

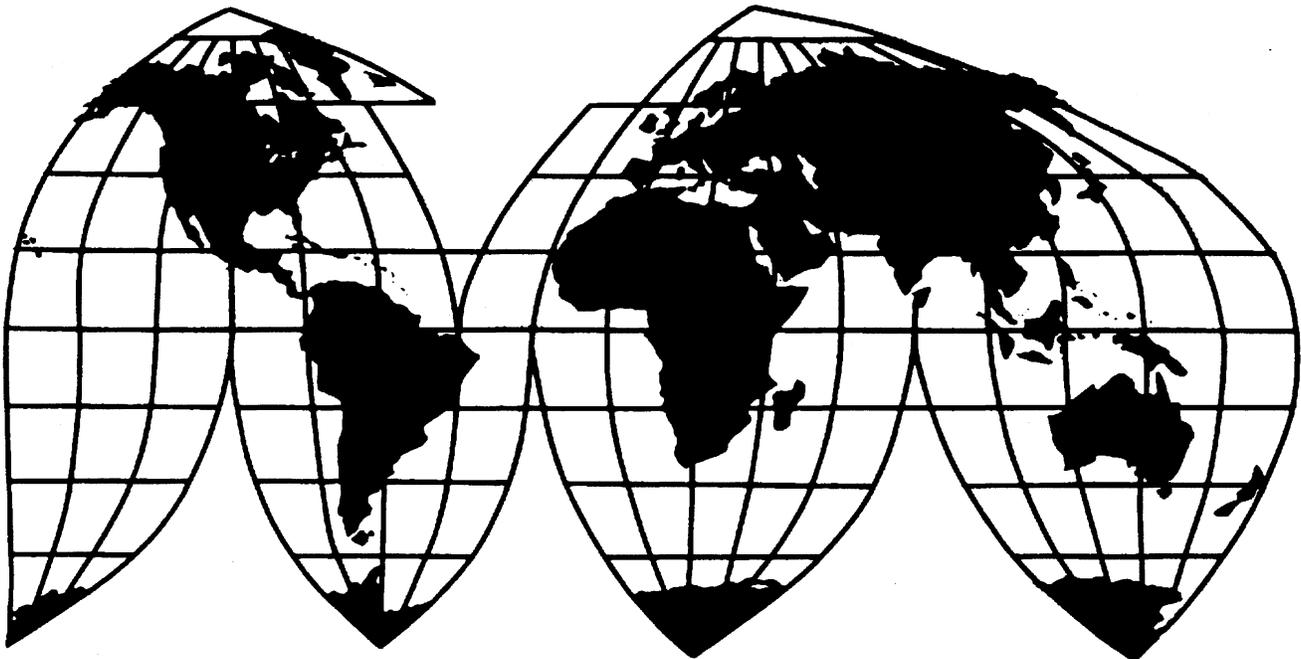
# **Corrosion-Resistant Carbon Steel Flat Products From Canada (Views on Remand)**

Investigation No. 731-TA-614 (Review)(Remand)

Publication 3753

December 2004

**U.S. International Trade Commission**



# U.S. International Trade Commission

## COMMISSIONERS

**Stephen Koplan, Chairman**  
**Deanna Tanner Okun, Vice Chairman**  
**Marcia E. Miller**  
**Jennifer A. Hillman**  
**Charlotte R. Lane**  
**Daniel R. Pearson**

---

Robert A. Rogowsky  
*Director of Operations*

---

### *Staff assigned*

Gracemary Roth-Roffy, *Office of the General Counsel*  
Elizabeth Haines, *Office of Investigations*  
Douglas Corkran, *Office of Investigations*

**Address all communications to**  
**Secretary to the Commission**  
**United States International Trade Commission**  
**Washington, DC 20436**

# **U.S. International Trade Commission**

Washington, DC 20436

*www.usitc.gov*

## **Corrosion-Resistant Carbon Steel Flat Products From Canada (Views on Remand)**

Investigation No. 731-TA-614 (Review)(Remand)





