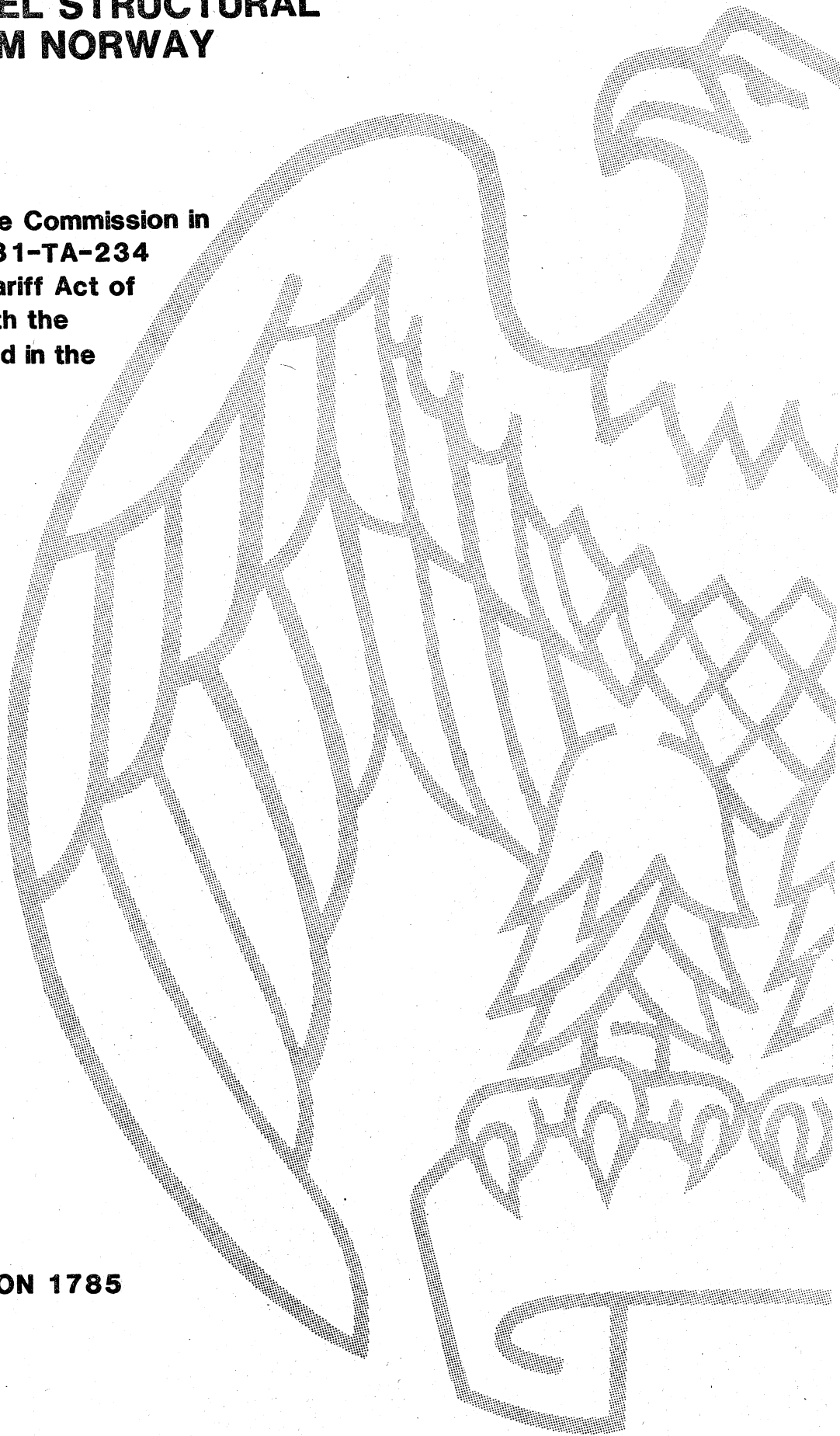


CARBON STEEL STRUCTURAL SHAPES FROM NORWAY

**Determination of the Commission in
Investigation No. 731-TA-234
(Final) Under the Tariff Act of
1930, Together With the
Information Obtained in the
Investigation**

USITC PUBLICATION 1785

NOVEMBER 1985



UNITED STATES INTERNATIONAL TRADE COMMISSION

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C O N T E N T S

	<u>Page</u>
Determination-----	1
Views of Chairwoman Paula Stern, Vice Chairman Susan W. Liebeler, Commissioner Seeley G. Lodwick, and Commissioner David B. Rohr-----	3
Dissenting views of Commissioner Eckes-----	13
Information obtained in the investigation:	
Introduction-----	A-1
Background-----	A-2
Related Commission investigations concerning imports of carbon steel structural shapes-----	A-2
Nature and extent of sales at LTFV-----	A-2
The products:	
Description and uses-----	A-4
U.S. tariff treatment-----	A-5
U.S. producers-----	A-6
U.S. importers-----	A-7
Apparent U.S. consumption-----	A-8
Consideration of material injury to an industry in the United States:	
U.S. production, capacity, and capacity utilization-----	A-8
U.S. producers' domestic shipments-----	A-9
U.S. producers' exports-----	A-10
U.S. producers' inventories-----	A-10
U.S. employment, wages, and productivity-----	A-11
Financial experience of U.S. producers:	
Operations on carbon steel structural shapes-----	A-14
Overall operations of establishments within which carbon steel structural shapes are produced-----	A-16
Investment in productive facilities-----	A-16
Capital expenditures and research and development expenses-----	A-18
Impact of imports on U.S producers' growth, investment, and ability to raise capital-----	A-18
Consideration of threat of material injury to an industry in the United States:	
Consideration factors-----	A-19
U.S. importers' inventories-----	A-19
The Norwegian steel industry and its capacity to generate exports-----	A-19
Consideration of the causal relationship between alleged material injury or the threat thereof and imports sold at LTFV:	
U.S. imports and market penetration:	
Imports from all sources-----	A-22
Imports from Norway-----	A-22
Prices-----	A-24
U.S. price trends-----	A-28
Price trends of carbon steel structural shapes imported from Norway-----	A-28
Purchasers' prices-----	A-28
Margins of underselling or overselling by imports of structural shapes from Norway-----	A-31
Lost sales-----	A-31
Lost revenue-----	A-33
Exchange rates-----	A-34

CONTENTS

	<u>Page</u>
Information obtained in the investigation--Continued	
Consideration of the causal relationship between alleged material injury or the threat thereof and imports sold at LTFV:	
Transportation costs-----	A-34
Transportation of structural shapes-----	A-34
Distance shipped and transport mode used-----	A-36
Transportation costs to specific market areas-----	A-36
Appendix A. The Commission's <u>Federal Register</u> notices-----	A-39
Appendix B. Commerce's <u>Federal Register</u> notices-----	A-43
Appendix C. List of witnesses appearing at the hearing-----	A-49
Appendix D. Past and pending title VII investigations from 1982 to the present on carbon steel structural shapes and past and current import restraints-----	A-53

Figure

1. Indexes of apparent consumption of carbon steel structural shapes and shipments of contractors' products, by quarters, January 1981-June 1985-----	A-25
---	------

Tables

1. Carbon steel structural shapes: Pending title VII investigations and terminated (other than negative) title VII cases since January 1984, most recent dumping/subsidy margins, by countries and by companies, 1982-84, January-June 1984, and January-June 1985-----	A-3
2. Carbon steel structural shapes: U.S. producers' shipments, by major markets, 1982-84, January-June 1984, and January-June 1985---	A-5
3. Carbon steel structural shapes: U.S. producers' shipments, imports for consumption, exports, and apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985-----	A-8
4. Carbon steel structural shapes: U.S. production, practical capacity, and capacity utilization, 1982-84, January-June 1984, and January-June 1985-----	A-9
5. Carbon steel structural shapes: U.S. producers' domestic shipments, 1982-84, January-June 1984, and January-June 1985-----	A-9
6. Carbon steel structural shapes: U.S. producers' export shipments, 1982-84, January-June 1984, and January-June 1985-----	A-10
7. Average number of employees, total and production and related workers, in U.S. establishments producing carbon steel structural shapes, and hours paid for the latter, 1982-84, January-June 1984, and January-June 1985-----	A-12
8. Wages and total compensation paid to production and related workers producing carbon steel structural shapes and labor productivity, hourly compensation, and unit labor costs in the production of structural shapes, 1982-84, January-June 1984, and January-June 1985-----	A-13

CONTENTS

	<u>Page</u>
9. Income-and-loss experience of U.S. producers on their operations producing carbon steel structural shapes, accounting years 1982-84 and interim periods ended June 30, 1984, and June 30, 1985-----	A-15
10. Income-and-loss experience of producers on the overall operations of their establishments within which carbon steel structural shapes are produced, accounting years 1982-84 and interim periods ended June 30, 1984, and June 30, 1985-----	A-17
11. Raw steel: Norway's production, capacity, and capacity utilization, 1980-84, January-June 1984, and January-June 1985-----	A-20
12. Finished steel mill products: Norway's production, imports, exports, and apparent consumption, 1980-84, January-June 1984, and January-June 1985-----	A-21
13. Carbon steel structural shapes: Norway's production, capacity, capacity utilization, domestic shipments, imports, exports, and apparent consumption, 1980-84, January-June 1984, and January-June 1985-----	A-21
14. Carbon steel structural shapes: U.S. imports for consumption, by principal sources, 1982-84, January-June 1984, and January-June 1985-----	A-23
15. Carbon steel structural shapes: Ratios of imports from Norway and all countries to apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985-----	A-24
16. Indexes of apparent consumption of carbon steel structural shapes and shipments of contractors' products, by quarters, January 1981-June 1985-----	A-26
17. Carbon steel structural shapes: Weighted-average net selling prices to SSC's and end users for sales of U.S. products and for sales of imports from Norway and indexes of those prices, by types of products and by quarters, January 1983-June 1985-----	A-29
18. Carbon steel structural shapes: Average margins by which purchases by SSC's of imports from Norway undersold or oversold U.S. products, by market areas, by products, and by quarters, January 1984-June 1985-----	A-32
19. U.S.-Norwegian exchange rates: Nominal-exchange-rate equivalents of the Norwegian krone in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States and Norway, indexed by quarters, January 1982-June 1985-----	A-35
20. Carbon steel structural shapes: Distance shipped and transport mode used, as a share of 1983 shipments, by types of mill, by firms, and by mill locations-----	A-36
21. Carbon steel structural shapes: Transportation costs to specific market areas, by truck and rail, by types of mills, by firms, and by mill locations, 1983-----	A-37

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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 731-TA-234 (Final)

CARBON STEEL STRUCTURAL SHAPES FROM NORWAY

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)(1)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Norway of carbon steel angles, shapes, and sections having a maximum cross-sectional dimension of 3 inches or more, provided for in item 609.80 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective June 3, 1985, following a preliminary determination by the Department of Commerce that imports of carbon steel structural shapes from Norway were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 27, 1985 (50 F.R. 26637). On August 14, 1985, Commerce extended its investigation on

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/ Commissioner Eckes dissenting.

structural shapes imported from Norway. The Commission's hearing was held in Washington, DC, on August 20, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRWOMAN PAULA STERN, VICE CHAIRMAN SUSAN W. LIEBELER,
COMMISSIONER SEELEY G. LODWICK, AND COMMISSIONER DAVID B. ROHR

We determine that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, 1/ by reason of imports of carbon steel structural shapes from Norway which the Department of Commerce has determined are sold at less than fair value (LTFV). Our negative determination is based upon the lack of a causal nexus between the condition of the domestic industry and LTFV imports from Norway.

Like product and the domestic industry

The statutory framework under which the Commission conducts antidumping investigations first requires the Commission to determine the domestic industry against which to assess the impact of unfairly traded imports. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "[t]he 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." 2/ "Like product" is, in turn, 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" 3/

The articles which are the subject of this investigation are carbon steel structural shapes. Carbon steel structural shapes include hot-rolled, forged, extruded, or drawn or cold-formed or cold-finished, angle shapes, and sections, which are not drilled, punched or otherwise advanced. These

1/ Material retardation is not an issue in these investigations and will not be discussed further.

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

products are produced by passing reheated, semifinished steel products through a series of grooved rolls, which shape the products to the desired contours and dimensions.

Carbon steel structural shapes have been the subject of a number of Commission countervailing duty and antidumping duty investigations. 4/ In those investigations and in the preliminary investigation in this case, the Commission determined that the relevant domestic industry consists of the domestic producers of carbon steel structural shapes. 5/ No party has argued in favor of different definitions of like product or of domestic industry, nor does any information in the record indicate that any different determination would be appropriate. Accordingly, the domestic industry in this investigation consists of the domestic producers of carbon steel structural shapes. 6/

Condition of the domestic industry

Throughout the period under investigation, the domestic carbon steel structural shapes industry experienced difficulties, particularly in terms of financial performance. Although the most recent information shows an improvement in some of the indicators of domestic performance, we conclude that the domestic industry is continuing to exhibit signs of material injury. 7/

4/ See Report of the Commission (Report) at A-3 for a list of prior Commission investigations of carbon steel structural shapes.

5/ See, e.g., Certain Carbon Steel Products from Austria, Czechoslovakia, East Germany, Hungary, Norway, Poland, Romania, Sweden, and Venezuela, Invs. Nos. 701-TA-225-34 and 731-TA-213-17, 219, 221-26, and 228-235 (Preliminary), USITC Pub. 1642 at 9-10 (1985).

6/ See Report at A-7 for a list of the domestic producers.

7/ Chairwoman Stern does not believe it necessary or desirable to make a determination on the question of material injury separate from the consideration of causation. She joins her colleagues by concluding that the domestic industry is experiencing economic problems.

Production rose slightly from 2.8 million short tons in 1982 to 3.0 million short tons in 1983. Production then increased further in 1984 to 3.7 million short tons. 8/ Structural shapes production during January-June 1985 was 1.94 million short tons, representing a slight decrease over the 1.98 short tons produced in the corresponding period of 1984. Domestic shipments of carbon steel structural shapes have followed essentially the same pattern as production. Shipments increased from 2.7 million tons in 1982 to 2.9 million tons in 1983, and to 3.4 million tons in 1984. During January-June 1985, domestic shipments remained at the 1.8 million ton level attained during the corresponding period of 1984. 9/

Capacity utilization fell from 44.2 percent in 1982 to 42.9 percent in 1983, but improved to 53.9 percent in 1984. Capacity utilization during January-June 1985 fell to 56.4 percent, as compared with 57.7 percent during the corresponding period of 1984. 10/

Both employment and hours worked declined from 1982 to 1983 and declined further in 1984. Employment dropped from 7,737 workers in 1982, to 7,156 workers in 1983, and fell to 7,018 workers in 1984. The number of hours worked fell from 14.1 million in 1982 to 13.4 million in 1983, then declined further to 12.9 million in 1984. 11/ Employment data for January-June 1985 reflect a decline over the corresponding period of 1984. Employment in January-June 1985 decreased to 6,658 workers, as compared with 7,963 workers during the corresponding period in 1984, while hours worked dropped from 7.6

8/ Id. at A-8-A-9.

9/ Id. at A-9-A-10.

10/ Id. at A-8-A-9.

11/ Id. at A-12.

million in January-June 1984 to 6.5 million during the corresponding period in 1985. 12/

While the industry's performance figures are mixed, the financial experience of the U.S. producers substantiates the view that the domestic industry is experiencing material injury. Net sales of carbon steel structural shapes declined by 15 percent from 1982 to 1983, but increased in 1984. 13/ During the most recent period ending June 30, 1985, net sales again increased slightly as compared with the corresponding period of 1984. The industry reported operating losses throughout the period of the investigation. The operating losses increased from 1982 to 1983, but declined in 1984 to a level slightly smaller than the 1982 level. The reported operating loss then declined further in the period ended June 30, 1985, less than the operating loss levels experienced during the corresponding period ending June 30, 1984. 14/ Operating income to net sales ratios showed similar improvements in 1984 and the first half of 1985. Capital expenditures also increased over the entire period of the investigation.

Although the industry's performance, as measured by the economic indicators discussed above, appears to be improving somewhat, it continues to be materially injured. 15/

Cumulation

Petitioner has argued that the Commission should cumulatively assess the effect of imports from Norway with those from Poland and Spain. Imported

12/ Id.

13/ Id. at A-15. The precise figures for the period 1982-83 are confidential.

14/ Id. Five firms were able to provide information concerning their financial experience with carbon steel structural shapes during the period January-September 1984. Net sales and the financial performance of these firms continued the same trends.

15/ See supra n.7.

structural shapes from these latter countries, in petitioner's view, meet the statutory criteria for a cumulative analysis of imports. On the other hand, respondent argues that cumulation of imports from Norway with imports from Poland and Spain is inappropriate in light of the fact that they are not "subject to investigation" as a result of either termination or revocation of final orders. Further, respondent maintains that the subject imports should not be cumulated with imports subject to final orders because the latter are no longer subject to investigation. 16/

To warrant cumulative analysis, the unfairly traded imports must satisfy three requirements. They must compete with both other imports and the domestic like product, be subject to investigation, and be marketed within a reasonable coincidental period. 17/ In this instance, the "candidates" for cumulation proposed by petitioner fail to satisfy two of the three requirements.

16/ The investigations involving carbon structural shapes from Poland were terminated upon the withdrawal of the petitions. 50 Fed. Reg. 31931 (1985); 50 Fed. Reg. 32101 (1985). The final orders in the investigation involving structural shapes from Spain were revoked effective Oct. 1, 1984. See Report as A-55.

