Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Russia

Investigation No. 731-TA-808 (Third Review)

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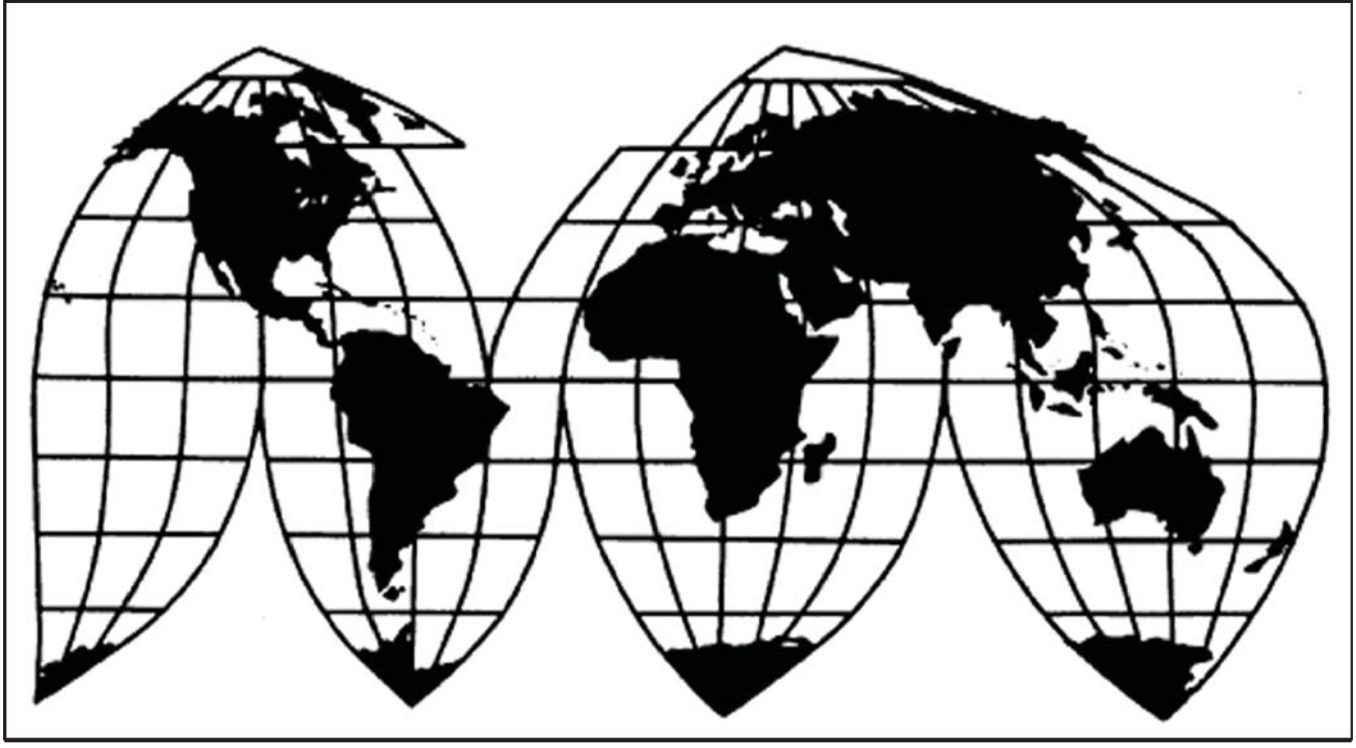
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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DETERMINATION

On the basis of the record[1] developed in the subject five-year review, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that revocation of the antidumping duty order on hot-rolled flat-rolled carbon-quality steel products from Russia would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on May 2, 2016 (81 F.R. 26256) and determined on August 5, 2016 that it would conduct an expedited review (81 F.R. 58531, August 25, 2016).

[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the antidumping duty order on hot-rolled steel from Russia would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

A. Procedural Background

Original Investigations: On September 30, 1998, antidumping duty petitions were filed with the U.S. Department of Commerce ("Commerce") and the Commission regarding imports of hot-rolled steel from Brazil, Japan, and Russia and a countervailing duty petition was filed regarding hot-rolled steel from Brazil. In June 1999, the Commission determined that an industry in the United States was materially injured by reason of less than fair value ("LTFV") imports of hot-rolled steel from Japan.[1] Commerce issued an antidumping duty order on hot-rolled steel imports from Japan in June 1999.[2] On July 6, 1999, Commerce signed suspension agreements with Brazil and Russia, and on the same date, petitioners requested continuation of the corresponding final phase Commission investigations.[3] In August 1999, the Commission determined that an industry in the United States was materially injured by reason of subsidized and LTFV imports of hot-rolled steel from Brazil and LTFV imports of hot-rolled steel from Russia.[4]

First reviews: On May 4, 2004, the Commission instituted the first five-year reviews on the antidumping duty orders on hot-rolled steel from Brazil and Japan,[5] the suspended

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[1] *Certain Hot-Rolled Steel Products from Japan*, Inv. No. 731-TA-807 (Final), USITC Pub. 3202 (June 1999) ("*Original Japan Determination*"). In making its determination on subject imports from Japan, the Commission cumulated subject imports from Brazil, Japan, and Russia. *Id.* at 6-9.

[2] *Antidumping Duty Order; Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Japan*, 64 Fed. Reg. 34778 (June 29, 1999).

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

[4] *Certain Hot-Rolled Steel Products from Brazil and Russia*, Inv. Nos. 701-TA-384, 731-TA-806, 808 (Final), USITC Pub. 3223 (Aug. 1999). In these determinations, the Commission adopted the substantive analysis for cumulated subject imports it made in the *Original Japan Determination*. *Id.* at 3-5.

[5] Commerce terminated the suspension agreement with respect to the antidumping duty investigation of hot-rolled steel from Brazil in February 2001 after it found that producers in Brazil violated the agreement. Commerce issued an antidumping duty order in its place in March 2001. *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil: Final Results of Antidumping*
(Continued…)

countervailing duty investigation on hot-rolled steel from Brazil, and the suspended antidumping duty investigation on hot-rolled steel from Russia. The Commission conducted full reviews. In September 2004, at the request of the government of Brazil, Commerce terminated the suspension agreement on subsidized subject imports from Brazil and issued a countervailing duty order in its place.[6] In April 2005, the Commission made affirmative five-year review determinations with respect to all countries,[7] and in May 2005, Commerce issued notices continuing the countervailing duty order on hot-rolled steel from Brazil, the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspension agreement on hot-rolled steel from Russia.[8]

Second reviews: On April 1, 2010, the Commission instituted its second five-year reviews.[9] The Commission conducted full reviews. On June 6, 2011, the Commission made an affirmative determination in its review of the suspended antidumping duty investigation on imports from Russia,[10] and made negative determinations in its reviews concerning the countervailing duty order on imports from Brazil and the antidumping duty orders on imports from Brazil and Japan.[11] In those determinations, the Commission exercised its discretion not to cumulate any of the subject imports.[12] Commerce continued the suspension agreement on hot-rolled steel imports from Russia and revoked the orders on imports from Brazil and Japan.[13]

(…Continued)
Duty Administrative Review and Termination of the Suspension Agreement, 67 Fed. Reg. 6226 (Feb. 11, 2001); *Antidumping Duty Order: Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Brazil*, 67 Fed. Reg. 11093 (Mar. 12, 2001).

[6] *Agreement Suspending the Countervailing Duty Investigation on Hot-Rolled Flat-Rolled Carbon-Quality Steel From Brazil; Termination of Suspension Agreement and Notice of Countervailing Duty Order*, 69 Fed. Reg. 56040 (Sept. 17, 2004).

[7] *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia*, Inv. Nos. 701-TA-384, 731-TA-806-808 (Review), USITC Pub. 3767 (Apr. 2005) ("*First Five-Year Review Determinations*"). In making its determinations, the Commission cumulated subject imports from Brazil, Japan, and Russia. *Id.* at 11-23.

[8] *Continuation of Antidumping Duty Orders; Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil and Japan*, 70 Fed. Reg. 30413 (May 26, 2005); *Continuation of Countervailing Duty Order; Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil*, 70 Fed. Reg. 30417 (May 26, 2005); and *Continuation of Suspended Antidumping Duty Investigation: Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from the Russian Federation*, 70 Fed. Reg. 32571 (June 3, 2005).

[9] 75 Fed. Reg. 16504 (Apr. 1, 2010).

[10] *Hot-Rolled Flat Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia*, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review) USITC Pub. 4237 (June 2011) ("*Second Five-Year Review Determinations*").

[11] *Second Review Determinations*, USITC Pub. 4237 at 1.

[12] *Second Review Determinations*, USITC Pub. 4237 at 18.

[13] *Continuation of Suspended Antidumping Duty Investigation on Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation*, 76 Fed. Reg. 35400 (June 17, 2011); *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil and Japan: Revocation of the Antidumping Duty Orders on Brazil and Japan and the Countervailing Duty Order on Brazil*, 76 Fed. Reg. 36081 (June 21, 2011).

In December 2014, after notifying the government of Russia of its decision to exercise its option to do so, Commerce terminated the suspension agreement on imports from Russia and issued an antidumping duty order in its place.[14]

Current review: The Commission instituted the current review on May 2, 2016.[15] In response to its notice of institution, the Commission received one joint submission filed on behalf of the following entities: AK Steel Corporation ("AK Steel"), ArcelorMittal USA LLC ("AMUSA"), Nucor Corporation ("Nucor"), SSAB Enterprises LLC ("SSAB"), Steel Dynamics Inc. ("SDI"), and United States Steel Corporation ("U.S. Steel"). All of these entities (collectively "Domestic Producers") are domestic producers of hot-rolled steel. No respondent interested party filed a response. On August 5, 2016, the Commission unanimously determined that the domestic interested party group response was adequate and that the respondent interested party group response was inadequate. In the absence of circumstances that warranted a full review, the Commission determined to conduct this expedited review.[16]

B. Data/Response Coverage

U.S. industry data in the Commission report are based on the information provided by the six Domestic Producers in their response to the notice of institution.[17] These producers are believed to account for *** percent of domestic production of hot-rolled steel in 2015.[18] U.S. import data and related information are based on official import statistics.[19] No foreign producer or exporter of hot-rolled steel participated in this review.[20] Foreign industry data and related information are based on information submitted in the original investigations, available information from prior reviews, information submitted by the Domestic Producers in their response to the notice of institution, as well as other publicly available industry information.[21]

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[14] *Termination of the Suspension Agreement on Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, Rescission of 2013-2014 Administrative Review, and Issuance of Antidumping Duty Order*, 79 Fed. Reg. 77455 (Dec. 24, 2014).

[15] *Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Russia; Institution of a Five-Year Review*, 81 Fed. Reg. 26256 (May 2, 2016).

[16] *Explanation of Commission Determination of Adequacy in Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Russia*, Inv. No. 731-TA-808 (Third Review), EDIS Doc. No. 588075 (Aug. 15, 2016). Domestic Producers submitted Final Comments ("Comments") on September 6, 2016.

[17] Response to Notice of Institution (June 1, 2016) ("Response").

[18] Confidential Report, Memorandum INV-OO-064 (July 25, 2016) ("CR") at Table I-1; Public Report, *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Russia*, Inv. No. 731-TA-808 (Third Review), USITC Pub. 4639 (Sept. 2016) ("PR") at Table I-1.

[19] *See generally* CR at I-36 to I-42, PR at I-28 to I-32.

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

[21] *See* CR at I-43 to I-49, PR at I-33 to I-38. Other publicly available information includes the public version of the prehearing staff report in recent final phase investigations concerning hot-rolled steel from seven countries. *Hot-Rolled Steel Flat Products From Australia, Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom*, Inv. Nos. 701-TA-545-547 and 31-TA-1291-1297 (Final), Prehearing Report, EDIS Doc. No. 586612 (July 21, 2016) ("PHR").

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."[22] The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[23] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.[24] Commerce has defined the imported merchandise within the scope of the order under review as follows:

> {C}ertain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers) regardless of thickness, and in straight lengths, of a thickness less than 4.75 mm and of a width measuring at least 10 times the thickness.
>
> Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this order.
>
> Specifically subject to the scope of this order are vacuum degassed, fully stabilized (commonly referred to as interstitial-free ("IF")) steels, high strength low alloy ("HSLA") steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize

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[22] 19 U.S.C. § 1677(4)(A).

[23] 19 U.S.C. § 1677(10); *see*, *e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

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

> carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.
>
> Steel products subject to the scope of this order, regardless of HTSUS definitions, are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:
>
> 1.80 percent of manganese, or 1.25 percent of nickel, or 1.50 percent of silicon, or 0.30 percent of tungsten, or 1.00 percent of copper, or 0.012 percent of boron, or 0.50 percent of aluminum, or 0.10 percent of molybdenum, or 1.25 percent of chromium, or 0.10 percent of niobium, or 0.30 percent of cobalt, or 0.41 percent of titanium, or 0.40 percent of lead, or 0.15 percent of vanadium, or 0.15 percent of zirconium.
>
> All products that meet the physical and chemical description provided above are within the scope of this order unless otherwise excluded.[25]

In the original final determinations and prior reviews, the Commission defined the domestic like product to be coextensive with Commerce's scope definition. It observed that there were neither arguments nor record evidence supporting any other definition.[26]

In the current review, Domestic Producers agree with the domestic like product definition that the Commission adopted in the original investigations and prior reviews.[27] There is no new information in the record indicating that a different definition is warranted.[28] Therefore, we again define the domestic like product to be coextensive with Commerce's scope.

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[25] *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation: Final Results of the Expedited Sunset Review of the Antidumping Duty Order*, 81 Fed. Reg. 62094 (Sept. 8, 2016). The notice lists 15 types of products that are excluded from the scope of the order. *Id.; see also* CR at I-7; PR at I-5.

[26] *Original Japan Determination*, USITC Pub. 3202 at 4; *First Five-Year Review Determinations*, USITC Pub. 3767 at 8-9; *Second Five-Year Review Determinations*, USITC Pub. 4237 at 4-6.

[27] Response at 34.

[28] *See generally* CR at I-6 to I-18; PR at I-5, I-12.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[29] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original investigations and prior review determinations, the Commission found a single domestic industry consisting of all U.S. producers of hot-rolled steel. It determined that appropriate circumstances did not exist to exclude any producer from the domestic industry as a related party under 19 U.S.C. § 1677(4)(B).[30]

In this review, the domestic producers that responded to the Commission's notice of institution reported that none of them is related to a foreign producer or exporter of the subject merchandise or imported any subject merchandise during the period of review.[31] Top Gun Investments ("Top Gun"), a U.S. producer of hot-rolled steel that did not respond to the notice of institution, is a subsidiary of Russian hot-rolled steel producer, Novolipetsk Steel ("NLMK").[32] Even assuming that Top Gun is a related party, it did not submit any data in this review, so its inclusion or exclusion from the domestic industry would not affect our analysis. Therefore, we again define the domestic industry as consisting of all U.S. producers of hot-rolled steel.

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[29] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

[30] In the original investigations, the Commission found that two domestic producers were related parties but that appropriate circumstances did not exist to exclude either from the domestic industry. *Original Japan Determination*, USITC Pub. 3202 at 5-6. In the first five-year reviews, the Commission determined that three firms were or may have been related parties by virtue of joint ownership interests with producers and exporters of subject merchandise, and that two firms were related parties because they imported subject merchandise. The Commission found that appropriate circumstances did not exist to exclude any of these producers from the domestic industry. *First Five-Year Review Determinations*, USITC Pub. 3767 at 9-11. In the second five-year reviews, the Commission observed that seven producers shared common ownership with importers or exporters of subject merchandise. Of these seven firms, four were affiliated with foreign producers or exporters of subject merchandise from Russia. The Commission concluded that appropriate circumstances did not exist to exclude any firm from the domestic industry. *Second Five-Year Review Determinations*, USITC Pub. 4237 at 7-9.