# TABLE OF CONTENTS

	<i>Page</i>
<b>I. PROCEDURAL HISTORY .....</b>	<b>1</b>
<b>II. CUMULATION .....</b>	<b>2</b>
<b>A. Legal Framework .....</b>	<b>2</b>
<b>B. Application of the “No Discernible Adverse Impact” Provision .....</b>	<b>2</b>
<b>III. LIKELY IMPACT OF CUMULATED SUBJECT IMPORTS .....</b>	<b>6</b>
<b>IV. CONCLUSION .....</b>	<b>8</b>

Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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



## VIEWS OF THE COMMISSION

By decision dated October 19, 2004, a United States-Canada Binational Panel remanded the Commission's determination involving subject imports of corrosion-resistant carbon steel flat products from Canada. Upon consideration of the remand instructions and the evidence in these reviews, we determine that the revocation of the antidumping duty order on corrosion-resistant steel from Canada would be likely to lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1 2</sup>

### I. PROCEDURAL HISTORY

On November 2, 2000, the Commission determined that revocation of the antidumping and countervailing duty orders on corrosion-resistant carbon steel flat products ("corrosion-resistant steel") from Australia, Canada, France, Germany, Japan, and Korea would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>3</sup> Dofasco, Inc., a Canadian producer of the subject merchandise, challenged the Commission's final determination before the United States-Canada Binational Panel, pursuant to Article 1904 of the North American Free Trade Agreement ("NAFTA"). The parties briefed and argued the case before the Panel. On October 19, 2004, the Panel affirmed in part and remanded in part the Commission's affirmative five-year review determination. With respect to the remand, the Panel stated that:

If it still wishes to cumulate Canadian corrosion resistant steel products, the Commission must sufficiently explain and articulate—consistent with this opinion—the basis of its conclusions as to whether, in light of high capacity utilization rates prevalent in Canada during the period of review, there exists substantial evidence in the record upon which to base the Commission's determination that there was available excess capacity in Canada sufficient to lead to an increase in imports having a discernible adverse impact upon the domestic industry if the antidumping order were to be revoked.

If the Commission still chooses to find that the Domestic Industry is in a vulnerable or weakened state, the Commission must sufficiently explain and articulate—consistent with this opinion—the basis of its conclusions as to whether the Commission's analysis of the impact of Canadian imports involves the profits of the domestic corrosion-resistant steel industry or those of the broader steel industry, and the impact of the profit analysis upon the Commission's affirmative vulnerability determination regarding the domestic corrosion-steel industry.<sup>4</sup>

---

<sup>1</sup> Commissioner Charlotte R. Lane did not participate in the original or review investigation. She has reviewed the record and adopts the findings of the Commission majority as indicated herein.

<sup>2</sup> Commissioner Pearson did not participate in this review, either originally or upon remand.

<sup>3</sup> Certain Carbon Steel Products from Australia, Belgium, Brazil, Canada, Finland, France, Germany, Japan, Korea, Mexico, The Netherlands, Poland, Romania, Spain, Sweden, Taiwan, and The United Kingdom, Invs. Nos. AA1921-197 (Review), 701-TA-231, 319-320, 332, 325-328, 340, 342, and 348-350 (Review), and 731-TA-573-576, 578, 582-587, 604, 607-608, 612, and 614-618 (Review), USITC Pub. 3364 (Nov. 2000) (herein after "review determination"). The Commission's review determination is hereby adopted as further elaborated herein.

<sup>4</sup> Corrosion-Resistant Carbon Steel Flat Products from Canada, Secretariat File No. USA-CDA-00-1904-11 (October 19, 2004) ("Panel Decision") at 42.

We respond below to the issues identified by the Panel. We also adopt and incorporate the Commission's findings relating to domestic like product, domestic industry and related parties, reasonable overlap of competition, conditions of competition, and analysis of likely volume and price effects, which were not subject to the appeal.

