CUT-TO-LENGTH PLATE FROM CHINA, RUSSIA AND UKRAINE: WHY THE ORDER AND SUSPENSION AGREEMENTS SHOULD STAY IN PLACE

Presentation of the Domestic Industry

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September 29, 2015

Overview

- All three countries satisfy the requirements for cumulation
- Conditions of competition render the domestic industry vulnerable to material injury by reason of subject imports
- Revocation as to one or all of the subject countries will likely lead to adverse volume and price effects, and to the continuation or recurrence of injury to the domestic industry within the reasonably foreseeable future

Cumulation:

Subject Imports, Domestic Product and Non-Subject Imports Are Interchangeable

Comparison	Always	Frequently	Sometimes	Never
U.S. vs. China	11	6	13	0
U.S. vs. Russia	12	11	15	1
U.S. vs. Ukraine	12	6	14	0
Ukraine vs. Russia	14	10	3	0
Ukraine vs. China	13	8	6	0
China vs. Russia	13	9	5	0
Ukraine vs. Other	12	10	5	0
Total	87	60	61	1

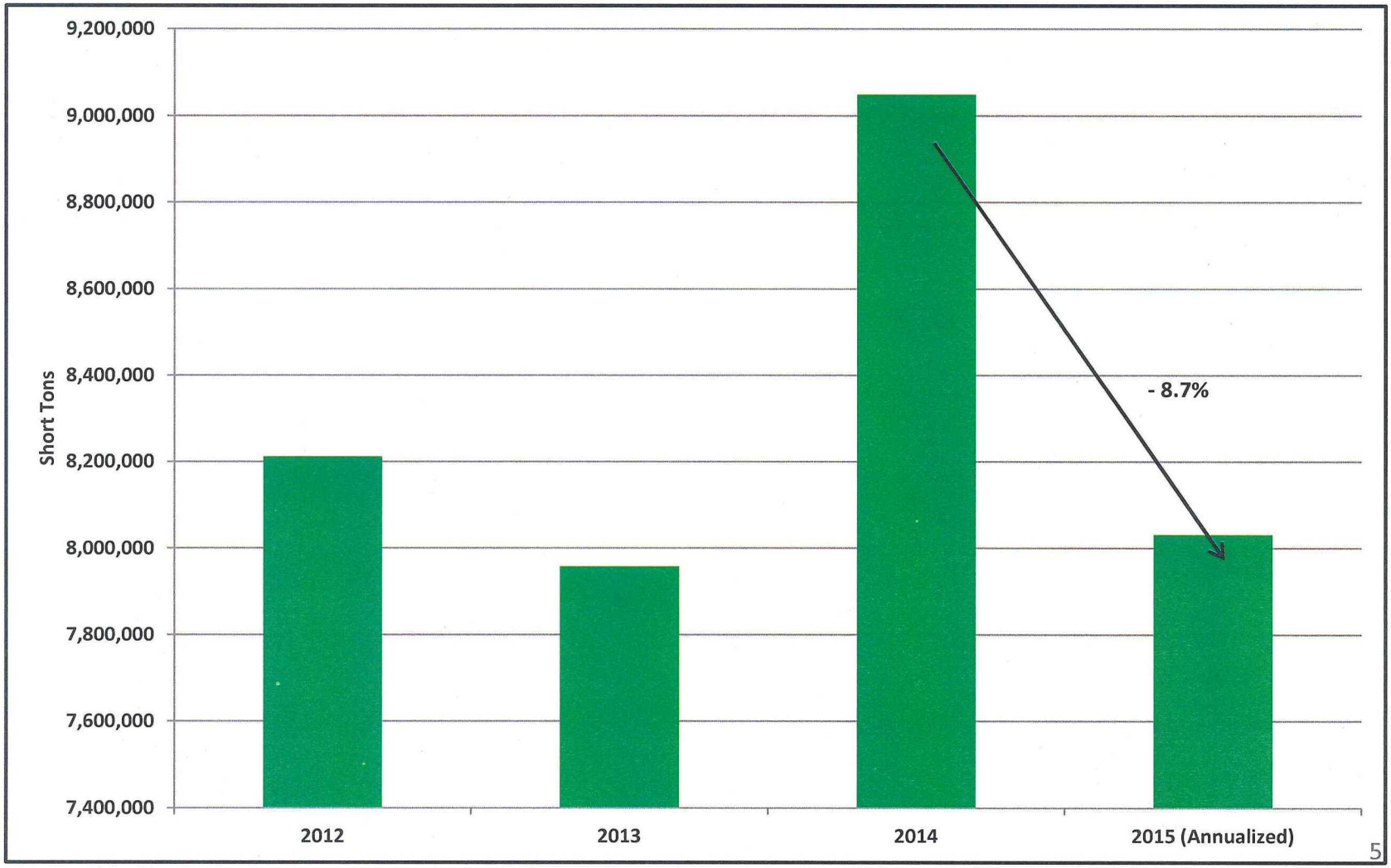
Source: Public Preliminary Staff Report at II-25

Imports from Each Subject Country Would Have a Discernible Adverse Impact

- If the order and agreements are terminated, subject imports are likely to have a discernible adverse impact on the domestic industry
- Subject producers from each country have shown the ability to increase exports to the United States, rapidly and substantially
- Even a "moderate" increase in subject imports would have a discernible adverse impact
- Foreign policy arguments are not a relevant consideration

