CERTAIN STEEL PRODUCTS FROM THE REPUBLIC OF KOREA

Determinations of the Commission
in Investigations Nos. 701-TA-170
through 173 (Preliminary)
Under Section 703(a)
of the Tariff Act of 1930,
Together With the Information
Obtained in the Investigations

USITC PUBLICATION 1261

JUNE 1982

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Kenneth R. Mason, Secretary to the Commission

This report was prepared by--

Robert Eninger, Investigator
Patrick Magrath, Office of Industries
Norman Elrod, Office of Economics
Michael Mabile, Office of the General Counsel

Lynn Featherstone, Supervisory Investigator

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 701-TA-170 through 173 (Preliminary)

CERTAIN STEEL PRODUCTS FROM THE REPUBLIC OF KOREA

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured 3/ by reason of imports of the following products which are alleged to be subsidized by the Government of the Republic of Korea:

Hot-rolled carbon steel plate 4/ (investigation No. 701-TA-170 (Preliminary));

Hot-rolled carbon steel sheet 5/ (investigation No. 701-TA-171 (Preliminary)); and

Galvanized carbon steel sheet 6/ (investigation No. 701-TA-173 (Preliminary)); 7/

The Commission determines 2/ 8/ that there is no reasonable indication that an industry in the United States is materially injured or threatened with

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1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).
2/ Chairman Alberger not participating.
3/ Vice Chairman Calhoun and Commissioner Stern determine that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.
4/ For purposes of these investigations, hot-rolled carbon steel plate is provided for in items 607.6615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated (TSUSA).
5/ For purposes of these investigations, hot-rolled carbon steel sheet is provided for in items 607.6610, 607.6700, 607.8320, 607.8342, and 607.9400 of the TSUSA.
6/ For purposes of these investigations, galvanized carbon steel sheet is provided for in items 608.0730 and 608.1300 of the TSUSA.
7/ Vice Chairman Calhoun and Commissioner Stern dissenting.
8/ Commissioner Frank dissenting.

material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports of cold-rolled carbon steel sheet (investigation No. 701-TA-172 (Preliminary)) 9/ which are alleged to be subsidized by the Government of the Republic of Korea.

Background

On May 7, 1982, petitions were filed with the Commission and the Department of Commerce by counsel for United States Steel Corp. alleging that producers, manufacturers, or exporters in the Republic of Korea of certain steel products receive bounties or grants within the meaning of section 701 of the Tariff Act of 1930 (19 U.S.C. § 1671). Accordingly, effective May 7, 1982, the Commission, pursuant to section 703(a) of the Act (19 U.S.C. § 1671b(a)), instituted preliminary countervailing duty investigations to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the Republic of Korea of the subject merchandise.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of May 19, 1982 (47 F.R. 21640). The conference was held in Washington, D.C., on June 1, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

9/ For purposes of these investigations, cold-rolled carbon steel sheet is provided for in items 607.8320 and 607.8344 of the TSUSA.

VIEWS OF THE COMMISSION

I. INTRODUCTION

The following constitute our views on the four countervailing duty investigations involving certain carbon steel products from the Republic of Korea. We first summarize the standards for our determinations, and then define the appropriate domestic industry against which the impact of the imports under investigation is to be assessed. Finally, in each investigation, we examine the condition of the industry and evaluate the causal relationship between the allegedly subsidized imports and this condition.

Standards for Determinations

In preliminary countervailing duty investigations, the Commission must determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, 1/ by reason of imports of the merchandise that is the subject of the investigation. 2/ "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant." 3/ In making determinations, the Commission must consider, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of that merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. 4/

1/ Material retardation of an industry is not an issue in these investigations.
2/ 19 U.S.C. §§ 1671b, 1673b.
3/ 19 U.S.C. § 1677(7)(A).
4/ 19 U.S.C. § 1677(7)(B).

In making a determination as to whether there is a threat of material injury, the Commission considers, among other factors, (1) the rate of increase of subsidized imports into the U.S. market, (2) the capacity in the exporting country to generate exports, (3) the availability of other export markets, and (4) such information as may be presented to it by the Department of Commerce as to the nature of the subsidy provided by a foreign country and the effects likely to be caused by the subsidy. 5/ Findings of a reasonable indication of threat of material injury must be based on a showing that the likelihood of harm is real and imminent, and not on mere supposition, speculation, or conjecture. 6/

Definition of the domestic industries

The domestic industry is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 7/ "Like product" is defined in section 771(10) as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." 8/

The four steel products that are the subjects of these investigations were among the nine products covered by the recent preliminary investigations involving certain steel products from Belgium, Brazil, France, Italy,

5/ 19 C.F.R. § 207.26(d).
6/ S. Rep. No. 96-249, 96th Cong., 1st Sess. 88-89 (1979); S. Rep. No. 1298, 93d Cong., 2d Sess. 180 (1974); Alberta Gas Chemicals, Inc. v. United States, 515 F. Supp. 780, 790 (Ct. Int'l Trade 1981).
7/ 19 U.S.C. § 1677(4)(A).
8/ 19 U.S.C. § 1677(10).

Luxembourg, the Netherlands, Romania, Spain, the United Kingdom, and West Germany. 9/ For the reasons stated by the Commission in those investigations, we adopt the appropriate industry definitions used there for the products included in the scope of these investigations. 10/

Cumulation

Our determinations in these investigations have been made on a case-by-case basis, without aggregation of import data for each product category with the import data derived in earlier investigations regarding the same products imported from other countries. 11/ 12/ In the event that final investigations are conducted in these cases, however, we do not rule out cumulation if the record developed demonstrates it is appropriate. 13/

9/ Investigations Nos. 701-TA-86 to 144, 701-TA-146, and 701-TA-147 (Preliminary), and Investigations Nos. 731-TA-53 to 86 (Preliminary), USITC Pubs. 1221 and 1226 (1982), and Investigations Nos. 701-TA-155 to 163 (Preliminary), USITC Pub. 1255 (1982). Specific descriptions of the products, their characteristics and uses, and methods of manufacture may be obtained by reference to the Commission's Views and the Report in those investigations.

10/ Commissioners Stern and Haggart emphasize that the definitions of the industries at this preliminary stage are based on information now available; they do not preclude the possibility of defining the domestic industries differently in any final investigation if the record developed supports a revision of the definitions of the industries. See also Commissioner Frank's additional views.

11/ See additional views of Vice Chairman Calhoun in Certain Steel Products from Spain, Invs. Nos. 701-TA-155 to 163 (Preliminary), USITC Pub. 1255 (1982).

12/ Commissioner Frank has cumulated. See his additional views and his discussion on cumulation in Certain Carbon Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany. Invs. Nos. 701-TA-86 to 144, 701-TA-146, and 701-TA-147 (Preliminary), and Invs. Nos. 731-TA-53 to 86 (Preliminary), USITC Pubs. 1221 and 1226 (1982), at 127-129.

13/ Commissioner Stern refers readers to her discussion of the practice of cumulation in Certain Carbon Steel Products from Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, the Netherlands, and the United Kingdom, Invs. Nos. 731-TA-18-24 (Preliminary), USITC Pub. 1064 (1980), at 64-67.

See also her joint views with Chairman Alberger in Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the

(Footnote continued)

II. HOT-ROLLED CARBON STEEL PLATE

With respect to hot-rolled carbon steel plate from the Republic of Korea, we find that there is a reasonable indication of material injury to the affected domestic industry by the subject imports. 14/ We base this determination principally upon information demonstrating the depressed condition of the U.S. industry, the significant presence of Korean imports of this product, and confirmed instances of sales lost by the domestic industry to the imports.

Condition of the domestic industry

The information developed in this investigation regarding the condition of the domestic industry is the same as that discussed in our views in the recent investigation on hot-rolled carbon steel plate from Spain. 15/ In that case, we found that the domestic industry had suffered serious declines in production, capacity utilization, employment, and profitability in recent years.

13/ Footnote continued
United Kingdom, and West Germany, Invs. Nos. 701-TA-86 to 144, 701-TA-146, and 701-TA-147 (Preliminary), and Invs. Nos. 731-TA-53 to 86 (Preliminary), USITC Pubs. 1221 and 1226 (1982).

Finally, see her joint views with Chairman Alberger in Prestressed Concrete Steel Wire Strand from Brazil, France, and the United Kingdom, Invs. Nos. 701-TA-152 and 153 (Preliminary), and Inv. No. 731-TA-89, USITC Pub. 1240 (1982), at 3; Carbon Steel Wire Rod from Brazil, Belgium, France, and Venezuala, Invs. Nos. 701-TA-148 to 150 (Preliminary), and Inv. No. 731-TA-88 (Preliminary), USITC Pub. 1230 (1982).

14/ Chairman Alberger did not participate. Vice Chairman Calhoun and Commissioner Stern determine that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.

15/ Investigations Nos. 701-TA-155 to 163 (Preliminary), USITC Pub. 1255 (1982).

Reasonable indication of material injury by reason of imports from the Republic of Korea

Korean imports maintained a significant presence in the domestic market throughout the period of this investigation, while overall U.S. demand declined. Although absolute levels of imports declined in 1981 from earlier levels and further declined in the first quarter of 1982, Korean imports accounted for 1.5 percent of domestic consumption in 1979, 2.8 percent in 1980, and 1.5 percent in 1981. Korean import penetration was 1.4 percent in the first quarter of 1982. 16/

Five instances of sales lost by domestic producers to Korean imports were confirmed, accounting for approximately 2,686 tons of plate products. In four of the five cases the lower price of the imports was given as the reason for the purchase, since the quality of the imported and domestic products was considered comparable by purchasers. 17/

Reasonable indication of threat of material injury by reason of imports from the Republic of Korea

Vice Chairman Calhoun and Commissioner Stern base their finding on the above factors as well as on the following information. U.S. importers' inventories of carbon steel plate are at very high levels. 18/ In addition, the United States is a major export market for these Korean products and is likely to remain so because of restrictions placed on Korean imports by other countries. 19/

16/ Report at A-22.
17/ Id. at A-37.
18/ Id. at A-17.
19/ Id. at A-18.

III. HOT-ROLLED CARBON STEEL SHEET

We find that there is a reasonable indication that imports of hot-rolled carbon steel sheet from the Republic of Korea have caused material injury to the domestic industry. 20/ In making this determination we have relied on information regarding the condition of the industry, significant and increasing volumes of Korean imports, several confirmed instances of sales lost by the U.S. industry to imports on the basis of price, and several confirmed instances indicating that domestic prices have been lowered to meet Korean import competition.

Condition of the domestic industry

The information developed in this investigation regarding the condition of the domestic industry is the same as that discussed in our views in the recent investigation on hot-rolled carbon steel sheet from Spain. 21/ In that case, we found that the domestic industry had experienced serious difficulties during the period under investigation, including declines in production, capacity utilization, employment, and profitability.

Reasonable indication of material injury by reason of imports from the Republic of Korea

Imports of this product from the Republic of Korea have shown a pronounced growth in market penetration toward the end of the period studied in this investigation. Import volumes were 28,000 tons in 1979, 34,000 tons

20/ Chairman Alberger did not participate. Vice Chairman Calhoun and Commissioner Stern determine that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.

21/ Investigations Nos. 701-TA-155 to 163 (Preliminary), USITC Pub. 1255 (1982).

in 1980, and 72,000 tons in 1981. The sharp rise continued in the first quarter of 1982, with 41,000 tons entered as compared to only 12,000 tons in the same quarter of 1981. 22/ The 1981 volume of imports accounted for a share of the U.S. market of 0.5 percent, with the share in the last quarter of the year increasing to 0.9 percent. This rise in import penetration continued in 1982, with a market share of 1.5 percent being recorded in the first quarter. 23/

The Commission was able to verify four allegations of sales of hot-rolled carbon steel sheet lost by a domestic firm to Korean imports, accounting for a significant portion of those imports during the period from 1980 to the first quarter of 1982. In all four instances lower price was cited as the primary motivation for the purchase, although in two instances the purchaser also noted that the imports were generally of better quality and that the importers offered better service and purchasing terms. 24/ Five of six alleged instances involving lowering of domestic prices to meet import price competition were confirmed, resulting in significant lost revenues. 25/

Reasonable indication of threat of material injury by reason of imports from the Republic of Korea

Vice Chairman Calhoun and Commissioner Stern base their finding on the above factors as well as on the following information. The Republic of Korea has greatly increased its capacity in the last two years to produce these

22/ Report at A-21.
23/ Id. at A-22 and A-23.
24/ Id. at A-38.
25/ Id. at A-38 and A-39.

products. 26/ Coincident with this increased capacity was an increase in production, total exports, and exports to the U.S. Exports to the U.S. have been at significant levels throughout 1979-81. 27/ Moreover, inventories of Korean imports held by U.S. importers in the first quarter of 1982 were double the level of December 1981. 28/

IV. COLD-ROLLED CARBON STEEL SHEET

We find that there is no reasonable indication of material injury or threat thereof to the domestic industry producing cold-rolled carbon steel sheet by reason of imports from the Republic of Korea. 29/ The reasons for our finding are the decreasing levels of Korean imports of this product, the absence of allegations of lost sales, and the lack of persuasive indications of significant price suppression or depression caused by these imports.

Condition of the industry

The information developed in this investigation regarding the condition of the domestic industry is the same as that discussed in our views in the recent investigation on cold-rolled carbon steel sheet from Spain. 30/ In that case, we found that the performance of the domestic industry, judged by such factors as production, capacity utilization, employment, and profitability, had declined during the period under investigation.

26/ *Id.* at A-19.
27/ *Id.*
28/ *Id.* at A-17.
29/ Chairman Alberger did not participate. Commissioner Frank dissents. See his additional views.
30/ Investigations Nos. 701-TA-155 to 163 (Preliminary), USITC Pub. 1255 (1982).

<u>No reasonable indication of material injury by reason of imports from the Republic of Korea</u>

Imports from the Republic of Korea have fallen during the same period that the industry has experienced its difficulties. Imports dropped from 179,000 tons in 1979 to 104,000 tons in 1980 and 101,000 tons in 1981. The import decline appears to be continuing into the present year; imports in the first quarter were 16,000 tons, down from 20,000 tons in the first quarter of 1981. 31/ In terms of penetration of the U.S. market, Korean imports have declined consistently from a 1 percent market share in 1979 to 0.7 percent in both 1980 and 1981. Penetration was down to 0.5 percent in the first quarter of 1982. 32/

No allegations of actual lost sales involving cold-rolled carbon steel sheet from Korea were received by the Commission. 33/ Only one allegation of a domestic price reduction caused by price competition from Korean imports was confirmed, involving only a small quantity of cold-rolled carbon steel sheet. 34/

<u>No reasonable indication of threat of material injury by reason of imports from the Republic of Korea</u>

We also find no reasonable indication that Korean imports of this product pose a threat of material injury. Capacity in the Republic of Korea to produce cold-rolled carbon steel sheet has been greatly diminished for at least the immediate future by the bankruptcy of a major Korean producer in

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31/ Report at A-21.
32/ *Id.* at A-22.
33/ *Id.* at A-38.
34/ *Id.* at A-39.