## II. CUMULATION

### A. Legal Framework

Subsection 752(a)(7) of the Tariff Act of 1930 provides –

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.<sup>5</sup>

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market.<sup>6</sup> The Act precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry in the event of revocation.<sup>7</sup>

### B. Application of the “No Discernible Adverse Impact” Provision

The Commission's “no discernible adverse impact” analysis focuses separately on the subject imports from each country and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.<sup>8</sup> In its opinion, the Panel instructed the Commission to reconsider its findings under the “no discernible adverse impact” provision with respect to Canada and in particular the Panel directed the Commission to explain further its finding that the Canadian subject producers had sufficient capacity to increase their exports to the U.S. market, in light of the Canadian subject producers' high capacity utilization rates during the period of review.

---

<sup>5</sup> 19 U.S.C. § 1675a(a)(7).

<sup>6</sup> We adopt the findings in the review determination that there is a likely reasonable overlap of competition among all subject imports and between subject imports and the domestic like product. We also adopt the findings in the review determination that there are not any likely significant differences in the conditions of competition among the subject countries.

<sup>7</sup> 19 U.S.C. § 1675a(a)(7).

<sup>8</sup> See Potassium Permanganate from China and Spain, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245 at 6 n.32 (Oct. 1999).

Before addressing the specific facts of this case, we note that we interpret the “no discernible adverse impact” provision of the statute to be a limited exception to the Commission’s ability to cumulate subject imports in five-year reviews.<sup>9</sup> We further note that the statute uses the phrase “no discernible adverse impact.” (emphasis added). In other words, the issue is whether imports will have no “noticeable” or “detectable” adverse impact. In applying this standard, it would be inappropriate to consider whether imports are likely to have a “significant” adverse impact, which is the appropriate standard for our ultimate analysis of whether the domestic industry is likely to be materially injured if the order is revoked. The use of the lower “discernible” threshold indicates that Congress did not intend for the Commission to conduct a complete likely material injury analysis, or even an abbreviated one when deciding the cumulation issue; rather, we understand the provision essentially to require us to identify those subject countries that are not likely to present any identifiable harm to the domestic industry such that they should be precluded from being cumulated with other subject countries.<sup>10 11</sup>

In addition, we note that the statute states that the Commission may not cumulate imports from a subject country if it determines that “such imports are likely to have no discernible adverse impact.”<sup>12</sup> The reference to “such imports” indicates that the Commission is to consider *all* subject imports from a country that are likely upon revocation, not just any likely *increase in* subject imports. If in a given case the Commission were to find that subject import volume and market share were likely to be stable or even decrease upon revocation, this would not by itself mandate a finding of no discernible adverse impact. The Commission considers all relevant facts, including the level of imports during the review period and the relevant conditions of competition. Such an analysis is consistent with the overall scheme of five-year reviews in which the Commission must determine whether material injury is likely to continue or recur if an order is revoked.

---

<sup>9</sup> See Corrosion-Resistant Carbon Steel Flat Products From France and Germany, Inv. Nos. 701-TA-348-349 (Review) (Remand); USITC Pub. 3539 (Sept. 2002) aff’d Usinor v. United States, Slip Op. 04-65 (June 9, 2004)(“Usinor II”) at 25, 42.

<sup>10</sup> While the Commission may consider the same factors in determining no discernible adverse impact and likely volume, the substantial evidence necessary to support an affirmative material injury determination is greater than that which is necessary to find whether there will not be no discernible adverse impact from imports from a particular country. See Usinor I at 6-7. As the Court stated in Neenah Foundry Co. et al., v. United States, the “consideration of trends in re cumulation is not the equivalent of an injury analysis itself.” 155 F. Supp.2d 766, 771 (CIT 2001). The Neenah Court added that “cumulation of imports from the countries with relatively-small likely volume and price impact would not only be appropriate, a refusal to do so without some additional justification could constitute an abuse of discretion.” Id.