17/ 19 U.S.C. § 1677(7)(C)(iv), as amended, provides:

Cumulation--For purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market.

The Conference Report accompanying the Trade and Tariff Act of 1985 further notes that:

The provision requires cumulation of imports from various countries that each account individually for a small percentage of total market penetration but when combined may cause material injury. The conferees do intend, however, that the marketing of imports that are accumulated [sic] be reasonably coincident. Of course, imports of like products from countries, not subject to investigation would not be included in the cumulation. H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (Oct. 5, 1985).

Both Poland and Spain have entered voluntary restraint agreements (VRAs) with the United States. 18/ The antidumping investigations regarding imports from these countries of the products at issue in the instant investigations were terminated as a result of the withdrawal of the petitions. The terminations occurred prior to any final determinations as to whether the imports were unfairly traded. The statute does not require cumulation in such circumstances. Because these imports have not been and will not be determined to be unfairly traded and because they are not subject to a pending investigation, we conclude that it is not appropriate to include them in any cumulative analysis. 19/

Absent consideration of imports from countries subject to VRAs, the only remaining imports of the subject products available for consideration are those structural shapes from South Africa and Spain upon which countervailing duty orders were issued. As we have previously stated, we believe that it is not appropriate to cumulate across countervailing duty and antidumping investigations, and have declined to do so. 20/ Further, we note that the CVD orders in question are remote in time, 21/ and the unfairly traded imports

18/ See Report at A-55.

19/ See Certain Carbon Steel Products from Austria and Sweden, Invs. Nos. 701-TA-225, 227-28, 230-231, and 731-TA-219 (Final), USITC Pub. 1759 at 10-11 (1985); see also Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Invs. Nos. 701-TA-242 and 731-TA-252-53 (Preliminary), USITC Pub. 1680 at 12, n.25 (1985).

20/ See Iron Construction Castings from Brazil, Canada, India, and the People's Republic of China, Invs. Nos. 701-TA-249 and 731-TA-262-65 (Preliminary), USITC Pub. 1720 at 12 (1985).

21/ Vice Chairman Liebeler is of the opinion that imports from countries subject to outstanding countervailing or antidumping duty orders should not be cumulated with imports from the countries being investigated. See Certain Carbon Steel Products from Austria, Czechoslovakia, East Germany, Hungary, Norway, Poland, Romania, Sweden, and Venezuela (Carbon Steel), Invs. Nos. 701-TA-225-34 and 731-TA-213-17, 219, 221-26, and 228-235 (Preliminary), USITC Pub. 1642 at 48-50 (Feb. 1985) (Views of Vice Chairman Liebeler).

which were subject to the investigations resulting in those orders did not enter the U.S. market reasonably coincident in time with the imports currently under investigation. Consequently, there are no imports of carbon steel structural shapes which satisfy the criteria for cumulation with imports from Norway.

No material injury by reason of LTFV imports from Norway

In examining the causal nexus between the condition of the U.S. industry and LTFV imports, the Commission has considered, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of such imports on the relevant domestic industry. 22/ We have concluded that there is no causal connection between any material injury to the industry and the LTFV imports from Norway. 23/

Imports of carbon steel structural shapes from Norway did not enter the U.S. market until 1983, when a small amount of the products were imported. During 1984, imports of Norwegian structural shapes rose to 53,000 tons. 24/ For the interim period January-June 1985, imports stood at 26,000 tons as compared to 15,000 tons in the corresponding period of 1984. As a share of

22/ 19 U.S.C. § 1677(7).

23/ Vice Chairman Liebelser's negative determination is based on her rebuttable presumption that an import penetration ratio of less than 2.5 percent is too small to be a cause or threaten to cause material injury. See Carbon Steel at 50-53; Certain Steel Pipe and Tube from Venezuela and Thailand, Invs. Nos. 701-TA-242 and 731-TA-252-53 (Preliminary), USITC Pub. 1680 (Apr. 1985) (Separate Views of Vice Chairman Liebelser). The presumption can be rebutted by a showing that both the demand for the product and the supply of the product are highly inelastic. Oil Country Tubular Goods from Austria, Romania, and Venezuela, Invs. Nos. 701-TA-240-41 and 731-TA-249-51 (Preliminary), USITC Pub. 1679 at 25-27 (Apr. 1985) (Additional Views of Vice Chairman Liebelser). There is no evidence in the record that would suggest that both demand and supply are highly inelastic. Vice Chairman Liebelser joins in the rest of this opinion to the extent that it is consistent with these views.

24/ Report at A-23.

apparent U.S. consumption, imports of structural shapes from Norway accounted for only 1.0 percent of apparent U.S. consumption in 1984. Data for the most recent period indicate import penetration of 0.9 percent of apparent U.S. consumption in January-June 1985, as compared with 0.5 percent in January-June 1984. 25/

The pricing data show that prices of carbon steel structural shapes from Norway have not declined relative to the U.S. producers' prices, and have, in fact, increased in all product categories. 26/ Where prices comparisons are possible, there is a mixed pattern of overselling and underselling. 27/ Moreover, the available information shows that import prices are increasing, while some domestic producers have shown an ability to be price competitive.

Despite the underselling shown in one market for several product categories, we have been unable to find a causal link between domestic prices and imports from Norway. Domestic prices showed their greatest declines prior to Norway's entry into the U.S. market. In 1984, the first year of measurable imports from Norway, domestic prices actually increased for three of the five product categories for which there were imports from Norway. Although domestic prices declined in 1985, prices of imports from Norway increased. 28/

Norway is a very small supplier to the U.S. market. Imports, both in real terms and as a share of apparent U.S. consumption, are at a relatively

25/ Id. at A-24.

26/ See Id. at A-28.

27/ Vice Chairman Libeler does not believe the data on overselling and underselling to be probative on the question of causation. See Certain Table Wine from the Federal Republic of Germany, France, and Italy, Invs. Nos. 701-TA-258-60 and 731-TA-283-85 (Preliminary), USITC Pub. 1771 at 36-38 (Oct. 1985) (Additional Views of Vice Chairman Liebler).

28/ Although some lost sales and lost revenue allegations were confirmed, these data also indicated shifts by purchasers from imported sources to domestic sources during the time that Norway was entering the market, and rising import prices.

low level. The domestic industry was experiencing financial troubles prior to Norway's entry into the U.S. market, and the condition of the domestic industry improved after entry. In fact, imports of carbon steel structural shapes from Norway were at their highest level at the same time that the U.S. industry recorded its best performance during the period under investigation. Therefore, we have determined that imports of carbon steel structural shapes from Norway are not a cause of material injury to the domestic industry.

No threat of material injury by reason of LTFV imports from Norway

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission considers, among other economic factors, increases in production capacity or existing unused capacity in the exporting country, rapid increases in U.S. market penetration, import prices, increases in inventories of the merchandise in the United States, and underutilized capacity for producing the merchandise in the exporting country. 29/ Upon consideration of these factors, we have determined that the available data confirm the absence of any real and imminent threat of material injury to the domestic industry producing carbon steel structural shapes.

Although Norwegian production capacity has increased slightly during the period under investigation, capacity utilization has remained at relatively high levels. 30/ In the period January-June 1985, Norwegian capacity utilization is significantly higher than in the corresponding period of 1984. The market penetration ratio of Norwegian imports has remained very low during

29/ 19 U.S.C. § 1677(7)(F). In this investigation, the facts reflect that the existence of a subsidy and the Norwegian potential for product shifting are not applicable to our threat determination.

30/ Report at A-21. The exact figures are confidential.

the period under investigation, and there is no evidence to suggest a rapid increase above that level in the foreseeable future. We further note that domestic consumption in Norway has increased. 31/ Prices of imports from Norway have increased, and the record contains no evidence that future imports from Norway are likely to have a depressing or suppressing effect on domestic prices. Importers' inventories have remained low since year-end 1982, and data for the most recent period show that inventory held as of June 30, 1985, continues to be at a relatively low amount.

During the period of investigation, the share of Norway's sales revenue derived from sales in Norway's traditional markets declined at a time when Norway's exports to the United States increased. The record does not contain evidence to suggest that this market shifting will be a real and imminent threat of material injury to the domestic industry.

A finding of a threat of material injury must be based upon a showing that the likelihood of harm is real and imminent, rather than mere supposition or conjecture. 32/ In light of the foregoing analysis, we determine that the alleged threat of harm to the domestic industry by reason of the Norwegian imports of carbon steel structural shapes is only speculative. Accordingly, we determine that the domestic industry is not threatened with material injury by reason of the subject imports.

31/ Id.

32/ 19 U.S.C. § 1677(7)(F). *Alberta Gas Chemicals, Inc. v. United States*, 515 F. Supp. 780, 790 (Ct. Int'l Trade 1981).

Dissenting Views of Commissioner Eckes

In my judgment imports of unfairly trade carbon steel structural shapes from Norway are a cause of material injury to the domestic industry producing such products. Consequently, I respectfully disagree with my colleagues who have, in my view, offhandedly terminated this investigation.

To reach their negative determinations, I believe that my colleagues have taken a position inconsistent with previous Commission determinations and have neglected to weigh fully the fundamentals of competition in the steel industry. In this regard, my criticisms of the majority position parallel the concerns I voiced recently in final determinations on carbon steel products from Austria and Sweden. 1/

Background: This investigation is one of a number filed in December 1984 alleging that imports of a variety of carbon steel products from ten different countries caused material injury to respective domestic steel industries. Many of these petitions led to negative determinations at the Commission or the Department of Commerce, and thus, were terminated. For example, the Commission made negative preliminary determinations on galvanized sheet imports. Other investigations were terminated

1/ See "Views of Commissioner Eckes," Certain Carbon Steel Products from Austria and Sweden, Inv. Nos. 701-TA-225, 227, 228, 230, and 231 (Final) and Inv. No. 731-TA-219 (Final), USITC Pub. 1759 (September 1985).

based on negative final determinations by Commerce. In other instances, including one on structural shapes from Poland, petitions were withdrawn during the course of the investigation.

The remaining final investigations have been the subjects of recent Commission determinations. In September, the Commission considered certain steel products from Austria and Sweden, and the Commission majority terminated many of those. The present investigation, involving carbon steel structural shapes from Norway, is the final one of this group.

Industry and Like Product: Nothing has emerged in our final investigation that would prompt me to abandon the definition of like product and domestic industry established in our preliminary investigation. Consequently, I reaffirm that view. It is my understanding that the majority has taken the same position on this issue.

Material Injury: From my vantage point, it is evident that domestic producers of carbon steel structural shapes have experienced material injury. For one thing, in the preliminary phase of this investigation, based on its analysis of data from 1981 through the middle of 1984, the Commission found that "although the industry's performance . . . is improving, it continues to be materially injured."

As a result of this finding the relevant question in the present phase of this investigation is whether more recent data confirm material injury, or require a different conclusion. It is my reading of the

record that little has changed over the last year. Considered on a half-year basis, domestic production and shipments declined during the last half of 1984, before returning to their depressed mid-1984 levels in mid-1985. There is ample additional information that the domestic industry is continuing to experience material injury -- that is, injury that is "not inconsequential, immaterial, or unimportant." For example, domestic producers held inventories in June 1985 that were 13 percent higher than in mid-1984. Employment levels for the production of structural shapes declined from 7,963 in January-June 1984 to 6,658 in January-June 1985, a decrease of about 16 percent. Finally, the industry continues to sell structural shapes at prices below its costs of goods sold and, as a result, during the first half of 1985, eight of 10 producers reported operating losses. Producers accounting for 90 percent of domestic shipments of carbon steel structural shapes in 1984 reported operating losses of about \$60 million.

Against this compelling record of cumulative losses and unsatisfactory recent and long-term performances, it is important not to overestimate any slight improvements in performance indicators. The data must be viewed against the context of continuing severe operating losses. Stated simply, the producers of structural steel shapes continue to lose money on each unit sold. 2/

2/ See "Views of Commissioner Eckes," Stainless Steel Sheet and Strip from Spain, Inv. No. 731-TA-164 (Final), USITC Pub. 1593 (October 1984), regarding the inappropriateness of "an isolated 'snapshot' approach which focuses only on the performance of this industry in recent months"

Causation: In "Certain Carbon Steel Products from Spain," 3/ I established the analytical framework employed in reaching my determinations on various steel products in Title VII investigations. My determination here, like my most recent decisions involving carbon steel products from Austria and Sweden, is consistent with those views.

In evaluating issues of causation in the present case, it is important that Norway is a relatively new entrant to the U.S. steel market. Norwegian steel entered the domestic market in 1984, at a time when apparent U.S. consumption was increasing and other potential suppliers were negotiating restraints on their shipments to the U.S. In this set of circumstances, Norway's import volumes, which were negligible in 1983, climbed to 53,000 tons in 1984. It is appropriate to observe that Norwegian steel imports rose rapidly in the last half of 1984, before this case was filed in December. Another 26,000 tons arrived during the first six months of 1985.

Viewed as a share of U.S. domestic consumption, Norwegian market penetration reached 1.0 percent in 1984 and remained essentially at that plateau through June, 1985. For the first six months of 1985 the penetration figure was 0.9 percent, but for the 12 month period ending in June, 1985, import penetration reached 1.1 percent.

3/ See "Views of Chairman Eckes and Commissioner Haggart, "Certain Carbon Steel Products from Spain, Inv. Nos. 701-TA-155, 157, 158, 159, 160, and 162 (Final), USITC Pub. 1331 at 12-19 (December 1982).

As is often the case with a new entrant and a fungible standard product, Norway gained its market share for carbon steel structural shapes through the time-tested technique of underselling. This pattern of underpricing emerges quite clearly from Commission pricing data gathered for the Houston/New Orleans market, where almost half of Norway's imports entered the U.S. during 1984. Commission staff compared the imported and domestic delivered prices of six representative structural shape products in this market. For three of the five products for which comparisons were possible, there was underselling in each of the six calendar quarters beginning in January 1984. And, these margins of underselling were significant, ranging from 17 percent to 32 percent.

At a time when the domestic steel industry was suffering massive operating losses, and the U.S. government was implementing a program to restrain imports from major suppliers, Norway jumped into the breach and undersold the market to gain market share. As a consequence, an industry the Commission found to be seriously injured in its 1984 Section 201 investigation, was denied the full opportunity to benefit from an increase in consumption and a limitation on imports from principal suppliers. Without a doubt, Norway's imports, which have aggregated \$17 million by value since January, 1984, have helped to reduce the domestic steel industry's profitability, as low-priced imports have been translated into suppressed prices for domestic products in the marketplace.

Conclusion: Given the dire circumstances of the domestic steel industry and given the results of repeated Commission investigations showing how a variety of foreign suppliers have engaged in unfair trade

practices to boost steel sales in the U.S. market, I cannot comprehend how my colleagues could conclude on the basis of substantial evidence that dumped carbon steel structural shapes from Norway are not materially injuring the domestic industry. Such a conclusion could only follow from an implicit rejection of the "conditions of trade" characterizing the international steel industry that have repeatedly been embraced explicitly by this Commission.

As I observed in the recent Austria and Sweden investigations, the entire present Commission concurred in the following language in an earlier steel product investigation:

For the purposes of determining material injury and causation, Congress intended that the Commission consider such factors as "the conditions of trade, competition, and development regarding the industry concerned." Among the conditions of trade which we have found important in this investigation are the apparent fungibility of the domestic and imported plate available in the market, the price sensitivity of steel products, the variety of other sources for imported plate and the role of these other imports in the market.

. . . Ultimately imported and domestic steel compete on the basis of price in the same end-user market.

The presence of lower-price imports can affect the ability of the domestic steel producer to cover costs and to generate funds for capital improvements.

[Emphasis added] [Footnotes omitted] 4/

There is no plausible reason now for the majority to abandon the analytical framework set forth in the Korean plate investigation. Its key elements include: the fungibility of structural shapes

4/ See "Views of Commissioner Eckes," Certain Carbon Steel Products from Austria and Sweden, at 32-33, citing to Certain Hot-Rolled Carbon Steel Plate from the Republic of Korea, Inv. No. 731-TA-151 (Final USITC Pub. No. 1561 (August 1984)).

(even more fungible than some products, such as plate), competition based on price, concurrent entrance of unfair imports from a variety of sources, and recognition that "the impact of small import volumes and penetrations is magnified in the marketplace."

In my view the Commission's statutory findings cannot and should not be made in isolation from the record. Nor can these findings be made by improvising a host of dubious, inarticulate and arbitrary analytical techniques, such as "proxies," "presumptive tests," and "elasticities," to rationalize negative determinations. 5/

The statute is plain and does not require any resort to academic fictions. Where the Department of Commerce has found foreign suppliers to have dumped goods in the U.S. market, and where there is evidence of material injury to the domestic producers, and where there is evidence connecting imports to injury, the Commission has a sworn obligation to apply the law.

Of course, there are often genuine differences of judgment when it comes time to apply the law to a set of facts, but the statutory threshold for finding material injury in antidumping cases is low. The statute requires only that material injury means harm which is "not inconsequential, immaterial, or unimportant," and that unfair imports be a cause of that injury.

5/ For example, finding required by the statute cannot be supported by reliance on so-called "minimum threshold import penetration" to the exclusion of the facts developed in the investigation.

In meeting these requirements, there can be no short-cuts and no arbitrary "it's-just-another-steel-case" approach. Our administrative decision-making must be sound. It must strive for openness and consistency. It also must demonstrate that the determinations of this agency are based on a thorough understanding of the conditions of trade. And, as contemplated by Congress, our decision-making must reflect the measured exercise of each Commissioner's objective judgment, not personal philosophies or predilections.

