commission questionnaires.						

Table E-2
Hot-rolled steel: Selected financial information of U.S. producers' operations (valuation of internal consumption and transfers to related firms based on cost plus allocated gross profit of downstream products), fiscal years, 2005-10

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Table E-3
Hot-rolled steel: Variance analysis of the financial results of U.S. producers' operations (valuation of internal consumption and transfers to related firms based on cost plus allocated gross profit of downstream products), fiscal years 2005-10

Item	Fiscal year					
	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
Total net sales:						
Price variance	4,450,744	1,108,906	392,581	10,591,093	(7,380,851)	3,394,163
Volume variance	(3,870,111)	1,673,714	(2,213,369)	(1,953,483)	(13,070,270)	8,038,149
Total net sales variance	580,633	2,782,620	(1,820,788)	8,637,610	(20,451,121)	11,432,312
Cost of goods sold:						
Raw material:						
Cost variance	(6,203,913)	(537,751)	(1,245,183)	(7,441,436)	2,600,025	(1,208,065)
Volume variance	1,979,246	(855,968)	1,130,063	1,060,202	7,631,777	(5,358,331)
Net raw material variance	(4,224,667)	(1,393,719)	(115,120)	(6,381,234)	10,231,802	(6,566,396)
Direct labor:						
Cost variance	(176,730)	126,085	(50,841)	(231,278)	(337,009)	450,689
Volume variance	310,162	(134,136)	163,517	145,631	796,934	(796,160)
Net direct labor variance	133,432	(8,051)	112,676	(85,647)	459,925	(345,471)
Other factory costs:						
Cost variance	(945,292)	(278,141)	(1,056,659)	(1,429,175)	527,587	848,594
Volume variance	992,005	(429,014)	566,947	557,875	3,225,509	(2,486,810)
Net other factory cost variance	46,713	(707,155)	(489,712)	(871,300)	3,753,096	(1,638,216)
Net cost of goods sold:						
Cost variance	(7,325,934)	(689,806)	(2,352,683)	(9,101,888)	2,790,603	91,218
Volume variance	3,281,412	(1,419,119)	1,860,527	1,763,707	11,654,220	(8,641,301)
Total net cost of goods sold	(4,044,522)	(2,108,925)	(492,156)	(7,338,181)	14,444,823	(8,550,083)
Gross profit variance	(3,463,889)	673,695	(2,312,944)	1,299,429	(6,006,298)	2,882,229
SG&A expenses:						
Expense variance	(136,979)	40,418	54,534	(56,536)	(31,733)	(121,570)
Volume variance	108,148	(46,771)	57,244	46,633	249,620	(220,670)
Total SG&A variance	(28,831)	(6,353)	111,778	(9,903)	217,887	(342,240)
Operating income variance	(3,492,720)	667,342	(2,201,166)	1,289,526	(5,788,411)	2,539,989
Summarized as:						
Price variance	4,450,744	1,108,906	392,581	10,591,093	(7,380,851)	3,394,163
Net cost/expense variance	(7,462,913)	(649,388)	(2,298,149)	(9,158,424)	2,758,870	(30,352)
Net volume variance	(480,550)	207,825	(295,597)	(143,143)	(1,166,430)	(823,822)

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