<sup>11</sup> In its decision, the Panel noted that Court of International Trade considered the same issue regarding high capacity utilization rates of the of French and German producers in the very same five-year review in Usinor I. Panel Decision at 26. In Usinor I, the Court was particularly concerned that, given that subject imports from France and Germany had fallen to very low levels following the imposition of the orders and that subject producers from France and Germany were reporting extremely high capacity utilization levels, it appeared unlikely that subject producers would likely be able to increase their subject imports upon revocation and instructed the Commission to provide further explanation. In Usinor II, the Court affirmed the Commission’s finding that subject imports from France and Germany would likely have a discernible impact on the domestic industry if the orders were revoked. Unlike subject imports from France and Germany, the volumes of Canadian subject import were relatively high throughout the period of review and, as explained below, far exceed the “discernible impact” threshold.

<sup>12</sup> 19 U.S.C. § 1675a(a)(7).

We now turn to the facts of this case. In the original investigations, subject imports from Canada increased from 180,030 short tons in 1990, to 245,091 short tons in 1991, and to 451,082 short tons in 1992.<sup>13</sup> The overall increase from 1990 to 1992 was 151 percent,<sup>14</sup> of the six countries involved, subject imports from Canada were the second highest in volume considering the period examined in the original investigations as a whole. At the same time, subject imports from Canada increased their share of the U.S. market from 1.4 percent in 1990 to 2.1 percent in 1991 to 3.4 percent in 1992.<sup>15</sup> The increases in volume and market share took place despite moderately high capacity utilization rates for Canadian producers, including a rate of \*\*\* percent in 1990 and \*\*\* percent in 1992.<sup>16</sup> Moreover, in the original investigations, the Commission found that subject imports from Canada generally were comparable with the domestic like product.<sup>17</sup> The Commission further found that subject imports from Canada undersold the domestic product in more than one-half (25 of 41) of the price comparisons.<sup>18</sup>

During the period of review, subject producers in Canada have shipped volumes of subject merchandise to the United States that, while slightly lower than the 1992 levels, are still substantial and at prices consistently lower than the domestic product.<sup>19</sup> Subject imports from Canada totaled 393,986 short tons in 1997, 397,529 short tons in 1998, and 356,620 short tons in 1999.<sup>20</sup> At the same time, subject imports' share of apparent U.S. consumption was 2.2 percent in 1997, 2.2 percent in 1998, and 1.8 percent in 1999.<sup>21</sup> The steady volume and U.S. market share of subject imports from Canada is not surprising given the interchangeability of Canadian product and the domestic product<sup>22</sup> and the continued underselling by Canadian producers.<sup>23</sup> At the same time, the steady volume of subject imports from Canada indicates that Canadian subject producers maintain contacts with purchasers and channels of distribution necessary to compete in the U.S. market if the orders were revoked. The Canadian subject producers themselves have stated that they have continued to ship at stable levels in order to serve their traditional customers.<sup>24</sup> Additionally, there is evidence that Canadian producers are aggressively marketing to the U.S. market.<sup>25</sup> Thus, even if subject imports from Canada remained at current levels, they still would be likely to have a *discernible* adverse impact on the domestic industry if the order was revoked.

---

<sup>13</sup> 1993 Staff Report at Table 107

<sup>14</sup> Calculated from 1993 Staff Report at Table 107

<sup>15</sup> 1993 Staff Report at Table 107.

<sup>16</sup> 1993 Staff Report at Table 62.

<sup>17</sup> 1993 Determinations at 174.

<sup>18</sup> 1993 Determinations at 174.

<sup>19</sup> CR/PR at Table CORROSION-V-10.

<sup>20</sup> CR/PR at Table CORROSION-I-1.

<sup>21</sup> CR/PR at Table CORROSION-I-1.

<sup>22</sup> CR/PR at Table CORROSION-II-4.

<sup>23</sup> CR/PR at Table CORROSION-V-6.

<sup>24</sup> Dofasco's Post-hearing brief at 8.

<sup>25</sup> Transcript of the Commission hearing ("TR") at 37; \*\*\* CR at CORROSION-II-7-II-8, PR at CORROSION-II-6.