1981. 35/ In addition, U.S. importers' end-of-period inventories of the product have been steadily declining since 1979. 36/

V. GALVANIZED CARBON STEEL SHEET

VIEWS OF COMMISSIONERS ALFRED ECKES, EUGENE FRANK, AND VERONICA HAGGART

With regard to galvanized carbon steel sheet from the Republic of Korea, we find a reasonable indication that imports are a cause of material injury to the U.S. industry. 37/

Condition of the domestic industry

The information developed in this investigation regarding the condition of the domestic industry is the same as that discussed in our views in the recent investigation on galvanized carbon steel sheet from Spain. 38/ In that case, we found that the performance of the domestic industry had been in a state of decline since 1979, including declines in production, capacity utilization, employment, and profitability.

Reasonable indication of material injury by reason of imports from the Republic of Korea

During the period covered by this investigation--with the exception of one year--imports have been at substantial levels and have been increasing during recent periods. Significantly, imports in 1981 were concentrated in the later quarters of the year. Further, the import penetration ratio reached

35/ Id. at A-19.
36/ Id. at A-17.
37/ See also the additional views of Commissioner Frank.
38/ Investigations Nos. 701-TA-155 to 163 (Preliminary), USITC Pub. 1255 (1982).

1.5 percent during the fourth quarter of 1981, and the penetration rate of 0.8 percent in the first quarter of 1982 indicates a continuation of this trend. The recent increases in imports coincide with the difficulties being encountered by the domestic industry.

Other information provides important data in support of a reasonable indication of material injury as well. Two instances of sales lost to Korean imports, representing a large portion of such imports during 1982, were confirmed, and lower price was cited as a factor in both cases. 39/ Additionally, confidential information provided an indication of price suppression. 40/

V. GALVANIZED CARBON STEEL SHEET

VIEWS OF VICE CHAIRMAN MICHAEL J. CALHOUN AND COMMISSIONER PAULA STERN

As our colleagues in the majority have indicated, the domestic industry producing galvanized carbon steel sheet is undergoing serious difficulties. Our review of the available information, however, demonstrates no reasonable indication that imports from the Republic of Korea are a cause of either material injury or threat of material injury to the domestic industry. In prior investigations regarding galvanized carbon steel sheet, we noted that the present state of this industry is attributable to factors other than imports, including declining domestic consumption, low labor productivity, and high labor costs. 41/

39/ Report at A-38.
40/ Id. at A-39.
41/ Investigations Nos. 701-TA-155 to 163 (Preliminary), USITC Pub. 1255, at 19 (1982); Investigations Nos. 701-TA-86 to 144, 701-TA-146, and 701-TA-147 (Preliminary), and Investigations Nos. 731-TA-53 to 86 (Preliminary), USITC Pubs. 1221 and 1226, at 54-57 (1982).

Although most major indicators of the economic health of this industry have declined during the period under investigation, imports from the Republic of Korea also declined substantially from the levels of 1978. In fact, such imports fell from 0.9 percent of domestic consumption in 1978 to 0.5 percent in 1979 and a mere 0.1 percent in 1980. The increases in imports since 1980 still leave both the absolute volume of Korean imports and market penetration ratios at levels below those of 1978. There appears to be no correlation between the fluctuations in Korean imports and the rise or fall of the industry's condition. Moreover, Korean imports constitute only an insignificant portion of the total market share held by all imports. The overall four-and-a-quarter-year trend in Korean imports, viewed together with the general economic recession and depressed consumption of this product, convince us that the short-term increase in Korean imports has neither produced material injury nor foreshadowed a threat of future injury.

Additional Views of Commissioner

Eugene J. Frank

I. Introduction

These views are to be considered in conjunction with my views with respect to the 92 carbon and alloy steel product preliminary investigations before the Commission in January 1982 1/ and made an integral part of this opinion.

For these preliminary investigations, I cumulated the impact of alleged unfairly traded imports of comparable articles on the domestic industry from countries whose preliminary cases have been continued (including South Africa, not a signatory to the Subsidies Code) consistent with my approach and position or cumulation. 2/ In this respect, I depart from the approach taken by some of my colleagues who have approached these preliminary investigations on a case-by-case basis.

I would reiterate here my oft-stated position that the statute and legislative history in Title VII investigations require the Commission in its preliminary investigations to exercise only a low-threshold test based upon the best information available that the facts reasonably indicate that an industry in the United States could possibly be suffering material injury, threat thereof, or material retardation. 3/

Since the January 1982 preliminary steel cases referred to herein above, the condition of the U.S. steel industry has suffered further significant deterioration by all recognized indicia of economic distress, some mention

1/ Investigation Nos. 701-TA-86 to 144, 701-TA-146, and 701-TA-147 (Prel.), and Investigation Nos. 731-TA-53 to 86 (Prel.), USITC Pubs. 1221 and 1226, February 1982, Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, The Netherlands, Romania, The United Kingdom, and West Germany, 15
Views of Commissioner Eugene J. Frank, pp. 121-185.

2/ Id. pp. 127-129.

3/ H.R. Report No. 96-317, 96th Cong., 1st Sess., p. 52 (1979).

of which I refer the reader to my separate views in the recent Spanish carbon and alloy steel preliminary countervailing duty investigations. 4/

Finally, although statutory considerations prescribe a like product and definition of industry approach as set forth by my colleagues for these cases, it is appropriate to reiterate my position in this regard stated in my views in the January cases where I stated therein: "I believe, in ascertaining injury to the domestic industry affected in the conduct of these investigations it is appropriate to consider as a relevant factor in all these investigations the basic, commonsense economic reality of the impact of such imports on the domestic steel industry in general." 5/

The following represent my determinations on these preliminary investigations, stating, where applicable, points of departure from my colleagues in analyses and dissent. 6/

II. Hot-Rolled Carbon Steel Plate

I find that there is a reasonable indication of material injury to the affected domestic industry by subject imports, and do not reach the issue of threat. While otherwise concurring in general with my colleagues, I cumulated the impact on the pertinent domestic industry of subject imports from Korea along with Belgium, The United Kingdom, West Germany, Brazil, Romania, Spain, and South Africa, which indicates a general substantial increase in aggregate levels of such imports in the period since 1979 to 1981, reaching significant market penetration with respect to domestic consumption in 1981 of 16.9 percent. Although January-March 1982 levels were down somewhat from the comparable 1981 quarter, market penetration was still significant and represented a comparative period increase from 13.6 percent to 14.1 percent in these two quarters.

4/ Certain Steel Products from Spain, Investigation Nos. 701-TA-155 through 163 (Prel.), USITC pub. 1255, June 1982, Separate Views of Commissioner Eugene J. Frank, pp. 36-42.

5/ Certain Steel Products from Belgium...Views of Commissioner Eugene J. Frank, p. 136.

6/ All data are derived from the accompanying Report and set of four tables of imports of these four products covered by these investigations circulated with the draft Staff Report, unless otherwise indicated.

III. Hot-Rolled Carbon Steel Sheet

I find that there is a reasonable indication of material injury to the affected domestic industry by subject imports, and do not reach the issue of threat. While otherwise concurring in general with my colleagues, I cumulated the impact on the pertinent domestic industry of subject imports from Korea along with Belgium, France, Italy, Netherlands, West Germany, and South Africa, which since 1979 indicates a general substantial increase in aggregate levels of such imports with market penetration relative to domestic consumption likewise trending upward to significant levels in excess of 10 percent for the January-March 1982 quarter compared to 2.9 percent the comparable 1981 quarter.

IV. Cold-Rolled Carbon Steel Sheet

I find that there is a reasonable indication of material injury to the affected domestic industry by subject imports, and do not reach the issue of threat. I therefore dissent from my colleagues in this determination and certain analyses therein. It is clear that the condition of this industry based on information developed in the Commission's recent investigation on cold-rolled carbon steel sheet from Spain 7/, incorporated in this case, had declined during the period under investigation, as my colleagues acknowledge, judged by relevant industry indicators such as production, capacity utilization, employment and profitability. However, in cumulating the impact of subject imports from Korea on the pertinent domestic industry along with imports from France, Italy, Netherlands, West Germany, Spain, and South Africa, it is apparent that such imports have increased significantly from 1980 levels, attaining an aggregate market penetration of 6.3 percent with respect to domestic consumption in 1981, increasing even more markedly the

7/ Investigation Nos. 701-TA-155 to 163 (Prel.), USITC pub. 1255 (1982).

January-March 1982 quarter to 7.9 percent compared with 2.3 percent the comparable 1981 quarter. Although I am cognizant of the paucity of information relative to pricing and lost sales data for this product, I would anticipate more thorough collection and scrutiny of pricing data and lost sales information in a final investigation should the Commission be called upon to conduct one.

V. Galvanized Carbon Steel Sheet

I find that there is a reasonable indication of material injury to the affected domestic industry by subject imports, and do not reach the issue of threat. Although I generally concur with the observations of Commissioners Eckes and Haggart in their views on the case, I cumulated the impact on the pertinent domestic industry of subject imports from Korea with those from Spain and South Africa. While such aggregated imports declined in overall levels since 1978 to 1981, they nevertheless remained at significant levels and in fact increased markedly January-March 1982 and attained a 3.2 percent market penetration with respect to domestic consumption that quarter compared with 0.6 percent the comparable 1981 period and 1.3 percent for 1981.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On May 7, 1982, petitions were filed with the Commission and the Department of Commerce by the United States Steel Corp. alleging that imports of certain carbon steel products from the Republic of Korea (Korea) were being subsidized by the Government of Korea and that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of such merchandise. 1/ Accordingly, effective May 7, 1982, the Commission, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), instituted the following preliminary countervailing duty investigations to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the identified merchandise from Korea:

Investigation No.	Product
701-TA-170 (Preliminary)---------	Hot-rolled carbon steel plate
701-TA-171 (Preliminary)---------	Hot-rolled carbon steel sheet
701-TA-172 (Preliminary)---------	Cold-rolled carbon steel sheet
701-TA-173 (Preliminary)---------	Galvanized carbon steel sheet

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of May 19, 1982 (47 F.R. 21640). 2/ The conference was held in Washington, D.C., on June 1, 1982. 3/

The applicable statute directs that the Commission make its determinations in these investigations within 45 days after receipt of the petitions, or in this case, by June 21, 1982. The Commission voted on these investigations on June 15, 1982.

1/ Commerce's notice of initiation of countervailing duty investigations was published in the Federal Register on June 3, 1982, a copy of which is presented in app. A.
2/ A copy of the Commission's notice is presented in app. B.
3/ A list of witnesses appearing at the conference is presented in app. B.

Background and Discussion of Report Format

On January 11, 1982, petitions were filed with the Commission and the Department of Commerce by seven U.S. steel producers 1/ alleging that imports of certain steel products from 11 countries--Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, West Germany, Spain, and South Africa--were being subsidized by their respective Governments (countervailing duty petitions) and/or sold in the United States at less than fair value (LTFV) (antidumping petitions). On the basis of the petitions, the Department of Commerce instituted countervailing duty and/or antidumping investigations to determine whether such merchandise from the 11 cited countries was being subsidized and/or sold at LTFV.

With respect to imports of certain steel products from the first nine countries cited above, the Commission instituted and conducted preliminary countervailing duty and/or antidumping investigations under sections 701(a) and 733(a), respectively, of the Tariff Act of 1930 to determine whether there was a reasonable indication that an industry in the United States was materially injured, or was threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of imports of such merchandise. 2/ The Commission did not institute investigations on products from Spain and the Republic of South Africa since they had not signed the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (GATT) (GATT Subsidies Code) and were, therefore, not considered a "country under the Agreement" and were not entitled to an injury determination by the Commission. However, on April 14, 1982, the United States Trade Representative announced that Spain had become a "country under the Agreement" (47 F.R. 16697), and accordingly, the Commission instituted and conducted preliminary countervailing duty investigations under section 701(a) of the act. 3/

1/ United States Steel Corp., Republic Steel Corp., Inland Steel Co., Jones & Laughlin Steel Inc., National Steel Corp., Cyclops Corp., and Bethlehem Steel Corp.

2/ Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany: Determinations of the Commission in Investigations Nos. 701-TA-86 through 144, 701-TA-146, and 701-TA-147 (Preliminary) Under Section 703(a) of the Tariff Act of 1930 and Investigations Nos. 731-TA-53 through 86 (Preliminary) Under Section 733(a) of the Tariff Act of 1930, Together with the Information Obtained in the Investigations, . . . USITC Publication 1221, February 1982 (in two volumes).

3/ Certain Steel Products from Spain: Determinations of the Commission in Investigations Nos. 701-TA-155 through 163 (Preliminary) Under Section 703(a) of the Tariff Act of 1930, Together with the Information Obtained in the Investigations, . . . USITC Publication 1255, June 1982.

As stated in the Commission's notice of institution of the instant investigations, the records of its investigations Nos. 701-TA-86 through 144 (Preliminary), 701-TA-146 (Preliminary), 701-TA-147 (Preliminary), and 731-TA-53 through 86 (Preliminary), Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany, have been incorporated in the records of these investigations concerning such steel products from Korea. This report is designed to be used in conjunction with the Staff Report to the Commission in the prior investigations, dated February 12, 1982, and hereafter referred to as the February Report. That report (as well as the Commission's public report in the investigations) was organized in 10 parts on the basis of product groups, as follows:

Part I.	Overview
Part II.	Hot-rolled carbon steel plate
Part III.	Hot-rolled carbon steel sheet and strip
Part IV.	Cold-rolled carbon steel sheet and strip
Part V.	Galvanized carbon steel sheet
Part VI.	Carbon steel structural shapes
Part VII.	Hot-rolled carbon steel bar
Part VIII.	Hot-rolled alloy steel bar
Part IX.	Cold-formed carbon steel bar
Part X.	Cold-formed alloy steel bar

Part I contained general information on U.S. and foreign steel operations, as well as some summary information on the specific products covered by the investigations. Parts II through X presented detailed information on each of the specified products, most of which was available for 1981, since it was obtained from questionnaires sent by the Commission to producers, importers, and purchasers of the steel mill products subject to those investigations. Data in parts II through X were presented in a manner to allow the Commission the opportunity to evaluate the "reasonable indication of material injury" by reason of--

(1) imports of products in each product group from all countries subject to the investigations; or

(2) imports of products in each product group from each country subject to the investigations.