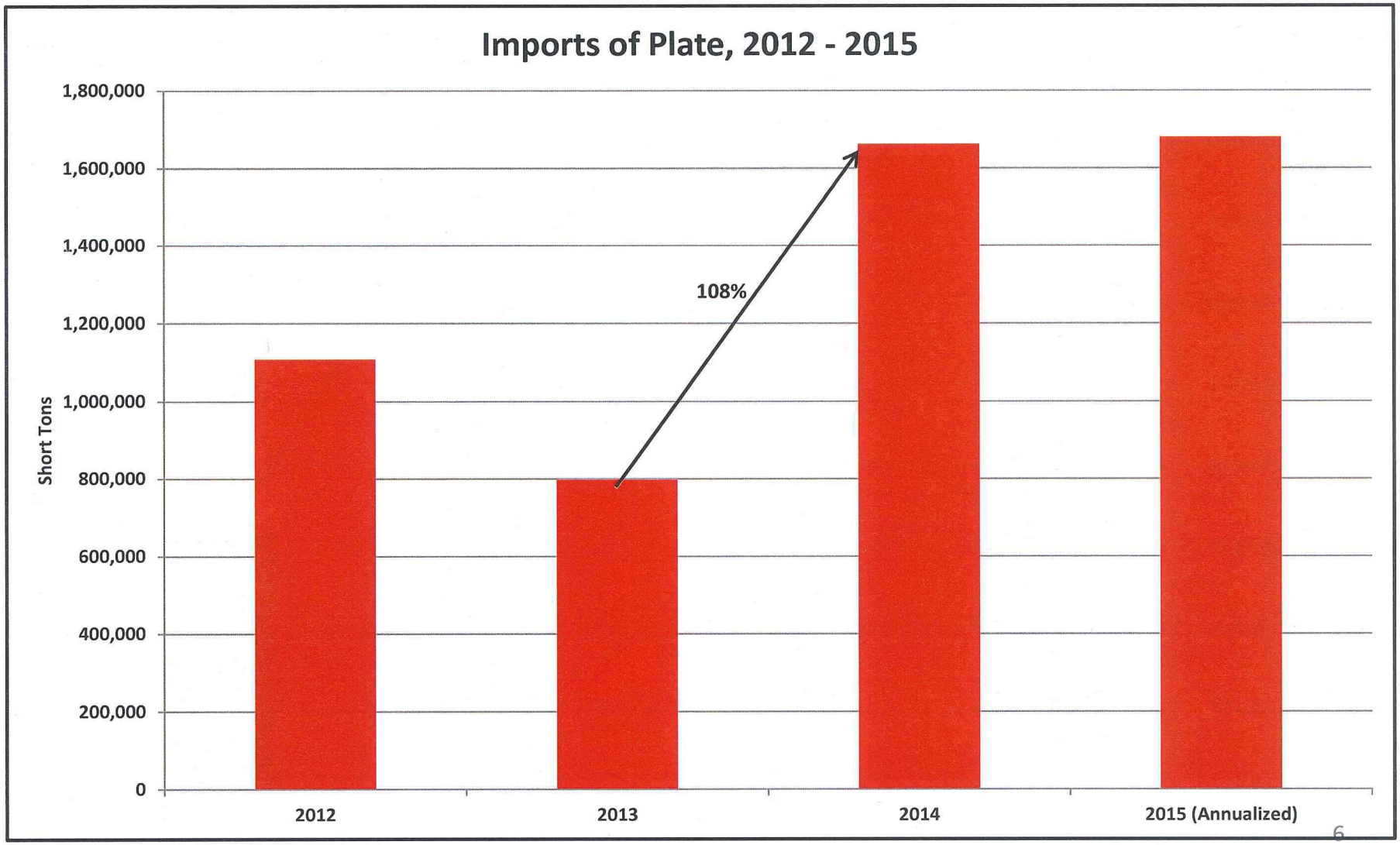
Conditions of Competition:

U.S. Apparent Consumption of CTL Plate Plummeted in 2015



Source: Public Preliminary Staff Report at Table C-1

The U.S. Market Is Oversupplied with Imports

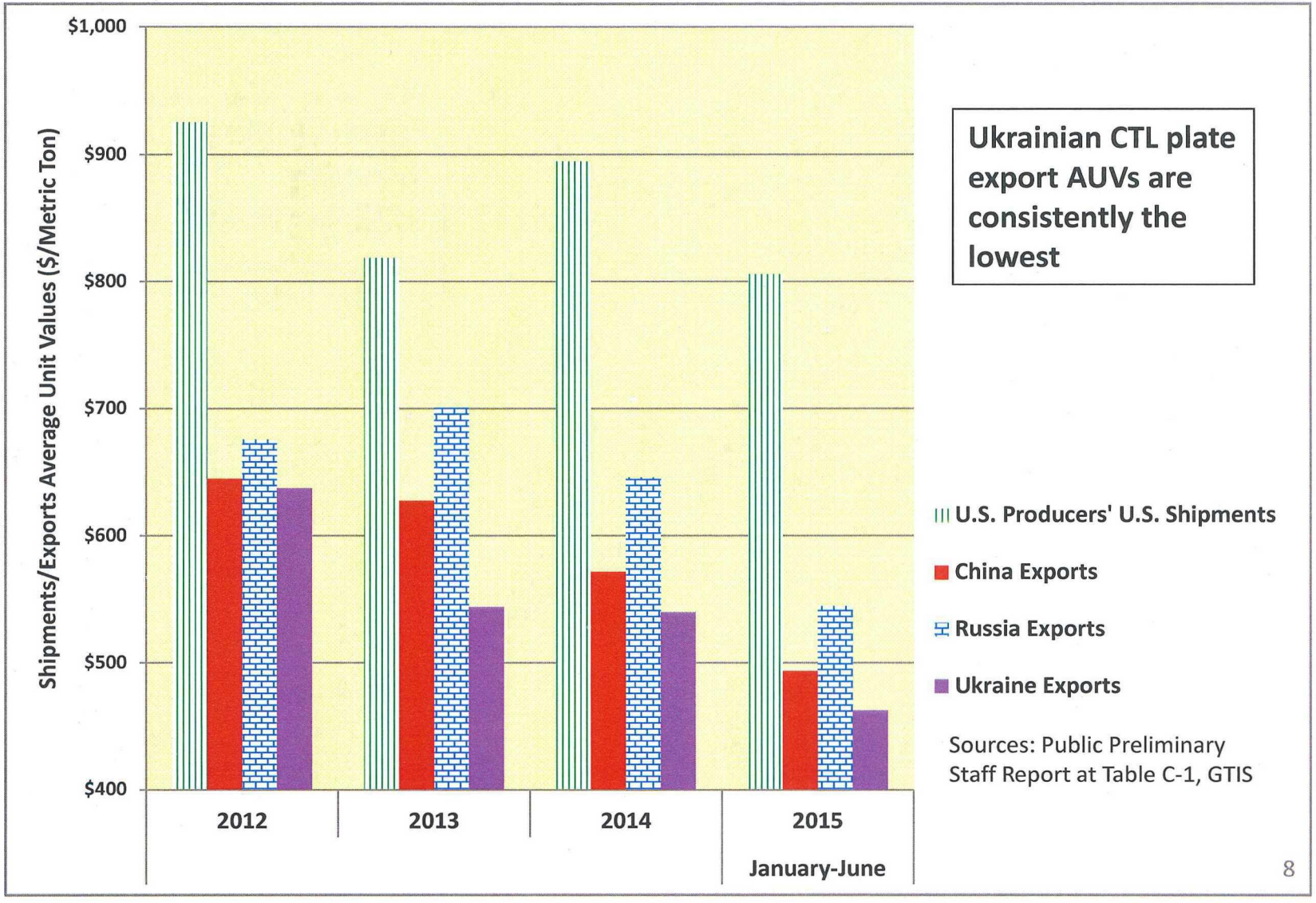


Source: ITC DataWeb

U.S. Plate Prices Are at their Lowest Level in Over a Decade

Source: CRU

The U.S. Market Is Very Attractive to Subject Imports: U.S. Prices Are Higher Than Subject Producers' Export Prices



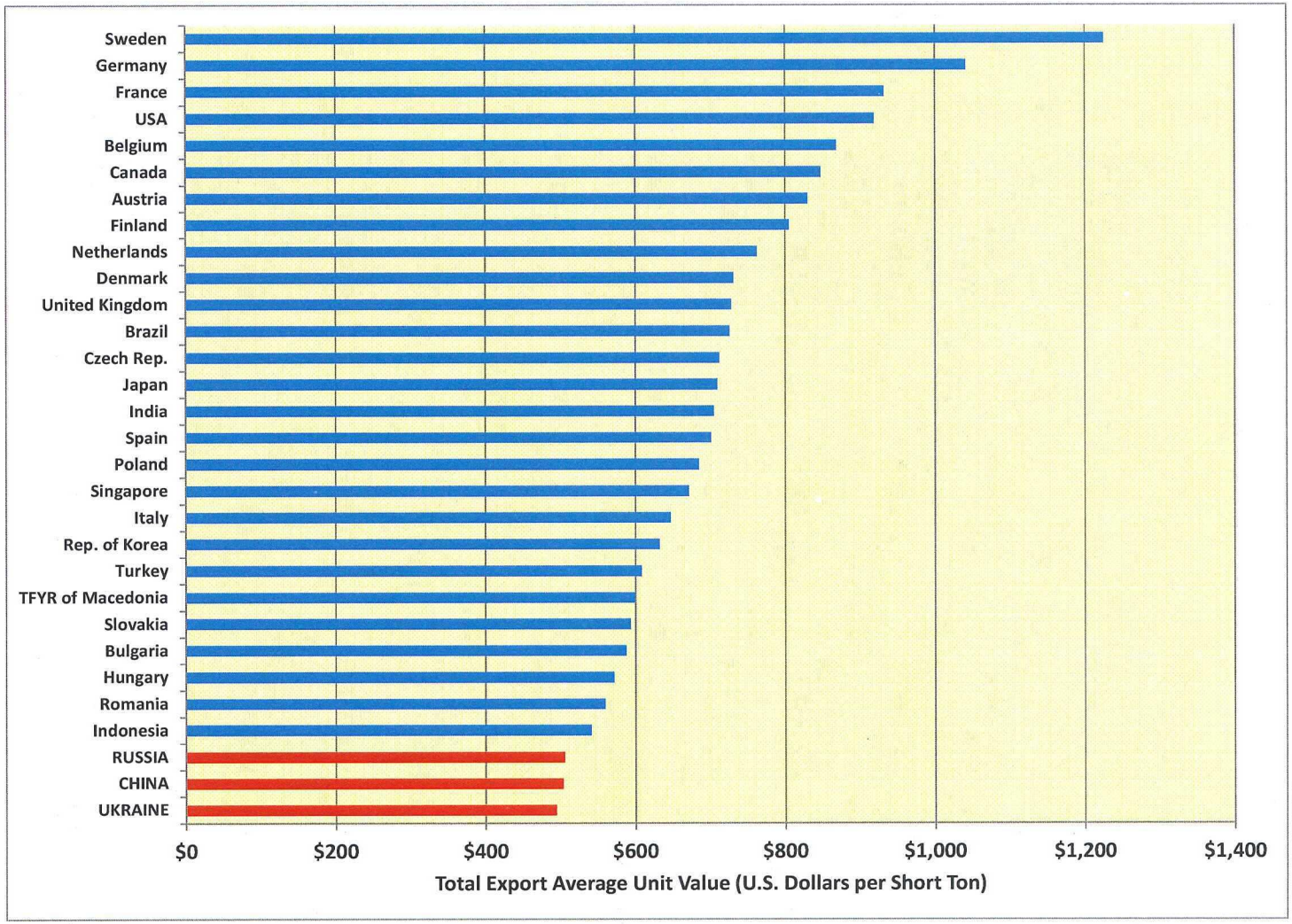
Subject Producers Can Rapidly Increase Exports to the United States