Nevertheless, the record indicates that subject imports from Canada likely would increase if the order was revoked. The Canadian producers have substantial production capacity, similar to the capacity they had at the time of the original investigation when they more than doubled their exports to the United States.<sup>26</sup> According to the record, Canadian producers planned to increase their capacity by an additional \*\*\* short tons in 2000,<sup>27</sup> an increase of \*\*\* percent.<sup>28</sup> Thus, it is likely that Canadian producers would have excess production capacity despite relatively high capacity utilization rates between 1997 and 1999.<sup>29</sup>

As we found in the discussion of the conditions of competition, given the high fixed costs associated with corrosion-resistant steel production, producers need to maximize and sustain the utilization of available capacity at high levels to be profitable. The Canadian producers' ability to maintain high capacity utilization rates is due in part to their reliance on export markets, particularly the U.S. market. Indeed, Canadian exports to the U.S. market accounted for \*\*\* percent of Canadian shipments in 1997, \*\*\* in 1998, and \*\*\* percent in 1999.<sup>30</sup> Thus, despite claims of high demand in the Canadian market, Canadian subject producers rely on exportation to the United States to maintain high levels of capacity utilization.

The Panel instructed us to explain further our finding that the Canadian subject producers would likely have excess capacity to increase their exports to the U.S. market in a manner that would likely have a discernible adverse impact on the domestic industry in light of the Canadian subject producers' high capacity utilization rates during the period of review. It is true that the high rates of capacity utilization rates may limit the ability of the Canadian industry to expand its sales to the United States through increased production. However, the record shows that despite the reported capacity utilization rates, Canadian producers' unused capacity ranged from \*\*\* to \*\*\* short tons from 1997 to 1999,<sup>31</sup> and that Canadian producers planned to increase their capacity by \*\*\* short tons in 2000.<sup>32</sup> As noted above, given the high fixed costs associated with corrosion-steel production, Canadian subject producers need to maximize and sustain the utilization of available capacity in order to remain profitable. Second, Canadian producers admitted that capacity utilization rates are \*\*\*. Indeed, Dofasco stated that "\*\*\*\*."<sup>33</sup> Thus, even a reported \*\*\* percent capacity utilization rate may not actually signify full production capacity for Canadian producers.

---

<sup>26</sup> CR/PR at Table CORROSION-IV-3, as revised by Memorandum INV-X-232 (Nov. 1, 2000).

<sup>27</sup> CR/PR at Table CORROSION-II-1.

<sup>28</sup> Calculated from CR/PR at Table CORROSION-IV-3.

<sup>29</sup> The Canadian producers' reported capacity utilization rates for corrosion-resistant steel production were \*\*\* percent in 1997, \*\*\* percent in 1998, and \*\*\* in 1999. In the interim periods, the reported Canadian utilization rate was \*\*\* percent in January-March 1999 and \*\*\* percent in January-March 2000. CR/PR at Table CORROSION-IV-3.

<sup>30</sup> CR/PR at Table CORROSION-IV-3. Canadian exports to all other markets as a share of Canadian producers' shipments were \*\*\* percent in 1997, \*\*\* percent in 1998, and \*\*\* in 1999. CR/PR at Table CORROSION-IV-3.

<sup>31</sup> CR/PR at Table CORROSION-IV-3. Canadian producers reported \*\*\* short tons of unused capacity in interim 1999, and \*\*\* short tons in interim 2000. CR/PR at Table CORROSION-IV-3.

<sup>32</sup> CR/PR at Table CORROSION-II-1.

<sup>33</sup> Canadian Respondents' Answers to Commissioners' Questions at Attachment 8. \*\*\*\*. *Id.* As such, Canadian producers' total capacity to produce corrosion-resistant steel as well as excess capacity may be greater than actually reported.