The February Report is extensive, and much information contained therein is not repeated in this report. For example, the February Report has sections in part I dealing with the steelmaking process; Western European (other than Spain), Brazilian, Romanian, and Japanese producers; channels of distribution; transportation costs; general information on U.S. producers including their overall financial experience, capital expenditures, and research and development costs; and general information on pricing. Parts II through X contain detailed sections on descriptions and uses of each product, tariff treatment, U.S. producers, importers, imports from countries other than

Korea, and the ratio of such imports to apparent U.S. consumption and producers' shipments. Finally, the February Report contains appendixes on the Trigger-Price Mechanism and the Davignon Plan.

Nature and Extent of Alleged Subsidies

The petition alleges that the producers and/or exporters of certain steel products from Korea benefit from the following Government subsidies:

I. Domestic subsidies

(1) Subsidization of industrial inputs

Petitioner alleges that the Government of Korea (GOK) provides preferential rates on certain industrial inputs used to make steel, such as low rates on usage of electricity, water, natural gas, wages, and equipment purchases.

(2) Preferential financing for steel

Petitioner alleges that the GOK provides preferential financing to its steel industry in the form of capital grants, loans, and loan guarantees.

(3) Tax preferences

Petitioner alleges that the GOK provides tax preferences for Government-run firms and for firms in the steel industry.

II. Export subsidies

(1) Preferential financing

Petitioner alleges that the GOK provides short-term loans, raw material and equipment purchase loans, and deferred payment loans to steel exporters.

(2) Tariff export incentives

Petitioner alleges that the GOK allows for installment payments on tariffs owed by firms importing capital equipment, if that equipment is to be used to manufacture goods for export.

(3) Tax preference for exporters

Petitioner alleges that the GOK provides accelerated depreciation schedules and other preferential tax treatment to exporters.

These various subsidies, alleges petitioner, amount to 36.0 percent ad valorem for Pohang Iron & Steel Co., Ltd. (POSCO), the Government-affiliated steel producer, and 26.0 percent ad valorem for other Korean steel producers/exporters. Of these ad valorem percentages, approximately 4 percent ad valorem is export specific.

The Products

The products covered in these investigations are as follows: Hot-rolled carbon steel plate, provided for in items 607.6615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated (TSUSA); hot-rolled carbon steel sheet, provided for in TSUSA items 607.6610, 607.6700, 607.8320, 607.8342, and 607.9400; cold-rolled carbon steel sheet, provided for in TSUSA items 607.8320 and 607.8344; and galvanized carbon steel sheet, provided for in TSUSA items 608.0730 and 608.1300. 1/

All of the above products are produced in rolling mills by passing semifinished steel products through a series of reducing rolls. A discussion of the steelmaking process and the relative importance of these products compared with all carbon steel products was presented in part I of the February Report. Detailed descriptions of the specific products herein under investigation and discussions of their methods of production, principal markets, and U.S. tariff treatment were presented in parts II through V of that report (in the sections entitled "The Product").

U.S. Producers

The February Report noted that there are about 100 firms in the United States that produce, or are capable of producing, one or more of the steel products covered by those investigations. 2/ Table 1 shows the principal producers of each product covered in the present investigations and each firm's share of aggregate U.S. producers' shipments, as reported by the American Iron & Steel Institute (AISI), of that product in 1981. In 1981, the seven largest domestic producers of raw steel, 3/ which account for about 75 percent of total U.S. production of raw steel, also accounted for 70 percent or more of total U.S. producers' shipments of hot-rolled plate, hot-rolled sheet, cold-rolled sheet, and galvanized sheet.

1/ For the Department of Commerce's description of the merchandise which is the subject of its investigations, see app. A.

2/ February Report, pp. I-6 and I-7. For more detailed descriptions of U.S. producers of each of these steel products, see pp. II-8 through II-10 (plate), III-10 and III-11 (hot-rolled sheet), IV-6 through IV-9 (cold-rolled sheet), and V-5 through V-7 (galvanized sheet).

3/ Armco, Inc.; Bethlehem Steel Corp.; Inland Steel Co.; Jones & Laughlin Steel, Inc. (a subsidiary of LTV Corp.); National Steel Corp.; Republic Steel Corp.; and United States Steel Corp.

Table 1.--Certain steel products: Principal U.S. producers, 1981

(In percent)

Firm	Share of total U.S. producers' shipments (as reported by the AISI)			
	Hot-rolled carbon steel plate	Hot-rolled carbon steel sheet and strip	Cold-rolled carbon steel sheet and strip	Galvanized carbon steel sheet
Armco, Inc	***	***	***	***
Bethlehem Steel Corp	***	***	***	***
Cyclops Corp	***	***	***	***
Gilmore Steel Corp	***	***	***	***
Inland Steel Co	***	***	***	***
Interlake, Inc	***	***	***	***
Jones & Laughlin Steel, Inc	***	***	***	***
Lukens Steel Co	***	***	***	***
National Steel Corp	***	***	***	***
Phoenix Steel Corp	***	***	***	***
Republic Steel Corp	***	***	***	***
Rouge Steel Co. 1/	***	***	***	***
United States Steel Corp	***	***	***	***
Concentration ratios:				
Four largest producers shown above	72.4	52.6	48.7	54.4
Seven largest U.S. raw steel producers 2/	80.9	73.5	70.2	71.4

1/ Rouge Steel Co., is wholly owned by Ford Motor Co.
2/ Armco, Inc.; Bethlehem Steel Corp.; Inland Steel Co.; Jones & Laughlin Steel, Inc. (a subsidiary of LTV Corp.); National Steel Corp.; Republic Steel Corp.; and United States Steel Corp.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from data of the American Iron & Steel Institute.

U.S. Importers

Although the net importer file maintained by the U.S. Customs Service identifies some 60 firms that import from Korea one or more of the steel products subject to these investigations, the bulk of import shipments are concentrated in a few firms, most of which are general trading companies headquartered in Korea. However, none of the major importers are owned by, or affiliated with, Korean steel producers. The major importers of the subject products are listed on page A-7 of this report.

Importing firm	Subject products imported from Korea
***	Hot-rolled carbon steel sheet Hot-rolled carbon steel plate Cold-rolled carbon steel sheet
***	Hot-rolled carbon steel plate Hot-rolled carbon steel sheet
***	Hot-rolled carbon steel plate Hot-rolled carbon steel sheet
***	Hot-rolled carbon steel plate Hot-rolled carbon steel sheet
***	Hot-rolled carbon steel plate
***	Galvanized carbon steel sheet
***	Cold-rolled carbon steel sheet Galvanized carbon steel sheet

Apparent U.S. Consumption

Apparent U.S. consumption of the steel mill products subject to these investigations during 1978-81 and January-March 1982 is shown in table 2. Consumption of most of these products declined moderately in 1979, fell more sharply in 1980, and then increased in 1981. 1/ However, apparent consumption of all of the products again dropped sharply in January-March 1982 compared with consumption in January-March 1981, as indicated in the following tabulation:

Item	Decrease in consumption (percent)
Hot-rolled plate	32
Hot-rolled sheet	20
Cold-rolled sheet	24
Galvanized sheet	20

1/ More detailed discussions of apparent U.S. consumption of each of these steel products, as well as the share of the domestic market supplied by U.S. producers and by imports, are contained in the February Report. See pp. I-37 through I-41, II-11 and II-12 (plate), III-8 and III-9 (hot-rolled sheet), IV-5 and IV-6 (cold-rolled sheet), and V-4 and V-5 (galvanized sheet).

Table 2.--Certain steel products: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, by products, 1978-81, January-March 1981, and January-March 1982

Product and period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to-- Shipments	Ratio of imports to-- Consumption
	-----------	1,000 short tons	-----------		----Percent----	
Hot-rolled carbon steel plate:						
1978	6,588	1/ 1,982	118	8,452	30.1	23.4
1979	6,803	1,252	169	7,886	18.4	15.9
1980	6,242	1,571	162	7,651	25.2	20.5
1981	5,772	1,841	169	7,444	31.9	24.7
January-March--						
1981	1,646	412	27	2,031	25.0	20.3
1982	1,104	311	24	1,391	28.1	22.3
Hot-rolled carbon steel sheet:						
1978	14,114	3,343	78	17,379	23.7	19.2
1979	14,494	2,676	69	17,101	18.5	15.6
1980	10,870	1,937	92	12,715	17.8	15.2
1981	12,051	2,161	120	14,092	17.9	15.3
January-March--						
1981	3,171	259	9	3,421	8.2	7.6
1982	2,224	528	9	2,743	23.7	19.2
Cold-rolled carbon steel sheet:						
1978	17,235	3,123	101	20,257	18.1	15.4
1979	16,616	2,322	77	18,861	14.0	12.3
1980	12,745	1,415	100	14,060	11.1	10.1
1981	13,748	1,546	46	15,248	11.2	10.1
January-March--						
1981	3,736	180	12	3,904	4.8	4.6
1982	2,582	410	6	2,986	15.9	13.7
Galvanized carbon steel sheet:						
1978	6,414	2,313	54	8,673	36.1	26.7
1979	6,300	2,139	41	8,398	34.0	25.5
1980	5,167	1,350	36	6,481	26.1	20.8
1981	5,802	1,304	50	7,056	22.5	18.5
January-March--						
1981	1,610	184	11	1,783	11.4	10.3
1982	1,131	303	4	1,430	26.8	21.2

1/ Adjusted to exclude 167,500 tons of slab greater than 6 inches in thickness imported from Poland.

Source: Shipments, compiled from data of the American Iron & Steel Institute; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, capacity utilization, shipments, exports, and producers' inventories

For each of the steel products covered by these investigations, table 3 shows data reported by domestic producers in response to the Commission's questionnaires on their production, capacity, capacity utilization, total shipments, export shipments, and end-of-period inventories during 1978-81, January-March 1981, and January-March 1982. 1/ In general, the trends among the various products were similar during the period covered. 2/ Production, capacity utilization, and producers' shipments fell very sharply in January-March 1982 in comparison with the corresponding economic indicators in January-March 1981; capacity generally remained unchanged. Producers' end-of-period inventories showed no consistent pattern among the various products for most of the period, although there is evidence of some inventory liquidation as of March 31, 1982, when compared with inventories in the period ending December 31, 1981.

U.S. employment, wages, and productivity 2/

Table 4 shows for 1978-81, January-March 1981, and January-March 1982 the average number of total employees and the average number of, and hours worked by, all production and related workers in U.S. establishments in which each of the steel products covered in these investigations was produced. The table also shows the average number of, and hours worked by, production and related workers engaged specifically in producing each subject product, as well as the productivity of such employees. Wages and total compensation paid to production and related workers in establishments producing the subject products, and unit labor costs in the production of such items are shown in table 5. During the first quarter of 1982, employment of, hours worked by, and wages paid to production and related workers engaged in producing each of the steel products under investigation tended to follow changes in U.S. production and shipments of those products; that is, these indicators fell substantially from levels prevailing in the first quarter of 1981.

1/ Table 2 shows aggregate U.S. producers' shipments (as reported by the AISI) and total U.S. exports (as reported by the U.S. Department of Commerce) of each of these products during those periods.

2/ Detailed discussions of each of these economic indicators for each product during 1978-81 may be found in the sections entitled "Consideration of Material Injury to an Industry in the United States" in parts II through V of the February Report.

Table 3.--Certain steel products: U.S. producers' reported production, practical capacity, 1/ capacity utilization, shipments, exports, and end-of-period inventories, by products, 1978-81, January-March 1981, and January-March 1982

Product and period	Capacity utilization	Capacity	Production	Shipments: Total	Shipments: Export	End-of-period inventories
	Percent	1,000 short tons				
Hot-rolled carbon steel plate:						
1978	62.0	8,987	5,576	5,549	39	273
1979	60.7	9,713	5,897	5,900	50	275
1980	59.8	9,300	5,564	5,571	99	263
1981	57.0	9,051	5,161	5,179	80	233
January-March--						
1981	66.3	2,324	1,542	1,556	20	274
1982	41.8	2,324	971	1,009	11	185
Hot-rolled carbon steel sheet:						
1978 2/	65.7	17,886	11,744	11,616	43	684
1979 2/	65.0	19,420	12,623	12,690	136	616
1980 2/	52.5	18,775	9,855	9,844	178	591
1981 2/	59.0	19,386	11,438	11,355	126	674
January-March--						
1981	62.9	4,729	2,975	2,941	25	600
1982	40.5	4,729	1,916	2,014	25	548
Cold-rolled carbon steel sheet:						
1978 2/	84.7	15,595	13,206	13,102	33	878
1979 2/	79.8	16,567	13,225	13,346	19	757
1980 2/	64.8	15,923	10,322	10,303	50	774
1981 2/	70.4	15,899	11,195	11,136	32	847
January-March--						
1981	71.0	4,281	3,039	3,049	15	710
1982	45.1	4,281	1,931	2,025	5	722
Galvanized carbon steel sheet:						
1978	72.7	6,229	4,530	4,519	29	333
1979	70.4	6,673	4,698	4,666	24	377
1980	59.4	6,310	3,749	3,766	11	349
1981	70.7	6,226	4,400	4,299	13	450
January-March--						
1981	82.5	1,561	1,289	1,234	2	418
1982	55.4	1,561	865	854	3	421

1/ Capacity shown for the January-March periods is one-fourth of the annual reported capacity as of Mar. 31.
2/ Data include operations on strip.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 4.--Average number of employees, total and production and related workers, in U.S. establishments producing certain steel products, and hours paid 1/ for the latter, by products, 1978-81, January-March 1981, and January-March 1982