[31] Response at 30; CR at I-34; PR at I-25.

[32] CR at I-34; PR at I-25. Because of the expedited nature of this review, the record does not expressly indicate that NMLK exported subject merchandise since 2011, although subject imports from Russia were present throughout the review period and NMLK is a major producer of subject merchandise in Russia. CR/PR at Table I-6.

III. Revocation of the Antidumping Duty Order Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[33] The Uruguay Round Agreement Act Statement of Administrative Action (SAA) states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[34] Thus, the likelihood standard is prospective in nature.[35] The U.S. Court of International Trade has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[36]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[37] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but

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[33] 19 U.S.C. § 1675a(a).

[34] SAA, H.R. Rep. No. 103-316, vol. 1 (1994) at 883-84. The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." *Id*. at 883.

[35] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[36] *See NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), *aff'd mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" standard is "consistent with the court's opinion;" "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); *Usinor v. United States*, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[37] 19 U.S.C. § 1675a(a)(5).

normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[38]

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[39] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[40] The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[41]

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[42] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[43]

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the

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[38] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." *Id*.

[39] 19 U.S.C. § 1675a(a)(1).

[40] 19 U.S.C. § 1675a(a)(1). Since there have not yet been any administrative reviews of the antidumping duty order, Commerce has not made any duty absorption findings regarding hot-rolled steel imports from Russia.

[41] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[42] 19 U.S.C. § 1675a(a)(2).

[43] 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[44]

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[45] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[46]

No respondent interested party participated in this expedited review. The record, therefore, contains limited new information with respect to the hot-rolled steel industry in Russia. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigations and prior reviews, and the limited new information on the record in this third five-year review.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[47] The following conditions of competition inform our determinations.

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[44] *See* 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[45] 19 U.S.C. § 1675a(a)(4).

[46] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[47] 19 U.S.C. § 1675a(a)(4).

1. Demand Conditions

In the original investigations, the Commission characterized apparent U.S. consumption of hot-rolled steel as strong.[48] In both the first and second reviews, the Commission found that demand for hot-rolled steel in the United States was largely tied to overall economic activity.[49] During the first reviews, apparent U.S. consumption dropped sharply in 2001 as a result of a recession but subsequently rebounded.[50] During the second reviews, demand was impacted by a recession that caused gross domestic product ("GDP") to decline during the latter portion of 2008 and 2009. Specifically, apparent U.S. consumption and hot-rolled steel demand indicators shared trends in which there were increases from 2005 to the period peak in 2006, declines in 2007, sharper declines in 2008 and 2009, and modest upticks in 2010.[51]

In this review, we find that demand for hot-rolled steel continues to be a function of demand for downstream products and general U.S. economic trends.[52] The Domestic Producers state that the demand grew from 2012 to 2014, but was lower during the first six months of 2015 than the comparable period in 2014.[53] A large share of hot-rolled steel production is consumed internally or transferred to related firms for downstream processing into cold-rolled and galvanized steel, cut-to-length plate, and welded pipe.[54] Hot-rolled steel is

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[48] Total apparent U.S. consumption of hot-rolled steel rose from 68.5 million short tons in 1996 to 71.0 million short tons in 1997, and 75.3 million short tons in 1998. *Original Japan Determination*, USITC Pub. 3202 at 9-10.

[49] *Second Five-Year Review Determinations*, USITC Pub. 4767 at 26-27; *First Five-Year Review Determinations*, USITC Pub. 3767 at 28.

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

[51] *Second Five-Year Review Determinations,* USITC Pub. 4237 at 26-27. Apparent U.S. consumption rose from 65.9 million short tons in 2005 to 71.6 million short tons in 2006, the period peak, and declined to 63.7 million short tons in 2007 and 59.6 million short tons in 2008. Indicators of hot-rolled steel demand, such as U.S. automobile sales and construction spending, also were at high levels or period peaks in 2006, and then remained relatively close to these levels, but slightly declining, in 2007. When U.S. GDP declined during the latter portion of 2008 and 2009, apparent U.S. consumption declined to a period low of 40.4 million short tons in 2009. GDP growth returned in the fourth quarter of 2009 and apparent U.S. consumption grew to 56.1 million short tons in 2010, although growth was generally fairly modest in automotive sales and at best uneven in construction spending. *Id.* at 26, Table I-14, and Figures II-2 and II-3.

[52] Response at 33; Comments at 5. In its prior proceedings, the Commission found that hot-rolled steel demand reflected demand for downstream products and general economic conditions. *Second Five-Year Review Determinations,* USITC Pub. 4237 at 26-27; *First Five-Year Review Determinations*, USITC Pub. 3767 at 28.

[53] Response at 33; Comments at 5-6. Domestic producers state that apparent U.S. consumption of hot-rolled steel increased from 64.2 million short tons in 2012 to 68.0 million short tons in 2014, and was 33.4 million short tons in January-June 2014 and 30.6 million short tons in January-June 2015. Response at 33. *See also* CR/PR at Figure I-3.

[54] PHR at II-25. In the original investigations, the Commission focused its analysis primarily on the merchant market when assessing market share and the factors affecting the financial performance (Continued…)

used primarily for automotive, tubular, transportation equipment, appliance, and heavy machinery applications.[55]

2. Supply Conditions

During the original investigations, 24 firms accounted for 95 percent of domestic production of hot-rolled steel.[56] In the first reviews, the Commission found that industry consolidation reduced the number of domestic producers to 18.[57] In the second reviews, the Commission found that the domestic industry satisfied the bulk of domestic demand for hot-rolled steel, while imports from the subject sources held a very small presence in the U.S. market, nearly all involving subject imports from Russia.[58]

In this review, the domestic industry has further consolidated and the six Domestic Producers accounted for most of U.S. production in 2015.[59] The domestic industry once again supplied a majority of U.S. demand, accounting for 89.9 percent of apparent U.S. consumption in 2015.[60] Furthermore, five U.S. producers reported shutdowns or curtailments in hot-rolled steel production operations, mostly during 2014 and 2015.[61]

As stated above, in December 2014 Commerce terminated the suspension agreement on hot-rolled steel imports from Russia and issued an antidumping duty order in its place, after notifying the government of Russia of its decision to exercise its option to do so.[62] Subject imports were present in the U.S. market throughout the period from 2011 to 2014 while the suspension agreement was in effect and remained present, at much smaller levels, in 2015

(…Continued)
of the domestic industry, because the terms of the statute's captive production provision were met. The Commission found that the domestic industry captively consumed the majority of its production. *See Original Japan Determination*, USITC Pub. 3202 at 9-10. In both prior reviews, the Commission found that a large proportion of domestic hot-rolled steel production was captively consumed. *See* Second *Five-Year Review Determinations*, USITC Pub. 4237 at 26; *First Five-Year Review Determinations*, USITC Pub. 3767 at 28.

[55] CR at I-8 to I-9; PR at I-6 to I-7. This was also true in the prior proceedings. *See Second Five-Year Review Determinations*, USITC Pub. 4237 at 26; *First Five-Year Review Determinations*, USITC Pub. 3767 at 28; *Original Japan determination*, USITC Pub. 3202 at I-8.

[56] *First Five-Year Review Determinations*, USITC Pub. 3767 at I-22.

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

[58] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 27-28. Imports from subject sources combined accounted for between less than 0.05 and 1.1 percent of total apparent U.S. consumption, and between 0.1 and 2.5 percent of merchant market consumption, on an annual basis during the period of review. *Id.* at 28.

[59] *See* CR/PR at Table I-1 and Figure I-3.

[60] CR/PR at Table I-8.

[61] Response at 33.

[62] *Termination of the Suspension Agreement on Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, Rescission of 2013-2014 Administrative Review, and Issuance of Antidumping Duty Order*, 79 Fed. Reg. 77455 (Dec. 24, 2014).

under the antidumping duty order.[63] In 2015, subject imports from Russia accounted for less than 0.05 percent of apparent U.S. consumption.[64] Nonsubject imports accounted for 10.1 percent of apparent U.S. consumption.[65]

The United States currently maintains antidumping and countervailing duty orders on imports of hot-rolled steel from China (antidumping duty only), India, Indonesia, Thailand, Taiwan (antidumping duty only), and Ukraine (antidumping duty only).[66] We also observe that the Commission recently conducted antidumping and countervailing duty investigations on hot-rolled steel imports from seven countries.[67]

3. Substitutability and Other Conditions

In the original investigations, the Commission found that the subject imports and the domestic like product were "broadly substitutable,"[68] and it observed in the first reviews that substitutability was even higher because subject imports from Russia had improved in quality.[69] In the second reviews, the Commission observed a high degree of substitutability between hot-rolled steel from the United States and hot-rolled steel from Brazil, Japan, and Russia.[70]

In this review and based on the record, there remains a high degree of substitutability between the domestic like product and subject imports.[71] Furthermore, U.S. purchasers have indicated that price is a "very important" factor in purchasing decisions.[72]

C. Likely Volume of Subject Imports

The Original Investigations. The Commission found that both the volume and the increase in the volume of cumulated subject imports from Brazil, Japan, and Russia were significant. The Commission observed that the quantity of cumulated subject imports increased, more than doubling from 1996 to 1997 and more than doubling again from 1997 to 1998, to reach a volume of 7.0 million short tons in 1998. Subject imports from Russia increased from 847,764 short tons in 1996 to 2.0 million short tons in 1997 and 3.8 million tons

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[63] CR/PR at Table I-6.

[64] CR/PR at Table I-8.

[65] CR/PR at Table I-8.

[66] *See* CR/PR at Table I-3.

[67] *Hot-Rolled Steel Flat Products From Australia, Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom*, Inv. Nos. 701-TA-545-547 and 31-TA-1291-1297 (Final). On September 12, 2016, after the record closed in this review, the Commission reached final affirmative determinations in its investigations of hot-rolled steel from Australia, Brazil, Japan, Korea, the Netherlands, Turkey (antidumping duty investigation only), and the United Kingdom.

[68] *Original Japan Determination*, USITC Pub. 3202 at 14.

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

[70] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 28, II-17, and Table II-8.

[71] *See Response* at 20-23.

[72] PHR at Table II-12.

in 1998.[73] Cumulated subject imports' share of the U.S. merchant market increased from 5.0 percent in 1996 to 21.0 percent in 1998.[74] The merchant market share of subject imports from Russia increased from 3.2 percent in 1996 to 11.6 percent in 1998.[75] During the same period, the share of apparent U.S. consumption held by nonsubject imports was essentially flat, while the domestic industry's market share declined in the merchant market from 80.4 percent in 1996 to 65.6 percent in 1998, and in the total market from 92.3 percent in 1996 to 84.8 percent in 1998.[76]

The First Reviews. The Commission concluded that the likely volume of cumulated subject imports, both in absolute terms and relative to consumption in the United States, would be significant absent the restraining effects of the orders and suspension agreement.[77] The Commission observed that cumulated subject import volume declined the year the orders were imposed and the suspension agreements went into effect, fluctuated for the next four years, and increased to a period peak in 2004.[78] Subject imports from Russia mirrored this trend with volumes that ranged from 5,845 to 183,236 short tons during 1999 to 2003 and reached a period peak of 904,101 short tons in 2004.[79] The Commission concluded that the period peak of cumulated subject import volume in 2004 was largely because of the subject imports from Russia.[80]

The Commission cited several factors in support of its conclusion.[81] First, capacity in each of the subject countries increased significantly and further capacity or production increases were likely in each of the subject countries. Second, the Commission found that unused capacity in the subject countries was significant relative to both the U.S. merchant and overall markets, and that the capital-intensive nature of hot-rolled steel production provided strong incentives to the subject producers to make full use of available capacity.[82] Third, the Commission found that the industries in the subject countries were export oriented to a significant degree, and had demonstrated the ability to shift shipments quickly from their home markets to export markets and among export markets.[83]

The Commission provided several reasons why the subject producers were likely to shift exports to the United States upon revocation. First, the United States was an attractive market

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[73] *Original Japan Determination*, USITC Pub. 3202 at IV-2.

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

[75] *Original Japan Determination*, USITC Pub. 3202 at Table C-2.

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

[77] *Original Japan Determination*, USITC Pub. 3202 at 36.

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

[79] *First Five-Year Review Determinations*, USITC Pub. 3767 at Table I-1.

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

[81] *First Five-Year Review Determinations*, USITC Pub. 3767 at 31-36.

[82] *First Five-Year Review Determinations*, USITC Pub. 3767 at 31. The Commission also observed that the subject industries collectively had the capability to shift from manufacturing other products to hot-rolled steel, although it did not rely on this consideration in finding significant subject import volumes likely. *Id*. at 33.

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

because of its size, openness, and high prices. Second, increased production in China, and the development of China as a net exporter of hot-rolled steel, would likely necessitate that the subject producers find other markets for exports that had previously been directed to China. Third, there were impediments to the importation of hot-rolled steel from each subject country into certain third-country markets.[84]

The Commission acknowledged that the type of regional market collapse observed in the original investigations was unlikely to recur, and that subject imports were unlikely to return to the peak levels observed in the original investigations. It nonetheless found that the significant additional volumes of subject imports likely upon revocation would be sufficient to have negative effects on domestic sales and prices.[85]

The Second Reviews: The Commission observed that the quantity of subject imports from Russia fluctuated during the period of review.[86] The quantity of subject imports from Russia increased from 299,275 short tons in 2005 to 789,288 short tons in 2006, fell sharply to 136,293 short tons in 2007, and then continued to fall the next two years, reaching a period low of 1,708 short tons in 2009. In 2010, the quantity increased to 125,079 short tons.[87]

The Commission concluded that a significant quantity of subject imports from Russia was likely upon termination of the suspended investigation based primarily on two observations that also formed the basis for its findings in the first reviews.[88] First, the industry in Russia had excess capacity and had reportedly completed or planned to increase capacity in the reasonably foreseeable future.[89] Second, during the period of review, producers in Russia had a significant export orientation and a tendency to shift exports rapidly between different markets.[90] The Commission found that producers in Russia had the ability to supply significant additional quantities of subject imports to the United States both by utilizing excess capacity and by shifting exports between sources, as they had done in the past. Additionally, the Commission observed that revocation of the suspension agreement would likely serve to make the U.S. market a considerably more favorable environment for subject imports from Russia. The Commission found that prices in the U.S. market were consistently attractive even when not necessarily higher than all other world market prices.[91] Notably in 2011, even with the suspension agreement in effect, producers in Russia made repeated offers to sell hot-rolled steel in the United States when U.S. market prices were higher than those in other major export

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

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

[86] *Second Review Determinations*, USITC Pub. 4237 at 29-31. The Commission exercised its discretion to not cumulate the subject imports. *Id.* at 18.

[87] *Second Review Determinations*, USITC Pub. 4237 at 29.

[88] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 29-31.

[89] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 30.