Finally, it is unlikely that Canadian producers' would be able to sustain such high capacity utilization rates based on consumption in the Canadian market, as the record indicates that demand in Canada is weakening.<sup>34</sup> For example, in October 2000, Stelco, Canada's \*\*\* producer of corrosion-resistant steel reported that it expected a third-quarter loss due to a flood of imported steel and weakened market demand, which were contributing to higher inventory levels and lower selling prices. Dofasco, itself, reported lower earnings in the third quarter of 2000, citing reduced shipments and revenues due to low-priced imports of corrosion-resistant steel.<sup>35</sup> Complainant's own witness testified that "[d]emand . . . is forecast to grow, perhaps at a slower rate than currently . . ."<sup>36</sup> Despite this evidence to the contrary, Canadian producers argue that they will be unable to increase their exports to the United States because the strong demand in Canada will consume all of their production. As the Panel found, however, Canadian producers' contention regarding likely strong demand in Canada is refuted by the evidence on the record.<sup>37</sup>

Thus, we note Canadian producers' behavior during the original investigations, including their continuing shipments of low-priced subject imports to the U.S. market, their substantial production capacity and likely unused capacity, their reliance on exports to the U.S. market, and the substitutability of the subject and domestic product. Based on these facts and in light of our finding of the vulnerability of the domestic industry, we do not find that subject imports from Canada would be likely to have no discernible adverse impact on the domestic industry if the order was revoked. We, therefore, exercise our discretion to cumulate subject imports from Canada with those from Australia, France, Germany, Japan, and Korea.

### III. LIKELY IMPACT OF CUMULATED SUBJECT IMPORTS

In its decision, the Panel also instructed the Commission to explain further its determination that the domestic industry was currently in a vulnerable state, particularly its finding that "[w]hile the level of operating income might not generally suggest vulnerability, corrosion-resistant products are an important profit center for the domestic industry because they are the highest value added products."<sup>38</sup> According to the Panel, the wording of this finding created uncertainty as to whether the Commission focused on only the corrosion-resistant steel industry in reaching its vulnerability determination.<sup>39</sup> The Panel also found the uncertainty was compounded by the various footnotes by the Commissioners which "attempt to reconcile their view with the wording of the paragraph."<sup>40</sup> Finding that the Commission's vulnerability determination could not be isolated from the rest of the review determination, the Panel remanded the Commission's likely impact determination for reconsideration and further explanation.

We first address the Panel's instructions regarding the Commission's vulnerability determination, in particular its finding relating to operating margins that "[w]hile the level of operating income might not generally suggest vulnerability, corrosion-resistant products are an important profit

---

<sup>34</sup> Domestic Producers' Final Comments at Ex. 11.

<sup>35</sup> Domestic Producers' Final Comments at Ex. 12.

<sup>36</sup> TR at 229.

<sup>37</sup> Panel Decision at 24-25.

<sup>38</sup> Panel Decision at 42.

<sup>39</sup> Panel Decision at 41.

<sup>40</sup> Panel Decision at 39.

center for the domestic industry because they are the highest value added products.”<sup>41</sup> As the Commission itself stated, it is required to reach its “determination based on the state of the industry as defined in 19 U.S.C. § 1677(4)(A).”<sup>42</sup> The “profit center” finding was simply an attempt by the Commission to explain that the loss of profits would not only affect domestic corrosion-resistant steel producers’ ability to remain competitive in the U.S. market but could put them out of business. Indeed, the very next sentence in the Commission’s determination states “[t]he level of profits earned on this product therefore may have a particularly important impact on the ability of firms to remain in operation and to make necessary investments.”<sup>43</sup> However, upon reflection, we agree with the Panel that the wording in question creates the impression, although erroneous, that the Commission considered the so-called “ripple effect” of the likely impact of subject imports on the entire steel “industry.” Thus, we now modify this finding and have revised the vulnerability analysis accordingly. We emphasize that we have based our analysis on the record facts that pertain to the industry producing corrosion-resistant steel.

We have reconsidered the Commission’s likely impact determination according to the Panel’s instructions. With the exception noted above, we adopt the findings in the review determinations that the cumulated subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time. We repeat most of those findings here for the Panel’s convenience.

In the 1993 determinations, the Commission found that the increasing volume of the lower-priced subject imports, and the significant market share accounted for by those imports, depressed prices and caused the U.S. industry to suffer lost market share, reduced capacity utilization, and growing financial losses despite increasing apparent consumption. The domestic industry’s capital expenditures and research and development expenditures also declined, particularly during the latter part of the period examined, undermining the industry’s attempts to respond to the demands of the marketplace.