Simply put, in my view, the majority's negative determination in this investigation falls far short of these standards. On the basis of the record developed in this investigation, the statute leaves the Commission with room for only one determination supported by substantial evidence--that an industry in the United States is materially injured by reason of imports from Norway of carbon steel structural shapes which have been found by the department of Commerce to be sold in the United States at less than fair value.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On June 3, 1985, the U.S. Department of Commerce published in the Federal Register (50 F.R. 23326) its preliminary determination that imports of carbon steel structural shapes from Norway are being sold in the United States at less than fair value (LTFV). Accordingly, effective June 3, 1985, the U.S. International Trade Commission instituted investigation No. 731-TA-234 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of such LTFV imports.

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 27, 1985. 1/ On August 14, 1985, Commerce extended its investigation on structural shapes imported from Norway, and the Commission did likewise. 2/ The hearing was held in Washington, DC, on August 20, 1985, during which all interested parties were allowed to present information and data for consideration by the Commission. 3/

Commerce's final affirmative LTFV determination with respect to imports of carbon steel structural shapes from Norway was published in the Federal Register of October 23, 1985. 4/ The statute directs the Commission to make its final determination within 45 days after the final determination by Commerce. The Commission held the briefing and vote in this investigation at its meeting on November 20, 1985.

Background

This investigation results from a petition filed with the Commission and Commerce by Chaparral Steel Co. (Chaparral), Midlothian, TX, on December 19, 1984. In its petition, Chaparral alleged that carbon steel structural shapes from Norway and Poland were being sold in the United States at LTFV. Accordingly, the Commission instituted preliminary investigations on carbon steel structural shapes from Norway and Poland and made preliminary

1/ A copy of the Commission's notice is presented in app. A.

2/ A copy of Commerce's postponement notice is presented in app. B.

3/ A list of witnesses appearing at the hearing is presented in app. C. The hearing in connection with this investigation was held concurrently with the hearing held in connection with final countervailing duty and antidumping investigations concerning imports of certain other carbon steel products from several other countries (see footnote 2 on the following page).

4/ A copy of Commerce's final determination is presented in app. B.

affirmative injury determinations in both. 1/ Following affirmative preliminary LTFV determinations by Commerce, the Commission instituted final investigations on carbon steel structural shapes from Norway and Poland, but the case against Poland was terminated by the Commission upon withdrawal of the petition by Chaparral. 2/

Related Commission Investigations Concerning Imports of Carbon Steel Structural Shapes

The carbon steel structural shapes covered by this investigation have also been the subject of a number of other recent Commission investigations. Net LTFV margins for the current investigation and terminated (other than negative) title VII cases since January 1984 are presented in table 1. As indicated, the Commission terminated its most recent antidumping investigations on carbon steel structural shapes, which involved imports from Spain and Poland, in January 1985 and July 1985, respectively, upon receipt of petitioners' letters of withdrawal. A more thorough presentation of title VII investigations conducted since 1982 is presented in appendix D.

Nature and Extent of Sales at LTFV

Commerce made a final determination that carbon steel structural shapes from Norway are being sold in the United States at a weighted-average LTFV margin of 13.7 percent. Commerce made a negative determination as to the existence of critical circumstances, as alleged by the petitioner. Details of Commerce's final LTFV determination are contained in the Federal Register notice presented in appendix B.

1/ Commissioners Eckes, Lodwick, and Rohr determined that there was a reasonable indication that the domestic industry is threatened with material injury. Chairwoman Stern and Vice Chairman Liebeler made negative determinations. The Commission conducted its preliminary antidumping investigations on carbon steel structural shapes from Norway and Poland concurrently with investigations concerning allegedly subsidized and/or LTFV imports of certain other carbon steel products (plates, hot-rolled sheets, cold-rolled sheets, and galvanized sheets) from several other countries. See Certain Carbon Steel Products From Austria, Czechoslovakia, East Germany, Hungary, Norway, Poland, Romania, Sweden, and Venezuela, USITC Publication 1642, February 1985.

2/ A copy of the Commission's notice of termination, as published in the Federal Register on Aug. 7, 1985, is presented in app. A. In its notice of institution of final antidumping investigations concerning imports of carbon steel structural shapes from Norway and Poland, the Commission also instituted a final antidumping investigation concerning imports of carbon steel plates from Poland, as well as final antidumping investigations concerning certain other carbon steel products from Austria, the German Democratic Republic, Romania, and Venezuela. All of those investigations, except the cases involving imports from Austria, were subsequently terminated. For a more complete listing of the disposition of those investigations, see Certain Carbon Steel Products from Austria and Sweden, USITC Publication 1759, September 1985.

Table 1.--Carbon steel structural shapes: Pending title VII investigations and terminated (other than negative) title VII cases since January 1984, most recent dumping/subsidy margins, by countries and by companies, 1982-84, January-June 1984, and January-June 1985

Item	Weighted- average margin	Date of bond or order <u>1/</u>	Ratio of imports to apparent U.S. consumption				
			1982	1983	1984	Jan.-June--	
						1984	1985
Pending antidumping investigation:							
Norway-----	13.7	Oct. 23, 1985	-	<u>2/</u>	1.0	0.5	0.9
Terminated anti-dumping investigations:							
Poland <u>3/</u> -----	59.96	June 3, 1985	<u>2/</u>	0.2	.9	.7	.1
South Africa <u>4/</u> ----	-	-	2.7	2.5	2.3	2.6	1.0
Spain: <u>5/</u>							
Ensidesa-----	27.44	July 25, 1984	4.0	2.9	5.0	5.9	3.0
Aristrain-----	.00	-----do-----					
All other-----	16.17	-----do-----					
Terminated counter-vailing investigation:							
Mexico <u>6/</u> -----	4.98	Feb. 10, 1984	.3	1.4	1.0	1.5	.2

1/ Date posting of bond required or date order issued.

2/ Less than 0.05 percent.

3/ Terminated by the Commission, effective July 30, 1985, following withdrawal of the petition.

4/ Terminated, prior to a preliminary LTFV determination by Commerce, effective May 10, 1984, following withdrawal of the petition.

5/ Terminated by the Commission, effective Jan. 22, 1985, following withdrawal of the petition.

6/ Terminated Apr. 18, 1984, following withdrawal of the petition after Mexico announced the implementation of an export restraint policy. This case was filed only with Commerce because no injury determination was required.

Source: Margins and date of bond or order obtained from U.S. Department of Commerce; ratio of imports to apparent consumption, compiled from official statistics of the U.S. Department of Commerce and statistics of the American Iron & Steel Institute.

The Products

Description and uses

For purposes of this investigation, carbon steel structural shapes are defined as hot-rolled, forged, extruded, or drawn, or cold-formed or cold-finished, angles, shapes, and sections; not drilled, not punched, and not otherwise advanced; and, if cold formed, weighing over 0.29 pound per linear foot. Such angles, shapes, and sections do not conform completely to the specifications given in the headnotes to schedule 6, part 2 of the Tariff Schedules of the United States (TSUS) for blooms, billets, slabs, sheet bars, bars, wire rods, plates, sheets, strip, wire, rails, joint bars, or tie plates, and do not include any tubular products. The shapes must have a maximum cross-sectional dimension of 3 inches or more and are currently provided for in items 609.8005, 609.8015, 609.8035, 609.8041, and 609.8045 of the Tariff Schedules of the United States Annotated (TSUSA). Structural shapes having a maximum cross-sectional dimension of less than 3 inches are generally referred to as bar-size shapes and are not covered by this investigation.

Carbon steel structural shapes are steel products produced by passing reheated semifinished steel products, such as blooms and billets, through a series of grooved rolls. The rolls gradually shape the products to desired contours and dimensions (making the products identifiable from other finished steel products by their cross-sectional configuration and shape). Usually, such products consist of flat surfaces that are shaped into wide-flange beams, H-piles, I-beams, angles, channels, bulb angles, tees, and zees. Standard shapes such as angles, channels, and standard beams are produced on structural mills, with the type of product determined by the shape of the pass grooves. These differ from structural mills used for producing wide-flange beams and H-piles, which are equipped with supplementary vertical rolls and horizontal edging rolls.

Special sections are structural shapes other than regular shapes (e.g., I-beams, wide-flange beams, H-beams, and so forth) that are designed for specialized applications by the purchaser. Such sections are often produced by specially designed rolls and are frequently used as moving parts in complex machinery.

Sales of carbon steel structural shapes by domestic producers are made directly to end users, or to steel service centers (SSC's), which sell to end users. The SSC's share of the market decreased from 20 percent in 1982 to 16 percent in 1984 and 9 percent during January-June 1985. Major markets for carbon steel structural shapes, as reported by the American Iron & Steel Institute (AISI), are presented in table 2. The largest end-user market during the period covered by this report has been for construction and contractor's products, which accounted for 46 to 52 percent of shipments.

Table 2.--Carbon steel structural shapes: U.S. producers' shipments, by major markets, 1982-84, January-June 1984, and January-June 1985

Market	1982	1983	1984	January-June---	
				1984	1985
	Quantity (1,000 tons)				
Construction and contractor's products-----	1,470	1,421	1,548	821	855
SSC's-----	576	387	514	286	164
Machinery, industrial equipment, and tools-----	88	54	63	34	18
Shipbuilding and marine equipment--	40	32	45	26	19
All other-----	703	834	1,024	524	789
Total-----	2,877	2,728	3,195	1,691	1,845
	Percent of total				
Construction and contractor's products-----	51.1	52.1	48.5	48.6	46.3
SSC's-----	20.0	14.2	16.1	16.9	8.9
Machinery, industrial equipment, and tools-----	3.1	2.0	2.0	2.0	1.0
Shipbuilding and marine equipment--	1.4	1.2	1.4	1.5	1.0
All other-----	24.4	30.6	32.1	31.0	42.8
Total-----	100.0	100.0	100.0	100.0	100.0

Source: American Iron & Steel Institute.

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

U.S. tariff treatment

As previously mentioned, imports of carbon steel structural shapes are classified and reported for tariff and statistical purposes under TSUSA items 609.8005 (H-piles), 609.8015 (other wide-flange shapes or sections), 609.8035 (angles), 609.8041 (channels), and 609.8045 (all other structural shapes). The current column 1 rate of duty 1/ for carbon steel structural shapes is

1/ The rates of duty in column 1 are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries eligible for MFN treatment. However, MFN rates would not apply if preferential treatment is sought and granted to products of developing countries under the Generalized System of Preferences (GSP) or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the special rate-of-duty column.

0.9 percent ad valorem, modified as a result of the Tokyo round of the Multilateral Trade Negotiations from the 1-cent-per-pound rate in effect prior to January 1, 1982; there are no further duty modifications scheduled. The current column 2 rate of duty, applicable to imports from the Communist countries enumerated in general headnote 3(d), is 2.0 percent ad valorem.

Imports of carbon steel structural shapes, if the product of designated beneficiary countries, are eligible for duty-free entry under the CBERA. 1/ Effective September 1, 1985, imports of such articles from Israel are free of duty under the United States-Israel Free Trade Area Agreement.

In addition to the import duties shown above, dumping duties are in effect with respect to imports from Canada. 2/

In other actions in recent years, petitioners withdrew unfair trade complaints involving structural shapes from Belgium, France, Luxembourg, the United Kingdom, and West Germany to bring into effect the Arrangement Concerning Trade in Certain Steel Products, which was concluded by the European Coal and Steel Community and the United States in October 1982. Under the Arrangement, exports from the European Community (EC) to the United States of 10 categories of steel products are to be limited to specified shares of apparent U.S. consumption from November 1, 1982, through December 31, 1985. Structural shapes are included in a category in which exports are limited to 9.91 percent of consumption.

U.S. Producers

Approximately 18 firms, operating a total of 22 facilities, produce carbon steel structural shapes in the United States. The producers are widely scattered throughout the country, and they manufacture a variety of shapes in assorted sizes, weights, and dimensions. The following tabulation shows the principal producers of carbon steel structural shapes, locations of establishments producing the subject products, and each firm's share of total U.S. producers' shipments of carbon steel structural shapes (as reported by the AISI) in 1984. As shown, the top five producers accounted for 74 percent of producers' shipments in 1984. Several structural shapes producers are equipped not only with standard structural or bar rolls for rolling most standard shapes such as angles, channels, and standard beams, but also with universal structural mills for rolling wide-flange beams and H-piles. Bethlehem and U.S. Steel, * * *, are fully integrated firms that roll a wide

1/ The CBERA affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67 and implemented by Presidential Proclamations Nos. 5133 of Nov. 30, 1983, and 5142 of Dec. 29, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after Jan. 1, 1984; it is scheduled to remain in effect until Sept. 30, 1995. It provides duty-free entry to eligible articles imported directly from designated Basin countries.

2/ The most recent dumping margins for Canada range from 0 to 40.64 percent.

<u>Producer</u>	<u>Market share</u>	<u>Location</u>
Atlantic Steel Co-----	***	Atlanta, GA
Bayou Steel-----	***	LaPlace, LA
Bethlehem Steel Corp-----	***	Bethlehem, PA
Chaparral-----	***	Midlothian, TX
Continental-----	***	Joliet, IL
Florida Steel Co-----	***	Jackson, TN
Inland Steel Co-----	***	East Chicago, IN
LTV Steel Co-----	***	Aliquippa, PA
North Star Steel Co-----	***	Minneapolis, MN
Northwestern-----	***	Sterling, IL
Nucor Corp-----	***	Darlington, SC
		Norfolk, NE
		Jewett, TX
		Plymouth, UT
Ohio River Steel Corp-----	***	Calvert City, KY
SMI Steel-----	***	Birmingham, AL
U.S. Steel Corp-----	***	Homestead, PA
		South Works, IL

1/ * * *.

range of structural shapes. 1/ Inland, ***, is a fully integrated producer equipped with one structural mill and two bar mills. 2/

Other producers, such as Nucor, Northwestern, and Chaparral---* * *---are nonintegrated producers. Although these companies roll wide-flange beams, most nonintegrated producers are small-market mills that roll small angles, channels, and standard beams on an assortment of bar or light-structural mills. Nonintegrated mills are primarily concentrated in the Southern States and represent a growing sector of the U.S. steel industry.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies * * * that imported carbon steel structural shapes from Norway during January 1984-August 1985.

1/ In March 1983, Bethlehem ceased operations on both its 22-inch and 10-to-22-inch mills at Seattle, WA, and in December 1982 closed its Los Angeles, CA, plant, which produced structurals on a 16-to-12-inch bar mill. In May 1982, U.S. Steel ceased all operations at its Fairfield, AL, works, which produced certain structural shapes on a 24-inch structural mill. In December 1982, U.S. Steel closed its Geneva, UT, structural mill, and in February 1984, ceased operations at its Clairton, PA, works.

2/ Inland is scheduled to cease production of angles, channels, and standard beams by the end of 1985.

Apparent U.S. Consumption

Apparent U.S. consumption of carbon steel structural shapes increased from 4.3 million tons in 1982 and 1983 to 5.4 million tons in 1984. Such consumption during January-June 1985, at 2.9 million tons, was 7 percent higher than consumption during the corresponding period of 1984 (table 3). As shown in the table, imports took an increasing market share, from 34 percent in 1982 and 1983 to 38 percent in 1984, before falling to 37 percent during January-June 1985.

Table 3.--Carbon steel structural shapes: U.S. producers' shipments, imports for consumption, exports, and apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

Period	Shipments	Imports	Exports	Apparent consump- tion	Ratio of imports to--	
					Shipments	Con- sumption
	<u>1,000 short tons</u>				<u>Percent</u>	
1982-----	2,877	1,462	46	4,293	50.8	34.1
1983-----	2,902	1,477	37	4,342	50.9	34.0
1984-----	3,370	2,055	24	5,401	61.0	38.0
January-June--						
1984-----	1,692	1,053	10	2,735	62.2	38.5
1985-----	1,845	1,085	14	2,916	58.8	37.2

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, and capacity utilization

U.S. production of carbon steel structural shapes, as reported in responses to the Commission's questionnaires, increased from 2.8 million tons in 1982 to 3.0 million tons in 1983, and then increased to 3.7 million tons in 1984 (table 4). Production during January-June 1985 was 1.9 million tons, representing a decrease of 2 percent from production in the corresponding period of 1984. Total reported capacity for producing structural shapes increased irregularly from 6.4 million tons in 1982 to an annualized 6.9 million tons during January-June 1985. Capacity utilization increased from 44.2 percent in 1982 to 53.9 percent in 1984. Capacity utilization during January-June 1985 was 56.4 percent, compared with 57.7 percent during the corresponding period of 1984.

Table 4.--Carbon steel structural shapes: U.S. production, practical capacity, 1/ and capacity utilization, 2/ 1982-84, January-June 1984, and January-June 1985

Item	:	:	:	:	January-June--	
					1984	1985
	:	:	:	:	:	:
Production-----1,000 short tons--	:	2,845	:	3,020	:	3,664
Capacity-----do-----	:	6,442	:	7,043	:	6,802
Capacity utilization-----percent--	:	44.2	:	42.9	:	53.9
	:	:	:	:	:	:
	:	:	:	:	:	:
	:	:	:	:	:	:

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

2/ U.S. producers submitting usable data together accounted for * * * percent of total shipments of structural shapes in 1984, as reported by the American Iron & Steel Institute.

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

U.S. producers' domestic shipments

U.S. producers' domestic shipments of carbon steel structural shapes, as reported in responses to the Commission's questionnaires, increased from 2.7 million tons in 1982 to 2.9 million tons in 1983 and 3.4 million tons in 1984. Such shipments remained at 1.8 million tons during January-June 1984 and January-June 1985 (table 5).