Product and period	Employment: All persons	Employment: Production and related workers producing-- All products	Employment: Production and related workers producing-- Subject product	Hours paid for production and related workers producing-- All products	Hours paid for production and related workers producing-- Subject product	Labor productivity
				-----Thousands----		Tons per hour
Hot-rolled carbon steel plate:						
1978	154,489	132,681	17,938	274,346	36,923	0.1505
1979	172,339	146,415	19,143	299,801	38,896	.1510
1980	142,344	118,840	18,469	234,050	36,185	.1532
1981	139,937	117,383	16,937	233,238	33,570	.1532
January-March--						
1981	154,520	127,693	16,350	64,844	9,548	.1615
1982	127,078	102,410	10,245	49,548	6,378	.1523
Hot-rolled carbon steel sheet:						
1978 2/	204,012	175,323	23,103	359,685	47,440	.2370
1979 2/	222,786	189,715	25,400	385,182	51,596	.2356
1980 2/	187,466	157,279	20,432	306,920	39,970	.2369
1981 2/	192,471	163,161	22,404	320,041	44,338	.2480
January-March--						
1981	184,870	155,259	22,673	78,721	12,285	.2421
1982	151,936	124,825	17,456	59,949	9,124	.2099
Cold-rolled carbon steel sheet:						
1978 2/	200,111	170,957	37,632	350,195	77,220	.1692
1979 2/	218,673	185,113	39,223	375,457	80,023	.1636
1980 2/	186,396	155,664	32,050	303,557	62,874	.1627
1981 2/	192,070	162,176	35,303	317,954	70,071	.1588
January-March--						
1981	182,341	152,814	34,128	77,423	19,136	.1588
1982	150,156	123,109	23,859	59,052	13,179	.1465
Galvanized carbon steel sheet:						
1978	174,049	148,821	13,123	304,678	26,475	.1654
1979	194,005	164,433	13,883	333,511	27,652	.1647
1980	164,190	137,014	12,046	267,232	23,209	.1568
1981	167,624	141,245	13,919	276,726	27,107	.1567
January-March--						
1981	168,352	142,152	15,919	72,155	8,513	.1533
1982	137,624	113,718	11,266	54,492	5,963	.1450

1/ Includes hours worked plus hours of paid leave time.
2/ Includes operations in producing strip.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 5.--Wages and total compensation 1/ paid to production and related workers in establishments producing certain steel products, and unit labor costs in the production of such items, by products, 1978-81, January-March 1981, and January-March 1982

Product and period	Wages paid to production and related workers producing-- All products	Wages paid to production and related workers producing-- Subject product	Total compensation paid to production and related workers producing-- All products	Total compensation paid to production and related workers producing-- Subject product	Hourly compensation	Labor cost
	Million dollars					Per ton
Hot-rolled carbon steel plate:						
1978	2,971	394	3,768	506	$13.70	$90.99
1979	3,627	463	4,608	591	15.20	100.67
1980	3,194	480	4,179	627	17.32	113.09
1981	3,538	482	4,642	632	18.81	122.77
January-March--						
1981	958	134	1,251	171	17.90	110.82
1982	798	95	1,080	127	19.96	131.10
Hot-rolled carbon steel sheet:						
1978 2/	3,980	542	5,046	685	14.45	60.98
1979 2/	4,749	657	6,011	830	16.09	68.22
1980 2/	4,254	573	5,557	747	18.68	78.83
1981 2/	4,766	691	6,239	900	20.30	81.81
January-March--						
1981	1,174	187	1,527	240	19.54	80.71
1982	979	148	1,319	197	21.62	102.97
Cold-rolled carbon steel sheet:						
1978 2/	3,889	879	4,923	1,109	14.36	84.85
1979 2/	4,632	1,003	5,878	1,268	15.85	96.87
1980 2/	4,215	894	5,504	1,161	18.47	113.54
1981 2/	4,785	1,030	6,260	1,401	20.00	125.93
January-March--						
1981	1,155	283	1,502	366	19.13	120.48
1982	964	203	1,300	273	20.68	141.12
Galvanized carbon steel sheet:						
1978	3,358	297	4,271	379	14.31	86.56
1979	4,092	345	5,209	440	15.91	96.60
1980	3,683	324	4,830	425	18.31	116.78
1981	4,140	411	5,444	540	19.94	127.28
January-March--						
1981	1,060	125	1,388	165	19.34	127.77
1982	881	94	1,197	128	21.46	148.00

1/ Includes wages and contributions to Social Security and other employee benefits.

2/ Includes operations in producing strip.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Financial experience of U.S. producers

Profit-and-loss data relative to 17 U.S. steel producers' 1/ overall corporate operations for accounting years 1978-81 are shown in table 6. Net sales of all products rose irregularly from $44.1 billion in 1978 to a peak of $55.2 billion in 1981. In the aggregate, the proportion of these firms' overall corporate sales revenue derived from the sale of various types of steel products declined from 75 percent in 1978 to 69 percent in 1980, but then increased to 72 percent in 1981.

Net sales of all steel products by the 17 producers increased irregularly from $33.3 billion in 1978 to $39.5 billion in 1981 (table 7). Operating profit on steel operations for these firms declined from $1.7 billion in 1978 to $723 million in 1980, and then rose to $1.6 billion in 1981. The ratio of operating profit to net sales dropped from 5.0 percent in 1978 to 2.0 percent in 1980, and then doubled to 4.1 percent in 1981; the ratio of operating profit to identifiable assets followed the same trend. Capital expenditures for steel-related projects increased from $1.8 billion in 1978 to $2.4 billion in 1980, and then slipped to $2.1 billion in 1981. One firm reported operating losses in 1978, two firms reported losses in 1979 and 1980, and one firm did so in 1981.

Profit-and-loss data relative to U.S. producers' operations on the steel products subject to these investigations are shown in table 8 for accounting years 1978-81, January-March 1981, and January-March 1982. For all such products, the financial returns to domestic producers deteriorated very sharply in January-March 1982 in comparison with those in January-March of 1981. 2/ Producers reported aggregate net operating losses during January-March 1982 on each of the products which are the subjects of these investigations. Such losses ranged from $40 million on hot-rolled carbon steel plate to $170 million on cold-rolled carbon steel sheet. The ratio of operating losses to net sales during this quarter ranged from 7.8 percent on hot-rolled carbon steel plate to 18.4 percent on cold-rolled carbon steel sheet.

Consideration of Threat of Material Injury to an Industry in the United States

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of allegedly subsidized imports, the rate of increase of U.S. market penetration by such

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1/ These 17 producers accounted for an estimated 82 percent of raw steel production in the United States in 1980. Data for 1981 are for 16 producers; data were not available for one firm currently operating under Chapter XI of the Federal Bankruptcy Act.

2/ Detailed discussions of profit-and-loss data relative to U.S. producers' operations on each of these steel products during 1978-81 may be found in the sections in Pts. II through V of the February Report entitled "Consideration of Material Injury to an Industry in the United States."

Table 6.--Selected financial data on the overall corporate operations of 17 U.S. steel producers, 1/ accounting years 1978-81

Item	1978	1979	1980	1981 2/
Net sales---------million dollars--	44,090	52,677	51,164	55,214
Cost of goods sold and operating expenses--------million dollars--	41,862	50,375	49,796	52,606
Operating profit-------------do----	2,228	2,302	1,368	2,608
Other income-----------------do----	345	600	1,158	1,838
Interest expense-------------do----	(688)	(724)	(723)	(713)
Net profit before taxes on income----------million dollars--	1,885	2,178	1,803	3,733
Depreciation and amortization expense included above million dollars--	1,530	1,755	1,827	1,913
Cash flow from operations----do----	3,415	3,933	3,630	5,646
Total assets------million dollars--	35,646	37,340	40,197	42,761
Net investment in assets 3/ million dollars--	27,725	28,897	31,006	33,097
Shareholders' equity---------do----	16,172	16,660	16,860	19,656
Ratio of operating profit to net sales---------------percent--	5.1	4.4	2.7	4.7
Ratio of net profit before taxes on income to--				
Net sales---------------percent--	4.3	4.1	3.5	6.8
Total assets---------------do----	5.3	5.8	4.5	8.7
Net investment in assets---do----	6.8	7.5	5.8	11.3
Shareholders' equity-------do----	11.7	13.1	10.7	19.0
Number of firms reporting operating losses-----------------	1	1	4	0
Number of firms reporting net losses----------------------	2	1	2	0
Ratio of steel sales to total company sales-----------percent--	75	74	69	72

1/ These 17 producers together accounted for an estimated 82 percent of total U.S. production of raw steel in 1980, as reported by the American Iron & Steel Institute.

2/ Data are for 16 producers. Data were not available for 1 producer currently operating under Ch. XI of the Federal Bankruptcy Act.

3/ Total assets minus current liabilities.

Source: Compiled from data extracted from annual reports to stockholders and/or 10-K forms of U.S. producers.

Table 7.--Selected financial data on the steel-manufacturing operations of 17 U.S. producers, 1/ accounting years 1978-81

Item	1978	1979	1980	1981 2/
Net sales---------million dollars--	33,274	38,926	35,441	39,531
Cost of goods sold and operating expenses--------million dollars--	31,608	37,330	34,718	37,921
Operating profit-------------do----	1,666	1,596	723	1,610
Depreciation and amortization expense included above million dollars--	1,255	1,439	1,477	1,573
Cash flow from operations 3/ million dollars--	2,921	3,035	2,200	3,183
Identifiable assets million dollars--	24,693	25,767	26,898	26,817
Capital expenditures---------do----	1,787	2,307	2,386	2,103
Ratio of operating profit to--				
Net sales---------------percent--	5.0	4.1	2.0	4.1
Identifiable assets--------do----	6.7	6.2	2.7	6.0
Ratio of capital expenditures to cash flow from operations percent--	61.2	76.0	108.5	66.1
Number of firms reporting operating losses-----------------	1	2	2	1

1/ These 17 producers together accounted for an estimated 82 percent of total U.S. production of raw steel in 1980, as reported by the American Iron & Steel Institute.

2/ Data are for 16 producers. Data were not available for 1 producer currently operating under Ch. XI of the Federal Bankruptcy Act.

3/ Operating profit plus depreciation and amortization. These figures are not directly comparable with the cash flow figures in table 6.

Source: Compiled from data extracted from annual reports to stockholders and/or 10-K forms of U.S. producers.

imports, the amounts of imports held in inventory in the United States, and the capacity of producers in countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports from Korea of the products covered by these investigations and of their U.S. market penetration is presented in the section entitled "Consideration of the Causal Relationship between Alleged Material Injury or the Threat Thereof and Allegedly Subsidized Imports." Discussions of importers' inventories of such merchandise imported from Korea and the information available on that country's capacity to generate exports follow.

Table 8.--Profit-and-loss experience of U.S. producers on their operations producing certain steel products, by products, accounting years 1978-81, January-March 1981, and January-March 1982

Product and period	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating profit or (loss)	Ratio of operating profit or (loss) to net sales
	Million dollars					Percent
Hot-rolled carbon steel plate:						
1978	2,059	1,920	139	57	82	4.0
1979	2,393	2,237	156	63	93	3.9
1980	2,460	2,356	104	69	35	1.4
1981	2,519	2,385	134	75	59	2.3
January-March--						
1981	729	680	49	25	24	3.2
1982	512	530	(18)	22	(40)	(7.8)
Hot-rolled carbon steel sheet:						
1978 1/	3,346	3,102	244	82	162	4.8
1979 1/	4,014	3,827	187	92	95	2.4
1980 1/	3,083	3,228	(145)	87	(232)	(7.5)
1981 1/	3,980	4,009	(29)	110	(139)	(3.5)
January-March--						
1981	1,034	1,029	5	27	(22)	(2.1)
1982	745	852	(107)	29	(136)	(18.3)
Cold-rolled carbon steel sheet:						
1978 1/	4,690	4,454	236	122	114	2.4
1979 1/	5,264	5,084	180	127	53	1.0
1980 1/	4,150	4,414	(264)	119	(383)	(9.2)
1981 1/	4,946	5,095	(149)	144	(293)	(5.9)
January-March--						
1981	1,318	1,350	(32)	36	(68)	(5.1)
1982	926	1,060	(134)	36	(170)	(18.4)
Galvanized carbon steel sheet:						
1978	2,046	1,885	161	53	108	5.3
1979	2,338	2,147	191	56	135	5.8
1980	1,914	1,948	(34)	57	(91)	(4.8)
1981	2,383	2,345	38	67	(29)	(1.2)
January-March--						
1981	647	636	11	17	(6)	(.9)
1982	459	508	(49)	17	(66)	(14.5)

1/ Includes operations on strip.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. importers' inventories

End-of-period inventories of imports from Korea of the steel products covered by these investigations, as reported in response to the Commission's questionnaires, are shown in table 9. Importers' stocks of hot-rolled carbon steel plate and cold-rolled sheet decreased as of March 31, 1982, from those held on December 31, 1981; stocks of hot-rolled sheet increased 76 percent during the same period, and stocks of galvanized sheet increased slightly.

Table 9.--U.S. importers' end-of-period inventories of certain steel products from the Republic of Korea (Korea), by products, 1979-81, January-March 1981, and January-March 1982

Product and period	Quantity	Ratio of inventories to reported imports from Korea 1/
	Short tons	Percent
Hot-rolled carbon steel plate:		
1979	***	57.3
1980	***	40.0
1981	***	60.0
January-March--		
1981	***	47.9
1982	***	127.8
Hot-rolled carbon steel sheet:		
1979	***	61.9
1980	***	66.8
1981	***	11.2
January-March--		
1981	***	31.5
1982	***	12.4
Cold-rolled carbon steel sheet:		
1979	***	67.1
1980	***	32.8
1981	***	33.4
January-March--		
1981	***	32.8
1982	***	64.8
Galvanized sheet:		
1979	***	70.5
1980	***	124.4
1981	***	29.2
January-March--		
1981	***	56.9
1982	***	23.5

1/ Ratios for the January-March periods were computed from annualized imports.

Source: Compiled from data submitted in response to questionnaires of the U.S International Trade Commission.

The Korean steel industry

The Korean steel industry is dominated by one firm, POSCO, of which 32 percent is owned by the Government of Korea, and 40 percent by the Korean Development Bank. POSCO is Korea's only fully integrated steel mill. Its production of raw steel in 1981 totaled 9 million tons, which represented a 39-percent increase over its output in 1980, and was sufficient to rank POSCO as the 13th largest steel producer in the world. POSCO produces and exports all of the flat-rolled carbon steel products which are the subjects of these investigations.

According to the Korean Iron & Steel Association's preconference brief, two firms in Korea produce hot-rolled carbon steel plate; one (POSCO) produces hot-rolled carbon steel sheet; three produce cold-rolled carbon steel sheet; and three produce galvanized sheet. Data on Korean production, capacity to produce, and exports of these products are given in table 10.