[90] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 30. Reporting Russian producers' exports constituted between 24.3 percent and 37.4 percent of their annual shipments, and between 53.0 and 70.5 percent of annual commercial shipments, during the period of review. *Id.*

[91] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 31.

markets.[92] Furthermore, antidumping duty orders and quantitative restrictions on hot-rolled steel from Russia in other countries contributed to the attractiveness of the U.S. market.[93]

The Current Review. When the suspension agreement was in effect between 2011 and 2014, the quantity of subject imports from Russia fluctuated sharply. Subject import quantity rose from 181,689 short tons to 288,873 short tons in 2012, declined to 34,814 short tons in 2013, and then markedly increased to 939,489 short tons in 2014.[94] Due to the 25-fold increase in subject imports from Russia between 2013 and 2014, the Domestic Producers requested that Commerce terminate the suspension agreement on hot-rolled steel imports from Russia.[95]

After Commerce terminated the agreement in December 2014 and imposed an antidumping duty order on these imports in its place,[96] the volume of subject imports from Russia dropped to 18,079 short tons in 2015.[97] Available information indicates that the antidumping duty order imposed in December 2014 has had a disciplining effect on the volume of subject imports from Russia. Although subject producers in Russia continue to export to the U.S. market,[98] the market share for subject imports from Russia in 2015, less than 0.05 percent, was lower than at the end of the prior reviews and original investigations.[99]

Due to the expedited nature of this review, the record contains limited new information on the industry in Russia. The information available indicates that the industry in Russia has substantial and available excess capacity, and therefore has the ability to export a significant volume of hot-rolled steel to the United States in the event of revocation of the antidumping duty order. The hot-rolled steel industry in Russia had *** short tons of production capacity in 2015, of which *** million short tons were unused, based on a reported capacity utilization rate of *** percent.[100] Consequently, hot-rolled steel producers in Russia will likely have the ability to ship significant volumes of hot-rolled steel to the United States should the order be revoked.

The record also indicates that the hot-rolled steel industry in Russia is export oriented and has the incentive to export a significant volume of hot-rolled steel to the United States in the event of revocation. In 2015, the industry in Russia was the world's third-largest exporter of hot-rolled steel.[101] Between 2011 and 2015, the industry in Russia exported substantial volumes of hot-rolled steel to ten countries in the Middle East, Europe, and the former Soviet bloc, and additional volumes to other export destinations.[102] Its exports to specific markets fluctuated annually, and it had a tendency to shift hot-rolled steel shipments rapidly among

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[92] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 31.

[93] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 31.

[94] CR/PR at Table I-6.

[95] Comments at 8.

[96] CR at I-20; PR at I-13 to I-14.

[97] CR/PR at Table I-6.

[98] CR/PR at Table I-6.

[99] CR/PR at Table I-8 (indicating that the market share for subject imports from Russia was 0.2 percent in 2010, 1.2 percent in 2004, and 5.1 percent in 1998).

[100] Response at 17-18; CR/PR at Table I-9.

[101] CR/PR at Table I-12.

[102] CR/PR at Table I-10.

different markets.[103] Additionally, imports of hot-rolled steel from Russia are subject to third-country antidumping duty orders and safeguard duties.[104] According to information provided by Domestic Producers, subject Russian producers' total exports of hot-rolled steel have been greater than their commercial shipments to the home market since 2011.[105] The behavior of subject imports during the original investigations and prior reviews and the marked increase in subject imports from Russia in 2014 during the pendency of the suspension agreement demonstrates that the U.S. market is and will likely continue to be attractive to the subject industry in Russia in the event of revocation.

Thus, based on the information available regarding subject producers in Russia and their substantial capacity and available excess capacity, export orientation, their behavior during the original investigations and current and prior reviews, and their continuing interest in the U.S. market, we find that upon revocation, the volume of subject imports would likely be significant.[106]

D. Likely Price Effects

The Original Investigations. The Commission found that price was an important factor in purchasing decisions and that subject imports from Brazil, Japan, and Russia were broadly substitutable with the domestic like product, notwithstanding some quality differences with respect to hot-rolled steel from Russia. The Commission observed that the most precipitous declines in the price of the domestic like product and subject imports occurred in the third and fourth quarters of 1998, when the subject imports were peaking. The Commission found a mixed pattern of underselling, with overselling predominating in 1996, but underselling predominating in 1997 (underselling in 48 or 64 instances) and 1998 (45 of 67 instances).[107] Subject imports from Russia undersold domestically produced hot-rolled steel in 63 of 72 quarterly comparisons and had higher underselling margins than those from Brazil and Japan during the original investigations.[108]

The Commission observed that the impact on minimills confirmed that the end-of-period declines in domestic prices resulted from causes other than competition within the

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[103] *See generally* Response at 15-17; Comments at 9-10; CR/PR at Table I-10.

[104] Imports of hot-rolled steel from Russia are subject to antidumping duty orders in Indonesia and Thailand, as well as safeguard duties or likely safeguard duties in India, South Africa, and Thailand. The government in Mexico initiated a sunset review of its antidumping duty order on imports of hot-rolled steel from Russia in March 2015. The government in Turkey has maintained preliminary antidumping duties of imports of hot-rolled steel from Russia since August 2015. *See generally* CR at I-50, PR at I-39.

[105] *See* Response at 16.

[106] Because of the expedited nature of this review, the record does not contain information about inventories of the subject merchandise. Our determination does not rely on any findings of product-shifting.

[107] *Original Japan Determinations*, USITC Pub. 3202 at 13-15.

[108] *Original Japan Determinations*, USITC Pub. 3202 at 14-15 and V-15.

domestic industry, and rejected respondents' contentions that domestic price declines were caused by the General Motors strike. The Commission also found that prices declined at a greater rate than cost of goods sold, and concluded that the subject imports had significant price-depressing effects.[109]

The First Reviews. The Commission found that price was a key factor in purchasing decisions for hot-rolled steel. It also found that, because of the improved quality of subject imports from Russia, there was even broader interchangeability among the subject imports and the domestic like product than in the original investigations.[110]

The Commission found that while prices for the domestic like product rose sharply in 2004, prices were trending lower in late 2004 and early 2005 as producers' orders had declined.[111] Although price comparison data was limited during the reviews, the Commission found that increased subject imports from Russia played a role in this price decline. Additionally, during periods when subject imports from Russia were increasing, subject imports generally undersold the domestic like product.[112] The Commission also noted that inventory buildups by U.S. service centers that occurred towards the end of the period would likely be drawn down in the reasonably foreseeable future, adding to further downward price pressure in the U.S. market.[113]

The Commission found that significant underselling upon revocation by the subject imports would be likely based on the pricing behavior in the original investigations, the importance of price in purchasing decisions, and the substitutability of the subject imports and the domestic like product. It further found that the volumes of subject imports likely upon revocation would have significant price depressing or suppressing effects.[114]

The Second Reviews. The Commission again found that price was an important factor in purchasing decision and there was no substantial quality distinction between the domestic like product and subject imports from Russia.[115] The Commission observed that subject imports from Russia undersold the domestic like product in 27 of 67 quarterly comparisons.[116] In 2006, the year that subject imports from Russia had a peak presence in the U.S. market, subject imports undersold the domestic like product in 10 of 11 quarterly comparisons. The Commission found that upon revocation, significant underselling by subject imports from Russia

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[109] *Original Japan Determination*, USITC Pub. 3202 at 13-16.

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

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

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

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

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

[115] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 32-33.

[116] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 32. The Commission collected information on four pricing products accounting for approximately 47.5 percent of reported U.S. producers' commercial shipments of hot-rolled steel, and 79.3 percent of reported U.S. shipments of subject imports from Russia. *Id*.

was likely. It further found that these subject imports would have likely significant price-suppressing or –depressing effects given the importance of price in purchasing decisions. [117]

The Current Review. The record does not contain current pricing comparisons due to the expedited nature of this review. As found earlier, subject import volume from Russia would likely increase to significant levels upon revocation. This likely significant volume of subject imports from Russia would likely undersell domestic prices in an attempt to regain market share, as demonstrated by their pricing behavior in the original investigations and prior reviews. As noted above, there remains a high degree of substitutability between subject imports from Russia and the domestic like product, and price continues to be an important factor in purchasing decisions.[118] [119] Therefore, the likely significant volume of subject imports that would likely undersell the domestic like product would force the domestic industry either to lower sales prices or lose sales and cede market share. In light of these considerations and the record before the Commission in this review, we conclude that, absent the disciplining effect of the order, subject imports from Russia would likely have significant depressing or suppressing effects on prices for the domestic like product.

E. Likely Impact

The Original Investigations. The Commission found that cumulated subject imports gained market share at the expense of the domestic industry, at a time when the domestic industry was adding capacity commensurate with increased apparent U.S. consumption. Domestic producers' production and shipments declined from 1997 to 1998, and operating income declined by more than half in that time frame. The decline in the ratio of operating income to net sales was largely due to declines in the industry's shipments and sales in 1998. Moreover, a comparison of data for the first and second halves of 1998 indicated worsening performance in the second half, when the cumulated subject imports reached their highest levels. Thus, the Commission found that the industry's performance was substantially poorer than would be expected given record demand in 1998. While recognizing that other factors, especially increased intra-industry competition, contributed to the industry's poorer performance in 1998, the Commission concluded that the substantially increased volume of subject imports at declining prices had materially contributed to the industry's deteriorating performance, as reflected in nearly all indicators of the industry's condition, and it concluded that the industry was materially injured by reason of the subject imports.[120]

The First Reviews. The Commission characterized data concerning the domestic industry's vulnerability as "mixed." Because of restructuring, the industry had made great strides in improving its efficiency and productivity. Notwithstanding this, the industry

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[117] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 33.

[118] S*ee* PHR at Table II-12.

[119] Response at 23; *Second Five-Year Review Determinations*, USITC Pub. 4237 at 32-33; *First Five-Year Review Determinations*, USITC Pub. 3767 at 37; *Original Japan Determination*, USITC Pub. 3202 at 13-16.

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

experienced five years of poor financial performance before attaining substantial profitability in 2004. The Commission found that the principal factor that permitted this improved performance was an increase in global demand over supply associated with a sharp upsurge in Chinese demand for hot-rolled steel. The Commission characterized the conditions that permitted the improved performance as temporary and unlikely to continue into the foreseeable future in light of China's becoming a net exporter of hot-rolled steel by the fourth quarter of 2004.[121]

In the environment of deteriorating prices and increasing raw materials costs that the Commission found was likely, it concluded that the industry was susceptible to the continuation or recurrence of material injury. It found that upon revocation, the likely increase in subject import volume and consequent price effects would have a significant adverse impact on the domestic industry.[122]

The Second Reviews. The Commission found that the domestic industry's capacity, production, and shipments followed similar trends, increasing from 2005 to 2006, declining to period lows in 2009, and rising slightly in 2010. Employment declined during the latter portion of the period of review and financial performance displayed substantial fluctuations.[123]

The Commission acknowledged the domestic industry's lackluster 2010 financial performance, but concluded that this reflected demand conditions. Improvement in U.S. demand was projected to be likely in 2011 and 2012. In the context of the business cycle, the Commission found that the industry was not vulnerable, although the Commission stated that the domestic industry was still not in a position to withstand significantly increased low-priced subject imports from Russia without likely sustaining significant adverse effects. In this respect, it observed that the record did not support the contention that the level of imports then in the U.S. market, nearly all of which was attributable to nonsubject imports, constituted a ceiling for likely import market penetration such that any additional subject imports from Russia would simply be at the expense of nonsubject imports rather than at the domestic industry's expense.[124]

The Current Review. Because of the expedited nature of this review, we have relied on the limited information the domestic producers provided in their response to the notice of institution concerning their recent performance. This limited information is insufficient for us

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

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

[123] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 34. The domestic industry had consistent profitability from 2005 to 2008. By contrast, in 2009 the industry recorded an operating income to net sales ratio of negative 11.3 percent, when revenues declined far more sharply than costs due to the recessionary environment. In 2010, the operating margin improved to 2.3 percent as demand and production recovered. *Id.* at 34-35.

[124] *Second Five-Year Review Determinations*, USITC Pub. 4237 at 36. In 2010, imports from all sources accounted for 5.5 percent of total apparent U.S. consumption. This was 3.5 percentage points below the maximum import penetration achieved during the period of review, and 9.7 percentage points below the maximum import penetration achieved during the original period of investigation, when subject imports from Russia alone achieved a peak 5.1 percent market penetration. *Id.*

to make a finding as to whether the domestic industry is vulnerable to continuation or recurrence of material injury in the event of revocation of the order.[125]

The record indicates that the domestic industry's capacity, capacity utilization, U.S. commercial shipments, market share, and production were lower in 2015 than in 2010.[126] Furthermore, the domestic industry's financial performance indicators were worse in 2015 than in 2010. The domestic industry reported an operating loss of $1.3 billion and an operating income to net sales ratio of negative 5.2 percent in 2015. In 2010, the domestic industry reported an operating income of $758.6 million and an operating margin of 2.3 percent.[127]

As previously discussed, revocation of the order would be likely to lead to a significant volume of subject imports that would undersell the domestic like product and have significant adverse effects on the domestic industry's prices. Consequently, the likely significant volume of subject imports would place pressure on domestic producers to cut prices or lose market share to subject imports. The likely significant volume of subject imports and their price effects would negatively affect the domestic industry's production capacity, production, capacity utilization, shipments, and market share, directly impacting the domestic industry's profitability and employment.

We also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. The volume of U.S. imports from nonsubject sources was 5.5 million short tons in 2015, and these nonsubject imports accounted for 10.1 percent of apparent U.S. consumption in that year.[128] Further, nonsubject imports have increased their presence in the U.S. market since 2011.[129] Nonetheless, we observe that on September 12, 2016, after the record closed in this review, the Commission announced affirmative final determinations in its final phase investigations of hot-rolled steel from Australia, Brazil, Japan, Korea, the Netherlands, Turkey (antidumping duty investigation only), and the United Kingdom; these countries accounted for the largest share of nonsubject imports in 2015.[130] As noted earlier, the United States already maintains antidumping and countervailing duty orders on imports of hot-rolled steel from China (antidumping only), India, Indonesia, Thailand, Taiwan (antidumping only), and Ukraine

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[125] Vice Chairman Johanson and Commissioner Pinkert find that the domestic industry is vulnerable based on its condition in 2015, including its operating loss of $1.3 billion and its income to net sales ratio of negative 5.2 percent in 2015. CR/PR at Table I-4; *see also* PHR at Table C-1.

[126] In 2015, the domestic industry's capacity was 68 million short tons while production was 49 million short tons, with a capacity utilization rate of 72.4 percent, whereas in 2010, the domestic industry's capacity was 79.7 million short tons and its production was 54 million short tons, with a capacity utilization rate of 68.9 percent. The domestic industry's U.S. commercial shipments were 18 million short tons and 20 million short tons in 2015 and 2010, respectively. The domestic industry's market share was 89.9 percent and 94.5 percent in 2015 and 2010, respectively. CR/PR at Tables I-4, I-7, and I-8.

[127] CR/PR at Table I-4.

[128] CR/PR at Tables I-6 to I-8.

[129] CR/PR at Table I-6.

[130] PHR at Table IV-2.

(antidumping only).[131] The existing and forthcoming orders on nonsubject imports from the seven countries above will likely serve to discipline their volume and price effects in the U.S. market in the reasonably foreseeable future. In addition, the record provides no indication that the presence of nonsubject imports would prevent subject imports from entering the U.S. market in significant quantities upon revocation of the orders. Given the high degree of substitutability of hot-rolled steel and the fact that the domestic industry is currently by far the largest source of supply to the U.S. market, any increase in subject import market share would likely come, at least in substantial proportion, at the expense of the domestic industry. Consequently, the likely adverse effects of the subject imports from Russia discussed above are distinguishable from those of nonsubject imports.