Table 5.--Carbon steel structural shapes: U.S. producers' 1/ domestic shipments, 2/ 1982-84, January-June 1984, and January-June 1985

Item	:	:	:	:	January-June--	
					1984	1985
	:	:	:	:	:	:
Quantity-----1,000 tons--	:	2,688	:	2,861	:	3,367
Value-----million dollars--	:	1,105	:	971	:	1,135
Unit value <u>3/</u> -----per ton--	:	\$411	:	\$339	:	\$337
	:	:	:	:	:	:
	:	:	:	:	:	:
	:	:	:	:	:	:

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

2/ Excludes intercompany and intracompany transfers.

3/ Calculated from the unrounded numbers.

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

A comparison of information received in response to the Commission's questionnaires with information reported by the AISI on shipments of structural shapes is presented in the following tabulation:

	<u>AISI</u> <u>shipments</u> <u>(1,000 tons)</u>	<u>Questionnaire</u> <u>shipments 1/</u> <u>(1,000 tons)</u>	<u>Coverage 2/</u> <u>(percent)</u>
1982-----	2,877	2,828	98
1983-----	2,902	3,021	104
1984-----	3,370	3,531	105
Jan.-June--			
1984-----	1,692	1,890	112
1985-----	1,845	1,925	104

1/ Including exports and intercompany and intracompany transfers.

2/ Not all companies that produce the carbon steel structural shapes subject to this investigation report data to the AISI.

U.S. producers' exports

U.S. producers' exports of carbon steel structural shapes, as reported in responses to the Commission's questionnaires, decreased continually in all periods covered by this report, from * * * tons in 1982 to * * * tons in 1983, * * * tons in 1984, and * * * tons during January-June 1985 (compared with * * * tons in the corresponding period of 1984) (table 6).

Table 6.--Carbon steel structural shapes: U.S. producers' export shipments, 1/ 1982-84, January-June 1984, and January-June 1985

Item.	1982	1983	1984	January-June--	
				1984	1985
Quantity-----tons--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Unit value-----per ton--:	***	***	***	***	***

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

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

U.S. producers' inventories

End-of-period inventories of carbon steel structural shapes, as reported by U.S. producers in response to the Commission's questionnaires, remained small during 1982-84 and January-June 1985. Such inventories were equal to 10 to 12 percent of the responding producers' (annualized) shipments in each

of the periods covered by this report. Reported end-of-period inventories are shown in the following tabulation (in thousands of tons):

	<u>Inventories</u>
As of Dec. 31--	
1982-----	305
1983-----	305
1984-----	438
As of June 30--	
1984-----	393
1985-----	453

U.S. employment, wages, and productivity

Data on U.S. employment, wages, and productivity in establishments producing carbon steel structural shapes, as reported in responses to the Commission's questionnaires, are provided in table 7 (number of employees and hours worked by production and related workers) and table 8 (wages and total compensation ^{1/} paid to production and related workers, labor productivity, hourly compensation, and unit labor costs). The ratio of total production and related workers to total employees ranged from a low of 82 percent in 1982 to a high of 87 percent during both January-June periods. Production and related workers producing structural shapes accounted for 7 to 8 percent of total production and related workers during the period covered by the investigation.

The average number of production and related workers producing carbon steel structural shapes fell by 8 percent in 1983 and by another 2 percent in 1984 to 7,018. During January-June 1985, the average number of such production and related workers declined further, by 5 percent. Similarly, hours worked by these workers dropped by 5 percent in 1983 and by 4 percent in 1984, and declined further, by 14 percent, during January-June 1985 compared with hours worked in the corresponding period of 1984.

The average wage for production and related workers producing structural shapes, which was \$14.34 per hour in 1982, decreased by 6 percent in 1983 before increasing by 9 percent to \$14.65 in 1984 and by an additional 1 percent to \$14.84 during January-June 1985. Labor productivity, which was 0.1369 ton of structural shapes produced per hour worked during 1982, increased by 13 percent in 1983, 19 percent in 1984, and by an additional 7 percent during January-June 1985. Unit labor costs decreased by 13 percent in 1983 to \$132.16 per ton, then decreased by 20 percent in 1984 and an additional 5 percent during January-June 1985. ^{2/}

^{1/} The difference between total compensation and wages is an estimate of workers' benefits.

^{2/} Chaparral, the petitioner in this investigation, * * *. At the hearing, Mr. Jeffrey Werner, Chaparral's executive vice president, stated that Chaparral's high labor productivity gives his firm a tremendous advantage in the marketplace. Mr. Werner emphasized that his firm's total labor cost (under \$30 per ton of finished steel) is less than the cost of shipping the same kind of steel product from any other country in the world to the United States. Consequently, according to Mr. Werner, Chaparral can compete with any foreign supplier, regardless of that country's labor cost.

Table 7.--Average number of employees, total and production and related workers, in U.S. establishments producing carbon steel structural shapes, and hours paid 1/ for the latter, 2/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June--	
				1984	1985
Average employment:					
All employees:					
Number-----	121,315	111,887	110,434	114,860	101,244
Percentage change <u>3/</u> -----	<u>4/</u>	-7.8	-1.3	+2.7	-8.3
Production and related workers producing--					
All products:					
Number-----	99,805	92,815	94,683	100,205	88,475
Percentage change <u>3/</u> -----	<u>4/</u>	-7.0	+2.0	+8.0	-6.6
Structural shapes:					
Number-----	7,737	7,156	7,018	7,963	6,658
Percentage change <u>3/</u> -----	<u>4/</u>	-7.5	-1.9	+11.3	-5.1
Hours worked by production and related workers producing carbon steel structural shapes:					
Number-----1,000 hours--	14,080	13,420	12,883	7,566	6,478
Percentage change-----	<u>4/</u>	-4.7	-4.0	<u>4/</u>	-14.4

1/ Includes hours worked plus hours of paid leave time.

2/ Nonproduct-specific data may be overstated since a multiproduct questionnaire was used that requested total employment and production and related workers information for all products manufactured in establishments producing carbon steel plates, hot-rolled carbon steel sheets, cold-rolled carbon steel plates and sheets, and carbon steel structural shapes. Data are understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

3/ Percentage change for each January-June period is calculated using the data from the prior complete year.

4/ Not available.

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

Table 8.--Wages and total compensation 1/ paid to production and related workers producing carbon steel structural shapes and labor productivity, hourly compensation, and unit labor costs in the production of structural shapes, 2/ 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June--	
				1984	1985
Wages paid to production and related workers:					
Value-----million dollars--	202	181	189	109	96
Percentage change-----	<u>3/</u>	-10.4	+4.4	<u>3/</u>	-11.9
Total compensation paid to production and related workers:					
Value-----million dollars--	293	275	251	149	129
Percentage change-----	<u>3/</u>	-6.1	-8.7	<u>3/</u>	-13.4
Labor productivity:					
Quantity-----tons per hour--	0.1369	0.1551	0.1841	0.1638	0.1978
Percentage change <u>4/</u> -----	<u>3/</u>	+13.3	+18.7	+5.6	+7.4
Hourly compensation: <u>5/</u>					
Value-----	\$14.34	\$13.47	\$14.65	\$14.43	\$14.84
Percentage change <u>4/</u> -----	<u>3/</u>	-6.1	+8.8	+7.1	+1.3
Unit labor costs: <u>6/</u>					
Value-----per ton--	\$152.24	\$132.16	\$105.75	\$120.46	\$100.42
Percentage change <u>4/</u> -----	<u>3/</u>	-13.2	-20.0	-8.9	-5.0

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

2/ Understated or overstated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

3/ Not available.

4/ Percentage change for each January-June period is calculated using the data from the prior complete year.

5/ Based on wages paid excluding fringe benefits.

6/ Based on total compensation paid.

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

Financial experience of U.S. producers

Operations on carbon steel structural shapes.--Net sales of carbon steel structural shapes decreased from * * * in 1982 to * * * in 1983, or by 15 percent, and then increased by * * * percent in 1984 to \$1.0 billion (table 9). In the interim period ended June 30, 1985, net sales totaled \$579 million compared with * * * in the interim period of 1984, representing a slight increase of * * * percent.

The industry reported aggregate gross and operating losses in each of the periods included in this report. The operating loss increased from * * *, or * * * percent of net sales, in 1982 to * * *, or * * * percent of net sales, in 1983. In 1984, the responding producers reported an aggregate operating loss of \$153 million, or 15.1 percent of net sales. The operating loss the firms sustained during the interim period ended June 30, 1985, was \$60 million, or 10.4 percent of net sales; this was * * * percent less than the * * * loss, equivalent to * * * percent of net sales, incurred in the interim period of 1984. Five * * * reporting firms sustained operating losses in 1982, * * * eight reporting firms posted such losses in 1983, and eight * * * reporting firms did so in 1984. Eight * * * reporting firms sustained operating losses in the interim periods of both 1984 and 1985.

U.S. producers experienced aggregate negative cash-flows that increased from * * * in 1982 to * * * in 1983 before falling by * * * percent to \$96 million in 1984. The negative cash-flow experienced by these firms on their carbon steel structural shapes operations during the interim period ended June 30, 1985, at \$33 million, was * * * percent less than the * * * in the interim period of 1984.

* * *, accounting for * * * percent of total shipments of carbon steel structural shapes, as reported by the AISI, in 1984, did not provide complete income-and-loss data but supplied estimated net sales and estimated net income before income taxes on its carbon steel structural shapes operations. The company operated * * * throughout the period under investigation, as shown in the following tabulation:

Item	1982	1983	1984	January-June--	
				1984	1985
Net sales----1,000 dollars--	***	***	***	***	***
Pretax net income-----do----	***	***	***	***	***
Ratio of pretax net income					
to net sales-----percent--	***	***	***	***	***

* * * * *

Table 9.--Income-and-loss experience of U.S. producers 1/ on their operations producing carbon steel structural shapes, 2/ accounting years 1982-84 and interim periods ended June 30, 1984, and June 30, 1985

Item	1982	1983	1984	Interim period ended June 30--	
				1984	1985
Net sales-----million dollars--:	***	***	1,015	***	579
Cost of goods sold-----do-----:	***	***	1,115	***	616
Gross (loss)-----do-----:	***	***	(100)	***	(37)
General, selling, and admin- istrative expenses-----do-----:	***	***	53	***	23
Operating (loss) <u>3/</u> -----do-----:	***	***	(153)	***	(60)
Depreciation and amorti- zation expense included above-----do-----:	***	***	57	***	27
Cash-flow or (deficit) from operations-----do-----:	***	***	(96)	***	(33)
As a share of net sales:					
Gross (loss)-----percent--:	***	***	(9.9)	***	(6.4)
Operating (loss)-----do-----:	***	***	(15.1)	***	(10.4)
Cost of goods sold-----do-----:	***	***	109.9	***	106.4
General, selling, and adminis- trative expenses---percent--:	***	***	5.2	***	4.0
Number of firms reporting oper- ating losses-----:	5	8	8	8	8

1/ * * *.

2/ U.S. producers submitting usable data together accounted for 90 percent of total shipments of carbon steel structural shapes in 1984, as reported by the American Iron & Steel Institute.

3/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information, in order to determine net income or loss before income taxes. However, only 4 producers, which together accounted for * * * percent of reported 1984 net sales, provided such data and the remaining firms did not report those line items. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

Overall operations of establishments within which carbon steel structural shapes are produced--Data on the overall establishment operations of the U.S. structural shapes producers are presented in table 10. Net sales of carbon steel structural shapes as a share of overall establishment net sales ranged from 12.0 to 14.2 percent during the period under investigation. Trends in net sales for the overall establishment operations differ from those for carbon steel structural shapes during the 3-1/2 years under investigation; also, although operating losses were reported in each period for both the overall establishment operations and for carbon steel structural shapes, trends in operating loss margins were different. During 1982-84, operating loss margins of overall establishment operations decreased each year, especially in 1984, and then increased in the interim period ended June 30, 1985, whereas, operating loss margins on carbon steel structural shape operations increased in 1983 and then decreased in 1984 and the interim period ended June 30, 1985.

U.S. producers' total net sales of their establishments within which carbon steel structural shapes are produced remained steady at about \$7.6 billion in 1982 and 1983 and then rose to \$8.5 billion in 1984, or by 12 percent. During the interim period ended June 30, 1985, such net sales fell, by 9 percent, to \$4.1 billion, compared with \$4.5 billion in the corresponding period of 1984.

The responding firms incurred aggregate operating losses of \$1.2 billion, or 15.4 percent of net sales, in 1982; \$962 million, or 12.7 percent of sales, in 1983; and \$205 million, or 2.4 percent of sales, in 1984. The operating loss increased to \$156 million, or 3.8 percent of net sales, during the interim period ended June 30, 1985, compared with an operating loss of \$81 million, or 1.8 percent of sales, in the interim period of 1984. The number of firms reporting operating losses was five in 1982, seven in 1983 and both interim periods, and six in 1984.

The responding firms reported aggregate negative cash-flows of \$808 million in 1982 and \$611 million in 1983 and a positive cash-flow of \$176 million in 1984. These firms experienced a positive cash-flow of \$15 million in the interim period ended June 30, 1985, compared with \$109 million in the interim period in 1984.

Investment in productive facilities.--Only five U.S. producers supplied data concerning their investment in productive facilities employed in the production of carbon steel structural shapes. Reported investment in property, plant, and equipment is shown in the following tabulation (in thousands of dollars):

	<u>Original cost</u>	<u>Book value</u>
As of Dec. 31--		
1982-----	447,500	276,931
1983-----	616,498	363,101
1984-----	612,154	338,991
As of June 30-- ^{1/}		
1984-----	540,165	271,503
1985-----	522,012	244,130

^{1/} * * *.

Table 10.--Income-and-loss experience of U.S. producers 1/ on the overall operations of their establishments within which carbon steel structural shapes are produced, 2/ accounting years 1982-84 and interim periods ended June 30, 1984, and June 30, 1985

Item	1982	1983	1984	Interim period ended June 30--	
				1984	1985
Net sales-----million dollars--:	7,572	7,581	8,458	4,485	4,074
Cost of goods sold-----do-----:	8,468	8,247	8,411	4,445	4,131
Gross profit or (loss)-----do-----:	(896)	(666)	47	40	(57)
General, selling, and admin- istrative expenses-----do-----:	268	296	252	121	99
Operating (loss) <u>3/</u> -----do-----:	(1,164)	(962)	(205)	(81)	(156)
Depreciation and amorti- zation expense included above-----do-----:	356	351	381	190	171
Cash-flow or (deficit) from operations-----do-----:	(808)	(611)	176	109	15
As a share of net sales:					
Gross profit or (loss) percent--:	(11.8)	(8.8)	0.6	0.9	(1.4)
Operating (loss)-----do-----:	(15.4)	(12.7)	(2.4)	(1.8)	(3.8)
Cost of goods sold-----do-----:	111.8	108.8	99.4	99.1	101.4
General, selling, and adminis- trative expenses---percent--:	3.5	3.9	3.0	2.7	2.4
Number of firms reporting oper- ating losses-----:	5	7	6	7	7
Carbon steel structural shapes as a share of total establish- ment sales-----percent--:	14.1	12.0	12.0	12.8	14.2

1/ * * *.

2/ U.S. producers submitting usable data together accounted for 90 percent of total shipments of carbon steel structural shapes in 1984, as reported by the American Iron & Steel Institute.

3/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, only 5 producers, which together accounted for * * * percent of reported 1984 net sales, provided such data; 3 firms did not report those line items, and the remaining firm did not allocate those expenses, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

The aggregate investment in productive facilities (as of the end of the year), valued at cost, increased from \$447.5 million in 1982 to \$616.5 million in 1983 and then declined slightly to \$612.2 million in 1984. Such investment dropped to \$522.0 million as of June 30, 1985, compared with \$540.2 million as of June 30, 1984. The book value of such assets rose from \$276.9 million in 1982 to \$363.1 million in 1983 and then fell to \$339.0 million in 1984. Book value amounted to \$244.1 million as of June 30, 1985, compared with \$271.5 million as of June 30, 1984.

Capital expenditures and research and development expenses.--Six firms supplied data relative to their capital expenditures for land, buildings, and machinery and equipment used in the manufacture of carbon steel structural shapes and four firms supplied data on research and development expenses relative to operations on such products. These data are shown in the following tabulation (in thousands of dollars):

	<u>Capital expenditures 1/</u>	<u>Research and development expenses 2/</u>
1982-----	***	***
1983-----	***	***
1984-----	***	***
January-June--		
1984-----	***	***
1985-----	***	***

1/ * * *.

2/ Data are for 4 firms.

Capital expenditures increased from * * * in 1982 to * * * in 1984 and from * * * during January-June 1984 to * * * in the corresponding period of 1985. * * *.

Research and development expenses relative to operations on carbon steel structural shapes, as reported by four producers that responded to this part of the Commission's questionnaire, increased from * * * in 1982 to * * * in 1983 and then dropped to in 1984. Such expenses decreased by 8 percent from * * * in January-June 1984 to * * * in the corresponding period of 1985.

Impact of imports on U.S. producers' growth, investment,
and ability to raise capital 1/

The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of imports of structural shapes

1/ Inasmuch as the questionnaires used by the Commission in this investigation were mailed prior to the termination of its investigation concerning imports of structural shapes from Poland, the negative effects reported by the respondents would include the negative effects, if any, of imports of structural shapes from Poland.

from Norway on their firms' growth, investment, and ability to raise capital. Their verbatim responses are presented below.