Among the World's Largest in CTL Plate Capacity, Production and Exports

	Capacity	Production	Exports
China	1st	1st	1st
Russia	6th	5th	10th
Ukraine	7th	7th	4th

Source: CRU and Comtrade; Year: 2014

Subject Producers Export CTL Plate at the Lowest Prices in the World



Source: Comtrade; Year: 2014

Subject Imports Are Uniquely Disruptive and Subject to a Growing Range of Import Barriers

	China	Russia	Ukraine
Australia	AD/CVD	-	-
Brazil	AD	-	AD
Canada	AD	AD/CVD	AD
India	Import Tariff	Import Tariff	Import Tariff
Indonesia	AD	-	AD
Malaysia	Safeguard	Safeguard	Safeguard
Mexico	AD	AD	AD
Thailand	AD	Safeguard/AD	AD

All three subject countries have been found to circumvent duties in various countries

Freight Costs from Ukraine Are Not a Barrier to Exports

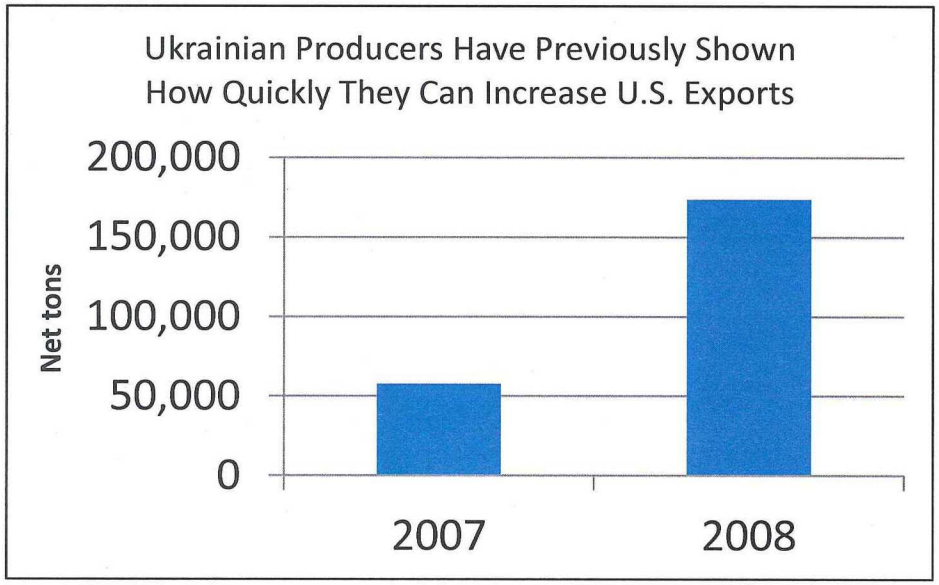
- Because plate is highly fungible, subject producers can insert themselves into U.S. supply chains easily
- Freight costs are not a barrier to exports to the United States
  - Most Ukrainian exports are by sea, and freight is very cost-competitive

Origin	Destination	Cost per Ton
Mariupol	Gdansk	$27
Mariupol	Singapore	$36
Mariupol	Houston	$31
Mariupol	Savannah	$30