Table 10 shows that Korea has increased its capacity to produce hot-rolled carbon steel sheet by 193 percent, cold-rolled carbon steel sheet, by 12 percent, and galvanized sheet, by 130 percent from 1979 to 1981. Capacity to produce hot-rolled carbon steel plate has remained unchanged. These capacity increases resulted in increased production, total exports, and exports to the United States for Korean hot-rolled carbon steel sheet and galvanized sheet; however, exports of cold-rolled sheet declined during 1979-81. Representatives of the Korean Iron & Steel Association state there are no further major expansions of capacity contemplated until the 1990's, when a second integrated steel mill facility is planned. 1/

The United States is a significant market for the Korean exports which are the subjects of these investigations. The U.S. market is likely to remain an important outlet for such exports because of recent restrictions negotiated on Korean exports of the subject products with other major trading partners. 2/

1/ Transcript of the conference, p. 117.

2/ Metal Bulletin, Oct. 16, 1981, p. 37; Feb. 23, 1982, p. 29. See also the petition, p. 37.

Table 10.--Certain steel products: Korea's production, capacity, 1/ capacity utilization, and exports, by products, 1979-81 2/

Product and period	Production	Capacity	Capacity utilization	Exports: Total	Exports: To the United States: Quantity	Exports: To the United States: Share of total
	--1,000 short tons--		Percent	1,000 short tons		Percent
Hot-rolled carbon steel plate:						
1979	1,580	1,854	85.2	740	165	22.3
1980	1,649	1,854	88.9	980	196	20.0
1981	1,946	1,854	105.0	783	106	13.5
Hot-rolled carbon steel sheet:						
1979	2,001	1,797	111.4	223	26	11.7
1980	2,284	5,266	43.4	351	23	6.6
1981	4,818	5,266	91.5	1,204	96	8.0
Cold-rolled carbon steel sheet:						
1979	1,237	3/ 1,791	69.1	562	184	32.7
1980	1,010	3/ 1,791	56.4	442	77	17.4
1981	1,136	3/ 2,013	56.4	376	99	26.3
Galvanized carbon steel sheet:						
1979	202	3/ 196	103.1	54	36	66.7
1980	209	3/ 451	46.3	73	7	9.6
1981	338	3/ 451	74.9	158	51	32.3

1/ The methodology by which "rated capacity" was obtained was not made known by the source of these data; hence, "capacity" data may not be directly comparable with such data in other sections of this report.

2/ The preconference brief of Bethlehem Steel Corp., p. 57, presents data on production and capacity of POSCO alone for 1979 and 1980. These data generally show a lower rate of capacity utilization for POSCO compared with the rate for the Korean steel industry as a whole regarding hot-rolled carbon steel plate and sheet; they show generally higher rates of utilization for cold-rolled carbon steel sheet and galvanized sheet.

3/ On Jan. 1, 1982, Ilssin Steel Co., Ltd., one of three Korea producers of cold-rolled sheet, went bankrupt and suspended operations. Ilssin's termination reduces Korean capacity to produce cold-rolled sheet by *** tons, and galvanized sheet by *** tons.

Source: Korean Iron & Steel Association, as compiled in its preconference brief.

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Allegedly Subsidized Imports

U.S. imports and market penetration

U.S. imports, from all sources and from Korea, of each of the steel products covered by these investigations during 1978-81, January-March 1981 and January-March 1982 are shown in table 11. The ratios of such imports to apparent U.S. consumption and to U.S. producers' shipments are shown in table 12. In addition, table 13 shows the ratios of imports to consumption and producers' shipments, by quarters, during January 1980-March 1982. 1/ As summarized in the following tabulation showing imports from Korea in 1981 and their share of apparent U.S. consumption, the largest volume product imported from that country (and that product having the greatest penetration of the domestic market) was hot-rolled carbon steel plate:

Product	Quantity (1,000 short tons)	Ratio of imports to consumption (percent)
Hot-rolled carbon steel plate----	115	1.5
Hot-rolled carbon steel sheet----	72	.5
Cold-rolled carbon steel sheet---	101	.7
Galvanized carbon steel sheet----	40	.6

1/ Tables 11, 12, and 13 in this report present data for each subject product only on aggregate imports and imports from Korea. For data on, and discussions of, imports of such products from other principal suppliers during 1978-80, January-November 1980, and January-November 1981, see the relevant pages of pts. II through V in the February Report.

Table 11.--Certain steel products: U.S. imports for consumption from all sources and from Korea by products, 1978-81, January-March 1981, and January-March 1982

Product and period	Imports from all sources			Imports from Korea		
	Quantity	Value	Unit value	Quantity	Value	Unit value
	1,000 short tons	Million dollars	Per ton	1,000 short tons	Million dollars	Per ton
Hot-rolled carbon steel plate:						
1978	1/ 2,150	517	$241	72	19	$264
1979	1,252	386	308	119	36	303
1980	1,571	512	326	212	68	321
1981	1,841	677	368	115	41	357
January-March--						
1981	412	147	357	31	11	355
1982	311	116	373	19	7	368
Hot-rolled carbon steel sheet:						
1978	3,343	774	231	67	14	209
1979	2,676	737	275	28	7	250
1980	1,937	557	288	34	9	265
1981	2,161	679	314	72	21	292
January-March--						
1981	259	79	306	12	4	333
1982	528	167	317	41	13	317
Cold-rolled carbon steel sheet:						
1978	3,123	892	286	374	102	273
1979	2,322	780	336	179	58	324
1980	1,415	502	355	104	34	327
1981	1,546	603	390	101	38	376
January-March--						
1981	180	68	379	20	8	400
1982	410	166	405	16	6	375
Galvanized carbon steel sheet:						
1978	2,313	841	363	76	24	316
1979	2,139	892	417	39	15	385
1980	1,350	597	443	9	4	444
1981	1,304	604	463	40	17	425
January-March--						
1981	184	83	450	3	1	333
1982	303	140	460	12	6	500

1/ Includes 167,500 tons of slab greater than 6 inches in thickness imported from Poland.

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

Table 12.--Certain steel products: Ratios of imports, total and from Korea to apparent U.S. consumption and to U.S. producers' shipments, by products, 1978-81, January-March 1981, and January-March 1982

(In percent)

Product and period	Ratio of imports from all sources to--		Ratio of imports from Korea to--	
	Apparent U.S. consumption	U.S. producers' shipments	Apparent U.S. consumption	U.S. producers' shipments
Hot-rolled carbon steel plate:				
1978	23.4	32.6	0.9	1.1
1979	15.9	18.4	1.5	1.8
1980	20.5	25.2	2.8	3.4
1981	24.7	31.9	1.5	2.0
January-March--				
1981	20.3	25.0	1.5	1.9
1982	22.3	28.1	1.4	1.7
Hot-rolled carbon steel sheet:				
1978	19.2	23.7	.4	.5
1979	15.6	18.5	.2	.2
1980	15.2	17.8	.3	.3
1981	15.3	17.9	.5	.6
January-March--				
1981	7.6	8.2	.4	.4
1982	19.2	23.7	1.5	1.8
Cold-rolled carbon steel sheet:				
1978	15.4	18.1	1.8	2.2
1979	12.3	14.0	1.0	1.1
1980	10.1	11.1	.7	.8
1981	10.1	11.2	.7	.7
January-March--				
1981	4.6	4.8	.5	.5
1982	13.7	15.9	.5	.6
Galvanized carbon steel sheet:				
1978	26.7	36.1	.9	1.2
1979	25.5	34.0	.5	.6
1980	20.8	26.1	.1	.2
1981	18.5	22.5	.6	.7
January-March--				
1981	10.3	11.4	.2	.2
1982	21.2	26.8	.8	1.1

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron and Steel Institute.

Note.--Ratios computed from rounded data.

Table 13.--Certain steel products: Ratios of imports, total and from the Korea, to apparent U.S. consumption and to U.S. producers' shipments, by products and by quarters, January 1980-March 1982

(In percent)

Product and period	Ratio of imports from all sources to--		Ratio of imports from Korea to--	
	Apparent U.S. consumption	U.S. producers' shipments	Apparent U.S. consumption	U.S. producers' shipments
Hot-rolled carbon steel plate:				
1980:				
Jan.-Mar	16.3	19.2	2.4	2.8
Apr.-June	21.7	26.6	2.6	3.2
July-Sept	21.5	26.7	3.0	3.7
Oct.-Dec	23.1	29.2	3.1	3.9
1981:				
Jan.-Mar	20.3	25.0	1.5	1.8
Apr.-June	24.5	31.3	1.8	2.3
July-Sept	28.8	39.0	1.4	1.9
Oct.-Dec	25.8	33.6	1.5	1.9
1982: Jan.-Mar	22.3	28.1	1.4	1.7
Hot-rolled carbon steel sheet:				
1980:				
Jan.-Mar	14.6	17.1	.3	.4
Apr.-June	18.4	22.1	.3	.3
July-Sept	16.6	19.6	.3	.4
Oct.-Dec	12.4	14.1	.2	.2
1981:				
Jan.-Mar	7.6	8.2	.4	.4
Apr.-June	12.4	14.1	.3	.3
July-Sept	17.8	21.5	.5	.6
Oct.-Dec	24.5	31.6	.9	1.2
1982: Jan.-Mar	19.3	23.8	1.5	1.8
Cold-rolled carbon steel sheet:				
1980:				
Jan.-Mar	10.3	11.4	1.2	1.3
Apr.-June	11.3	12.6	.9	1.0
July-Sept	10.2	11.3	.3	.4
Oct.-Dec	8.7	9.5	.4	.4
1981:				
Jan.-Mar	4.6	4.8	.5	.5
Apr.-June	7.5	8.1	.6	.7
July-Sept	12.6	14.4	.7	.8
Oct.-Dec	17.6	21.2	.9	1.0
1982: Jan.-Mar	13.7	15.9	.5	.6

Table 13.--Certain steel products: Ratios of imports, total and from Korea, to apparent U.S. consumption and to U.S. producers' shipments, by products and by quarters, January 1980-March 1982--Continued

(In percent)

Product and period	Ratio of imports from all sources to--		Ratio of imports from Korea to--	
	Apparent U.S. consumption	U.S. producers' shipments	Apparent U.S. consumption	U.S. producers' shipments
Galvanized carbon steel sheet:				
1980:				
Jan.-Mar	24.1	31.7	0.2	0.2
Apr.-June	24.0	31.5	.2	.3
July-Sept	19.4	23.7	.1	.1
Oct.-Dec	15.9	18.7	.1	.1
1981:				
Jan.-Mar	10.3	11.4	.2	.2
Apr.-June	14.6	17.0	.2	.2
July-Sept	22.4	28.6	.5	.7
Oct.-Dec	28.1	38.9	1.5	2.1
1982: Jan.Mar	21.2	26.8	.8	1.1

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

Prices

Market conditions in industries that require steel as an input, such as automobiles, construction, energy, and utilities, have long affected demand in the steel industry. For example, demand for carbon steel sheet products depends heavily on the automobile industry. The automobile industry, which has always been sensitive to the business cycle, has been greatly influenced since the mid-1970's by an accompanying structural change resulting from its efforts to produce small cars because of declining demand for large cars. The production of smaller, lighter cars has reduced the demand for carbon steel sheet products and in turn has had a dampening effect on carbon steel sheet prices.

Demand for carbon steel plate and its respective price depend largely on the level of activity in the construction industry. The construction industry, in turn, is highly influenced by the business cycle, particularly movement in the interest rate, and the level of Government spending. Because of falling construction levels, demand for carbon steel plate fell sharply in 1980 and continued to decline in 1981. As demand for plate falls, competition and discounting increase, and the price of plate softens. Public nonresidential building construction, measured by value put in place, was down

9.2 percent in real terms in 1981 from its peak in 1978. 1/ Nonbuilding construction on the same basis was 19.4 percent below the 1978 level. 2/ Private nonresidential building construction (office buildings) was the only strong segment of this market in 1981.

U.S. producers usually quote prices for carbon steel products on an f.o.b. mill basis. 3/ Importers of the product from Korea generally quote prices f.a.s. port of entry or f.o.b. warehouse. Prices consist of a base price for each product plus additional charges for extras such as differences in length, width, thickness, chemistry, and so forth. Prices can be changed by changing the base price, the charges for extras, or both.

According to Bureau of Labor Statistics data, there were six announced base price increases for hot-rolled carbon steel plate during January 1979-March 1982, the most recent one occurring in October 1981. During the same period there have been four announced base price increases for the three categories of carbon steel sheet products, the most recent ones occurring in July 1981. Each carbon steel sheet product's list price however, was temporarily rolled back during July-September 1980.

U.S. producers maintain published list prices, but discounting from list prices has become an increasing occurrence. Discounting can take several forms. Freight absorption is one method. Another is to forego the cost of extras, or discounts can be simply a reduction in base price. Domestic producers sometimes quote prices at time of shipment; importers quote prices at time of order. Pricing of primary quality steel mill products as secondary quality is yet another method of discounting.

Transaction prices--The Commission requested data on average net selling prices for specific products from domestic producers and importers. In addition, to facilitate direct comparisons of prices, the Commission requested data on prices paid by steel purchasers.

1/ These percentages are based on Bureau of Census data on value of construction put in place, in constant 1972 dollars.

2/ Nonbuilding construction includes such construction project categories as bridges, military facilities, development projects such as dams, sewer and water supply systems, railways, and subways.

3/ Domestic producers usually charge freight to the purchaser's account. One exception is the practice of freight equalization, in which a producer supplying a customer located closer to a competing producer will absorb any differences in freight costs. The more distant producer charges the customer's account for freight costs as if the product were shipped from the closer producer.

Trends in prices.--The Commission asked domestic producers and importers for their average net selling prices to steel service center/distributor and end-user customers for 12 specified steel mill products. 1/ Domestic producers' selling prices requested were weighted average f.o.b. mill prices, net of all discounts and allowances (including freight allowances), and excluding inland freight charges. Importers' selling prices requested were weighted average duty-paid prices, ex-dock, port of entry, net of all discounts and allowances, and excluding U.S. inland freight charges. These are average prices charged in many different transactions and do not include delivery charges. Such data cannot be used to compare the levels of domestic producers' and importers' prices, but are useful for comparing trends in these prices and should reflect any discounting that may have occurred.