* * * * *

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

Consideration factors

In its examination of the question 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 in LTFV imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in the subject country to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of carbon steel structural shapes and of their U.S. market penetration is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Imports Sold at LTFV." Discussions concerning the available data on U.S. importers' inventories of carbon steel structural shapes from Norway and the capacity of Norwegian producers to generate exports of such products follow.

U.S. importers' inventories

* * * believed to have accounted for all imports from Norway of the carbon steel structural shapes covered by this investigation during January 1982-June 1985. In response to the Commission's questionnaire, * * * reported no end-of-period inventories of such products during this period.

The Norwegian steel industry and its capacity to generate exports

Raw steel production in Norway declined from 950,000 tons in 1980 to 855,000 tons in 1982, before rising to 1.0 million tons in 1984 (table 11). Production during January-June 1985 of 528,000 tons represents an increase of 3 percent over production in the comparable period of 1984. Norway's 1983-84 annual raw steel capacity of * * * tons, represents a 5-percent increase over its capacity during 1980-82.

In June 1985, Norsk Jernverk, Norway's dominant steel producer, merged with Elkem's Christiana Spigerverk plant, leaving Norway with a steel industry consisting of one raw steel producer, one pipe and tube manufacturer, and several small steel fabricators. Established in 1946, Norsk Jernverk was totally Government-owned prior to the merger. Under the June 1985 agreement, Elkem acquired a 20 percent share holding in the Norwegian steelmaker. Norsk Jernverk's steelmaking facilities are located at Mo i Rana (1984 raw steel production of 811,000 tons) and the Christiana Spigerverk facility at Oslo

Table 11.--Raw steel: Norway's production, capacity, and capacity utilization, 1980-84, January-June 1984, and January-June 1985

Item	1980	1981	1982	1983	1984	January-June--	
						1984	1985
Production							
1,000 short tons-----	950	935	855	988	1,010	511	528
Capacity---do---	***	***	***	***	***	***	***
Capacity utilization							
percent---	***	***	***	***	***	***	***

Source: Posthearing submission by counsel for respondents.

Note.--Capacity utilization was computed from the unrounded figures.

(1981 raw steel production of 182,000 tons). 1/ Construction of a new electric furnace to replace three existing ones at Mo i Rana should increase Norsk Jernverk's raw steel capacity by 50,000 to 100,000 tons. 2/

Norway's production of finished steel products decreased from * * * tons in 1980 to * * * tons in 1982, before rising 23 percent to * * * tons in 1984. Imports ranged from 1.1 million to 1.3 million tons during 1980-82, fell 21 percent in 1983, and then rose again to about 1.1 million tons in 1984. Exports increased irregularly from 483,000 tons in 1980 to 585,000 tons in 1984. Apparent consumption trended downward from * * * tons in 1980 to * * * tons in 1984 (table 12).

The carbon steel structural shapes included in this investigation are only produced at the Mo i Rana plant. Norway's production of carbon steel structural shapes increased by 25 percent, from * * * tons in 1980 to * * * tons in 1984, while capacity increased from * * * tons in 1980 to * * * tons in 1984 (table 13). Capacity utilization rose from * * * percent in 1980 to * * * percent in 1984. Domestic shipments of structural shapes decreased from * * * tons in 1980 to * * * tons in 1984, and imports fell 13 percent in the same period. Exports rose 35 percent, from 136,000 tons in 1980 to 184,000 tons in 1984. Norway's apparent consumption of structural shapes decreased from * * * tons in 1980 to * * * tons in 1984, a decline of 25 percent.

Norsk Jernverk's markets have traditionally been Norway, the other Scandinavian countries, and Western Europe. As a percentage of total sales, however, these regions have been declining in importance, and the firm has turned to other regions for its revenues. Sales to other countries rose from

1/ Iron and Steelworks of the World, 1982.

2/ "Norway faces need for new rationalisation," Metal Bulletin, July 5, 1985.

Table 12.--Finished steel mill products: Norway's production, imports, exports, and apparent consumption, 1980-84, January-June 1984, and January-June 1985

(In thousands of short tons)				
Period	Production	Imports	Exports	Apparent consumption 1/
1980-----	***	1,257	483	***
1981-----	***	1,110	482	***
1982-----	***	1,209	417	***
1983-----	***	952	517	***
1984-----	***	1,087	585	***
January-June--				
1984-----	***	508	290	***
1985-----	***	560	283	***

1/ Estimated by the staff of the U.S. International Trade Commission to be production plus imports minus exports.

Source: Posthearing submission by counsel for respondents, except as noted.

Table 13.--Carbon steel structural shapes: Norway's production, capacity, capacity utilization, domestic shipments, imports, exports, and apparent consumption, 1980-84, January-June 1984, and January-June 1985

(In thousands of short tons, except as noted)								
Item	1980	1981	1982	1983	1984	January-June--		
						1984	1985	
Production-----	***	***	***	***	***	***	***	***
Capacity 1/-----	***	***	***	***	***	***	***	***
Capacity utilization (percent)----	***	***	***	***	***	***	***	***
Domestic shipments-----	***	***	***	***	***	***	***	***
Imports-----	120	109	87	99	105	47	52	
Exports:								
Total-----	136	137	112	169	184	89	87	
To the United States-----	0	0	0	2	56	2/ 10	15	
Apparent consumption---	***	***	***	***	***	***	***	***

1/ Nominal capacity, dependent on product mix.

2/ Estimated by counsel for the respondents.

Source: Posthearing submission and conversation with counsel for respondents.

153 million kroner (12.6 percent of sales) in 1982 to 518 million kroner (30.5 percent of sales) in 1984, as shown in the following tabulation:

<u>Market</u>	<u>Sales revenues</u>			<u>Share of sales revenues</u>		
	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
	(million Norwegian kroner)			(percent)		
Norway-----	303	303	356	25.0	21.3	20.9
EC-----	595	698	649	49.0	49.2	38.2
Sweden, Finland, and Iceland-----	162	171	176	13.4	12.1	10.4
Other countries-----	153	247	518	12.6	17.4	30.5
Total-----	1,213	1,418	1,699	100.0	100.0	100.0

Quotas have been placed on imports of Norwegian construction beams and reinforcing steel into West Germany. These quotas lie well below the quantities budgeted for in the company's structure plan. 1/

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Imports Sold at LTFV

U.S. imports and market penetration

Imports from all sources.---Aggregate U.S. imports of carbon steel structural shapes increased from about 1.5 million tons in 1982 and 1983 to 2.1 million tons in 1984; such imports during January-June 1985, at 1.1 million tons, were 3 percent more than those in the corresponding period of 1984 (table 14). Market penetration of carbon steel structural shapes from all countries increased from 34 percent of apparent U.S. consumption in 1982 and 1983 to 38 percent during 1984 and then decreased to 37 percent during January-June 1985 (table 15).

Imports from Norway.---No imports of carbon steel structural shapes from Norway entered the United States in 1982 and only a small amount entered in 1983. During 1984, imports from Norway increased sharply, totaling 53,000 tons for that year. Such imports during January-June 1985 were 26,000 tons, compared with 15,000 tons during the corresponding period of 1984. Imports from Norway accounted for 1.0 percent of apparent U.S. consumption in 1984 and 0.9 percent during January-June 1985.

1/ Norsk Jernverk, Annual Report, 1984.

Table 14.--Carbon steel structural shapes: 1/ U.S. imports for consumption, by principal sources, 1982-84, January-June 1984, and January-June 1985

Source	1982	1983	1984	January-June--	
				1984	1985
Quantity (1,000 short tons)					
Norway-----	0	2/	53	15	26
Japan-----	436	453	700	341	383
Canada-----	149	185	240	126	136
Spain-----	173	125	270	161	87
Belgium/Luxembourg-----	317	198	204	100	127
South Africa-----	118	108	124	71	30
West Germany-----	125	77	107	54	95
All other-----	143	332	357	186	200
Total-----	1,462	1,477	2,055	1,053	1,085
Value (million dollars)					
Norway-----	-	3/	11	3	5
Japan-----	159	134	201	97	106
Canada-----	54	57	78	41	42
Spain-----	61	30	65	38	20
Belgium/Luxembourg-----	106	54	60	29	36
South Africa-----	37	27	32	18	7
West Germany-----	47	22	31	16	29
All other-----	50	87	97	51	57
Total-----	514	412	575	292	302
Unit value (per ton)					
Norway-----	-	\$198	\$214	\$197	\$212
Japan-----	\$365	297	287	284	275
Canada-----	360	309	324	321	311
Spain-----	354	242	240	239	231
Belgium/Luxembourg-----	334	274	294	291	285
South Africa-----	312	252	254	251	240
West Germany-----	378	288	291	293	300
All other-----	347	261	272	273	284
Average-----	351	279	280	277	279

1/ Includes imports under TSUSA items 609.8005, 609.8015, 609.8035, 609.8041, and 609.8045.

2/ Less than 500 short tons.

3/ Less than \$500,000.

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

Note.--Because of rounding, figures may not add to the totals shown. Unit values were computed from unrounded data.

Table 15.--Carbon steel structural shapes: 1/ Ratios of imports from Norway and all countries to apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

(In percent)						
Source	1982	1983	1984	January-June--		
				1984	1985	
Norway-----	-	<u>2/</u>	1.0	0.5		0.9
Total, all countries----	34.1	34.0	38.0	38.5		37.2

1/ Includes imports under TSUSA items 609.8005, 609.8015, 609.8035, 609.8041, and 609.8045.

2/ Less than 0.05 percent.

Source: Tables 3 and 14.

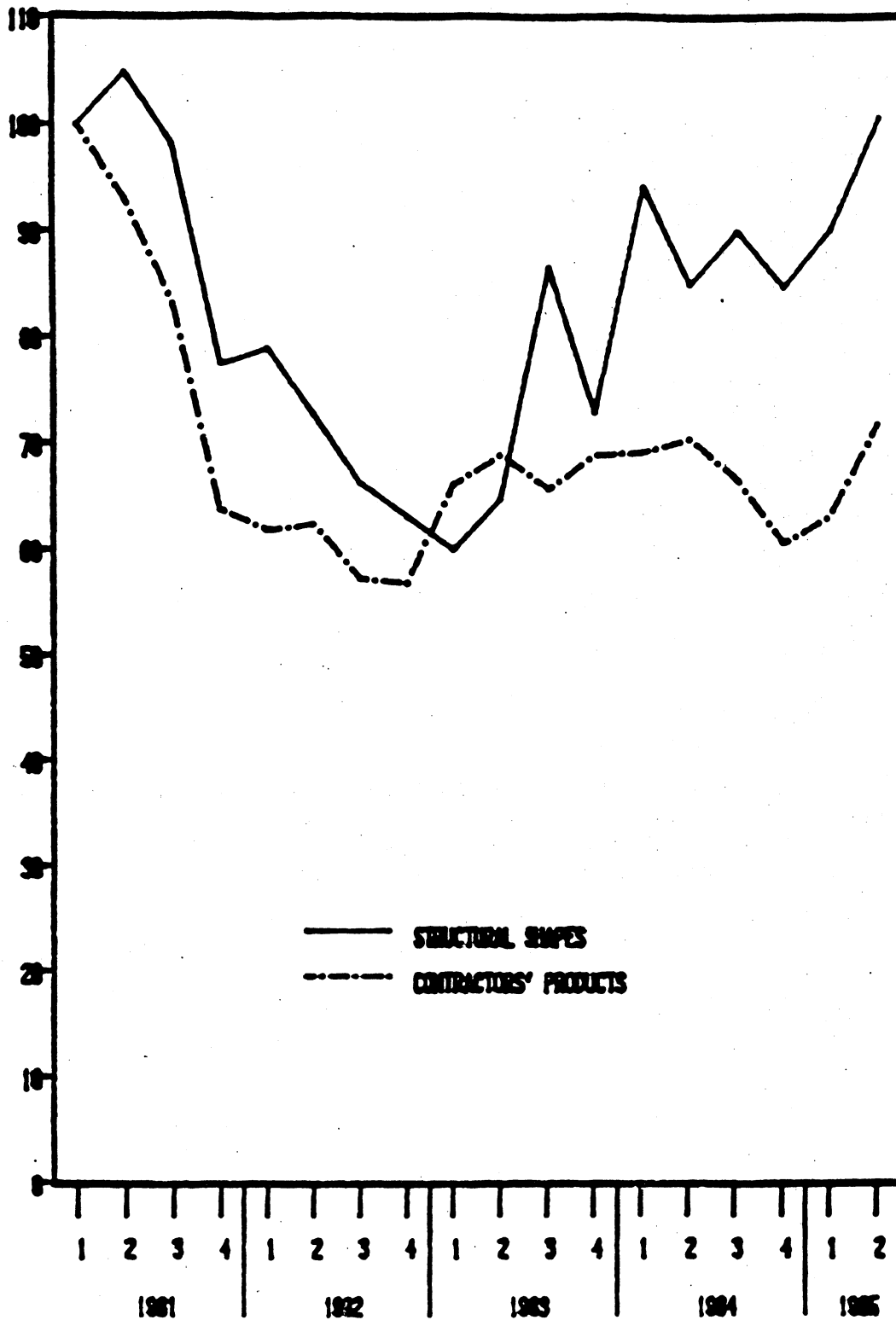
Information concerning the distribution of imports of structural shapes from Norway by customs districts in 1984, as compiled from official statistics of the U.S. Department of Commerce, is presented in the following tabulation (in percent):

<u>Customs district</u>	<u>Share of total imports (percent)</u>
Houston, TX-----	30.2
New Orleans, LA-----	15.4
Tampa, FL-----	9.8
Bridgeport, CT-----	9.6
Detroit, MI-----	7.2
Wilmington, NC-----	7.5
Baltimore, MD-----	5.9
Savannah, GA-----	4.8
Subtotal-----	90.4
All other-----	9.6
Total-----	100.0

Prices

As previously shown in table 2, the construction and contractors' products industry is the largest user of U.S.-produced structural shapes. The demand for and respective prices of carbon steel structural shapes depend largely on the level of activity in the construction industry. As expected, a relatively high correlation of apparent consumption of structural shapes with shipments of contractors' products exists, as shown in figure 1 and table 16. The construction industry is highly influenced by the business cycle, particularly movements in interest rates, and the level of Government spending. Because of

Figure 1.--Indexes of apparent consumption of carbon steel structural shapes and shipments of contractors' products, by quarters, January 1981-June 1985.



Source: Table 16.

Table 16.--Indexes of apparent consumption of carbon steel structural shapes and shipments of contractors' products, by quarters, January 1981-June 1985

(January-March 1981=100)		
Period	Apparent consumption of structural shapes	Shipments of contractors' products
1981:		
January-March-----	100.0	100.0
April-June-----	104.9	93.0
July-September-----	98.1	83.1
October-December-----	77.5	63.7
1982:		
January-March-----	79.0	61.8
April-June-----	72.8	62.4
July-September-----	66.2	57.2
October-December-----	63.0	56.7
1983:		
January-March-----	59.9	66.2
April-June-----	64.8	68.9
July-September-----	86.6	65.6
October-December-----	72.9	68.9
1984:		
January-March-----	94.2	69.2
April-June-----	84.9	70.4
July-September-----	89.9	66.6
October-December-----	84.6	60.5
1985:		
January-March-----	90.2	63.1
April-June-----	100.6	71.8

Source: Apparent consumption, compiled from shipments as reported by the American Iron & Steel Institute and official export and import statistics of the U.S. Department of Commerce; shipments of contractors' products, compiled from statistics of Data Resources, Inc., Central Data Bank.

falling construction levels, demand for carbon steel structural shapes decreased in 1980, fell sharply in 1982, remained low in 1983, and increased during 1984 as the construction industry began to recover. As demand for structural shapes fell, competition and price discounting increased and the price of structurals softened. Recently, the prices of domestically produced structural shapes have firmed, and import prices have edged upward.

U.S. producers that maintain published list prices usually quote prices for carbon steel products on an f.o.b. mill basis, whereas, importers of such products generally quote prices either 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.

The Commission asked U.S. producers and importers for their net selling prices to SSC's/distributors and end users for the following six representative carbon steel structural shape products, by quarters, during January 1983-June 1985:

Product 1: Wide-flange carbon steel beams, A-36 or equivalent, 4 inches by 4 inches, 13 pounds per foot, 20-60 feet in length;

Product 2: Wide-flange carbon steel beams, A-36 or equivalent, 6 inches by 6 inches, 15-25 pounds per foot, 40-60 feet in length;

Product 3: Wide-flange carbon steel beams, A-36 or equivalent, 8 inches by 6-1/2 inches, 24-28 pounds per foot, 40-60 feet in length;

Product 4: Wide-flange carbon steel beams, A-36 or equivalent, 8 inches by 8 inches, 31-67 pounds per foot, 40-60 feet in length;

Product 5: Wide-flange carbon steel beams, A-36 or equivalent, 10 inches by 10 inches, 49-112 pounds per foot, 40-60 feet in length; and

Product 6: Standard carbon steel I beams, A-36 or equivalent, 3 inches and over in maximum cross-sectional dimension, 50 pounds per foot and under.

U.S. producers' selling prices are weighted-average f.o.b. mill prices, net of all discounts and allowances (including freight allowances), and excluding inland freight charges. Importers' selling prices are 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 do not provide a viable basis to compare levels of domestic producers' and importers' prices from the purchasers' viewpoint in a particular market area, but they are useful for comparing

trends of these prices and should reflect any discounting that may have occurred. Weighted-average f.o.b. net selling prices reported by domestic producers and importers for sales to SSC's and end users, and indexes of those prices, are shown in table 17.