Accordingly, we conclude that, if the antidumping duty order were revoked, subject imports from Russia would likely have a significant impact on the domestic industry within a reasonably foreseeable time.

IV. Conclusion

For the foregoing reasons, we determine that revocation of the antidumping duty order on subject hot-rolled steel from Russia would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonable foreseeable time.

INFORMATION OBTAINED IN THIS REVIEW

BACKGROUND

On May 2, 2016, the U.S. International Trade Commission ("Commission") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted a review to determine whether revocation of antidumping duty order on hot-rolled flat-rolled carbon-quality steel products ("hot-rolled steel") from Russia would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.[3] [4] The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
May 2, 2016	Notice of initiation and institution by Commerce and Commission
August 5, 2016	Scheduled date for Commission vote on adequacy
August 30, 2016	Scheduled date for Commerce results of its expedited review
September 29, 2016	Commission statutory deadline to complete expedited review
April 27, 2017	Commission statutory deadline to complete full review

RESPONSES TO THE COMMISSION'S NOTICE OF INSTITUTION

Individual responses

The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of the following entities: AK Steel Corporation ("AK Steel"),

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

[2] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Russia; Institution of a Five-Year Review*, 81 FR 26256, May 2, 2016. In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Review*, 81 FR 26209, May 2, 2016. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission's website (www.usitc.gov).

[3] As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

[4] Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in the adequacy phase of this review.

ArcelorMittal USA LLC ("AMUSA"), Nucor Corporation ("Nucor"), SSAB Enterprises LLC ("SSAB"), Steel Dynamics Inc. ("SDI"), and United States Steel Corporation ("U.S. Steel"), domestic producers of hot-rolled steel (collectively referred to herein as "domestic interested parties").

A complete response to the Commission's notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

Table I-1

Hot-rolled steel: Summary of responses to the Commission's notice of institution

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	6	***%[1]
Respondent:		
U.S. importer	0	0%
Foreign producer/exporter	0	0%

[1] The coverage figure presented, as provided by the domestic interested parties in their response, represents the firms' aggregate share of total U.S. production of hot-rolled steel during 2015.

Party comments on adequacy

The Commission received one submission from the domestic interested parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. In their comments, the domestic interested parties request that the Commission should conclude that its response to the Commission's notice of institution is adequate and demonstrates that revocation of the order would likely lead to the continuation or recurrence of material injury to the domestic industry in a reasonably foreseeable time.[5] Domestic interested parties also argue that, due to no respondent providing a response, the Commission should deem their response inadequate and conduct an expedited review. In the opinion of the domestic interested parties, a full review would likely not elicit any additional information from subject companies in light of their lack of participation at the adequacy stage.[6]

RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission's last five-year reviews, the following developments have occurred in the hot-rolled steel industry (table I-2).

[5] *Domestic Interested Parties' Comment on Adequacy of Responses,* July 13, 2016, p. 2.
[6] Ibid.

Table I-2

Hot-rolled steel: Industry events since January 1, 2011

Date		Company	Action
Year	Month		
2011	March	RG Steel LLC	Privately-owned Renco Group Inc., acquires three steel producing facilities from Severstal: Severstal Wheeling Inc., Severstal Warren LLC, and Severstal Sparrows Point LLC, to create a new steel company, RG Steel LLC.
	July	NLMK USA	NLMK acquires Duferco Farrell's 50 percent interest in their Pennsylvania mill to become sole owner of mills in Indiana and Pennsylvania.
2012	May	RG Steel LLC	Files for Chapter 11 bankruptcy protection and idles its mills. Since May 2012, all of its operations have been sold and liquidated.
2014	February	ArcelorMittal	Acquires, in a joint venture with Nippon Steel & Sumitomo Metal Corp., ThyssenKrupp Steel USA, a steel processing plant in Calvert, Alabama. The Calvert, Alabama plant produces hot-rolled, cold-rolled, and coated steel.
	September	AK Steel	Acquires the former Severstal plant in Dearborn, Michigan. The Dearborn Works is an integrated steelmaking facility that produces flat-rolled products including hot- and cold-rolled steel, galvanized steel, as well as other products.
		SDI	Acquires the former Severstal steel mill in Columbus, Mississippi for $1.6 billion. The Columbus plant is an integrated facility producing a range of flat-rolled products including hot-rolled, cold-rolled, and coated steel.
		Severstal USA	With the sale of its last two U.S. steelmaking operations in Dearborn, Michigan and Columbus, Mississippi, Severstal exits the North American market.
		Nucor	Acquires the equity interests of ArcelorMittal and Gerdau in Gallatin Steel Co. and becomes Gallatin's sole owner.
2014	December	Nucor	A new mill capable of producing 72-inch wide sheet begins production at the Berkeley County, South Carolina plant.

Table continued on next page.

Table I-2--*Continued*

Hot-rolled steel: Industry events since January 1, 2011

2015	March	U.S. Steel	Announces plans to begin construction of an electric arc furnace at its Fairfield, Alabama facility in the second quarter of 2015 with a projected completion date of third quarter of 2016. The electric arc furnace represents an investment of $230 million. The company planned to continue steelmaking and finishing operations during the construction to serve both the tubular and flat-rolled industry segments.
	November	U.S. Steel	Announced the intent to permanently close the blast furnace, the hot strip mill, the pickle line, the cold mill, annealing facility and stretch and temper line (in other words, all equipment to make flat-rolled products including hot-rolled steel) at its Fairfield Works in Fairfield, Alabama, on or after November 17, 2015. The decision does not impact Fairfield Tubular Operations or the electric arc furnace construction project.
			The steelmaking and finishing operations at the Granite City Works in Illinois are idled.
	December	AK Steel	Blast furnace and steelmaking operations idled at Ashland, Kentucky.

Source: Public sources, such as company websites, press releases, and news articles.

THE PRODUCT

Commerce's scope

Commerce has defined the subject merchandise as:[7]

> {C}ertain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers)[8] regardless of thickness, and in straight lengths, of a thickness less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (i.e., flat-rolled products rolled on four faces or

[7] *Termination of the Suspension Agreement on Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, Rescission of 2013-2014 Administrative Review, and Issuance of Antidumping Duty* Order, 79 FR 77455, December 24, 2014.

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

in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this order. Specifically subject to the scope of this order are vacuum degassed, fully stabilized (commonly referred to as interstitial-free ("IF")) steels, high strength low alloy ("HSLA") steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.[9]

Steel products subject to the scope of this order, regardless of HTSUS definitions,[10] are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

> 1.80 percent of manganese, or 1.25 percent of nickel, or 1.50 percent of silicon, or 0.30 percent of tungsten, or 1.00 percent of copper, or 0.012 percent of boron, or 0.50 percent of aluminum, or 0.10 percent of molybdenum, or 1.25 percent of chromium, or 0.10 percent of niobium, or 0.30 percent of cobalt, or 0.41 percent of titanium, or 0.40 percent of lead, or 0.15 percent of vanadium, or 0.15 percent of zirconium.
>
> All products that meet the physical and chemical description provided above are within the scope of this order unless otherwise excluded.[11]

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[9] The Commission found these products to be part of the domestic like product during the original investigations. Those steel products within the scope definition that are outside the traditional definitions of carbon steel will be referred to, collectively, as "microalloyed" steel in this report.

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

[11] The following are excluded by Commerce: alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including e.g., ASTM specifications A543, A387, A514, A517, and A506); SAE/AISI grades of series 2300 and higher; ball bearing steels, as defined in the HTSUS; tool steels, as defined in the HTSUS; silicomanganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 1.50 percent; ASTM specifications A710 and A736; and USS abrasion-resistant steels (USS AR 400, USS AR 500). In addition, hot-rolled steel which meets the following chemical (in percent by weight), physical, and mechanical specifications also are excluded:

- Product (1): Carbon 0.10-0.14 percent, Manganese 0.90 percent maximum, Phosphorus 0.025 percent maximum, Sulphur 0.005 percent maximum, Silicon 0.30-0.50 percent, Chromium 0.50-0.70 percent, Copper 0.20-0.40 percent, Nickel 0.20 percent maximum, Width = 44.80 inches maximum; Thickness = 0.063-0.198 inches; Yield Strength = 50,000 psi minimum; and Tensile Strength = 70,000-88,000 ksi.

(*continued*...)

Description and uses[12]

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

(…*continued*)

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

[12] Unless otherwise noted, this information is based on *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review),* USITC Publication 4237, June 2011, p. I-25.

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

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

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

Manufacturing process[13]

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

Steel's major production inputs are coke, iron ore, limestone, and scrap. Coke is a refined carbon product produced by baking coal to drive off volatile matter, and is the principal fuel used to produce hot metal in blast furnaces. Iron ore is melted to produce liquid metal. Limestone is used to flux the liquid metal, thus purifying it. Scrap is used for a portion of the basic oxygen furnace charge; hot metal accounts for the remainder. In addition, scrap is a major input for electric arc furnace ("EAF") production.

[13] Unless otherwise noted, this information is based on *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review),* USITC Publication 4237, June 2011, pp. I-26 through I-29.

Scrap contains non-ferrous tramp trace contaminant elements so production that uses a lower ratio of scrap to hot metal can generate the clean, pure steel often required for certain value-added applications.

Melt stage

Steel for the manufacture of hot-rolled steel products is produced from raw materials by either an "integrated" or "nonintegrated" process. The nonintegrated, or scrap-based, process produces molten steel by melting scrap or scrap substitutes in an EAF.[14] In an integrated process, iron ore (the principal iron-containing raw material) is smelted in a blast furnace, using coke, usually supplemented with coal, natural gas, or fuel oil, to produce molten pig iron, which is drained into a large ladle and transported to an oxygen steelmaking furnace. The molten pig iron is poured into a steelmaking furnace, together with a lesser amount of steel scrap and flux materials, such as burnt lime, burnt dolomite, and fluorspar. High-purity oxygen is injected into the furnace and reacts with dissolved carbon and other impurities in the charge materials, raising the temperature to that necessary for further processing. Molten steel is poured or "tapped" from the furnace to a ladle to be transported to a ladle metallurgy station and then to casting.

In a "nonintegrated" process, the principal source of iron is steel scrap, and melting occurs in an EAF. Primary iron products including cold pig iron, direct-reduced iron and hot-briquetted iron are also used as raw materials in EAF steelmaking.[15] The charge materials are melted by electrical current passing through an arc between an electrode and the material in the furnace. Oxygen is also used to oxidize impurities, but at a fraction of the amounts used in oxygen steelmaking. After melting, the molten steel is tapped into a ladle for further processing.

Whether integrated or nonintegrated, steelmakers typically utilize a secondary steelmaking stage, also called a ladle metallurgy station. Shifting the final refining stages to the ladle metallurgy station allows shorter cycles in the primary steelmaking vessel, effectively raising steelmaking capacity. Special ladle treatments include ladle desulfurization and vacuum degassing, which improve steel cleanliness, formability, surface quality, chemistry, and strength. Steelmakers employ additional techniques to refine the product further into extra-clean or low-carbon steels. These refinements are needed to satisfy stringent surface or

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

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

internal requirements or microcleanliness quality and mechanical properties.[16] Steelmakers may adjust the chemical content by adding alloying elements or by lowering the carbon content (decarburization), or adjusting the temperature of the steel for optimum casting. While carbon content may be reduced further by subsequent hydrogen annealing of the coiled steel, the steel's essential characteristics are established prior to the casting stage.

Slab casting stage

Following the production of molten steel with the desired properties, the steel is cast into a form that can enter the rolling process. Continuous casters convert molten steel into slabs for rolling into finished product. The vast majority of carbon sheet steels produced in the United States are continuously cast.[17] There are two broad categories of continuous casting used by most U.S. and foreign integrated producers of hot-rolled steel products: conventional or thick-slab continuous casters and thin-slab casters. The conventional process is used by most U.S. integrated producers, whereas most of the nonintegrated facilities use thin- or thinner-slab casting processes. Differences between thin-slab casting and conventional continuous-strand slab casting include the shape of the casting mold, the desired thickness of the slab, and the linkage of steel casting with direct hot rolling. One benefit of thin slab casting is that it eliminates the need for a reheat furnace.

Rolling stage

Hot-rolled carbon steel flat products are produced on hot-strip mills. Essential components of a hot-strip mill are a rolling mill, a run-out table for cooling the hot-rolled strip after rolling, and equipment to coil the strip. Depending upon the planned capacity of the operation, the thickness of the slabs entering the mill, and properties of the hot-rolled coil to be produced, there are many different configurations of hot-strip mills. When rolling from a thick slab, as described above, there is normally a slab heating furnace, a roughing train consisting of several rolling stands (sets of rollers), typically four to five, that reduce the slab or a single reversing stand in which the slab is passed back and forth through the stand and a finishing train with an additional four to seven stands to further reduce the thickness and

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[16] The goals of secondary steelmaking include controlling gases (e.g., decreasing the concentration of oxygen, hydrogen, and nitrogen, called "degassing"), reducing sulfur, removing undesirable nonmetallic inclusions, such as oxides and sulfides, changing the composition and/or shape of oxides and sulfides that cannot be completely removed, and improving the mechanical properties of the finished steel. American Iron and Steel Institute, "Steel Processing Operations, Secondary Refining," http://www.steel.org/making-steel/how-its-made/processes.aspx , accessed June 30, 2016.

[17] Continuous slab casting bypasses several steps of the conventional ingot casting process by casting steel directly into semifinished shapes, called slabs, in the desired cross-sectional dimensions. The many benefits derived from this quicker casting method include increased yield, improved product quality, decreased energy consumption, and less pollution. U.S. Steel, The Making, Shaping and Treating of Steel, 10th edition, 1985, pp. 745-746.

impart the desired surface finish to the steel. The steel then exits the finishing train onto a runout table where the product is subjected to a combination of water sprays, laminar jets, and/or air cooling to remove mill scale and reduce the temperature of the steel. The steel is then coiled at the end of the runout table. Hot-rolled steel destined for the sheet market can be either shipped as black band, or cleaned in an acid bath and sold as pickled band. These products are used in non-critical surface applications, such as automotive frames and wheels, construction products, pipe, off-highway equipment, and guardrails.

"Thin" slabs are typically 2 to 3 inches in thickness, and are transferred directly from the casting operation to the rolling mill. Because thin slabs require fewer rolling passes than thick slabs, the roughing mill may be not be required and the finishing train may be a single, reversing mill rather than a series of in-line mills as described above. The reversing mill would be of the "Steckel" type, having the ability to coil the strip between passes in special furnaces on each side of the mill, in order to conserve temperature.[18]

Nucor has built two facilities that cast a solid strip approximately 2 mm thick directly from a pool of molten steel established between two counter-rotating rolls using a newer process of twin-roll strip casting. The strip is fed directly into a single hot-rolling mill for reduction to final thickness and then along a cooling table to a coiler. The first of these new facilities started up in 2002 and the second, more advanced unit, started up in 2009.[19] Advantages claimed for the twin-roll strip casting process in comparison to conventional thick-slab or thin-slab processing include the capability to economically produce hot-rolled steel 1 to 2 mm in thickness, which can be used in some applications as a substitute for more expensive cold-rolled steel. In addition, a steel plant incorporating the twin-roll strip casting practice may be built at a much lower capital cost, with a lower economic capacity, than a conventional hot-rolling plant.[20]

Broadly speaking, a producer of hot-rolled steel may be considered to be: (1) an integrated mill, producing steel from iron ore and a limited amount of scrap, and with a thick slab casting and rolling operation; (2) a "mini" or electric furnace mill, producing steel from purchased scrap and supplemented with primary iron products (scrap substitutes), usually with a thin slab casting and rolling operation; or (3) a rolling-only operation, with no on-site steelmaking, using slabs purchased from other steelmakers (usually imported). Each of these three types of operations has an inherent cost structure that differs from the other two; an integrated producer typically has the highest fixed costs and the highest value added in its cost

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[18] The primary distinction lies in the placement of a heated coilbox on either side of a single stand reversing mill.