Hot-rolled carbon steel plate.--Price data for hot-rolled carbon steel plate sold to service centers/distributors and end users were received from eight domestic producers of plate products 10 and 12 and from nine domestic producers of plate products 9 and 11, by quarters, January-1980-March 1982. As shown in table 14, domestic producers' prices to end users for the four plate products increased more (13 to 17 percent) during this period than did domestic producers' prices to service centers/distributors (2 to 11 percent). However, for each plate product, regardless of customer, the domestic producers' price during January-March 1982 fell when compared with that in October-December 1981. In many instances this reversed the upward trend in domestic hot-rolled carbon steel plate prices established throughout 1980 and 1981.

One importer reported prices on hot-rolled carbon steel plate imported from Korea, but the only complete or nearly complete reportings were for plate products 10, 11 and 12 sold to service center/distributor customers, by quarters, January-1980-March 1982. 2/ During the period covered, prices to service centers/distributors for plate products 10-12 imported from Korea increased; the few reported prices to end users for these same products declined. However, with respect to sales to service centers/distributors, the prices of plate products 10, 11, and 12 imported from Korea were all * * * in January-March 1982 than they were in January-March 1981.

1/ As a basis for transaction price comparisons, the Commission selected 12 representative steel mill products covering the four product categories subject to this investigation. These products and their respective specifications are listed, by product categories in app. C. In numerical order, the representative products to be found in the product list are: 1-3, hot-rolled carbon steel sheet; 4-5, cold-rolled carbon steel sheet; 6-8, galvanized carbon steel sheet; and 9-12, hot-rolled carbon steel plate.

2/ One quarterly import price was reported for plate product 9 sold to service center/distributors; five import prices were reported for plate product 10, and three for plate product 11 sold to end users; no prices were reported for plate products 9 and 12 sold to end users.

Table 14: Ranges and weighted average net selling prices for sales of imports from South Korea and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-March 1982

Hot-rolled carbon steel plate

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	South Korea low	South Korea hi	South Korea avg	Domestic low	Domestic hi	Domestic avg	South Korea low	South Korea hi	South Korea avg	Domestic low	Domestic hi	Domestic avg
Product 9												
1980												
January-March	***	***	***	395	524	423	-	-	-	400	460	421
April-June	-	-	-	420	531	436	-	-	-	395	651	432
July-September	-	-	-	343	523	414	-	-	-	417	532	445
October-December	-	-	-	351	551	422	-	-	-	437	484	448
1981												
January-March	-	-	-	394	706	427	-	-	-	415	588	461
April-June	-	-	-	406	563	435	-	-	-	422	530	477
July-September	-	-	-	384	599	441	-	-	-	440	531	484
October-December	-	-	-	379	665	434	-	-	-	425	716	489
1982												
January-March	-	-	-	386	636	432	-	-	-	418	757	479
Product 10												
1980												
January-March	***	***	***	390	429	411	***	***	***	390	435	412
April-June	***	***	***	412	445	429	***	***	***	415	445	431
July-September	***	***	***	397	448	423	-	-	-	415	448	430
October-December	***	***	***	414	465	438	-	-	-	419	466	442
1981												
January-March	***	***	***	430	476	450	-	-	-	430	474	447
April-June	***	***	***	431	506	467	***	***	***	454	494	474
July-September	***	***	***	435	512	466	-	-	-	462	503	481
October-December	***	***	***	420	514	470	***	***	***	473	526	488
1982												
January-March	***	***	***	410	514	458	***	***	***	451	514	483
Product 11												
1980												
January-March	***	***	***	390	437	409	-	-	-	389	473	408
April-June	-	-	-	408	498	421	-	-	-	419	470	428
July-September	***	***	***	342	449	403	-	-	-	425	438	435
October-December	***	***	***	349	493	404	-	-	-	436	488	442
1981												
January-March	***	***	***	398	488	426	***	***	***	424	530	450
April-June	***	***	***	412	493	433	***	***	***	420	505	472
July-September	***	***	***	383	482	427	-	-	-	427	528	477
October-December	***	***	***	381	504	430	-	-	-	436	530	488
1982												
January-March	***	***	***	385	551	423	***	***	***	438	522	477
Product 12												
1980												
January-March	***	***	***	417	482	435	***	***	***	409	482	454
April-June	***	***	***	425	478	458	-	-	-	426	502	465
July-September	***	***	***	423	496	457	-	-	-	429	496	466
October-December	***	***	***	449	528	470	-	-	-	426	528	452
1981												
January-March	***	***	***	453	515	476	-	-	-	443	515	493
April-June	-	-	-	449	563	499	-	-	-	479	563	528
July-September	-	-	-	425	569	479	-	-	-	476	569	536
October-December	-	-	-	470	565	498	-	-	-	441	565	543
1982												
January-March	***	***	***	450	514	472	-	-	-	466	551	514

1/ See product list for specifications

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Comparisons of the price trends on sales to service centers/distributors from January 1980 through March 1982 show that prices of domestically produced plate products 10, 11, and 12 increased 11, 3, and 9 percent, respectively, compared with * * * of * * *, * * *, and * * * percent on similar plate products imported from Korea. Although there are gaps in the reporting of quarterly import prices on sales to end users, where comparisons are possible, the trends in the prices of domestically produced plate products 10 and 11 are increasing, and those of similar plate products imported from Korea are * * *. From January 1980 through March 1982, the price of domestically produced plate product 10 increased 17 percent; the corresponding price on plate product 10 imported from Korea * * *. From January 1981 through March 1982, the price of domestically produced plate product 11 increased 7 percent; the corresponding price on plate product 11 imported from Korea * * *.

Hot-rolled carbon steel sheet.--Price data for hot-rolled carbon steel sheet sold to service centers/distributors and end users were received from six domestic producers of hot-rolled sheet products 1 and 2 and from eight domestic producers of hot-rolled sheet product 3, by quarters, January 1980-March 1982. As shown in table 15, domestic producers' prices to end-users increased proportionately about the same as domestic producers' prices to service center/distributor customers. For hot-rolled sheet product 1, the price increase from January 1980 through January 1982 was 17 percent to service centers/distributors and 18 percent to end users; for hot-rolled sheet product 2, the domestic price increase was 12 percent to service centers/distributors and 14 percent to end users; and for hot-rolled sheet product 3, the domestic price increase was 7 percent to service centers/distributors but 12 percent to end users. With the exception of domestic producers' prices to end users of hot-rolled sheet products 1 and 3, domestic producers' prices to customers of all hot-rolled sheet products dropped during January-March 1982 when compared with those in October-December 1981, reversing the upward trend in hot-rolled carbon steel sheet prices apparent during 1981.

One importer reported prices on sales to service centers/distributors of hot-rolled sheet products 1 and 2 imported from Korea for April 1981-March 1982 only. With the exception of * * * in January-March 1982 for hot-rolled sheet product 2, these prices * * *. * * *.

Cold-rolled carbon steel sheet.--Eight domestic producers furnished price data, by quarters, January 1980-March 1982 on cold-rolled carbon steel sheet products sold to service centers/distributors and end users. As shown in table 16, domestic producers' prices on cold-rolled sheet product 4 sold to service centers/distributor and end-user customers increased 13 percent from January 1980 through March 1982. Domestic producers' prices to service centers/distributors have declined on cold-rolled sheet product 4 since July-September 1981; the prices on the same product to end users fell during January-March 1982 when compared with those in October-December 1981.

Table 15: Ranges and weighted average net selling prices for sales of imports from South Korea and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-March 1982

Hot-rolled carbon steel sheet

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	South Korea low	South Korea hi	South Korea avg	Domestic low	Domestic hi	Domestic avg	South Korea low	South Korea hi	South Korea avg	Domestic low	Domestic hi	Domestic avg
Product 1												
1980												
January-March	-	-	-	306	349	317	-	-	-	290	350	327
April-June	-	-	-	319	373	331	-	-	-	314	363	334
July-September	-	-	-	310	341	327	-	-	-	314	345	326
October-December	-	-	-	282	352	319	-	-	-	316	351	332
1981												
January-March	***	***	***	317	352	344	-	-	-	315	380	345
April-June	***	***	***	342	365	352	-	-	-	339	373	357
July-September	***	***	***	363	387	368	-	-	-	358	396	383
October-December	***	***	***	310	388	382	-	-	-	350	397	372
1982												
January-March	***	***	***	333	389	371	-	-	-	374	396	385
Product 2												
1980												
January-March	-	-	-	299	329	322	-	-	-	292	345	336
April-June	-	-	-	320	360	343	-	-	-	335	364	349
July-September	-	-	-	310	344	326	-	-	-	325	349	336
October-December	-	-	-	282	352	313	-	-	-	343	354	348
1981												
January-March	***	***	***	321	358	343	-	-	-	355	390	364
April-June	***	***	***	310	377	352	-	-	-	363	387	370
July-September	***	***	***	362	387	377	-	-	-	378	405	386
October-December	***	***	***	308	405	392	-	-	-	381	416	389
1982												
January-March	***	***	***	332	415	361	-	-	-	323	402	384
Product 3												
1980												
January-March	-	-	-	285	323	290	-	-	-	284	318	309
April-June	-	-	-	287	322	295	-	-	-	254	334	309
July-September	-	-	-	276	323	282	-	-	-	275	336	306
October-December	-	-	-	274	336	286	-	-	-	275	334	308
1981												
January-March	-	-	-	296	348	305	-	-	-	295	352	336
April-June	-	-	-	309	354	317	-	-	-	309	356	340
July-September	-	-	-	322	363	333	-	-	-	330	364	355
October-December	-	-	-	312	370	326	-	-	-	316	378	343
1982												
January-March	-	-	-	290	376	309	-	-	-	294	392	346

1/ See product list for specifications

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 16: Ranges and weighted average net selling prices for sales of imports from South Korea and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-March 1982

Cold-rolled carbon steel sheet

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	South Korea low	South Korea hi	South Korea avg	Domestic low	Domestic hi	Domestic avg	South Korea low	South Korea hi	South Korea avg	Domestic low	Domestic hi	Domestic avg
Product 4												
1980												
January-March	***	***	***	362	405	381	***	***	***	365	405	400
April-June	***	***	***	365	424	387	***	***	***	368	419	414
July-September	***	***	***	345	407	376	***	***	***	353	406	398
October-December	***	***	***	345	420	375	***	***	***	353	415	405
1981												
January-March	***	***	***	360	431	403	***	***	***	376	444	432
April-June	***	***	***	381	443	420	***	***	***	403	448	437
July-September	***	***	***	409	453	444	***	***	***	436	476	461
October-December	***	***	***	411	458	441	***	***	***	428	474	461
1982												
January-March	***	***	***	389	481	431	***	***	***	392	470	452
Product 5												
1980												
January-March	-	-	-	357	396	368	-	-	-	379	400	394
April-June	-	-	-	324	404	378	-	-	-	390	417	407
July-September	-	-	-	338	384	343	-	-	-	355	410	391
October-December	-	-	-	338	386	355	-	-	-	391	404	398
1981												
January-March	-	-	-	364	415	396	-	-	-	385	428	418
April-June	-	-	-	396	420	410	-	-	-	403	432	418
July-September	-	-	-	411	441	433	-	-	-	428	464	446
October-December	-	-	-	410	445	432	-	-	-	432	459	444
1982												
January-March	-	-	-	384	453	425	-	-	-	398	457	437

1/ See product list for specifications

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Domestic producers' prices on cold-rolled sheet product 5 increased 16 percent on sales to service centers/distributors and 11 percent on sales to end users from January 1980 through March 1982. Prices to both kinds of customers for cold-rolled sheet product 5 have not increased since July-September 1981 and dropped during January-March 1982 when compared with those in October-December 1981.

Two importers reported prices to both types of customers, by quarters, for January 1980-March 1982 on cold-rolled carbon steel sheet product 4 imported from Korea. No prices were reported for cold-rolled sheet product 5 imported from Korea. Prices on cold-rolled sheet product 4 imported from Korea increased 18 percent on sales to service centers/ distributors, but decreased 9 percent on sales to end users from January 1980 through March 1982. These changes compare with the 13 percent increases noted above on similar sales of the same product produced domestically. Prices to service centers/distributors for cold-rolled sheet product 4 imported from Korea have generally increased since January-March 1981. Although this was also true of import prices to end users through October-December 1981, the price on sales to end users of cold-rolled sheet product 4 imported from Korea dropped 19 percent during January-March 1982 when compared with that in October-December 1981.

Galvanized carbon steel sheet.--Price data for galvanized carbon steel sheet sold to service centers/distributors and end users were received from six domestic producers of galvanized sheet product 6, seven domestic producers of galvanized sheet product 7, and two domestic producers of galvanized sheet product 8, by quarters, for January 1980-March 1982. 1/ As shown in table 17, domestic producers' prices to service centers/distributors increased 28 percent on galvanized sheet product 6 and 6 percent on galvanized sheet product 7 from January 1980 through March 1982. Prices of both products, however, have declined since September 1981. Domestic producers' prices to service centers/distributors increased 4 percent on galvanized sheet product 8 from April-June 1980 through April-June 1981.

Domestic producers' prices to end users increased 10 percent for galvanized sheet products 6 and 7 and 19 percent for galvanized sheet product 8 from January 1980 through March 1982. However, domestic producers' prices on galvanized sheet product 6 sold to end users have declined since July-September 1981, reversing an upward trend begun in July-September 1980. Prices on galvanized sheet product 7 sold to end users have remained unchanged since July-September 1981, and have not declined since October-December 1980. Prices on galvanized sheet product 8 sold to end users have fluctuated throughout the past 2-1/4 years, with the most significant price increase occuring during January-March 1982.

1/ Price data furnished by domestic producers of galvanized carbon steel sheet product 8 do not include sales to service center/distributors during January-March 1980 and from July 1981 through March 1982, or sales to end users during April-June 1980.