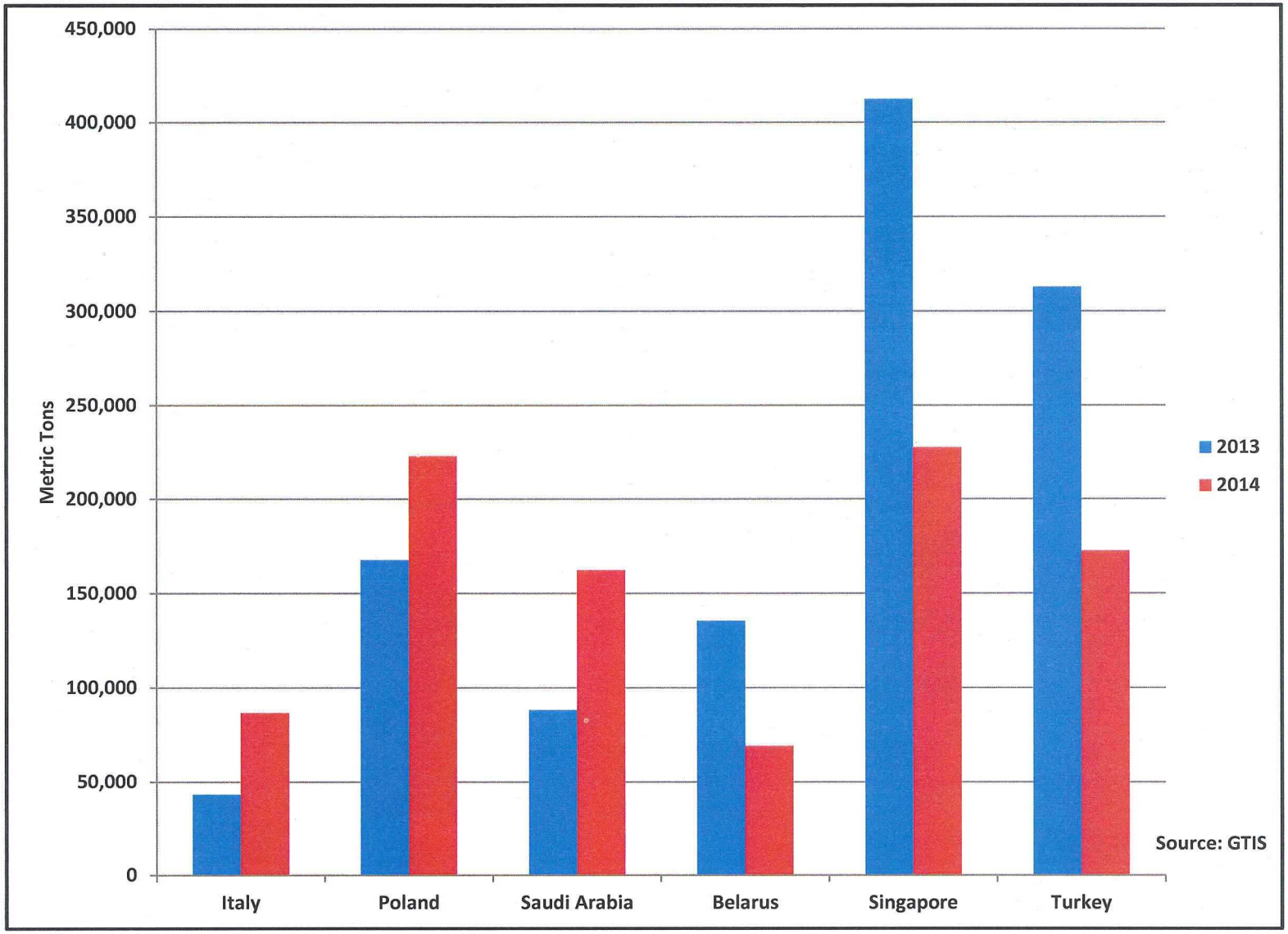
Source: Nucor Logistics

The Conflict in Eastern Ukraine Has Had a Limited Effect on Ukrainian Exports

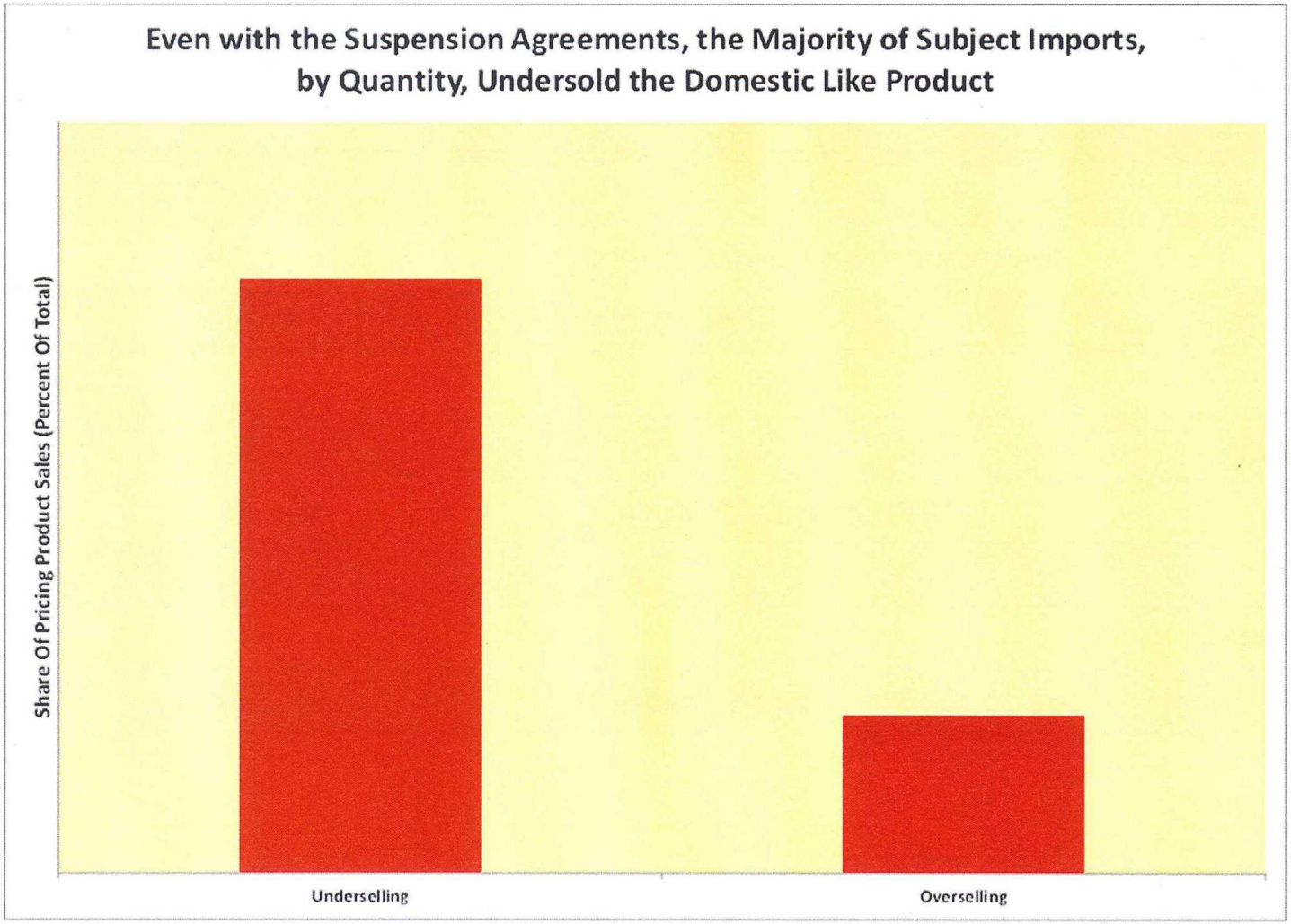
- Despite the conflict, Ukrainian producers continue to produce and export huge volumes of CTL plate
- Metinvest has done what is necessary to ensure that its Ukrainian mills can continue to produce and export, whatever the political situation



Ukrainian Plate Exports Rapidly Enter and Exit Markets Worldwide



Subject Imports Will Likely Have Negative Price Effects



Dumping Would Resume at Very High Margins

Producer/Exporter	Weighted-Average Percentage Margin
China	
Individual Producer/Exporters	17.33-128.59
PRC-Wide	128.59
Russia	
All Producers/Exporters	185.00
Ukraine	
All Producers/Exporters	237.91