[19] In 1988, BHP Steel of Australia and Ishikawajima-Harima Heavy Industries ("IHI") of Japan began a collaborative effort to determine the commercial feasibility of twin-roll strip casting of steel. BHP and IHI needed a partner with the ability to commercialize the process (trademarked as "Castrip") and in 2000 Nucor Corp. joined BHP and IHI to form Castrip LLC. Castrip LLC owns the technology and Nucor Corp. has the exclusive license to the process in the United States. Castrip LLC, "The Castrip© Story," http://castrip.com/Story/castripstory.html, accessed June 30, 2016.

[20] Castrip LLC, "The Castrip© Advantage," http://castrip.com/Advantage/advantage.html, accessed June 30, 2016.

structure; a mini-mill generally has higher raw material costs but less value added; and a rolling-only operation has the lowest value added but the highest raw material cost. In the United States, the rolling-only operations until recently comprised a number of locations that, at one time, had integrated steelmaking facilities, but the operator shut down the steelmaking and continued to operate the rolling mills. However, the greenfield AM/NS plant (owned by a joint venture of ArcelorMittal and Nippon Steel & Sumitomo Metal Corp.) in Calvert, Alabama, began production of hot-rolled steel in 2010 and is a rolling-only mill for slabs.[21]

Subsequent operations

Hot-rolled steel may undergo a number of subsequent processes before being used internally by a steel producer or sold. Processing subsequent to hot-rolling may include a temper pass to improve surface finish, gauge tolerance, and coil tightness; pickling and light oil coating;[22] and operations that level, slit, or shear hot-strip mill products to width or length. If the hot-rolled product is designated for cold-reduction and coating, it is first pickled. In the pickling process, the hot-rolled steel product is subjected to a series of acid baths that essentially remove the oxides on the surface that result from exposure to water and the atmosphere. The steel is then treated with an oil that is compatible with the mill's cold-reduction mill, cold-reduced,[23] annealed, and temper passed. It might then be coated with a metallic coating.[24] Pickling, oiling, tempering, leveling, slitting, or shearing can take place at the mill; alternatively, a mill can arrange for these operations to be performed at a nearby service center. Steel service centers serve as distributors of flat-rolled steel products. Many service centers maintain extensive inventories of a variety of steel products, providing availability and inventory management services for customers of all sizes, including those with smaller purchasing needs that must place low-volume orders. Some service centers perform value-

[21] The original owner of the mill was ThyssenKrupp Steel USA. The mill was acquired by ArcelorMittal and Nippon Steel & Sumitomo Metal Corp. in 2014. American Metal Market, "Nucor Plays Down Fight for Market Share vs. TK," October 2, 2010. ArcelorMittal USA, *AM/NS Fact Sheet,* http://usa.arcelormittal.com/our-operations/joint-ventures/calvert, accessed June 30, 2016.

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

[23] Cold-reduction rolling involves a fairly large reduction in the thickness of the hot-rolled material, typically ranging from 25 to 90 percent. The term "cold-rolling" refers to any process in which the product is fed into a rolling mill at ambient temperature. Cold-rolling can be performed for a variety of reasons, including a desired reduction in product thickness, a need to impart specific mechanical properties, or to impart a specific surface texture. A cold-rolling mill typically has five to seven roll stands.

[24] Flat-rolled steel products are coated with metals or nonmetallic substances to improve their aesthetics, reduce final product cost, improve corrosion resistance, and anticipate the requirements of downstream forming operations.

added processing, such as uncoiling, flattening, and cutting flat-rolled products to length or burning hundreds of intricate parts from a single sheet.

U.S. tariff treatment

Hot-rolled steel is currently imported under HTS statistical reporting numbers 7208.10.1500, 7208.10.3000, 7208.10.6000, 7208.25.3000, 7208.25.6000, 7208.26.0030, 7208.26.0060, 7208.27.0030, 7208.27.0060, 7208.36.0030, 7208.36.0060, 7208.37.0030, 7208.37.0060, 7208.38.0015, 7208.38.0030, 7208.38.0090, 7208.39.0015, 7208.39.0030, 7208.39.0090, 7208.40.6030, 7208.40.6060, 7208.53.0000, 7208.54.0000, 7208.90.00.00, 7210.70.3000, 7210.90.9000, 7211.14.0030, 7211.14.0090, 7211.19.1500, 7211.19.2000, 7211.19.3000, 7211.19.4500, 7211.19.6000, 7211.19.7530, 7211.19.7560, 7211.19.7590, 7212.40.1000, 7212.40.5000, and 7212.50.0000. Products subject to this review may also be reported under the following HTS provisions: 7225.11.0000, 7225.19.0000, 7225.30.3050, 7225.30.7000, 7225.40.7000, 7225.99.0090, 7226.11.1000, 7226.11.9030, 7226.11.9060, 7226.19.1000, 7226.19.9000, 7226.91.5000, 7226.91.7000, 7226.91.8000, and 7226.99.01.80. The general rate of duty for all of the products imported into the United States under these HTS provisions is "free."

The definition of the domestic like product and domestic industry

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In the original final determinations, the first five-year reviews, and the second five-year reviews, the Commission defined the domestic like product to be coextensive with Commerce's scope definition.[25]

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry. According to their response to the notice of institution, the domestic producers agree with the Commission's definitions.[26]

THE ORIGINAL INVESTIGATIONS AND SUBSEQUENT REVIEWS

The original investigations

On September 30, 1998, petitions were filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with

[25] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. 6.

[26] *Domestic Interested Parties' Response to the Notice of Institution,* June 1, 2016, p. 34.

material injury by reason of imports of hot-rolled steel from Brazil, Japan, and Russia.[27] Sales of such products were allegedly subsidized with respect to Brazil and made at less than fair value ("LTFV") with respect to Brazil, Japan, and Russia. On May 6, 1999, Commerce made a final affirmative dumping determination with respect to Japan. The Commission made its final affirmative injury determination on June 18, 1999,[28] and Commerce issued an antidumping duty order on imports from Japan on June 29, 1999.[29] In July 1999, Commerce signed suspension agreements with respect to Brazil and Russia.[30] [31]

Suspension agreement

On July 19, 1999, Commerce made a final affirmative dumping determination with respect to Russia.[32] The Commission made its final affirmative injury determination on August 24, 1999.[33] Effective July 12, 1999, Commerce had suspended the antidumping duty investigation on such imports from Russia.[34] The suspension agreement implemented export

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[27] The petitions were filed by Bethlehem Steel Corporation (Bethlehem, Pennsylvania); USX Corporation (Pittsburgh, Pennsylvania); Ispat Inland Incorporated ("Ispat Inland," East Chicago, Indiana); LTV Corporation ("LTV," Cleveland, Ohio); National Steel Corporation ("National," Mishawaka, Indiana; National was not a petitioner with respect to Japan); California Steel Industries (Fontana, California); Gallatin Steel Company ("Gallatin," Ghent, Kentucky); Geneva Steel Holdings ("Geneva," Vineyard, Utah); Gulf States Steel ("Gulf States," Gadsden, Alabama); IPSCO Incorporated (Muscatine, Iowa); SDI (Butler, Indiana); Weirton Steel Corporation ("Weirton," Weirton, West Virginia); The Independent Steelworkers Union ("ISU," Weirton, West Virginia); and the United Steelworkers of America ("USWA," Pittsburgh, Pennsylvania).

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

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

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

[31] Unless indicated otherwise, the following discussion regarding suspension agreements is based on information contained in *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, pp. I-2-I-4.

[32] *Notice of Final Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 64 FR 38626, July 19, 1999. The antidumping duty rates calculated by Commerce in the final phase of the original investigations was 73.59 percent for JSC Severstal and 184.56 percent for the Russia-Wide rate.

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

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

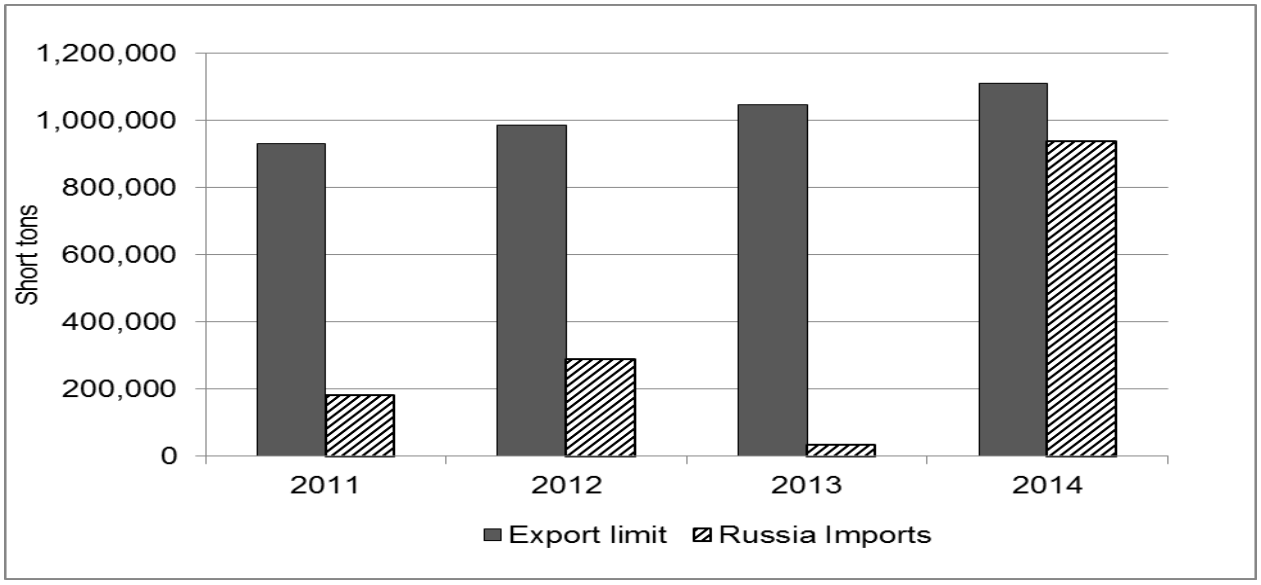
quota levels and reference prices to restrict the volume of hot-rolled steel imports from Russia. The suspension agreement provided that no Russian shipments were permitted during a "moratorium period" from February 22, 1999 to December 31, 1999. The agreement specified export quota levels for the years 2000-03. Thereafter, the quota would be determined by a formula, taking into account the previous year's export limit, apparent consumption in the United States, and the adoption of premium reference prices by the Ministry of Trade of the Russian Federation. The agreement set an initial reference price and stipulated that Commerce would issue reference prices for each quarter.[35] In addition, the suspension agreement provided for up to 15 percent of the export limit (if not used) to be carried over to the subsequent export limit period and for up to 15 percent of the export limit for any period to be carried back to the last 60 days of the previous export limit period. The Russian government formally requested, and was granted on October 26, 2004, permission to carry back 15 percent of its 2005 export limit, or 122,192 metric tons, to 2004. Imports of hot-rolled steel from Russia to the United States filled 18.5 percent of the carry-back quantity; the remaining amount, or 99,637 metric tons, was carried forward to 2005. On July 22, 2004, and August 31, 2005, pursuant to requests from the Russian government, the Department agreed to add certain new grades of merchandise to its reference price calculation. Effective December 19, 2014, Commerce terminated the suspension agreement and imposed the antidumping order on subject imports from Russia.[36] Figure I-1 presents the suspension agreement export limits and figure I-2 presents the reference prices for each quarter during 2010-14, when the suspension agreement was in place, since completion of the Commission's last five-year review.

[35] Ibid.

[36] *Termination of the Suspension Agreement on Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, Rescission of 2013-2014 Administrative Review, and Issuance of Antidumping Duty Order*, 79 FR 77455, December 24, 2014.

Figure I-1

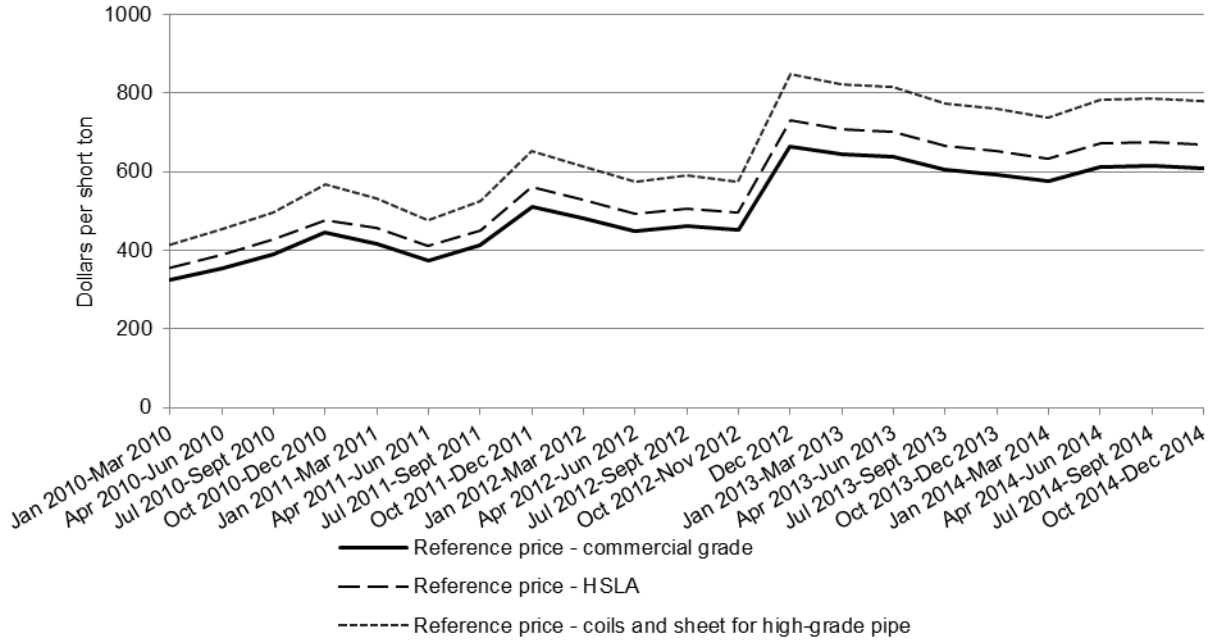
Hot-rolled steel: Imports from Russia and export limit, 2011-14



Source: Department of Commerce, International Trade Administration, Import Administration, Office of Policy, Enforcement and Compliance, e-mail from Sally Gannon, Director for Bilateral Agreements at the U.S. Department of Commerce, International Trade Administration, June 24, 2016.