Table 17: Ranges and weighted average net selling prices for sales of imports from South Korea and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-March 1982

Galvanized carbon steel sheet

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	South Korea low	South Korea hi	South Korea avg	Domestic low	Domestic hi	Domestic avg	South Korea low	South Korea hi	South Korea avg	Domestic low	Domestic hi	Domestic avg
Product 6												
1980												
January-March	-	-	-	470	559	501	-	-	-	478	568	493
April-June	-	-	-	467	637	510	-	-	-	489	569	513
July-September	-	-	-	399	673	487	-	-	-	486	562	495
October-December	-	-	-	440	692	561	-	-	-	484	660	510
1981												
January-March	-	-	-	470	699	596	-	-	-	505	613	518
April-June	***	***	***	505	715	633	-	-	-	524	612	539
July-September	-	-	-	532	732	652	***	***	***	553	638	568
October-December	-	-	-	516	732	650	***	***	***	544	658	554
1982												
January-March	-	-	-	403	746	643	***	***	***	386	641	544
Product 7												
1980												
January-March	-	-	-	463	504	488	-	-	-	482	625	502
April-June	-	-	-	480	522	491	-	-	-	501	516	507
July-September	-	-	-	451	508	487	-	-	-	486	513	493
October-December	-	-	-	441	510	473	-	-	-	453	517	485
1981												
January-March	-	-	-	474	528	505	-	-	-	508	552	520
April-June	-	-	-	503	546	526	-	-	-	520	559	530
July-September	-	-	-	517	572	548	***	***	***	436	588	553
October-December	-	-	-	512	555	520	-	-	-	543	584	552
1982												
January-March	-	-	-	489	570	518	-	-	-	531	571	552
Product 8												
1980												
January-March	-	-	-	-	-	-	-	-	-	585	585	585
April-June	-	-	-	579	579	579	-	-	-	-	-	-
July-September	-	-	-	571	571	571	-	-	-	559	594	566
October-December	-	-	-	563	563	563	***	***	***	543	596	556
1981												
January-March	-	-	-	572	661	606	-	-	-	585	645	588
April-June	-	-	-	602	632	602	-	-	-	595	660	628
July-September	-	-	-	-	-	-	-	-	-	563	692	637
October-December	-	-	-	-	-	-	-	-	-	604	666	618
1982												
January-March	-	-	-	-	-	-	-	-	-	682	700	698

1/ See product list for specifications

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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One importer reported prices on sales to service centers/distributors during April-June 1981, and one importer reported prices on sales to end users from July 1981 through March 1982 for galvanized sheet product 6 imported from Korea; one importer reported prices on sales to end users during July-September 1981 for galvanized sheet product 7 imported from Korea; and one importer reported prices on sales to end users during October-December 1980 for galvanized sheet product 8 imported from Korea. No prices on sales to service centers/distributors were reported for galvanized sheet products 7 and 8 imported from Korea. Because of the lack of data, no trends in prices of galvanized sheet products imported from Korea emerge, although in the case of galvanized sheet product 6 sold to end users, the January-March 1982 price is * * * than the prices shown during 1981.

Purchase prices.--The Commission also asked purchasers to furnish the delivered prices they paid for the 12 imported and domestically produced steel mill products detailed in the preceding section. Purchasers were asked for prices, including delivery charges, paid in specific transactions. For comparability, the purchasers were identified by their locations, and questionnaires were sent to firms located in six metropolitan areas: Atlanta, Chicago, Detroit, Houston, Los Angeles, and Philadelphia.

Of the 62 purchasers responding to this questionnaire, only 23 provided usable price data, most of which was for purchases of domestically produced products. Purchase prices were reported on all steel mill products produced domestically with the exception of galvanized sheet product 8, but not necessarily for each quarter from January 1981 through March 1982, each metropolitan area, or each type of customer. Purchases of hot-rolled sheet product 3, cold-rolled sheet products 4 and 5, galvanized sheet product 6, and hot-rolled plate products 10, 11, and 12 imported from Korea were also reported. However, in many instances, these could not be matched with corresponding purchases of domestically produced products because of the differences in time periods, metropolitan areas, or types of purchasers. Nevertheless, tables 18, 19, and 20 provide some information of specific transaction prices on plate products 10, 11, and 12 in the Chicago and Philadelphia areas and on cold-rolled sheet product 4 in the Los Angeles area.

With respect to the plate products (tables 18 and 19), the average margins of underselling on purchases by service centers/distributors ranged from a high of $88 per ton (17 percent) on plate product 10 during January-March 1982 in the Philadelphia area 1/ to a low of $12 per ton (2 percent) on plate product 12 during April-June 1981 in the Chicago area. The only example of end-user purchases of any steel products imported from Korea indicates an average margin of underselling of $127 per ton (24 percent) on plate product 12 during January-March 1982 in the Chicago area. Finally, as shown in table 20, for the Los Angeles area, cold-rolled sheet product 4

1/ This product produced domestically was priced lower in the Chicago area than comparable imports from Korea.

Table 18.--Ranges and weighted average net delivered purchase prices for the largest purchases of imports from South Korea and of domestic products and the average margins by which imports from South Korea undersold domestic products, by types of customers, by types of products, by areas of purchase, and by quarters, January 1981-March 1982

Hot-rolled carbon steel plate, purchased in the Chicago area

Product and Period 1/	Prices paid by service centers/distributors								Prices paid by end users							
	South Korea low	South Korea hi	South Korea avg	Domes low	Domes hi	Domes avg	Underselling	Percent	South Korea low	South Korea hi	South Korea avg	Domes low	Domes hi	Domes avg	Underselling	Percent
Product 9																
1981																
January-March	-	-	-	429	429	429	-	-	-	-	-	-	-	-	-	-
April-June	-	-	-	454	454	454	-	-	-	-	-	-	-	-	-	-
July-September	-	-	-	454	454	454	-	-	-	-	-	-	-	-	-	-
October-December	-	-	-	457	457	457	-	-	-	-	-	-	-	-	-	-
1982																
January-March	-	-	-	453	453	453	-	-	-	-	-	-	-	-	-	-
Product 10																
1981																
January-March	-	-	-	481	481	481	-	-	-	-	-	-	-	-	-	-
April-June	449	449	449	402	499	431	-18	-4	-	-	-	-	-	-	-	-
October-December	-	-	-	518	518	518	-	-	-	-	-	-	-	-	-	-
1982																
January-March	-	-	-	518	518	518	-	-	-	-	-	-	-	-	-	-
Product 11																
1981																
January-March	-	-	-	432	432	432	-	-	-	-	-	-	-	-	-	-
April-June	-	-	-	453	453	453	-	-	-	-	-	-	-	-	-	-
July-September	-	-	-	457	457	457	-	-	-	-	-	-	-	-	-	-
October-December	-	-	-	456	456	456	-	-	-	-	-	-	-	-	-	-
Product 12																
1981																
January-March	-	-	-	442	537	520	-	-	-	-	-	481	481	481	-	-
April-June	493	493	493	505	505	505	12	2	-	-	-	516	516	516	-	-
July-September	-	-	-	522	522	522	-	-	-	-	-	516	516	516	-	-
October-December	-	-	-	554	554	554	-	-	-	-	-	536	536	536	-	-
1982																
January-March	-	-	-	525	525	525	-	-	412	412	412	539	539	539	127	24

1/ See product list for specifications.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Table 19: Ranges and weighted average net delivered purchase prices for the largest purchases of imports from South Korea and of domestic products and the average margins by which imports from South Korea undersold domestic products, by types of customers, by types of products, by areas of purchase, and by quarters, January 1981-March 1982

Hot-rolled carbon steel plate, purchased in the Philadelphia area

Product and Period 1/	Prices paid by service centers/distributors								Prices paid by end users							
	South Korea low	South Korea hi	South Korea avg	Domes low	Domes hi	Domes avg	Under selling	Per cent	South Korea low	South Korea hi	South Korea avg	Domes low	Domes hi	Domes avg	Under selling	Per cent
Product 9																
1981																
April-June------	-	-	-	404	404	404	-	-	-	-	-	-	-	-	-	-
October-December	-	-	-	420	420	420	-	-	-	-	-	-	-	-	-	-
Product 10																
1981																
January-March---	433	433	433	-	-	-	-	-	-	-	-	-	-	-	-	-
April-June------	460	460	460	-	-	-	-	-	-	-	-	-	-	-	-	-
July-September--	416	416	416	498	498	498	82	16	-	-	-	-	-	-	-	-
October-December	-	-	-	518	518	518	-	-	-	-	-	-	-	-	-	-
1982																
January-March---	430	430	430	518	518	518	88	17	-	-	-	-	-	-	-	-
Product 11																
1981																
July-September--	454	457	455	537	537	537	82	15	-	-	-	-	-	-	-	-
Product 12																
1981																
January-March---	419	463	446	497	497	497	51	10	-	-	-	-	-	-	-	-
April-June------	-	-	-	517	517	517	-	-	-	-	-	-	-	-	-	-
July-September--	433	433	433	512	512	512	79	15	-	-	-	-	-	-	-	-
October-December	-	-	-	557	557	557	-	-	-	-	-	-	-	-	-	-
1982																
January-March---	-	-	-	503	503	503	-	-	-	-	-	-	-	-	-	-

1/ See product list for specifications

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 20: Ranges and weighted average net delivered purchase prices for the largest purchases of imports from South Korea and of domestic products and the average margins by which imports from South Korea undersold domestic products, by types of customers, by types of products, by areas of purchase, and by quarters, January 1981-March 1982

Cold-rolled carbon steel sheet , purchased in the Los Angeles area

Product and Period 1/	Prices paid by service centers/distributors								Prices paid by end users							
	South Korea low	South Korea hi	South Korea avg	Domes low	Domes hi	Domes avg	Under selling	Per cent	South Korea low	South Korea hi	South Korea avg	Domes low	Domes hi	Domes avg	Under selling	Per cent
Product 4																
1981																
January-March	453	456	456	471	471	471	15	3	-	-	-	450	450	450	-	-
April-June	453	469	467	471	471	471	4	1	-	-	-	450	450	450	-	
July-September	453	469	467	486	492	488	21	4	-	-	-	480	480	480	-	
October-December	453	469	467	491	492	491	24	5	-	-	-	471	471	471	-	-
1982																
January-March	453	469	467	487	487	487	20	4	-	-	-	461	461	461	-	-

1/ See product list for specifications

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

imported from Korea undersold the comparable domestically produced product by average margins ranging from a low of $4 per ton (1 percent) in April-June 1981 to a high of $24 per ton (5 percent) in October-December 1981.

Lost sales

Hot-rolled carbon steel plate.--Two domestic producers, Bethlehem and U.S. Steel, cited seven specific instances of lost sales involving * * * tons (* * * tons by Bethlehem, * * * tons by U.S. Steel) and six purchasers of hot-rolled carbon steel plate imported from Korea from January 1980 through April 1982. All six purchasers were contacted. Five of them confirmed purchases of approximately * * * tons of plate products imported from Korea rather than similar domestically produced products. One firm denied purchases of * * * tons of plate products imported from Korea, and one firm, alleged to have purchased * * * tons of plate products, refused to answer Commission staff questions unless submitted in writing.

In four of the five confirmed instances of lost sales, price was cited as the determining factor; the quality of domestically produced plate products vis-a-vis plate products imported from Korea was considered comparable. In one case, however, quality was given as the reason business was no longer conducted with domestic mills. With respect to these confirmations, two firms located in * * * cited delivered price differences of up to $100 per ton ($130 below domestic mill book price) on plate products imported from Korea compared with plate products produced domestically; one firm located in * * * indicated a price difference of $60 to $80 per ton; one firm located in * * * indicated a price difference of approximately $40 per ton. In the unconfirmed allegation involving * * * tons of plate the firm noted savings of $20 to $40 per ton in * * * on orders of 50 tons or more of plate imported from Korea compared with domestically produced plate, but further noted the deterioration of foreign plate by virtue of shipping and dock exposure.

U.S. Steel also attempts to differentiate between actual and potential lost sales. Actual lost sales reflect only lost sales for which U.S. Steel actively competed, e.g., tendered bids. Potential lost sales are represented by any reduction in the customary or historical volume of business conducted with a specific customer. Unlike actual lost sales, potential losses do not typically involve a rejected bid or canceled order, but represent diminished business in comparison with historical levels.

According to U.S. Steel's terminology, the preceding * * * tons represent only actual alleged lost sales. U.S. Steel also cited a single example of a potential lost sale of * * * tons of plate. * * *.

Hot-rolled carbon steel sheet.--Three domestic producers, Armco, Bethlehem, and U.S. Steel, submitted five specific instances involving four firms to which alleged sales of * * * tons of hot-rolled carbon steel sheet have been lost in 1980, 1981, and January-April 1982 as a result of hot-rolled sheet products imported from Korea. Four of the purchasers, involving * * * tons, were contacted, and all lost sales allegations were confirmed. Price was given as the primary reason, but one of the purchasers * * * noted that the imported product was of generally better quality and that importers provided better service and purchasing terms. The one unconfirmed purchaser, involving * * * tons, could not be reached for comment.

Cold-rolled carbon steel sheet.--No allegations of actual lost sales were submitted to the Commission.

Galvanized carbon steel sheet.--Armco, Bethlehem, and U.S. Steel each submitted a specific instance involving three different firms to which total alleged sales of * * * tons of galvanized sheet have been lost in 1982 as a result of galvanized carbon steel sheet imported from Korea. Two of the purchasers, involving * * * tons, were contacted and lost sales were confirmed. One of the purchasers, involving * * * tons, stated that the Korean product was purchased because of price. The other purchaser, involving * * * tons, stated that the Korean product was purchased because the quality was better as well as the price. The unconfirmed allegation, involving * * * tons, was also investigated, but the appropriate contact within the company was unavailable.

Price suppression/depression

Hot-rolled carbon steel plate.--Two domestic producers, Armco and Bethlehem, submitted eight specific instances involving three firms to which prices of plate products were alleged to have been reduced during 1981 and 1982 because of competition from lower priced plate products imported from Korea. In the case of Armco's claims, the alleged loss of revenue amounted to * * * on two sales totaling * * * tons and * * *. One firm which purchased * * * tons for * * * stated * * * . The other firm cited by Armco * * *. The * * * instances of price suppression/depression alleged by Bethlehem amounted to * * * on sales totaling * * *, * * *.

Hot-rolled carbon steel sheet.--Two domestic producers, Armco and U.S. Steel, submitted six instances involving five firms to which sales of hot-rolled carbon steel sheet required reuductions in price as a result of hot-rolled carbon steel sheet imported from Korea. Five purchasers were contacted involving * * * of lost revenue on sales of * * * in 1981 and 1982; each allegation was confirmed. All purchasers noted that the actual domestic selling price was reduced to make the sale; however, each also noted that the domestic selling price was still well above the price on hot-rolled sheet products imported from Korea. The one unconfirmed purchaser, involving lost revenue of * * * on sales of * * *, could not be reached for comment.