The imposition of the orders had a positive effect on the domestic industry’s performance. The domestic industry had an operating profit margin of 1.2 percent in 1992.<sup>44</sup> By 1997, four years after imposition of the orders, with a dramatic decrease in subject imports in the U.S. market, the domestic industry had an operating profit margin of 10.5 percent.<sup>45</sup> At the same time, the domestic industry was able to increase capital expenditures as well as its research and development expenses.<sup>46</sup>

Despite improvement as a result of the imposition of the orders, based on the most recent data available we find that the domestic industry is currently vulnerable to material injury if the orders are revoked. While net sales quantities and values increased from 1997 through 1999, the unit value of the industry’s sales fell sharply over that same period.<sup>47</sup> As a result, the industry’s operating income

---

<sup>41</sup> Review Determination at 56.

<sup>42</sup> Review Determination at 57 n.389.

<sup>43</sup> Review Determination at 57.

<sup>44</sup> CR/PR at Table CORROSION-I-1.

<sup>45</sup> CR/PR at Table CORROSION-III-1.

<sup>46</sup> In 1997, the domestic industry’s capital expenditures were \$690 million compared to \$246 million in 1992. Research and development expenditures were \$24 million in 1997 compared with \$20 million in 1992. CR/PR at Table CORROSION-III-10, USITC Pub. 2664 at Tables 41 and 43.

<sup>47</sup> CR/PR at Tables CORROSION-III-6,7.

decreased continuously from 1997 to 1999, by a total of \$453 million.<sup>48</sup> Capacity utilization levels have fallen from 91.6 percent in 1997 to 87.3 percent in 1999.<sup>49</sup>

From 1997 to 1999, operating profit margins, which are critical to the ability of corrosion-resistant steel firms to remain in operation and to make necessary investments, dropped by almost half, from 10.5 percent to 5.9 percent.<sup>50</sup> <sup>51</sup> Moreover, the comparison of interim periods, January-March 1999 and January-March 2000, shows further decline in a number of key financial indicators, including unit net sales values, operating income, and operating income margins. Capital expenditures, already lower in fiscal year 1999 than in either of the two previous fiscal years, were lower in January-March 2000 than in January-March 1999, a trend consistent with the domestic industry's declining operating income.<sup>52</sup> Based on the foregoing, we again conclude that the domestic industry is in a "weakened state" as contemplated by the statute's vulnerability criterion.<sup>53</sup>

For the reasons set forth in the original review determination and additional explanation above, we find that revocation of the antidumping and countervailing duty orders would likely lead to significant increases in the volume of cumulated subject imports at prices that would undersell the domestic like product and significantly suppress or depress U.S. prices. In addition, the volume and price effects of the cumulated subject imports would have a significant adverse impact on the domestic industry and would likely cause the domestic industry to lose market share.

The price and volume declines likely would have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. In addition, we find it likely that revocation of the orders will result in commensurate employment declines for domestic firms.

In light of the foregoing, we conclude that if the antidumping and countervailing duty orders are revoked, cumulated subject imports from the six countries would enter the U.S. market in sufficient quantities and at prices below those of the domestic like product so as to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

#### IV. CONCLUSION

For the foregoing reasons, we conclude that revocation of the antidumping duty order on corrosion-resistant carbon steel flat products from Canada would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

---

<sup>48</sup> CR/PR at Table CORROSION-III-6.

<sup>49</sup> CR/PR at Table CORROSION-III-4

<sup>50</sup> CR/PR at Table CORROSION-III-6.

<sup>51</sup> We note that at first glance, the 5.9 percent operating profit margin in 1999 would appear to suggest that the domestic industry would not be susceptible to the impact of likely subject imports if the orders were revoked. However, in the original investigations, the domestic industry's operating profit margin fell from 6.9 percent in 1990 to an operating loss of 0.5 percent in 1991. CR/PR at Table CORROSION-I-1.

<sup>52</sup> CR/PR at Table CORROSION-III-6, 10.

<sup>53</sup> 19 U.S.C. § 1675a(1)(c). See SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury . . . . If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further upon revocation of an order.").