U.S. price trends.---Although quarterly net selling prices of the six domestically produced structural shape products sold to SSC's and to end users generally decreased during January-March 1983 through April-June 1985, several distinct patterns are exhibited. The selling prices of products 3, 4, and 5 sold to both SSC's and end users generally declined from January-March 1983 through January-March 1984, increased through October-December 1984, and then decreased through April-June 1985, ending the period 13 to 17 index points below the base-period prices for sales to SSC's and 4 to 9 index points below the base-period prices for sales to end users. After experiencing price dips during July-September 1983, the selling prices of product 1 sold to both SSC's and end users generally increased to period highs of 6 and 3 index points, respectively, above the base-period prices in January-March 1984 and then generally decreased to end the period below the base-level prices. Although the selling prices of products 2 and 6 to both SSC's and end users exhibited period lows in either July-September 1983 or October-December 1984, they generally decreased throughout the period covered by the Commission's questionnaires (ending at 16 and 14 index points below the base-period prices for product 2, and 27 and 25 index points below for product 6).

Price trends of carbon steel structural shapes imported from Norway.---No price data are available for sales of carbon steel structural shapes to end users or for sales of product 6 to SSC's. Quarterly net selling prices for products 1 through 5 sold to SSC's are available only for July-September 1984 through April-June 1985. Prices of product 1 sold to SSC's increased during the period to end 5 index points above the base-period level. Prices of the remaining four products sold to SSC's ended the period 3 index points above the base-period levels--exhibiting increases of 6 index points over price dips experienced during January-March 1985.

Purchasers' prices.---The Commission also requested purchasers to furnish the delivered prices they paid for the six representative imported and U.S.-produced carbon steel structural shape products, by quarters, during January 1984-June 1985. Purchasers were asked for prices, including delivery charges, paid in specific transactions. To ensure that these prices would be comparable, the purchasers were identified by their location, and questionnaires were sent to firms located in seven metropolitan market areas. ^{1/} The information obtained was used to compare the levels of importers' and U.S. producers' prices and to calculate margins of underselling or overselling by imports. These prices provide a better basis for comparing price levels than do f.o.b. selling prices, because they include all inland freight charges (as well as wharfage and dock handling charges for imports) and are isolated on the basis of geographic market areas. The responses obtained provided price comparisons on structural shapes purchased by SSC's only; there are no quarterly price comparisons available by markets for structural shapes purchased by end users.

^{1/} The market areas for which purchase prices were requested are Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York, and Portland/Seattle.

Table 17.--Carbon steel structural shapes: Weighted-average net selling prices to SSC's and end users for sales of U.S. products and for sales of imports from Norway ^{1/} and indexes of those prices, by types of products and by quarters, January 1983-June 1985

Product and period	Sales to SSC's of merchandise from--				Sales to end users of merchandise from U.S. firms	
	U.S. firms		Norway			
	Value	Index ^{2/}	Value	Index ^{2/}	Value	Index ^{2/}
Product 1:	Per ton		Per ton		Per ton	
1983:						
Jan.-Mar----	\$***	100	<u>3/</u>	<u>3/</u>	\$***	100
Apr.-June----	***	105	<u>3/</u>	<u>3/</u>	***	98
July-Sept----	***	97	<u>3/</u>	<u>3/</u>	***	91
Oct.-Dec----	***	105	<u>3/</u>	<u>3/</u>	***	96
1984:						
Jan.-Mar----	***	106	<u>3/</u>	<u>3/</u>	***	103
Apr.-June----	***	102	<u>3/</u>	<u>3/</u>	***	103
July-Sept----	***	101	\$***	100	***	92
Oct.-Dec----	***	99	<u>3/</u>	<u>3/</u>	***	85
1985:						
Jan.-Mar----	***	100	***	100	***	95
Apr.-June----	***	97	***	105	<u>3/</u>	<u>3/</u>
Product 2:						
1983:						
Jan.-Mar----	***	100	<u>3/</u>	<u>3/</u>	***	100
Apr.-June----	***	99	<u>3/</u>	<u>3/</u>	***	105
July-Sept----	***	71	<u>3/</u>	<u>3/</u>	***	93
Oct.-Dec----	***	83	<u>3/</u>	<u>3/</u>	***	89
1984:						
Jan.-Mar----	***	89	<u>3/</u>	<u>3/</u>	***	89
Apr.-June----	***	87	<u>3/</u>	<u>3/</u>	***	88
July-Sept----	***	85	***	100	***	84
Oct.-Dec----	***	83	***	103	***	80
1985:						
Jan.-Mar----	***	85	***	97	***	83
Apr.-June----	***	84	***	103	***	86
Product 3:						
1983:						
Jan.-Mar----	***	100	<u>3/</u>	<u>3/</u>	***	100
Apr.-June----	***	99	<u>3/</u>	<u>3/</u>	***	100
July-Sept----	***	100	<u>3/</u>	<u>3/</u>	***	97
Oct.-Dec----	***	91	<u>3/</u>	<u>3/</u>	***	93
1984:						
Jan.-Mar----	***	86	<u>3/</u>	<u>3/</u>	***	87
Apr.-June----	***	93	<u>3/</u>	<u>3/</u>	***	94
July-Sept----	***	91	***	100	***	97
Oct.-Dec----	***	95	***	103	***	98
1985:						
Jan.-Mar----	***	91	***	97	***	95
Apr.-June----	***	87	***	103	***	96

A-29

See footnotes at end of table.

Table 17.--Carbon steel structural shapes: Weighted-average net selling prices to SSC's and end users for sales of U.S. products and for sales of imports from Norway ^{1/} and indexes of those prices, by types of products and by quarters, January 1983-June 1985--Continued

Product and period	Sales to SSC's of merchandise from--				Sales to end users of merchandise from U.S. firms	
	U.S. firms		Norway			
	Value	Index ^{2/}	Value	Index ^{2/}	Value	Index ^{2/}
Product 4:	Per ton		Per ton		Per ton	
1983:						
Jan.-Mar----	***	100	<u>3/</u>	<u>3/</u>	***	100
Apr.-June----	***	105	<u>3/</u>	<u>3/</u>	***	112
July-Sept----	***	92	<u>3/</u>	<u>3/</u>	***	94
Oct.-Dec----	***	89	<u>3/</u>	<u>3/</u>	***	89
1984:						
Jan.-Mar----	***	83	<u>3/</u>	<u>3/</u>	***	86
Apr.-June----	***	92	<u>3/</u>	<u>3/</u>	***	92
July-Sept----	***	89	***	100	***	96
Oct.-Dec----	***	92	***	103	***	98
1985:						
Jan.-Mar----	***	88	***	97	***	94
Apr.-June----	***	86	***	103	***	94
Product 5:						
1983:						
Jan.-Mar----	***	100	<u>3/</u>	<u>3/</u>	***	100
Apr.-June----	***	100	<u>3/</u>	<u>3/</u>	***	96
July-Sept----	***	97	<u>3/</u>	<u>3/</u>	***	90
Oct.-Dec----	***	86	<u>3/</u>	<u>3/</u>	***	85
1984:						
Jan.-Mar----	***	84	<u>3/</u>	<u>3/</u>	***	85
Apr.-June----	***	89	<u>3/</u>	<u>3/</u>	***	87
July-Sept----	***	90	***	100	***	94
Oct.-Dec----	***	92	<u>3/</u>	<u>3/</u>	***	93
1985:						
Jan.-Mar----	***	90	***	97	***	92
Apr.-June----	***	83	***	103	***	91
Product 6:						
1983:						
Jan.-Mar----	***	100	<u>3/</u>	<u>3/</u>	***	100
Apr.-June----	***	94	<u>3/</u>	<u>3/</u>	***	89
July-Sept----	***	93	<u>3/</u>	<u>3/</u>	***	84
Oct.-Dec----	***	85	<u>3/</u>	<u>3/</u>	***	82
1984:						
Jan.-Mar----	***	73	<u>3/</u>	<u>3/</u>	***	89
Apr.-June----	***	74	<u>3/</u>	<u>3/</u>	***	74
July-Sept----	***	72	<u>3/</u>	<u>3/</u>	***	82
Oct.-Dec----	***	66	<u>3/</u>	<u>3/</u>	***	67
1985:						
Jan.-Mar----	***	66	<u>3/</u>	<u>3/</u>	***	80
Apr.-June----	***	73	<u>3/</u>	<u>3/</u>	***	75

^{1/} No pricing data were reported on sales of imports from Norway to end users.

^{2/} First period with data=100.

^{3/} Not available.

A-30

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

Transaction prices reported by purchasers of carbon steel structural shapes enabled comparisons to be made of quarterly domestic and import prices paid by SSC's in two market areas--Chicago and Houston/New Orleans. These comparisons covered product 1 in two instances, products 2, 4, and 5 in six instances each, and product 3 in eight instances. Average margins of underselling or overselling are presented in table 18.

Margins of underselling or overselling by imports of structural shapes from Norway.--In 21 instances (6 instances each for products 3, 4, and 5 in the Houston/New Orleans market; 2 instances for product 3 in the Chicago market; and 1 instance for product 2 in the Houston/New Orleans market), imports from Norway undersold U.S.-produced structural shapes by margins ranging from 4.1 percent (* * * per ton) to 32.7 percent (* * * per ton). There were also seven instances (two instances for product 1 and five instances for product 2) in the Houston/New Orleans market in which the U.S. weighted-average prices were less than the comparable weighted-average import prices. 1/ These margins ranged from 0.9 percent (* * * per ton) to 8.8 percent (* * * per ton). 2/

Lost sales

* * * reported two instances of alleged lost sales of carbon steel structural shapes to imports from Norway. These allegations involved two purchasers, both SSC's, and a total of * * * tons purchased in late 1984. The Commission's staff investigated both allegations. Purchasers acknowledged buying a total of * * * tons of Norwegian structurals.

* * * was identified as purchasing * * * tons of structurals from Norway in * * *. The rejected U.S. price was alleged to be * * * per ton, compared with * * * per ton for the Norwegian structurals. * * *, buyer for * * *, * * *.

* * * was named in * * * as the purchaser of * * * tons of structurals imported from Norway in * * *. The rejected U.S. price was allegedly * * * per ton and the accepted import price was * * * per ton. * * *, structurals buyer for the firm, * * *.

* * * did not provide specific instances of lost sales to imports of Norwegian structurals but did report one alleged offer price for that imported product. * * * was named as receiving an offer price of * * * per ton for Norwegian structurals, compared with the U.S. price of * * * per ton. * * * of the firm, * * *.

1/ * * *.

2/ These margins of overselling may reflect a domestic policy of meeting import competition rather than losing a sale.

Table 18.--Carbon steel structural shapes: Average margins by which purchases by SSC's of imports from Norway undersold or oversold U.S. products, by market areas, by products, and by quarters, January 1984-June 1985

Product and period	Margin of underselling/(overselling) in--			
	Chicago		Houston/New Orleans	
	Amount	Percent	Amount	Percent
Product 1:	Per ton		Per ton	
1984:				
January-March-----	1/	1/	1/	1/
April-June-----	1/	1/	***	(8.76)
July-September-----	1/	1/	***	(.94)
October-December----	1/	1/	1/	1/
1985:				
January-March-----	1/	1/	1/	1/
April-June-----	1/	1/	1/	1/
Product 2:				
1984:				
January-March-----	1/	1/	***	(1.12)
April-June-----	1/	1/	***	(3.33)
July-September-----	1/	1/	***	(4.74)
October-December----	1/	1/	***	4.09
1985:				
January-March-----	1/	1/	***	(3.05)
April-June-----	1/	1/	***	(4.77)
Product 3:				
1984:				
January-March-----	1/	1/	***	20.74
April-June-----	1/	1/	***	32.69
July-September-----	1/	1/	***	27.91
October-December----	***	19.14	***	32.40
1985:				
January-March-----	1/	1/	***	28.80
April-June-----	***	11.76	***	23.18
Product 4:				
1984:				
January-March-----	1/	1/	***	21.71
April-June-----	1/	1/	***	20.23
July-September-----	1/	1/	***	29.75
October-December----	1/	1/	***	29.38
1985:				
January-March-----	1/	1/	***	27.94
April-June-----	1/	1/	***	25.85
Product 5:				
1984:				
January-March-----	1/	1/	***	17.32
April-June-----	1/	1/	***	16.50
July-September-----	1/	1/	***	24.88
October-December----	1/	1/	***	16.87
1985:				
January-March-----	1/	1/	***	25.68
April-June-----	1/	1/	***	21.32

A-32

1/ Not available.

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

Lost revenue

* * * reported four specific instances of lost revenue from sales at reduced prices to meet competition from structurals imported from Norway. In volume, these four allegations totaled * * * tons and amounted to * * * in lost revenue. * * * provided * * * on three instances of alleged lost revenue in meeting competition from Norwegian structurals for a total sales volume of about * * * tons and lost revenue estimated at * * *. The Commission staff investigated each of the specific allegations reported by * * * and * * *.

* * *, a fabricator located in * * *, was identified by * * * as the purchaser of * * * tons of wide-flange beams, for * * * delivery, after * * * reduced its offer price from * * * per ton to * * * per ton to meet competing offer prices on Norwegian wide-flange beams quoted at * * * per ton. * * *, buyer for the firm, acknowledged the purchase of about * * * tons but noted that the U.S. price was reduced to a range of * * * to * * * per ton for the sizes ordered. * * *.

* * * cited * * *, a fabricator located in * * *, in an instance of alleged lost revenue that involved the sale of * * * tons of wide-flange beams for * * * delivery. * * * allegedly rejected an initial quote of * * * per ton but accepted a reduced price of * * * per ton quoted by * * * to meet competition from Norwegian structurals offered at * * * per ton. * * *, purchasing manager for * * *, confirmed buying the alleged tonnage in * * * at the reduced price. * * *.

Another * * * allegation named * * * as the purchaser of * * * tons of wide-flange beams after * * * reduced its offer price from * * * per ton to * * * per ton to meet competition from lower priced Norwegian structurals. * * *, buyer for * * *, acknowledged buying in the alleged price range. He has bought structurals not only from * * * at * * * per ton but also from * * * and * * *. Purchases of structurals from * * * have * * *. * * *.

* * * also cited * * * in a sale that allegedly involved lost revenue on * * * tons of wide-flange beams after * * *, facing competition from Norwegian structurals, reduced its offer price from * * * per ton to * * * per ton for * * * 1985 delivery. * * *, buyer for the firm, * * *.

* * * named * * * in an instance of alleged lost revenue from a sale of about * * * tons of wide-flange beams for delivery during * * * after * * * cut its offer price from * * * to * * * per hundredweight, f.o.b. mill, in order to meet offer prices on imported structurals from Europe, including Norwegian products. * * *, vice president of * * *, acknowledged purchasing the alleged tonnage at the reported price. He confirmed that * * *.

* * * named * * * in an alleged lost revenue instance that involved the sale of * * * tons of wide-flange beams in * * * after * * * reduced its offer price by about * * * per hundredweight, or * * * per ton, to meet offer prices of * * * per hundredweight for Norwegian structurals. * * *, buyer for * * *, stated that he had negotiated * * *'s price down to * * * per hundredweight f.o.b. mill. According to * * *, the alleged price of Norwegian structurals was correct and was * * *. * * *.

***, a *** SSC, was named by *** in another allegation of lost revenue on a sale of about *** tons of wide-flange beams *** after *** reduced its prices to *** per hundredweight, delivered, in meeting competing offer prices of *** per hundredweight, f.o.b. dock, for Norwegian structurals. ***. 1/

*** identified *** as an account that received offer prices for Norwegian structurals at *** per ton. ***'s buyer ***.

Exchange rates

Quarterly data reported by the International Monetary Fund on the value of the Norwegian krone indicate that during January 1982-June 1985, the nominal value of that currency depreciated relative to the U.S. dollar by 33.1 percent. Because the rate of inflation during that period was higher in Norway than in the United States, however, the devaluation of the krone in real terms was less, 22.1 percent relative to the U.S. dollar, representing a difference of 11.0 percentage points from the nominal rate. Table 19 shows the nominal and real value 2/ of the U.S. dollar relative to the Norwegian currency, as well as producer price indicators used to measure inflation rates in the United States and Norway, during January 1982-June 1985.

Transportation costs

Because carbon steel products have a low value per unit of weight compared with that for other manufactured goods, transportation costs are an important factor in marketing these products in the United States. Currently, most domestic production of these products is in mills located in the "steel belt" 3/ area. Since significant quantities of carbon steel are consumed in areas far from the production centers, the cost of transportation becomes an important factor when competing with imported steel products.

Most U.S.-produced carbon steel products are shipped either by truck or by rail. Trucks are usually used for shipping steel within a 500-mile radius of the steel mill. When longer distances are involved, the shipments are made by rail or, if feasible, by barge.

Transportation of structural shapes.--In other recent investigations, 4/ the Commission asked U.S. producers and importers to provide data for 1983 on the share (percent) of carbon steel structural shapes (and other carbon steel

1/ ***.

2/ The real value of a currency is the nominal value adjusted for the difference between inflation rates in the United States and the respective foreign country.

3/ The steel belt comprises Illinois, Indiana, Ohio, and Pennsylvania.

4/ Certain Carbon Steel Products From Argentina, Australia, Finland, and Spain, Investigations Nos. 731-TA-169, 171, 175, 177, 178, 180, and 182 (Final). The information contained in this report was obtained in the prior investigations.