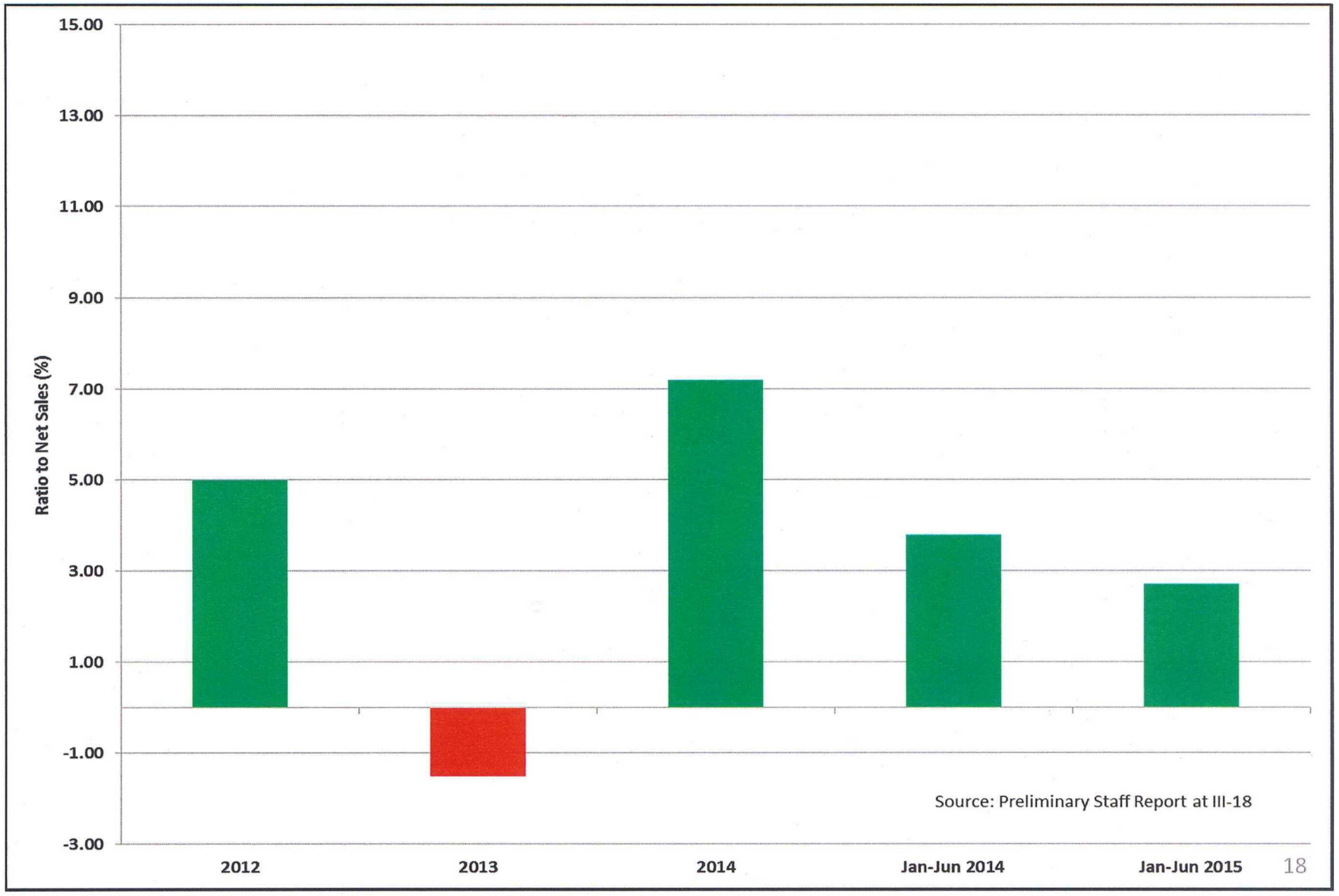
The Domestic Industry Is Vulnerable

- Key indicators all fell from interim 2014 to 2015 – *after* Evraz Claymont closed

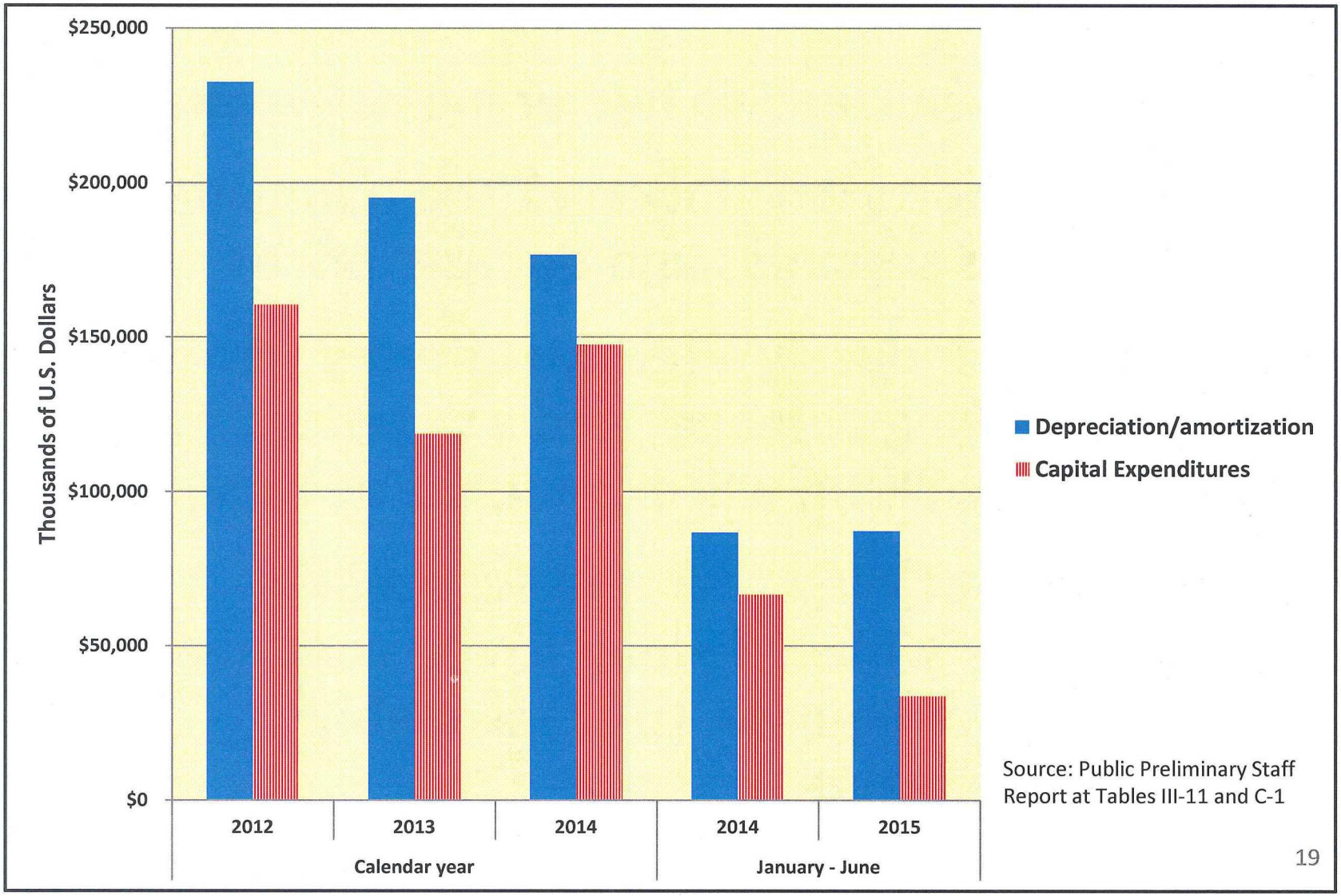
Capacity Utilization	-15.3%
Production	-14.1%
Total Shipments	-11.4%
Net Sales Value	-19.3%
Operating Income	-20.1%
Net Income	-43.4%
Capital Expenditures	-49.4%