Figure I-2

Hot-rolled steel: Spot price and Russian suspension agreement reference prices, January 2010-December 2014



Source: Department of Commerce, International Trade Administration, Import Administration, Reference Prices Pertaining to Suspension Agreement, retrieved from http://ia.ita.doc.gov/reference-price/refprice-a821809.html.

The first five-year reviews

On May 4, 2004, the Commission instituted the first five-year reviews on the antidumping duty orders on hot-rolled steel from Brazil and Japan, and the suspended countervailing duty and antidumping duty investigations from Brazil and Russia, respectively. As described below, following the July 28, 2004 request of the Government of Brazil, the suspension agreement with Brazil was terminated, and subsequently Commerce issued a countervailing duty order on such imports. Following the Commission's[37] and Commerce's[38] affirmative determinations with respect to Brazil and Japan, Commerce published the continuation of antidumping duty orders on Brazil and Japan and countervailing duty order on Brazil on May 26, 2005.[39] Following the Commission's[40] and Commerce's[41] affirmative determinations with respect to Russia as part of the first reviews, the suspension agreement was continued.[42]

The second five-year reviews

On June 6, 2011, the Commission completed its second full five-year reviews. The Commission determined that termination of the suspension agreement on hot-rolled steel from Russia would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission also made negative determinations concerning the countervailing duty order on Brazil and the antidumping duty orders on Brazil and Japan.[43] Following the Commission's and Commerce's affirmative

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

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

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

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

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

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

[43] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Determinations*, 76 FR 34101, June 10, 2011.

determination with respect to Russia, the suspension agreement was continued.[44] Following the Commission's negative determinations with respect to Brazil and Japan, Commerce revoked these orders.[45]

PRIOR RELATED INVESTIGATIONS

Title VII investigations

The Commission has conducted numerous import injury investigations relating to certain carbon steel products or substantially similar merchandise. Table I-3 presents all previous and related title VII investigations regarding these products.

Table I-3
Hot-rolled steel: Previous and related investigations, 1982-2016

Original investigation				First review		Second review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	Date[1]	Outcome	
1982	701-TA-94	Belgium	Affirmative[2]	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-95	Brazil	Negative[2]	-	-	-	-	-
1982	701-TA-96	France	Affirmative[2]	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-97	Italy	Affirmative[2]	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-98	Luxembourg	Negative[2]	-	-	-	-	-
1982	701-TA-99	Netherlands	Negative	-	-	-	-	-
1982	701-TA-100	United Kingdom	Negative[2]	-	-	-	-	-
1982	701-TA-101	Germany	Affirmative[2]	-	-	-	-	Petition withdrawn 10/29/82
1982	701-TA-156	Spain	Negative[2]	-	-	-	-	-

Table continued on next page.

[44] *Continuation of Suspended Antidumping Duty Investigation on Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 76 FR 35400, June 17, 2011.

[45] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil and Japan: Revocation of the Antidumping Duty Orders on Brazil and Japan and the Countervailing Duty Order on Brazil*, 76 FR 36081, June 21, 2011.

Table I-3--Continued
Hot-rolled steel: Previous and related investigations, 1982-2016

Original investigation				First review		Second review		Current status
Date[1]	Number	Date[1]	Outcome	Date[1]	Outcome	Date[1]	Outcome	
1982	701-TA-171	Korea	Affirmative	-	-	-	-	ITA revoked 10/10/85
1982	731-TA-61	Belgium	Affirmative[2]	-	-	-	-	Terminated 11/10/82
1982	731-TA-62	France	Affirmative[2]	-	-	-	-	Terminated 11/10/82
1982	731-TA-63	Italy	Affirmative[2]	-	-	-	-	Terminated 11/10/82
1982	731-TA-64	Luxembourg	Negative[2]	-	-	-	-	-
1982	731-TA-65	Netherlands	Negative	-	-	-	-	-
1982	731-TA-66	United Kingdom	-	-	-	-	-	Petition withdrawn 1/30/82
1982	731-TA-67	Germany	Affirmative[2]	-	-	-	-	Terminated 11/10/82
1983	701-TA-206	Brazil	Affirmative	-	-	-	-	ITA revoked 9/5/85
1984	731-TA-153	Brazil	Affirmative	-	-	-	-	ITA revoked 8/21/85
1985	701-TA-227	Austria	Negative	-	-	-	-	-
1985	701-TA-228	Sweden	Negative	-	-	-	-	-
1985	701-TA-229	Venezuela	Affirmative[2]	-	-	-	-	Terminated 7/19/85
1985	731-TA-219	Austria	Negative	-	-	-	-	-
1985	731-TA-220	Finland	-	-	-	-	-	Petition withdrawn 1/18/85
1985	731-TA-221	Hungary	Affirmative[2]	-	-	-	-	Petition withdrawn 6/4/85
1985	731-TA-222	Romania	Affirmative[2]	-	-	-	-	Terminated 7/19/85
1985	731-TA-223	Venezuela	Affirmative[2]	-	-	-	-	Terminated 7/19/85
1992	701-TA-329	Belgium	Negative	-	-	-	-	-
1992	701-TA-330	Brazil	Negative	-	-	-	-	-
1992	701-TA-331	France	Negative	-	-	-	-	-
1992	701-TA-332	Germany	Negative	-	-	-	-	-
1992	701-TA-333	Italy	Negative[2]	-	-	-	-	-
1992	701-TA-334	Korea	Negative	-	-	-	-	-
1992	701-TA-335	New Zealand	Negative	-	-	-	-	-
1992	731-TA-588	Belgium	Negative	-	-	-	-	-
1992	731-TA-589	Brazil	Negative	-	-	-	-	-

Table continued on next page.

Table I-3--Continued
Hot-rolled steel: Previous and related investigations, 1982-2016

Original investigation				First review		Second review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	Date[1]	Outcome	
1992	731-TA-590	Canada	Negative	-	-	-	-	-
1992	731-TA-591	France	Negative	-	-	-	-	-
1992	731-TA-592	Germany	Negative	-	-	-	-	-
1992	731-TA-593	Italy	Negative[2]	-	-	-	-	-
1992	731-TA-594	Japan	Negative	-	-	-	-	-
1992	731-TA-595	Korea	Negative	-	-	-	-	-
1992	731-TA-596	Netherlands	Negative	-	-	-	-	-
1998	701-TA-384	Brazil	Affirmative	2004	Affirmative	2010	Negative	Order not continued[3]
1998	731-TA-806	Brazil	Affirmative	2004	Affirmative	2010	Negative	Order not continued[3]
1998	731-TA-807	Japan	Affirmative	2004	Affirmative	2010	Negative	Order not continued[3]
1998	731-TA-808	Russia	Affirmative	2004	Affirmative	2010	Affirmative	Order in place[4]
2000	701-TA-404	Argentina	Affirmative	2006	Negative	-	-	Order not continued[5]
2000	701-TA-405	India	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2000	701-TA-406	Indonesia	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2000	701-TA-407	South Africa	Affirmative	2006	Negative	-	-	Order not continued[5]
2000	701-TA-408	Thailand	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2000	731-TA-898	Argentina	Affirmative	2006	Negative	-	-	Order not continued[5]
2000	731-TA-899	China	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2000	731-TA-900	India	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2000	731-TA-901	Indonesia	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2000	731-TA-902	Kazakhstan	Affirmative	2006	Negative	-	-	Order not continued[5]
2000	731-TA-903	Netherlands	Affirmative	2006	Affirmative	-	-	Terminated 6/27/07[6]
2000	731-TA-904	Romania	Affirmative	2006	Negative	-	-	Order not continued[5]
2000	731-TA-905	South Africa	Affirmative	2006	Negative	-	-	Order not continued[5]

Table continued on next page.

Table I-3--Continued
Hot-rolled steel: Previous and related investigations, 1982-2016

Original investigation				First review		Second review		Current status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	Date[1]	Outcome	
2000	731-TA-906	Taiwan	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2000	731-TA-907	Thailand	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2000	731-TA-908	Ukraine	Affirmative	2006	Affirmative	2012	Affirmative	Order in place[4]
2015	701-TA-545	Brazil	Affirmative	-	-	-	-	Final phase underway[7]
2015	701-TA-546	Korea	Affirmative	-	-	-	-	Final phase underway[7]
2015	701-TA-547	Turkey	Affirmative	-	-	-	-	Final phase underway[7]
2015	731-TA-1291	Australia	Affirmative	-	-	-	-	Final phase underway[7]
2015	731-TA-1292	Brazil	Affirmative	-	-	-	-	Final phase underway[7]
2015	731-TA-1293	Japan	Affirmative	-	-	-	-	Final phase underway[7]
2015	731-TA-1294	Korea	Affirmative	-	-	-	-	Final phase underway[7]
2015	731-TA-1295	Netherlands	Affirmative	-	-	-	-	Final phase underway[7]
2015	731-TA-1296	Turkey	Affirmative	-	-	-	-	Final phase underway[7]
2015	731-TA-1297	UK	Affirmative	-	-	-	-	Final phase underway[7]

[1] "Date" refers to the year in which the investigation or review was instituted by the Commission.
[2] Preliminary determinations.
[3] Commerce published the revocation of the subject orders on June 21, 2011 (76 FR 36081).
[4] 79 FR 3622, January 22, 2014.
[5] Commerce published the revocation of the subject order on November 20, 2007 (72 FR 65293).
[6] Commerce published notice of its final results in the five-year review concerning the antidumping duty order on hot-rolled steel from the Netherlands on June 27, 2007 (72 FR 35220). In those final results, Commerce revoked the order effective November 29, 2006. Accordingly, the Commission terminated its five-year review regarding hot-rolled steel from the Netherlands effective June 27, 2007 (72 FR 40322, July 24, 2007).
[7] The Commission made preliminary affirmative determinations on September 25, 2015 and is currently conducting final phase investigations, which are scheduled to be completed on September 19, 2015.

Source: Compiled from Commission determinations published in the Federal Register.

Previous and related safeguard investigations

Hot-rolled steel products have been the subject of both safeguard investigations and other arrangements to limit the importation of steel products.[46] In 1984, the Commission determined that carbon and alloy steel sheet were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing such articles, and recommended quantitative restrictions on imports for a period of five years. President Reagan determined that import relief under section 201 of the Trade Act of 1974 was not in the national interest. At the President's direction, quantitative limitations under voluntary restraint agreements ("VRAs") for a five-year period ending September 30, 1989, were negotiated. In July 1989, the VRAs were extended for two and one half years until March 31, 1992.

In 2001, the Commission determined that certain carbon and alloy steel, including hot-rolled steel, was being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing such articles, and recommended additional duties on imports for a period of four years.[47] On March 5, 2002, President George W. Bush announced the implementation of steel safeguard measures. Import relief relating to hot-rolled steel consisted of an additional tariff for a period of three years and one day (30 percent *ad valorem* on imports in the first year, 24 percent in the second year, and 18 percent in the third year).[48] Following receipt of the Commission's mid-term monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, President Bush determined that the effectiveness of the action taken had been impaired by changed circumstances. Therefore, he terminated the U.S. measure with respect to increased tariffs on December 4, 2003.[49]

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[46] A more detailed description of such measures since 1980 appears in the staff report for the first review of the orders on hot-rolled steel from Brazil, Japan, and Russia. *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review),* USITC Publication 3767, April 2005, pp. I-9-I-10.

[47] *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

[48] *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553, March 7, 2002. The President also instructed the Secretaries of Commerce and the Treasury to establish a system of import licensing to facilitate steel import monitoring.

[49] *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483, December 8, 2003. Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.

Related section 337 investigations

On May 26, 2016, U.S. Steel filed a request that the Commission institute an investigation based on a complaint by U.S. Steel alleging violations of section 337 of the Tariff Act of 1930, as amended, regarding certain carbon and alloy steel products, including hot-rolled steel products within the scope of this review, by several Chinese respondents. This complaint alleged that the proposed respondents violated one or more of the following unfair acts: (1) a conspiracy to fix prices and control output and export volumes; (2) the misappropriation and use of U.S. Steel's trade secrets; and (3) the false designation of origin or manufacturer for purposes of evading duties. Under this complaint, U.S. Steel seeks a general exclusion order, a limited exclusion order, and a permanent cease and desist order.[50]

ACTIONS AT COMMERCE

Current five-year review

Commerce notified the Commission that it had not received adequate responses from respondent interested parties to its notice initiating the current five-year review of the antidumping duty order on hot-rolled steel from Russia. Consequently, Commerce intends to conduct an expedited review of the order and to issue the final results of the expedited review by August 30, 2016.[51]

THE INDUSTRY IN THE UNITED STATES

U.S. producers

The domestic hot-rolled steel industry has experienced a number of changes since the Commission's original investigations of hot-rolled steel in 1999. Since that time, the domestic industry has restructured, with bankruptcies, consolidations, and reorganizations having changed the composition of domestic production. In the original investigations, the Commission received questionnaire responses from 24 of 28 U.S. producers that accounted for an estimated 95 percent of production of the domestic like product during 1998.[52] The original 12 petitioning

[50] https://www.usitc.gov/press_room/news_release/2016/er0526ll602.htm, retrieved on June 1, 2016.

[51] Abdelali Elouaradia, letter to Catherine DeFilippo, May 2016.

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

producers represented *** percent of total reported 1998 production.[53] In the Commission's first five-year reviews, 18 mills, representing nearly all production of hot-rolled steel in the United States, provided the Commission with data on their hot-rolled steel operations.[54] In the Commission's second five-year reviews, the Commission received 14 questionnaire responses from U.S. producers, believed to account for all or virtually all U.S. production of hot-rolled steel in 2010.[55] In this current proceeding, the six domestic producers that provided information in their response to the Commission's notice of institution estimated that they collectively accounted for *** percent of U.S. production in 2015.[56] Figure I-3 illustrates the changes in company/mill ownership that have occurred since the original investigations.