Table 19.--U.S.-Norwegian exchange rates: 1/ Nominal-exchange-rate equivalents of the Norwegian krone in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States and Norway, indexed by quarters, January 1982-June 1985

Period	U.S. Producer Price Index	Norwegian producer price index	Nominal- exchange- rate index	Real- exchange- rate index <u>2/</u>
	-----Dollars per krone-----			
1982:				
January-March-----	100.0	100.0	100.0	100.0
April-June-----	100.1	100.0	97.9	97.8
July-September-----	100.5	102.6	89.6	91.4
October-December----	100.6	105.2	83.3	87.0
1983:				
January-March-----	100.7	106.0	83.7	88.1
April-June-----	101.0	106.0	83.0	87.2
July-September-----	102.0	108.6	80.4	85.6
October-December----	102.5	110.3	79.3	85.3
1984:				
January-March-----	103.6	112.9	77.4	84.4
April-June-----	104.3	112.9	76.9	83.2
July-September-----	104.1	115.5	71.1	79.0
October-December----	103.8	117.2	67.3	76.0
1985				
January-March-----	103.6	119.0	63.5	73.0
April-June-----	103.7	120.7	66.9	77.9

1/ Exchange rates expressed in U.S. dollars per unit of krone.

2/ The real value of a currency is the nominal value adjusted for the difference between inflation rates in the United States and the foreign country. Inflation in the United States averaged about 1 percent annually during the period, compared with 7 percent in Norway.

Source: International Financial Statistics of the International Monetary Fund's data bank.

Note.--January-March 1982=100.0.

products) shipped different distances from the mill or port; the percentage shipped, by modes (truck, rail, or barge); the quantity shipped to major geographic areas, grouped by States; and the transportation cost, both per ton and as a share of delivered cost, to seven specified market areas. 1/ Five U.S. producers, with mills located in * * * reported relevant data on transportation relating to structural shapes. No importers provided data on transportation factors.

1/ The market areas for which transportation costs were requested are Atlanta, Chicago, Detroit, Houston/New Orleans, Los Angeles/San Francisco, Philadelphia/New York, and Portland/Seattle.

Distance shipped and transport mode used.--* * * percent of * * * 's shipments of structural shapes from its * * * mill are to locations at a distance of 500 miles or less (table 20). About * * * percent of these shipments are to purchasers within a radius of 200 miles. Within the latter market area, the ratio of truck to rail usage is almost 1 to 1. For distances over 500 miles, the truck to rail ratio falls to 1 to 3. * * * ships * * * percent of its structurals to locations 500 miles or less from its * * * mill; all of * * * 's shipments are by truck.

Table 20.--Carbon steel structural shapes: Distance shipped and transport mode used, as a share of 1983 shipments, by types of mill, by firms, and by mill locations

(In percent)							
U.S. producer and mill location	Distance shipped			Transport mode used			
	200	200-	Over				
	miles	500	500	Truck	Rail	Barge	
	or less	miles	miles				
Integrated mills:							
* * *-----	***	***	***	***	***	***	***
Nonintegrated mills:							
* * *-----	***	***	***	***	***	***	***

1/ * * *.

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

Two * * * mills, * * * and * * *, provided data on the distance to their markets. * * * of * * * 's structural shape shipments go to locations 200 miles or less from its * * * mill. The balance goes to purchasers located less than 500 miles from the mill. Shipments are half by truck and half by rail. * * * sells * * * percent of its structural shapes to purchasers located 500 miles or less from its * * * mill.

Transportation costs to specific market areas.--Three U.S. steel producers provided transportation cost data by market areas (table 21). The geographic breadth of structural shape mill locations creates a diverse pattern of freight costs from different mills to each of the respective market areas. For example, freight costs by truck to the Chicago area from the respondent mills serving that market range from * * * percent of delivered cost, or * * * per ton (from * * *), to * * * percent, or * * * per ton (from * * *). To the Philadelphia/New York market, the range is from * * * percent, or * * * per ton (from * * *) 1/ to * * * percent, or * * * per ton (from * * *).

1/ * * *.

Table 21.--Carbon steel structural shapes: Transportation costs to specific market areas, by truck and rail, by types of mills, by firms, and by mill locations, 1983

Method of transportation, firm, and mill location	Transportation costs by market area															
	Atlanta		Chicago		Detroit		Houston/		Los Angeles/		Philadelphia/		Portland/		Seattle	
	Per-	Amount	Per-	Amount	Per-	Amount	Per-	Amount	Per-	Amount	Per-	Amount	Per-	Amount	Per-	Amount
	cent		cent		cent		cent		cent		cent		cent		cent	
By truck:	Per ton:		Per ton:		Per ton:		Per ton:		Per ton:		Per ton:		Per ton:		Per ton:	
Integrated mills:																
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Nonintegrated mills:																
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
By rail:																
Integrated mills:																
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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Nonintegrated mills:																
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Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The data show that freight cost by rail for long hauls is less costly than by truck. For example, savings amount to * * * percent of delivered cost (* * * per ton) shipping by rail from * * * to the Atlanta market area, or * * * percent (* * * per ton) shipping by rail from * * * to the Houston/New Orleans market. For short hauls, rail can be a more costly mode than truck. For example, freight by truck from * * * to the Chicago area amounts to * * * percent of delivered cost, or * * * per ton; by rail the cost is * * * percent, or * * * per ton.

In an attempt to make some comparisons of freight costs incurred by domestic mills versus those incurred by vendors of imported structural shapes, the staff contacted purchasers located in various markets. Facts on competitive freight cost advantages and disadvantages of buying imported carbon steel structural shapes, as related by specific purchasers, are sketched below.

* * * provided transportation costs on structurals imported through the ports of Baltimore and Philadelphia. They were as follows: * * * per ton from the Baltimore dock to * * * 's yard, * * * per ton from Philadelphia, and * * * to * * * per ton for structurals shipped from domestic mills in Pennsylvania. * * * 's purchasing manager also buys from * * * and * * *, both * * * firms. Freight to Baltimore amounts to * * * per ton from * * * and * * * per ton from * * *.

* * * provided transportation cost data on imported structurals landed at the Port of Chicago. The importer, * * *, quotes * * * a landed "f.o.b. truck (destination) duty-paid" price. The firm's buyer stated that "in order to compete with domestic mills in the Chicago or northern Indiana area, importers quote delivered prices." Freight costs to * * * from such U.S. mills amount to * * * to * * * per ton, he said. These U.S. mills, at their option, can provide a contract (negotiated) rate.

Any analysis of freight cost comparisons is difficult and complex because of the diversity of related factors, e.g., the difficulty in factoring in freight equalization or allowances (which are usually disguised by inclusion in the quoted price), the importance of transit time and cost of inventory, and the problems of generalization based simply on apparent freight cost advantage to the U.S. or imported product.

APPENDIX A

THE COMMISSION'S FEDERAL REGISTER NOTICES

(Final)), and
 Venezuela [investigation No. 731-TA-217 (Final)]; and
 Hot-rolled carbon steel sheets, provided for in TSUS item 807.87 and 808.83, from—
 Austria [investigation No. 731-TA-219 (Final)],
 Romania [investigation No. 731-TA-222 (Final)], and
 Venezuela [investigation No. 731-TA-223 (Final)]; and
 Cold-rolled carbon steel plates and sheets, provided for in TSUS item 807.83, from—
 Austria [investigation No. 731-TA-224 (Final)],
 The German Democratic Republic [investigation No. 731-TA-228 (Final)],
 Romania [investigation No. 731-TA-228 (Final)], and
 Venezuela [investigation No. 731-TA-229 (Final)], and
 Carbon steel angles, shapes, and sections having a maximum cross-sectional dimension of 3 inches or more, provided for in TSUS item 809.80, from—
 Norway [investigation No. 731-TA-234 (Final)] and
 Poland [investigation No. 731-TA-235 (Final)].

Unless the investigations are extended, Commerce will make its final LTFV determinations on or before August 12, 1985, and the Commission will make its final injury determinations by September 25, 1985 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673(b))).

For further information concerning the conduct of these investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 49 FR 32569, Aug. 15, 1984).

EFFECTIVE DATE: June 3, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20438.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of certain carbon steel products from Austria, the German Democratic Republic, Norway, Poland, Romania, and Venezuela are being sold in the United States at less than fair value

within the meaning of section 731 of the act (19 U.S.C. 1673). The investigations were requested in petitions filed on December 19, 1984, by the United States Steel Corp., Pittsburgh, PA, and Chaparral Steel Co., Midlothian, TX. In response to those petitions the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (50 FR 6070, Feb. 23, 1985).

Participation in the Investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than twenty-one (21) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c) as amended by 49 FR 32569, Aug. 15, 1984), each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Staff Report

A public version of the prehearing staff report in these investigations will be placed in the public record on July 31, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on August 20, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing

[Investigations Nos. 731-TA-214, 216, 217, 219, 222 through 224, 226, 228, 229, 234, and 235 (Final)]

Certain Carbon Steel Products From Austria, the German Democratic Republic, Norway, Poland, Romania, and Venezuela

AGENCY: International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-214, 216, 217, 219, 222 through 224, 226, 228, 229, 234, and 235 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether 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 following carbon steel products, which the Department of Commerce has found, in preliminary determinations, are being or are likely to be sold in the United States at less than fair value (LTFV):

Carbon steel plates, whether or not in coils, provided for in item 807.86 of the Tariff Schedules of the United States (TSUS), from—
 The German Democratic Republic [investigation No. 731-TA-214 (Final)],
 Poland [investigation No. 731-TA-216

with the Secretary to the Commission no later than the close of business (5:15 p.m.) on August 6, 1985. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on August 13, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is August 14, 1985.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2), as amended by 49 FR 32569, Aug. 15, 1984)).

The hearing in connection with these investigations will be held concurrently with the hearing to be held in connection with the Commission's final countervailing duty investigations Nos. 701-TA-225 through 232 (Final) concerning certain carbon steel products from Austria, Sweden, and Venezuela.

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business of August 27, 1985. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before August 27, 1985.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must

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 § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984).

Authority

These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20, as amended by 49 FR 32569, Aug. 15, 1984).

Issued: June 18, 1985.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 85-15438 Filed 6-26-85; 8:45 am]

BILLING CODE 7030-02-0

ACTION: Termination of Investigation.

SUMMARY: On July 24, 1985, the Commission received a letter from counsel for the petitioner in the subject investigation, Chaparral Steel Co., which stated that Chaparral "hereby gives notice that it withdraws its petition . . . without prejudice and requests the Commission to terminate the investigation." Accordingly, pursuant to § 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR 207.40(a)), the antidumping investigation concerning carbon steel structural shapes from Poland (Investigation No. 731-TA-235 (Final)) is terminated.

EFFECTIVE DATE: July 30, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

Authority: This investigation is being terminated under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.40 of the Commission's rules (19 CFR 207.40).

Issued: July 30, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-18744 Filed 8-6-85; 8:45 am]

BILLING CODE 7030-02-M

[Investigation No. 731-TA-235 (Final)]

Carbon Steel Structural Shapes From Poland

AGENCY: United States International Trade Commission.

live swine which are subsidized by the government of Canada.

* Commissioner Eckes determines that an industry in the United States is threatened with material injury by reason of imports of fresh, chilled, or frozen pork which are subsidized by the government of Canada.

APPENDIX B

COMMERCE'S FEDERAL REGISTER NOTICES

[A-403-401]

Carbon Steel Structural Shapes From Norway; Postponement of Final Antidumping Duty Determination**AGENCY:** International Trade Administration, Import Administration, Commerce.**ACTION:** Notice.

SUMMARY: This notice informs the public that the Department of Commerce (the Department) has received a request from the respondent in this investigation to postpone the final determination, as provided for in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)(2)(A)). Based on this request, we are postponing our final antidumping duty determination as to whether sales of carbon steel structural shapes from Norway have occurred at less than fair value until not later than October 16, 1985.

EFFECTIVE DATE: August 14, 1985.

FOR FURTHER INFORMATION CONTACT: Terri A. Feldman, Office of Investigations, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue, NW., Washington D.C. 20230; telephone (202) 377-3534.

SUPPLEMENTARY INFORMATION: On January 9, 1985, we announced the initiation of an antidumping duty investigation to determine whether carbon steel structural shapes from Norway, are being, or are likely to be, sold in the United States at less than fair value (50 FR 2317). We issued our preliminary affirmative determination on June 3, 1985 (50 FR 23326). That notice stated that we would issue a final determination by August 12, 1985. On June 11, 1985, counsel for respondent, Norsk Jernverk A.S., requested that we extend the period for the final determination for 30 days in accordance with section 735(a)(2)(A) of the Act. On June 28, 1985, we published a notice of postponement of our final determination until September 11, 1985 (50 FR 26815). On July 30, 1985, counsel for respondent requested that we further extend the period for the final determination until not later than the 135th day after publication of our preliminary determination. Norsk Jernverk A.S.

accounts for a significant proportion of exports of the subject merchandise to the United States, and thus is qualified to make this request. If a qualified exporter properly requests an extension after an affirmative preliminary determination, the Department is required, absent compelling reasons to the contrary, to grant the request. Accordingly, we grant the request and postpone our final determination until not later than October 16, 1985.

This notice is published pursuant to section 735(d) of the Act.

Scope of Investigation

The products covered by this investigation are carbon steel structural shapes, which cover hot-rolled, forged, extruded, or drawn, or cold-formed or cold-finished carbon steel angles, shapes, or sections, not drilled, not punched, and not otherwise advanced, and not conforming completely to the specifications given in the headnotes to Schedules 6, Part 2, Subpart B of the Tariff Schedules of the United States Annotated ("TSUSA"), for blooms, billets, slabs, sheet bars, bars, wire rods, plates, sheets, strip, wire, rails, joint bars, tie plates, or any other tubular products set forth in the TSUSA, having a maximum cross-sectional dimension of 3 inches or more, as currently provided for in items 609.8005, 609.8035, 609.8041, or 609.8045 of the TSUSA. Such products are generally referred to as structural shapes.

Gilbert B. Kaplan,

Acting Deputy Assistant Secretary for Import Administration.

August 7, 1985.

[FR Doc. 85-19324 Filed 8-13-85; 8:45 am]

BILLING CODE 3510-08-M

International Trade Administration
(A-403-401)

Carbon Steel Structural Shapes from Norway: Final Determination of Sales at Less than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that carbon steel structural shapes from Norway are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination. We are directing the U.S. Customs Service to continue to suspend the liquidation of all entries of carbon steel structural shapes (structural shapes) from Norway that are entered, or withdrawn from warehouse, for consumption, on or after June 3, 1985, and to require a cash deposit or bond for each entry in an amount equal to 13.7 percent *ad valorem*.

EFFECTIVE DATE: October 23, 1985.

FOR FURTHER INFORMATION CONTACT: Terri A. Feldman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 377-3534.

Final Determination

Based upon our investigation, we have determined that carbon steel structural shapes from Norway are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930, as amended (19 USC 1673d(a)) (the Act).

We made fair value comparisons for all sales of merchandise to the United States during the period of investigation. Comparisons were based on the United States price and foreign market value. The weighted-average margin for structural shapes is 13.7 percent *ad valorem*. We also found that critical circumstances do not exist with respect to imports of structural shapes from Norway.

Case History

On December 20, 1984, we received a petition from Chaparral Steel Company on behalf of the U.S. industry producing structural shapes. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of structural shapes from Norway are

being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are causing material injury, or threaten material injury, to a United States industry. The petition also alleged that critical circumstances exist with respect to imports of structural shapes from Norway.

After reviewing the petition, we determined it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on January 9, 1985 (50 FR 2317). On February 4, 1985, the ITC determined that there is a reasonable indication that imports of structural shapes are materially injuring or threatening material injury to a United States industry (50 FR 3070).

On February 14, 1985, a questionnaire was sent to Norsk Jernverk A.S. (Norsk), a Norwegian producer of structurals. We received its response on April 1, 1985. On May 7, 1985, we received a supplemental response from Norsk.

On June 11, 1985, counsel for the respondent requested the Department to extend the final determination until not later than September 11, 1985. On June 28, 1985, we granted the request (50 FR 26815).

On June 19, 1985, counsel for the petitioner requested the Department to initiate a cost of production investigation. On June 29, 1985, the Department sent a questionnaire on cost of production to Norsk. We received its response on July 19, 1985.

On July 10, 1985, counsel for the respondent requested the Department to further extend the final determination until not later than October 16, 1985. On August 14, 1985 we granted the request (50 FR 32758).

On August 2, 1985, a hearing was held. We verified all responses in August, 1985.

Scope of Investigation

The products under investigation are "carbon steel structural shapes," which cover hot-rolled, forged, extruded, or drawn, or cold-formed or cold-finished carbon steel angles, shapes, or sections, not drilled, not punched, and not otherwise advanced, and not conforming completely to the specifications given in the headnotes to Schedules 8 Part 2, Subpart B of the *Tariff Schedules of the United States Annotated* ("TSUSA"), for blooms, billets, slabs, sheet bars, bars, wire rods, plates, sheets, strip, wire, rails, joint bars, tie plates, or any other tubular

products set forth in the TSUSA, having a maximum cross-sectional dimension of 3 inches or more, as currently provided for in items 609.8005, 609.8035, 609.8041, or 609.8045 of the TSUSA. Such products are generally referred to as structural shapes.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price based on the F.A.S. packed price to United States purchasers. We made a deduction from U.S. prices for Norwegian loading, dock charges and inland freight.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market prices. The petitioner alleged that sales in the home market were at prices below the cost of producing structural shapes. We examined production cost data submitted by Norak which included all appropriate costs for materials, labor and general expenses. Based on our cost of production analysis, we found a sufficient number of sales above the cost of production to provide a viable home market for the dimensional categories of structural shapes subject to this investigation.