Source: Public Preliminary Staff Report at III-7, III-18 and III-30

The Domestic Industry's Net Income Has Been Inadequate



The Domestic Industry's Capital Expenditures Did Not Cover Depreciation over the POR

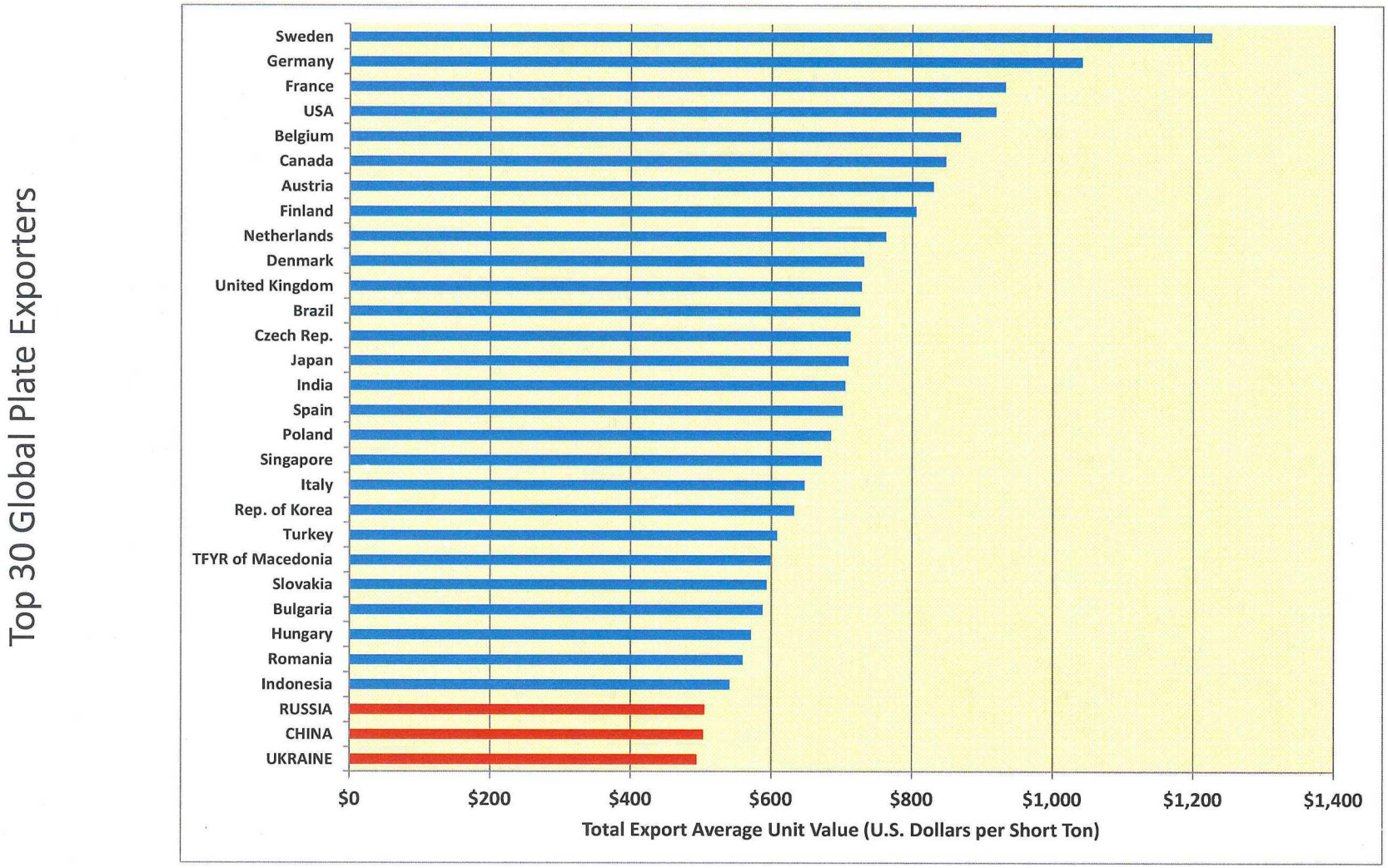


Source: Public Preliminary Staff Report at Tables III-11 and C-1

Conclusion

- Revocation will lead to higher import volumes
- Subject imports will undersell the domestic product and suppress and depress prices
- A domestic industry already suffering from higher imports, falling demand, and a deteriorating financial condition will experience adverse effects
- Revocation of the order and suspension agreements is likely to lead to the continuation or recurrence of injury in the reasonably foreseeable future

Subject Producers Export CTL Plate at the Lowest Prices in the World



Source: Comtrade; Year: 2014