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

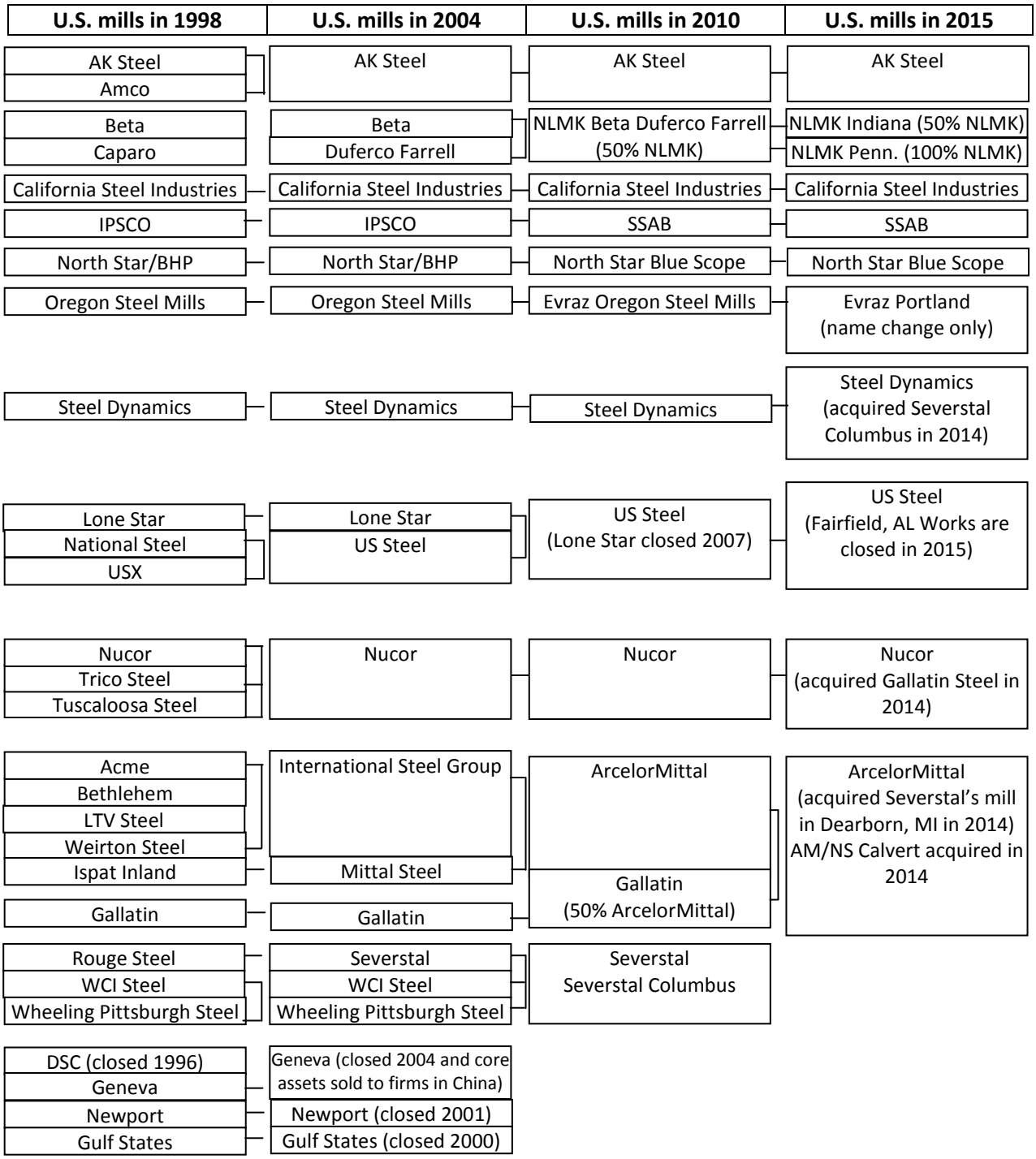
[54] The 18 U.S. producers that supplied the Commission with usable questionnaire information during the first reviews were: AK, Beta, California Steel Industries, Duferco, Gallatin, IPSCO, ISG, Lone Star, Ispat Inland, North Star, NSG, Nucor, Oregon, SDI, Severstal, USS, WCI, and WPS.

[55] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. I-30.

[56] *Domestic Interested Parties' Response to the Notice of Institution,* June 1, 2016, p. 32.

Figure I-3

Hot-rolled steel: Openings, closings, and consolidations of U.S. mills, 1998, 2004, 2010, and 2015



Source: *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. I-30 and public sources, such as company websites, press releases, and news articles.

Definition of the domestic industry and related party issues

In the original investigations, the Commission found that two domestic producers were related parties but that appropriate circumstances did not exist to exclude any producer from the domestic industry. In the first five-year reviews, the Commission determined that three firms were or may have been related parties by virtue of joint ownership interests with producers and exporters of subject merchandise, and that two firms were related parties because they imported subject merchandise. The Commission found that appropriate circumstances did not exist for the exclusion of any of these producers from the domestic industry. In the second five-year reviews, the Commission explored whether appropriate circumstances existed to exclude from the domestic industry any of the seven producers that share common ownership with importers or exporters of subject merchandise. Of these seven firms, four met the related party provisions due to their affiliations with Russian entities:

- Duferco Farrell's ultimate owner was Steel Invest and Finance, S.A., a Luxembourg corporation that was 50 percent owned by NLMK, an exporter of subject merchandise from Russia.[57]
- NLMK Beta was owned by a holding company solely owned by NLMK.[58]
- North Star BlueScope was 50 percent owned by *** Cargill Inc., which during the period of review imported subject merchandise from ***.[59]
- The production facilities owned by Severstal US Holdings LLC ("Severstal US") were *** owned by JSC Severstal, a producer and exporter of subject merchandise from Russia.[60]

The Commission concluded that appropriate circumstances did not exist to exclude them from the domestic industry, observing that such affiliations were common in the industry and that the principal focus of each of the firms is U.S. production.[61]

In the current review, the domestic producers that provided a response to the Commission's notice of institution reported that none of them were related to a foreign producer/exporter of the subject merchandise, nor did any import subject merchandise.[62] Of

[57] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. 8.

[58] Ibid.

[59] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, Confidential Views of the Commission, p. 10.

[60] Ibid.

[61] *Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. 8.

[62] *Domestic Interested Parties' Response to the Notice of Institution,* June 1, 2016, p. 30.

the three non-participating producers, Top Gun Investments II is a subsidiary of Russian hot-rolled steel producer, Novolipetsk Steel ("NLMK").[63]

U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.[64] Table I-4 presents a compilation of the data submitted from all responding U.S. producers, as well as trade and financial data submitted by U.S. producers in the original investigations and two prior five-year reviews.

Table I-4

Hot-rolled steel: Trade and financial data submitted by U.S. producers, 1998, 2004, 2010, and 2015

Item	1998	2004	2010	2015
Capacity (short tons)	73,544,818	79,113,331	79,679,215	68,031,658
Production (short tons)	64,373,004	68,229,669	54,913,361	49,224,875
Capacity utilization (percent)	87.5	86.2	68.9	72.4
U.S. commercial shipments:				
Quantity (short tons)	NA	NA	20,809,160	18,008,274
Value ($1,000)	NA	NA	12,618,918	9,199,418
Unit value (per pound)	NA	NA	606	511
Internal consumption/company transfers:				
Quantity (short tons)	NA	NA	32,185,490	30,952,914
Value ($1,000)	NA	NA	19,268,730	15,722,100
Unit value (per short ton)	NA	NA	599	508
Total U.S. shipments:				
Quantity (short tons)	63,843,220	67,979,260	52,994,650	48,961,188
Value ($1,000)	18,975,513	35,913,036	31,887,648	24,921,518
Unit value (per short ton)	297	528	602	509

Table continued on next page.

[63] E-mail from ***, June 28, 2016.

[64] Individual company trade and financial data are presented in app. B.

Table I-4--Continued

Hot-rolled steel: Trade and financial data submitted by U.S. producers, 1998, 2004, 2010, and 2015

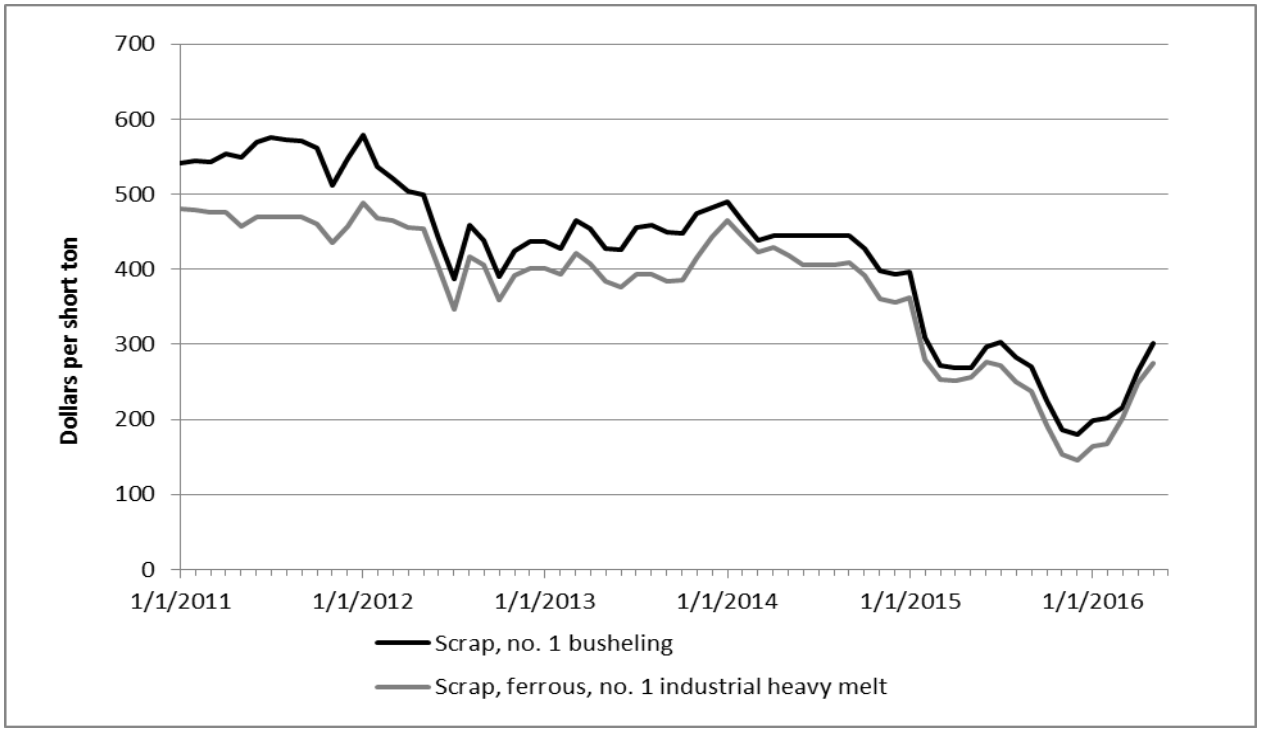
Item	1998	2004	2010	2015
Net sales ($1,000)	21,341,169	34,823,477	32,440,446	25,476,944
COGS ($1,000)	19,794,103	25,428,123	30,772,148	25,795,254
COGS/net sales (percent)	92.8	73.0	94.9	101.2
Gross profit or (loss) ($1,000)	1,547,066	9,395,354	1,668,298	(318,310)
SG&A expenses (loss) ($1,000)	986,607	1,886,866	909,717	1,018,035
Operating income/(loss) ($1,000)	560,459	7,508,488	758,581	(1,336,345)
Operating income (loss)/net sales (percent)	2.6	21.6	2.3	-5.2

Source: Data for 1998 are compiled from *Certain Hot-Rolled Steel Products from Japan, Inv. Nos. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, tables IV-9, IV-7, III- 2, IV-7, III-3, III-5, and VI-5. Data for 2004 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, table C-1. Data for 2010 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, table I-1, table I-13.

Figure I-4 presents data on price indices for scrap iron.

Figure I-4

Hot-rolled steel: Price indices for scrap, monthly, January 2011-December 2015



Source: American Metal Market.

U.S. IMPORTS AND APPARENT CONSUMPTION

U.S. importers

The Commission received usable data from 52 importers during the original investigations and from 15 firms during the first reviews.[65] In the second five-year reviews, 37 companies provided usable questionnaire responses.[66] Responding firms that imported from Russia accounted for 71.4 percent of the subject imports from Russia.[67] In their response to the Commission's notice of institution in this review, domestic producers provided a list of 40 known and currently operating U.S. importers of hot-rolled steel from Russia.[68]

U.S. imports

In its original investigations, the Commission cumulated subject imports from the three subject countries, finding that both the volume and increase in the volume of subject imports were significant.[69] In its first five-year reviews, the Commission again cumulated subject imports, and found that subject producers would likely increase exports to significant levels upon revocation.[70] In the Commission's second five-year reviews, the Commission found that a significant quantity of subject imports from Russia was likely upon termination of the suspended investigation.[71] The Commission noted that Russian producers would have the capability of directing significant amounts of additional subject imports to the United States. The Russian industry also had excess capacity, and significant export orientation and a tendency to shift exports rapidly between different markets.[72]

Table I-5 presents the quantity, value, and unit value for imports from Russia, all other sources, and from all sources for periods during the original investigations, two prior five-year

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[65] *Certain Hot-Rolled Steel Products from Japan, Inv. Nos. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, p. IV-1, and *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia: Inv. Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, p. I-49.

[66] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. I-33.

[67] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. IV-1.

[68] *Domestic Interested Parties' Response to the Notice of Institution,* June 1, 2016, exh. 6.

[69] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. 22.

[70] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. 22.

[71] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. 31.

[72] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. 30.

reviews, and current review. Table I-6 presents the import data for the period of 2011-15. Imports from Russia showed a marked decline in 2015, after the suspension agreement was terminated, compared to most other earlier periods, when the suspension agreement was in place.

Table I-5
Hot-rolled steel: U.S. imports, 1998, 2004, 2010, and 2015

Item	1998	2004	2010	2015
	Quantity (short tons)			
Russia	3,843,641	904,101	125,079	18,079
All other sources	7,564,256	4,289,642	2,971,039	5,490,629
Total	11,407,897	5,193,743	3,096,118	5,508,709
	Landed, duty-paid value ($1,000)			
Russia	923,303	477,902	69,708	11,137
All other sources	2,346,438	2,195,986	1,843,684	2,794,110
Total	3,269,741	2,673,888	1,913,392	2,805,247
	Unit value (dollars per short ton)			
Russia	240	529	557	616
All other sources	310	512	618	509
Average	287	515	618	509

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

Source: Data for 1998 are compiled from *Certain Hot-Rolled Steel Products from Japan, Invs. Nos. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, tables IV-9, IV-7, III- 2, III-3, III-5, and VI-5. Data for 2004 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, table C-1. Data for 2010 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, table I-1. Data for 2015 are from official statistics of Commerce for HTS statistical reporting numbers 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90.

Table I-6
Hot-rolled steel: U.S. imports, 2011-15

Item	2011	2012	2013	2014	2015
	Quantity (short tons)				
Russia	181,689	288,873	34,814	939,489	18,079
All other sources	3,378,219	3,566,138	3,666,120	5,198,095	5,490,630
Total	3,559,908	3,855,011	3,700,934	6,137,584	5,508,709
	Landed, duty-paid value ($1,000)				
Russia	134,668	188,493	19,105	532,880	11,137
All other sources	2,462,027	2,451,309	2,369,292	3,266,116	2,794,110
Total	2,596,695	2,639,802	2,388,396	3,798,996	2,805,247
	Unit value (dollars per short ton)				
Russia	741	653	549	567	616
All other sources	729	687	646	628	509
Average	729	685	645	619	509

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

Source: Official statistics of Commerce for HTS statistical reporting numbers 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90.

Apparent U.S. consumption and market shares

Table I-7 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-8 presents data on U.S. market shares of U.S. apparent consumption.

Table I-7
Hot-rolled steel: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1998, 2004, 2010, and 2015

Item	1998	2004	2010	2015
	Quantity (short tons)			
U.S. producers' U.S. shipments	63,843,220	67,979,260	52,994,650	48,961,188
U.S. imports from—				
Russia	3,843,641	904,101	125,079	18,079
All other sources	7,564,256	4,289,642	2,971,039	5,490,629
Total imports	11,407,897	5,193,743	3,096,118	5,508,709
Apparent U.S. consumption	75,251,117	73,173,003	56,090,768	54,469,897
	Value (1,000 dollars)			
U.S. producers' U.S. shipments	18,975,513	35,913,036	31,887,648	24,921,518
U.S. imports from—				
Russia	923,303	477,902	69,708	11,137
All other sources	2,346,438	2,195,986	1,843,684	2,794,110
Total imports	3,269,741	2,673,888	1,913,392	2,805,247
Apparent U.S. consumption	22,245,254	38,586,924	33,801,040	27,726,765

Source: Data for 1998 are compiled from *Certain Hot-Rolled Steel Products from Japan, Invs. Nos. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, tables IV-9, IV-7, III- 2, III-3, III-5, and VI-5. Data for 2004 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, table C-1. Data for 2010 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, table I-13. Data for 2015 are from official statistics of Commerce for HTS statistical reporting numbers 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90.