The home market prices were based on delivered, packed prices to unrelated home market purchasers. We made deductions, where appropriate, for inland freight, insurance, and rebates. We also made deductions, where appropriate, for differences in quantities sold in accordance with § 353.14 of the Commerce Regulations. Adjustments were also made for differences in credit expenses between the two markets in accordance with section 353.15 of the Commerce Regulations. Since structural shapes sold in both the United States and the home market were sold in identical packed conditions, no adjustments were made for packing. We made adjustments to foreign market values for physical differences in merchandise, as identified by Department of Commerce industry experts in accordance with § 353.16 of the Commerce Regulations.

Norak claimed an adjustment to account for the differences in selling costs incurred in the Norwegian and United States markets. We disallowed this adjustment because Norak was not able to demonstrate that these expenses were directly related to the sales under consideration as required by section 353.15(a) of the Commerce Regulations.

In calculating foreign market value, we made currency conversions from Norwegian kroner to United States dollars in accordance with § 353.56(e)(1) of the Commerce Regulations, using the certified quarterly exchange rates.

Negative Determination of Critical Circumstances

The petitioner has alleged that imports of structural shapes from Norway present critical circumstances. Under § 735(a)(3) of the Act, critical circumstances exist when the Department finds that: (1)(a) There is a history of dumping in the United States or elsewhere of the class or kind of the merchandise which is the subject of the investigation, or (b) the person by whom, or for whose account, the merchandise was known that the exporter was selling the merchandise which is the subject of the investigation at less than fair value, and (2) there have been massive imports of the class or kind of merchandise which is the subject of the investigation over a relatively short period.

In determining whether there have been massive imports over a relatively short time period, we considered the following factors: (1) Whether imports have surged recently, (2) recent trends in import penetration levels, (3) whether the recent imports are significantly above the average calculated over the last three years, and (4) whether the pattern of imports over that three year period may be explained by seasonal swings.

We have reviewed recent import statistics and have determined that there have not been massive imports of structurals from Norway over a relatively short period. Since we did not find massive imports over a relatively short period, we did not need to consider whether there is a history of dumping of structurals from Norway or whether the importers knew or should have known that the merchandise was being sold for less than fair value.

For the reason described above, we determine that "critical circumstances" do not exist with respect to structural shapes from Norway.

Verification

In accordance with section 770(a) of the Act, we verified the information

provided by the respondent by using standard verification procedures, including examination of relevant sales and accounting records of the company.

Petitioner's Comments

Comment 1

Since payment terms were not verified, petitioner argues that in making adjustments for differences in credit in the home and U.S. markets, the foreign market value should be increased with respect to the cost of credit on U.S. sales and no adjustment should be made for home market cost of credit.

DOC Position

We adjusted the foreign market value for differences in terms of credit pursuant to § 353.15 of the Commerce Regulations using verified information relative to the periods of payment in both markets.

Comment 2

Petitioner requests that the full amount of loading, dock charges and inland freight be deducted from the U.S. sales price and that these same adjustments not be deducted from the home market sales price because they were not verified.

DOC Position

We agree. In their responses, respondent did not provide response information requested with respect to loading, dock charges and inland freight in either market. At verification, Norak attempted to provide the Department with the information requested regarding these charges, but Norak was not able to support the claimed charges. In accordance with section 770(b), we are using best information available to calculate loading, dock charges and inland freight. Therefore, we have deducted these charges from U.S. price and have not made any deduction for these charges from the home market prices.

Comment 3

Petitioner argues respondent's bonus expense should be disallowed because it does not bear a direct relation to the sales during the period of investigation. Furthermore, petitioner suggests, that even if allowable, the bonus expense is overstated because such an adjustment should be based on a percentage of the net sales price, not the gross sales price. Permitting a percentage adjustment based on the gross sales price would result in double counting of other expenses (i.e. functional discount, freight and insurance). Therefore, the adjustment should be made on the basis

of the net sales price, exclusive of all other expenses.

DOC Position

The Department verified that the bonus expense was directly related to sales during the period of investigation. We agree with petitioner's comment that the bonus must be based on net sales price. In order to apply this bonus to all sales, the Department weight-averaged the actual bonuses granted during the period of investigation and applied it to the net sales price.

Comment 4

The Department should not allow the respondent's claimed circumstance of sale adjustment for selling expenses because respondent demonstrates no basis for determining the amount requested.

DOC Position

We agree. Because the data provided by Norek was not verifiable, no deduction for selling expenses was applied to the foreign market value.

Comment 5

Petitioner requests that the Department use the best information available for billet cost because respondent failed to provide the extensive information required by the Department's questionnaire, thus, preventing the Department from assessing whether the transfer price reflects a valid market price.

DOC Position

There was no need to assess whether the transfer price reflects a valid market price, since the company has an integrated operation. All costs incurred for the production of billets were verified to actual cost of the inputs.

Comment 6

Petitioner contends that yield loss information was omitted from the response and was not taken into account in arriving at product costs.

DOC Position

This information was not omitted. Losses were verified, accounted for by product and by process, and reflected in the product costs used for the final determination.

Comment 7

Petitioner alleges respondent failed to demonstrate the basis for the transfer price of scrap, and, therefore, the scrap credit should be disallowed.

DOC Position

The Department verified scrap, by weight and value, and determined that

the scrap credits claimed are justified. The credit the respondent used for its scrap was less per ton than the market price for the same type of scrap.

Comment 8

Petitioner alleges that the labor cost calculation is totally unsupported and does not include administrative and other support personnel.

DOC Position

All labor costs, including fringe benefits and indirect costs such as supervisory personnel, were verified and are included in the product costs.

Comment 9

Petitioner alleges that certain expenses, such as utility expenses (electricity and water), fuel oil, maintenance, energy costs, rent, property taxes and plant security were not included in the overhead.

DOC Position

During verification the Department reviewed items in the overhead expenses and concluded that the above-mentioned expenses were included.

Comment 10

Petitioner alleges that interest expenses were not included in the costs of production.

DOC Position

Petitioner is correct, and as detailed in the verification report, the interest expense associated with production was determined, verified and reflected in the product costs used for the final determination. Interest costs associated with capital expansion were not included in the costs since such interest is not related to the product under investigation. The petitioner's letter of October 7, 1985, concurs with the Department's treatment of this expense.

Comment 11

Petitioner states that "write-down of fixed assets" should be divided by production in 1984 to obtain the per unit costs.

DOC Position

The write-down of assets is not a current cost, but an "extraordinary" charge which is unrelated to assets used for the production of the product under investigation. Therefore, the write-down had no effect on current manufacturing costs for the products under investigation.

Comment 12

Petitioner states that the imputed financial expense associated with

"restructuring grants" must be factored into the cost of production.

DOC Position

The "restructuring grants" had no effect on the cost of production of the product under investigation. The Department used the actual costs of production identified with the product for the final determination.

Comment 13

Respondent recently restructured its structural shapes facility into four separate divisions. Petitioner argues that costs incurred by each separate, but integral division, must be taken into consideration by the Department in calculating respondent's fully allocated costs of producing the merchandise subject to the current investigation.

DOC Position

The Department concurs, and all organizational units, production and servicing, have been verified and appropriately accounted for in the product costs.

Comment 14

Petitioner alleges that respondent incorrectly omitted the costs resulting from rejects and second quality merchandise.

DOC Position

Costs of these items were included in yield losses; i.e., since only "good" output is considered in unit costs, the expense of rejects and seconds is reflected in the loss from input-to-good output at each processing state. Therefore, the final product costs, when adjusted for yield losses, reflects the expense of rejects and second quality merchandise.

Comment 15

Petitioner states that costs attributed to the home market product should be adjusted upward to account for the higher costs required to produce the U.S. product.

DOC Position

To determine if home market sales are below the cost of production, the Department calculates the cost of production for the home market merchandise. Costs of production for the product sold in the U.S. market are not relevant.

Comment 16

Petitioner states that year-end accruals omitted from the response should be allocated over the six-month period of investigation rather than annual production.

DOC Position

The accruals are an adjustment for the annual fiscal period; therefore, these costs are appropriately considered an adjustment for the annual period.

Comment 17

Petitioner states that since the U.S. selling expenses could not be verified, the cost of production must be adjusted upward to reflect the actual amount of the selling expenses incurred for such sales.

DOC Position

As indicated in the verification report, in its usual accounting procedures the respondent does not segregate selling expenses by market. For the response, estimates were made that could not be verified to exact amounts. Accordingly, an amount based on the financial ratio derived from the audited financial statements comparing selling expenses to cost of goods sold was used in the Department's calculation as a substitute for home market selling expenses. U.S. selling expenses would not be used for the cost of production of the home market merchandise.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of structural shapes from Norway that are entered, or withdrawn from warehouse, for consumption, on or after May 22, 1985. The United States Customs Service shall require a cash deposit or bond equal to the weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin percentage
Norsh	12.7
All others	12.7

ITC Determination

In accordance with section 733(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information, relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose

such information, either publicly or under an administrative protective order, without the consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on carbon steel structural shapes from Norway entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is published pursuant to section 735(d) of the Act (19 USC 1673d(d)).

October 18, 1985.

William T. Archey,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 85-25288 Filed 10-22-85; 2:45 am]

SALES CODE 5010-02-01

APPENDIX C

LIST OF WITNESSES APPEARING AT THE HEARING

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-225 through 234 (Preliminary)
and 731-TA-213 through 235 (Preliminary)

CERTAIN CARBON STEEL PRODUCTS FROM AUSTRIA, CZECHOSLOVAKIA,
EAST GERMANY, FINLAND, HUNGARY, NORWAY, POLAND,
ROMANIA, SWEDEN, AND VENEZUELA

Those listed below appeared as witnesses at the United States
International Trade Commission's conference held in connection with the
subject investigations on January 9, 1985, in the Hearing Room of the USITC
Building, 701 E Street, NW., Washington, DC.

In support of the imposition of antidumping
and/or countervailing duties

United States Steel Corp.
Pittsburgh, PA

John J. Mangan, Senior General Attorney-International Trade
Craig D. Mallick, Attorney
Peter Maloney, Vice President and Assistant to Chairman of the Board
John D. Ewing, General Manager-Sheet Products
Timothy J. Moran, General Manager-Heavy Products
Paul L. Fidel, Manager-International Trade and Litigation Services

Law Offices of Stewart and Stewart-Counsel
Washington, DC
on behalf of-

Bethlehem Steel Corp.
Bethlehem, PA

Laird Patterson, General Attorney
Bethlehem Steel Corp.

Eugene L. Stewart-OF COUNSEL

In support of the imposition of antidumping
and/or countervailing duties—Continued

Wiley & Rein—Counsel
Washington, DC
on behalf of—

Chaparral Steel Co.
Midlothian, TX

Gordon E. Forward, President
Jeffrey A. Werner, Senior Vice President
Gary M. Bolton, Manager of Marketing and Product Development

Charles Owen Verrill, Jr.)
Robert E. Nielsen)—OF COUNSEL

Cravath, Swaine & Moore—Counsel
New York, NY
on behalf of—

LTV Steel Co.
Inland Steel Co.
Armco, Inc.

Alan J. Hruska—OF COUNSEL

Heller, Ehrman, White & McAuliffe—Counsel
San Francisco, CA
on behalf of—

Gilmore Steel Corp., Oregon Steel Mills Div.
Portland, OR

Government Relations Associates
John W. Feist, Esq.

John H. Cutler—OF COUNSEL

In opposition to the imposition of antidumping
and/or countervailing duties

Arent, Fox, Kinter, Plotkins & Kahn—Counsel
Washington, DC
on behalf of—

Voest-Alpine AG (Austria)

Stephen L. Gibson—OF COUNSEL

Herzfeld & Rubin, P.C.—Counsel
New York, NY
on behalf of—

Stalexport (Poland)

Theodore Ness)
Stuart Gold)—OF COUNSEL

Hale, Russel & Gray—Counsel
Washington, DC
on behalf of—

Svenskt Staal AB (Sweden)
Surahammars Bruk AB (Sweden)

Louis H. Kurrelmeyer—OF COUNSEL

Mudge, Rose, Guthrie, Alexander & Ferdon—Counsel
Washington, DC
on behalf of—

Venezuelan producers and exporters

Donald B. Cameron, Jr.)
Jeffrey S. Neeley)—OF COUNSEL

APPENDIX D

**PAST AND PENDING TITLE VII INVESTIGATIONS FROM 1982 TO
THE PRESENT ON CARBON STEEL STRUCTURAL SHAPES AND PAST
AND CURRENT IMPORT RESTRAINTS**

Carbon steel structural shapes: Past and pending Title VII investigations from 1982 to the present
and current 1/ import restraints, by countries

Source 2/	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Belgium-----	Termination after affirmative preliminary determination by USITC. Carbon steel structural shapes	Terminated: 47 FR 49058 (Oct. 29, 1982); 701-TA-117(P) and 731-TA-82(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Brazil-----	Negative preliminary determination by USITC. Carbon steel structural shapes	701-TA-118(P); USITC Publication 1221 (1982).	-
Federal Republic of Germany.	Termination after affirmative preliminary determination by USITC. Carbon steel structural shapes	Terminated: 47 FR 49058 (Oct. 29, 1982); 731-TA-86(P) and 701-TA-124(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
France-----	Termination after affirmative preliminary determination by USITC. Carbon steel structural shapes	Terminated: 47 FR 49058 (Oct. 29, 1982); 701-TA-119(P) and 731-TA-83(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Italy-----	Termination before preliminary determination by USITC. Carbon steel structural shapes	Terminated: 47 FR 6117 (Feb. 10, 1982); Initiated: 47 FR 2950 (Jan. 20, 1982); 701-TA-120.	-
Luxembourg-----	Termination after affirmative preliminary determination by USITC. Carbon steel structural shapes	Terminated: 47 FR 49058 (Oct. 29, 1982); 701-TA-121(P) and 731-TA-84(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.
Mexico-----	Termination after affirmative preliminary determination by ITA only. 3/ Carbon steel structural shapes	Terminated: 49 FR 17790 (Apr. 25, 1984); Initiated: 48 FR 55013 (Dec. 8, 1983).	Mexican agreement.
Netherlands-----	Termination before preliminary determination by USITC. Carbon steel structural shapes	Terminated: 47 FR 6117 (Feb. 10, 1982); Initiated: 47 FR 2950 (Jan. 20, 1982); 701-TA-122.	-
Norway-----	Final determination pending by USITC. Carbon steel structural shapes	ITA affirmative preliminary determination: 50 FR 23326 (June 3, 1985); 731-TA-234(F); USITC Publication 1642 (1985).	USITC final pending.

See footnotes at end of table.

Carbon steel structural shapes: Past and pending Title VII investigations from 1982 to the present
and current 1/ import restraints, by countries

Source <u>2/</u>	Action	Federal Register cites/ Investigation Nos./ Publication Nos.	Orders issued/ outstanding agreements/ current status
Poland-----	Termination after affirmative preliminary determination by USITC (petition was withdrawn <u>4/</u>). Carbon steel structural shapes	Terminated: 50 FR 31931 (Aug. 7, 1985); 731-TA-235(F); USITC Publication 1642 (1985).	-
Republic of Korea.	Termination after affirmative preliminary determination by USITC (negative final determination by ITA). Carbon steel structural shapes	Terminated: 49 FR 47284 (Dec. 3, 1984); 701-TA-219(P); USITC Publication 1559 (1984).	-
South Africa-----	Termination after affirmative preliminary determination by USITC (petition was withdrawn <u>4/</u>). Carbon steel angles, shapes, and sections. Affirmative final countervailing duty determination, filed with ITA only. <u>5/</u> Carbon steel structural shapes	Terminated: 49 FR 23670 (June 7, 1984); 731-TA-181(P); USITC Publication 1510 (1984). Final determination: 47 FR 39379 (Sept. 7, 1982); Initiated: 47 FR 5751 (Feb. 8, 1982).	- Final countervailing duty review by ITA: 47 FR 39379 (Sept. 7, 1982). <u>6/</u>
Spain-----	Termination after affirmative preliminary determination by USITC (petition was withdrawn <u>4/</u>). Carbon steel angles, shapes, and sections. Affirmative final determination by USITC. Carbon steel angles, shapes, and sections.	Terminated: 50 FR 4276 (Jan. 30, 1985); 731-TA-182(F); USITC Publication 1510 (1984). 701-TA-159(F); USITC Publication 1331 (1982).	- Countervailing duty orders by ITA: 48 FR 51 (Jan. 3, 1983). <u>7/</u>
United Kingdom-----	Termination after affirmative preliminary determination by USITC. Carbon steel structural shapes	Terminated: 47 FR 49058 (Oct. 29, 1982); 701-TA-123(P) and 731-TA-85(P); USITC Publication 1221 (1982).	U.S./EC Steel Arrangement.

1/ As of Oct. 31, 1985.

2/ Each product designation used in this chart is based on the product description used initially in the investigation.

3/ This case was filed with ITA only since Mexico is not a "country under the Agreement" within the meaning of sec. 701(b) of the Tariff Act of 1930. The Government of Mexico adopted an export restraint policy whereby steel shipments to the United States are subject to quantitative limitations over the next 3 years. 49 FR 17790 (Apr. 25, 1984).

4/ Petition withdrawn subsequent to the signing of a voluntary export restraint agreement by the Government of the subject country with the U.S. Government.

5/ This case was filed with ITA only since South Africa is not a "country under the Agreement" within the meaning of sec. 701(b) of the Tariff Act of 1930.

6/ CVD order revoked, effective Oct. 1, 1984 (50 F.R. 35851, Sept. 4, 1985).

7/ CVD order revoked, effective Oct. 1, 1984 (50 F.R. 33809, Aug. 21, 1985).