Cold-rolled carbon steel sheet.--U.S. Steel submitted four instances involving three firms to which sales of cold-rolled carbon steel sheet had been reduced during 1981 and 1982 as a result of cold-rolled sheet products imported from Korea. Two purchasers accounting for three allegations involving * * * of lost revenue on sales of * * * million were contacted. One purchaser, involving * * * of lost revenue on sales of * * * in 1982, confirmed the allegation, adding that the actual price paid for the domestic product was still higher than the price offered on imports from Korea. The other contacted purchaser stated that his firm bought neither the quantity nor the value of cold-rolled sheet products stated in the allegation. The unconfirmed purchaser, involving * * * of lost revenue on sales of * * *, could not be reached for comment.

Galvanized carbon steel sheet.--Armco submitted one instance in which its price on the sale of * * * tons of galvanized carbon steel sheet was allegedly reduced as a result of competition from galvanized sheet products imported from Korea. Total revenue estimated to have been lost in the transaction was approximately * * *. The purchaser was contacted, and * * *.

APPENDIX A

U.S. DEPARTMENT OF COMMERCE'S NOTICE OF INVESTIGATIONS

Initiation of Countervailing Duty Investigations; Certain Steel Products From the Republic of Korea

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of countervailing duty investigations.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating countervailing duty investigations to determine whether producers, manufacturers, or exporters in the Republic of Korea (Korea) of certain steel product receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission ("ITC") of these actions so that it may determine whether imports of certain steel products are materially injuring, or threatening to materially injure, a U.S. industry. If the investigations proceed normally, the ITC will make its preliminary determinations on or before June 21, 1982, and we will make ours on or before August 2, 1982.

EFFECTIVE DATE: June 3, 1982.

FOR FURTHER INFORMATION CONTACT: Richard Rimlinger or Steven S. Lim, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th and Constitution Avenue NW., Washington, DC 20230, (202) 377-1276.

SUPPLEMENTARY INFORMATION:

Petition

On May 7, 1982, we received a petition from United States Steel Corporation on behalf of the U.S. industry producing certain steel products. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petitions allege that producers, manufacturers, or exporters in Korea of certain steel products receive subsidies within the meaning of section 771(5) of the Tariff Act of 1930, as amended (19 U.S.C. 1677(5)) (the "Act") and that imports of certain steel products are materially injuring, or threatening to materially injure, a U.S. industry. Korea is a "country under the Agreement" within the meaning of section 701(b) of the Act. Therefore, Title VII of the Act applies to this investigation and an injury determination is required.

Initiation of Investigations

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation, and whether it contains information reasonably available to the petitioner supporting these allegations. We have examined the petitions on certain steel products and have found they meet these requirements.

Therefore, in accordance with section 702(c) of the Act, we are initiating countervailing duty investigations to determine whether manufacturers, producers or exporters in Korea of certain steel products receive benefits that constitute subsidies within the meaning of section 771(5) of the Act. If our investigations proceed normally, we will make our preliminary determinations by August 2, 1982.

Scope of the Investigations

The products covered by these investigations are: small diameter (16" and under) welded carbon steel steel pipes and tubes, hot-rolled carbon steel plate, cold-rolled carbon steel sheet, hot-rolled carbon steel sheet and galvanized carbon steel sheet. For a further description of these products see the Appendix to this notice.

Allegations of Subsidies

The petition alleges that producers, manufacturers, or exporters in Korea receive the following benefits constituting subsidies from the Korean government: preferential rates for utilities, labor-related aids, tax incentives, preferential loans and loan guarantees, government purchases of steel at inflated prices, tariff incentives, and input subsidies on hot-rolled carbon steel sheet.

Notication of ITC

Section 702(d) of the Act requires us to notify the ITC of these actions and to provide it with the information used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 21, 1982, whether there is a reasonable indication that imports of certain steel products from Korea are materially injuring, or threatening to materially injure, a U.S. industry. If its determinations are negative, these investigations will terminate; otherwise, they will continue according to the statutory procedure.

May 27, 1982.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

Description of Products

For purposes of this investigation:

1. The term *"hot-rolled carbon steel plate"* covers carbon steel products, whether or not corrugated or crimped; not pickled; not cold-rolled; not in coils; not cut, not pressed, and not stamped to non-rectangular shape; 0.1875 of an inch or more in thickness and over 8 inches in width; as currently provided for in items 607.6615, or 607.94, of the *Tariff Schedules of the United States Annotated ("TSUSA");* and hot- or cold-rolled carbon steel plate which has been coated or plated with zinc including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.0710 or 608.11 of the TSUSA. Semi-finished products of solid rectangular cross section with a width at least four times the thickness in the cast condition or processed only through primary mill hot-rolling are not included.

2. The term *"hot-rolled carbon steel sheet"* covers the following hot-rolled carbon steel products. Hot-rolled carbon steel sheet is a hot-rolled carbon steel product, whether or not corrugated or crimped and whether or not pickled: not cold-rolled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; over 8 inches in width and in coils or if not in coils under 0.1875 of an inch in thickness and over 12 inches in width; as currently provided for in items 607.6610, 607.6700, 607.8320, 607.8342, or 607.9400 of the *Tariff Schedules of the United States Annotated ("TSUSA"). PLEASE NOTE THAT THE DEFINITION OF HOT-ROLLED CARBON STEEL SHEET INCLUDES SOME PRODUCTS CLASSIFIED AS "PLATE" IN THE TSUSA (ITEMS 607.6610 AND 607.8320.*

3. The term *"cold-rolled carbon steel sheet"* covers the following cold rolled carbon steel products. Cold-rolled carbon steel sheet is a cold rolled carbon steel product, whether or not corrugated or crimped and whether or not pickled: not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; over 8 inches in width and in coils or if not in coils under 0.1875 of an inch in thickness and over 12 inches in width; as currently provided for in items 607.8320 or 607.8344 of the *Tariff Schedules of the United States Annotated ("TSUSA"). PLEASE NOTE THAT THE DEFINITION OF COLD-ROLLED CARBON STEEL SHEET INCLUDES SOME PRODUCTS CLASSIFIED AS "PLATE" IN THE TSUSA (ITEM 607.8320).*

4. The term *"Galvanized carbon steel sheet"* covers hot- or cold-rolled carbon steel sheet which has been coated or plated with zinc including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.0710, 608.0730, 608.11 or 608.13 of the *Tariff Schedules of the United States Annotated ("TSUSA"). NOTE THAT THE DEFINITION OF GALVANIZED CARBON STEEL SHEET INCLUDES SOME PRODUCTS CLASSIFIED AS "PLATE" IN THE TSUSA (ITEMS 608.0710 and 608.11).* Hot- or cold-rolled carbon steel sheet which has been coated or plated with metal other than zinc is not included.

5. The term *"small diameter welded carbon steel pipes and tubes"* covers welded carbon steel pipes and tubes with walls not thinner than 0.065 of an inch, of circular cross section and 0.375 of an inch or more in outside diameter but not more than 16 inches as currently provided for in items 610.3208, 610.3209, 610.3231, 610.3232, 610.3241, 610.3244, and 610.3247, of the *Tariff Schedules of the United States Annotated ("TSUSA").* Pipes or tubes suitable for use in boilers, superheaters, heat exchangers, condensers, and feedwater heaters, or conforming to A.P.I. specifications for oil well tubing, with or without couplings, cold drawn pipes and tubes and cold-rolled pipes and tubes with wall thickness not exceeding 0.1 inch are *not included.*

[FR Doc. 82-15043 Filed 6-2-82; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INVESTIGATIONS AND LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

[Investigations Nos. 701-TA-170 Through 173 (Preliminary)]

Certain Steel Products From the Republic of Korea

AGENCY: International Trade Commission.

ACTION: Institution of preliminary countervailing duty investigation and the scheduling of a conference to be held in connection with the investigations.

EFFECTIVE DATE: May 7, 1982.

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigations Nos. 701-TA-170 through 173 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the Republic of Korea of certain steel products upon which bounties or grants are alleged to be paid. The products covered in these investigation are as follows: Hot-rolled carbon steel plate, provided for in items 607.6615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated (1982) (TSUSA); hot-rolled carbon steel sheet, provided for in TSUSA items 607.6610, 607.6700, 607.8320, 607.8342, and 607.9400; cold-rolled carbon steel sheet, provided for in TSUSA items 607.8320 and 607.8344; and galvanized carbon steel sheet, provided for in TSUSA items 608.0730 and 608.1300.

FOR FURTHER INFORMATION CONTACT: Mr. Patrick Magrath, Office of Industries, U.S. International Trade Commission; telepnone 202-523-0342.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to petitions filed on May 7, 1982, by the United States Steel Corp. The Commission must make its determinations in these investigations within 45 days after the date of the filing of the petitions or by June 21, 1982 (19 CFR 207.17). The investigations will be subject to the provisions of part 207 of the

Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76457), and particularly subpart B thereof.

Written Submissions

Any person may submit to the Commission a written statement of information pertinent to the subject of these investigations. A signed original and fourteen (14) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission, Building, 701 E Street, NW., Washington, D.C. 20436, on or before June 7, 1982. All written submissions except for confidential business date will be available for public inspection.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6).

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 10:00 a.m., e.d.t., on June 1, 1982, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the supervisory investigator for the investigations, Mr. Lynn Featerstone, telephone 202-523-0242, not later than May 27, 1982, to arrange for their appearance. It is anticipated that parties in support of the imposition of countervailing duties in the investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Record

The records of Commission investigations Nos. 701-TA-86 through 144 (Preliminary), 701-TA-146 (Preliminary), 701-TA-147 (Preliminary), 701-TA-155 through 163 (Preliminary), and 731-TA-53 through 86 (Preliminary), Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, Spain, the United Kindom, and West Germany, will be incorporated in the records of investigations Nos. 701-TA-170 through 173 (Preliminary).

For further information concerning the conduct of the investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and B (19 CFR Part 207), and Part 201, subparts A through E (19 CFR 201). Further information concerning the conduct of the conference will be provided by Mr. Featherstone.

This notice is published pursuant to § 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12).

Issued: May 13, 1982.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-13651 Filed 5-18-82; 8:45 am]

BILLING CODE 7020-02-M

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-170 through 173 (Preliminary)

CERTAIN STEEL PRODUCTS FROM THE REPUBLIC OF KOREA

Those listed below appeared as witnesses at the United States International Trade Commission conference held in connection with the subject investigations on June 1, 1982, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the imposition of countervailing duties

Cravath, Swaine & Moore--Counsel
New York, N.Y.
on behalf of

Republic Steel Corp.
Inland Steel Co.
Jones & Laughlin Steel, Inc.
National Steel Corp.
Cyclops Corp.

Stuart W. Gold--OF COUNSEL

Law Offices of Eugene L. Stewart--Counsel
Washington, D.C.
on behalf of

Bethlehem Steel Corp.

Laird D. Patterson, General Attorney, Bethlehem Steel Corp.

Eugene L. Stewart--OF COUNSEL

Verner, Liipfert, Bernhard & McPherson, Chartered--Counsel
Wasington, D.C.
on behalf of

United States Steel Corp.

P.L. Fidel, Special Services, Import and Domestic, United States Steel Corp.

John D. Greenwald)
Nikki Heidepriem)--OF COUNSEL

In support of the imposition of countervailing duties--Continued

Armco Inc.
Middletown, Ohio

William G. von Glahn, Assistant Counsel, Armco Inc.
Mark DeVilling, Assistant Director of Eastern Area Sales, Armco Inc.
William L. Sandston, Director of Commercial Services, Armco Inc.

John W. Feist--Counsel
Washington, D.C.
on behalf of

Kaiser Steel Corp.

John W. Feist, Attorney at law

In opposition to the imposition of countervailing duties

Daniels, Houlihan & Palmeter, P.C.--Counsel
Washington, D.C.
on behalf of

Korea Iron and Steel Association
Pohang Iron and Steel Co., Ltd.
Union Steel Manufacturing Co., Ltd.
Ilssin Steel Co., Ltd.
Dong Kuk Heavy Industries, Ltd.

N. David Palmeter)
Donald B. Cameron, Jr.) --OF COUNSEL

APPENDIX C

PRODUCT LIST

PRODUCT LIST

The products identified in this appendix are those used by the Commission to collect pricing information in its questionnaires.

Hot-Rolled Carbon Steel Sheet and Strip

Product 1: Hot-rolled carbon steel sheets, in coils, commercial quality, 0.25 percent carbon maximum, not pickled, 0.1210 inch through 0.2509 inch in thickness, over 36 inches through 72 inches in width.

Product 2: Hot-rolled carbon steel sheets, in coils, commercial quality, 0.25 percent carbon maximum, not pickled, 0.0810 inch through 0.1209 inch in thickness, over 48 inches through 72 inches in width.

Product 3: Hot-rolled carbon steel bands, in coils, mill edge, commercial quality, 0.25 percent carbon maximum, not pickled, 0.1210 inch through 0.2509 inch in thickness, over 36 inches through 72 inches in width.

Cold-Rolled Carbon Steel Sheet and Strip

Product 4: Cold-rolled carbon steel sheets, in coils, commercial quality, class 1, 0.0280 inch to 0.0630 inch in thickness, 45 inches through 60 inches in width.

Product 5: Cold-rolled carbon steel sheets, in coils, commercial quality, class 2, 0.0280 inch to 0.0630 inch in thickness, 45 inches through 60 inches in width.

Galvanized Carbon Steel Sheet

Product 6: Galvanized carbon steel sheets, in coils, commercial or lockforming quality, G-90 coating, regular or minimum spangle, 0.0190 inch through 0.0209 inch in thickness, over 42 inches through 48 inches in width.

Product 7: Galvanized carbon steel sheets, in coils, commercial or lockforming quality, G-90 coating, regular or minimum spangle, 0.0350 inch through 0.0379 inch in thickness, 36 inches through 48 inches in width.

Product 8: Galvanized carbon steel sheets, in coils, commercial or lockforming quality, G-60 coating, regular or minimum spangle, 0.0130 inch through 0.0139 inch in thickness, 30 inches through 42 inches in width.

Hot-Rolled Carbon Steel Plate

Product 9: Hot-rolled carbon steel plate, 0.33 percent carbon maximum, sheared or mill edge, not heat treated, not cleaned or oiled, in cut lengths, 0.1875 inch through 0.2499 inch in thickness, over 90 inches through 100 inches in width.

Product 10: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 0.3750 inch through 0.4999 inch in thickness, over 90 inches through 100 inches in width.

Product 11: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1/4 inch to under 5/16 inch in thickness, over 60 inches through 72 inches in width.

Product 12: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1-1/2 inches through 3 inches in thickness, over 90 inches through 100 inches in width.