Table I-8
Hot-rolled steel: Apparent U.S. consumption and U.S. market shares, 1998, 2004, 2010, and 2015

Item	1998	2004	2010	2015
	Quantity (short tons)			
Apparent U.S. consumption	75,251,117	73,173,003	56,090,768	54,469,897
	Value (*1,000 dollars*)			
Apparent U.S. consumption	22,245,254	38,586,924	33,801,040	27,726,765
	Share of consumption based on quantity (*percent*)			
U.S. producer's share	84.8	92.9	94.5	89.9
U.S. imports from--				
Russia	5.1	1.2	0.2	([1])
All other sources	10.1	5.9	5.3	10.1
Total imports	15.2	7.1	5.5	10.1
	Share of consumption based on value (*percent*)			
U.S. producer's share	85.3	93	94.3	89.9
U.S. imports from--				
Russia	4.2	1.2	0.2	([1])
All other sources	10.5	5.7	5.5	10.1
Total imports	14.7	6.9	5.7	10.1

[1] Less than 0.05 percent.

Source: Data for 1998 are compiled from *Certain Hot-Rolled Steel Products from Japan, Invs. Nos. 731-TA-807 (Final)*, USITC Publication 3202, June 1999, tables IV-9, IV-7, III- 2, III-3, III-5, and VI-5. Data for 2004 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC Publication 3767, April 2005, table C-1. Data for 2010 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, table I-13. Data for 2015 are from official statistics of Commerce for HTS statistical reporting numbers 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90.

THE INDUSTRY IN RUSSIA

During the final phase of the original investigations, three firms, accounting for an estimated *** percent of Russian production of hot-rolled steel in 1998, provided questionnaire responses.[73] In the first reviews and again in the second reviews, these three firms again provided responses to the Commission's questionnaires, and were believed to have accounted for virtually all of Russian production of hot-rolled steel.[74]

The Commission did not receive any responses to the notice of institution in this current five-year review from foreign producers or exporters. The domestic producers of hot-rolled steel provided a list of seven firms that they believe currently produce hot-rolled steel in Russia.[75]

The seven hot-rolled steel producers in Russia (in descending order of hot-rolled steel capacity) are: Magnitogorsk Iron and Steel Works ("MMK"), PAO Severstal ("Severstal"),[76] Novolipetsk Iron and Steel Works ("NLMK"), United Metallurgical Company ("OMK"), Ural Steel,[77] Chelyabinsk Metallurgical Works ("Chelyabinsk"),[78] and PAO Ashinsky Metallurgical Plant ("AMZ"). MMK, Severstal, and NLMK are three of the largest steel companies in Russia and together accounted for *** percent of total hot-rolled steel production capacity in Russia and *** percent of total hot-rolled steel production in 2015 (table I-9).

OMK produces steel, rolled sheet, pipes, pipeline valves and fittings, railway wheels, and automotive springs and much of its flat-rolled steel production appears to be internally consumed to produce pipe. OMK's hot-rolled flat products production in 2015 was 1.3 million short tons.[79] Ural Steel's primary hot-rolled flat product appears to be cut-to-length plate.[80]

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[73] *Investigations Nos. 701-TA-384 & 731-TA-806-808 (Second Review): Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia—Staff Report,* INV-JJ-041, May 5, 2011, p. IV-31.

[74] *Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products From Brazil, Japan, and Russia, Inv. Nos. 701-TA-384 and 731-TA-806-808 (Second Review)*, USITC Publication 4237, June 2011, p. IV-22.

[75] *Domestic Interested Parties' Response to the Notice of Institution,* June 1, 2016, exh. 7.

[76] PAO Severstal (PAO is an abbreviation for "public stock company" in Russian) was formerly known as OAO Severstal (OAO is an abbreviation for "open stock company" in Russian).

[77] Ural Steel is one of the production facilities of the Russian company Metalloinvest.

[78] Chelyabinsk is one of the production facilities of PAO Mechel, a Russian mining and metals company.

[79] It is unclear how much of this production is within the product scope of this review. Hot-rolled sheet or coil of a thickness of less than 4.75 mm is within the product scope, "plate in coil" of a thickness of 4.75 mm or greater is within the product scope, but cut-to-length plate of a thickness of greater than 4.75 mm is outside the product scope. OMK's annual report notes production of "hot-rolled sheet steel in coils and sheets for large and medium diameter pipes, also used in shipbuilding, heavy industry, and construction. Width: 30–1750 mm. Thickness: 1–12.7 mm." OMK Annual Report 2015, p. 106, http://omksteel.com/press/annual_report/.

[80] "The main products produced at Ural Steel are pig iron, cast round billets, plate rolling: steel for automotive industry, strips, shipbuilding steel, and thick plates." Metalloinvest website, "Ural Steel,"

(*continued*...)

Chelyabinsk primarily makes long products (any steel product that is not flat rolled, such as beams, wire, etc.) and slabs for the merchant market but also produces flat-rolled products. In 2015, Chelyabinsk produced 519,000 short tons of carbon and low-alloyed flat products.[81] AMZ is primarily a cut-to-length plate producer. In 2015, its cut-to-length plate production was 612,000 short tons, steel sheet production was 14,301 short tons, and cold-rolled strip production (cold-rolled steel in narrow width) was 1,656 short tons.[82]

Several events adversely affected the Russian economy during 2014-15. Russian GDP decreased by 3.7 percent in 2015 primarily because of the sharp global decrease in petroleum product prices and international economic sanctions imposed on Russia in July 2014.[83] The Russian economy is heavily reliant on exports of commodity products (especially crude and refined petroleum products and natural gas), and the collapse of energy prices since 2014 was a major factor in Russia's GDP decline.[84] As a result of low oil prices, the average ruble exchange rate depreciated by 37.4 percent with respect to the U.S. dollar in 2015 causing household purchasing power to decline by 9.6 percent. The decline in household purchasing power is the first decrease for Russia since the 2008 global financial crisis.[85] In addition, after Russia's seizure of the Crimea in 2014, the United States and other Western countries imposed sanctions on Russia targeting Russia's energy and financial sectors.[86] These sanctions restricted Russia's access to global financial markets, restricted capital inflows, increased capital costs, and adversely affected Russian businesses' ability to import.[87] These factors contributed to declining demand for metal products in Russia, but also caused increased steel import substitution as steel imports were more expensive for Russian steel buyers.

(…*continued*)
http://www.metalloinvest.com/en/business/steel/ural-steel/. "Steel products" production was 1.1 million short tons in 2015. Metalloinvest (holding company for Ural Steel) Annual Report for 2015, p. 53, http://www.metalloinvest.com/en/investors/reports/. It is unknown how much of the "steel products" production is within the product scope of this review.

[81] PAO Mechel's form 20-F for 2015 filed with the U.S. Security and Exchange Commission. The quantity of product within the product scope of this review is unknown as carbon and low-alloyed flat products could include cut-to-length plate which is outside the product scope of this review.

[82] AMZ, Годовой отчет за 2015 год (2015 Annual Report), p. 9 (translated by staff), http://www.amet.ru/invest/opening/docsarchive/.

[83] World Bank, The World Bank – Russian Federation Partnership: Country Program Snapshot, p. 1, April 2016.

[84] In 2015, the oil and gas sector accounted for 43 percent of Russian government revenue. New York Times, "Why the Russian Economy is Tumbling," April 12, 2016.

[85] World Bank, The World Bank – Russian Federation Partnership: Country Program Snapshot, p. 1, April 2016.

[86] U.S. Department of the Treasury, press release, "Announcement of Expanded Treasury Sanctions Within the Russian Financial Services, Energy and Defense or Related Materiel Sectors," September 12, 2014.

[87] World Bank, The World Bank – Russian Federation Partnership: Country Program Snapshot, p. 1, April 2016.

In addition, the U.S.-Russia agreement suspending the imposition of antidumping duties on hot-rolled steel imports from Russia was rescinded in December 2014. As a result, antidumping duties, ranging from 73.59 percent to 184.58 percent were imposed on imports of these products from Russia.[88]

In their company annual reports, several Russian producers cited these economic factors as affecting demand for their products.

> **MMK**: "The changing economic situation in the country and in the world impacted our production numbers. MMK's overall crude steel output in 2015 amounted to 12.2 million tonnes, which is 6.1% less than in 2014. A decline in demand for metal products also affected overall steelmaking capacity utilisation, which at the main Magnitogorsk site in 2015 was approximately 84%. MMK Group's overall finished steel products shipments in 2015 (excluding intra-group sales) totaled 11.2 thousand tonnes, down 8.0% from 2014."[89]

> **Severstal:** "In Russia, the outlook for 2016 is also uncertain. A sustained period of low oil prices will constrain economic recovery and visibility on demand remains low. Many producers will also need to address the challenges presented by global protectionism. For our business, the anticipated impact of these duties does not currently seem to be that significant, as our export strategy is flexible enough to target more attractive markets. Whilst many international peers are unable to mitigate the impact of lower steel prices, Russian producers are able to benefit from lower operational costs that are denominated in roubles, which supports margins."[90]

> **NLMK**: "The US and the EU have begun to impose protective import tariffs in a bid to support their steelmakers . . . The US re-introduced protective tariffs on hot-rolled steel from Russia. . . . Russian companies were forced to address challenges in international markets, while domestic demand showed a double-digit decline. For example, demand for steel products used in construction fell by 14% in the first nine months of 2015. The slowdown in Russian demand in 2015 was worse than in any other

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[88] *Termination of the Suspension Agreement on Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation, Rescission of 2013–2014 Administrative Review, and Issuance of Antidumping Duty Order*, 79 FR 77455, December 24, 2014.

[89] MMK, 2015 Annual Report, p. 7, http://eng.mmk.ru/for_investor/annual_reports/.

[90] Severstal, 2015 Annual Report, p. 13, http://www.severstal.com/eng/ir/results_and_reports/annual_reports/index.phtml.

country, and will continue in 2016 in almost all sectors of the Russian economy."[91]

Table I-9
Hot-rolled steel: Data for producers in Russia, 2011-15 and projections 2016-17

Item	Actual experience					Projections	
	Calendar year						
	2011	2012	2013	2014	2015	2016	2017
	Quantity (1,000 short tons)						
Capacity:							
MMK	***	***	***	***	***	***	***
Severstal	***	***	***	***	***	***	***
NLMK	***	***	***	***	***	***	***
OMK	***	***	***	***	***	***	***
Ural Steel	***	***	***	***	***	***	***
Chelyabinsk	***	***	***	***	***	***	***
AMZ	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
Production:							
MMK							
Merchant market	6,292	6,012	5,122	5,956	5,708	(1)	(1)
Downstream processing	2,628	3,294	3,696	3,771	3,458	(1)	(1)
Subtotal	8,920	9,306	8,818	9,727	9,166	(1)	(1)
Severstal:							
Merchant market	4,397	4,185	4,650	4,159	4,398	(1)	(1)
Downstream processing	2,648	2,495	2,739	2,728	2,621	(1)	(1)
Subtotal	7,045	6,680	7,389	6,887	7,019	(1)	(1)
NLMK:							
Merchant market	2,198	2,438	2,670	2,806	3,081	(1)	(1)
Downstream processing	2,697	2,859	2,902	2,915	2,787	(1)	(1)
Subtotal	4,896	5,297	5,571	5,721	5,868	(1)	(1)
Total	***	***	***	***	***	***	***

Table continued on next page.

[91] NLMK, 2015 Annual Report, p. 3, http://nlmk.com/en/investor-relations/reporting-center/annual-reports/.

Table I-9--Continued
Hot-rolled steel: Data for producers in Russia, 2011-15 and projections 2016-17

Item	Actual experience					Projections	
	Calendar year						
	2011	2012	2013	2014	2015	2016	2017
	Percent						
Capacity utilization:							
MMK	***	***	***	***	***	([1])	([1])
Severstal	***	***	***	***	***	([1])	([1])
NLMK	***	***	***	***	***	([1])	([1])
Total	***	***	***	***	***	***	***

[1] Data are not available.

Note 1.--Production includes production for the merchant market and production for downstream processing to make cold-rolled and coated steels. Also included is hot-rolled sheet and hot-rolled plate in coil.

Note 2.—Capacity utilization was calculated by staff using *** capacity and production data for overall Russian capacity utilization and individual company production data and *** capacity data for the individual company.

Source: Capacity and total Russian production data from the Domestic producers' Response to the Notice of Institution, exh. 3, ***, MMK's production data from MMK Group Operational Trading Update for fiscal years 2012-15, http://eng.mmk.ru/for_investor/financial_statements/, Severstal's production data from Severstal's Operational Reports for 2011-15, http://www.severstal.com/enghttp://nlmk.com/en/investor-relations/reporting-center/trading-updates/?filterYear /ir/results_and_reports/operational_results/index.phtml , NLMK's production data from Trading Updates for 2011-15, http://nlmk.com/en/investor-relations/reporting-center/trading-updates/?filterYear.

Table I-10 presents data on Russian exports of hot-rolled steel by largest destination. During 2011-15, the top-ten country destinations for Russian exports of hot-rolled steel included countries in the Middle East, Europe, and the former Soviet bloc.

Table I-10

Hot-rolled steel: Russian exports by major destinations, 2011-15

Item	2011	2012	2013	2014	2015
			Quantity (short tons)		
Turkey	809,147	502,000	894,241	1,104,206	2,067,915
Italy	603,212	658,072	833,254	549,622	726,747
India	320,188	202,839	82,910	36,399	278,852
Germany	227,034	211,317	226,069	139,070	242,862
Poland	77,748	188,292	178,212	165,860	232,111
Algeria	47,226	45,121	0	71,607	182,382
Egypt	54,664	80,048	11,929	33,910	171,159
Latvia	127,353	111,505	149,435	180,243	162,803
Uzbekistan	73,199	84,448	110,482	177,411	138,736
Iran	1,692,396	550,497	452,427	626,837	134,031
Subtotal	4,032,167	2,634,140	2,938,959	3,085,166	4,337,599
All others	1,976,296	2,410,623	1,843,171	2,038,694	1,376,249
Total	6,008,455	5,044,764	4,782,131	5,123,861	5,713,845

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Table I-11 presents information on import relief proceedings placed on imports from Russia by other countries.

Table I-11

Hot-rolled steel: Import relief measures in third-country markets

Export market	**Date/measure**
India	**March 2016:** Safeguard duty imposed on hot-rolled flat products of non-alloy and other alloy steel in coils of a width of 600 mm or more applicable to all "developed" countries and to China and Ukraine. Twenty per cent ad valorem minus antidumping duty payable, if any, when imported during the period from September 14, 2015 to September 13, 2016 (both days inclusive); (b) Eighteen per cent ad valorem minus antidumping duty payable, if any, when imported during the period from September 14, 2016 to March 13, 2017 (both days inclusive); (c) Fifteen per cent ad valorem minus antidumping duty payable, if any, when imported during the period from March 14, 2017 to September 13, 2017 (both days inclusive); (d) Ten per cent ad valorem minus antidumping duty payable, if any, when imported during the period from September 14, 2017 to March 13, 2018 (both days inclusive);
Indonesia	**November 2013:** Antidumping duties of 5.58-20 percent imposed on hot-rolled coil imports covered by HTS headings: 7208.10, 7208.25, 7208.26; 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, and 7208.90.
Mexico	**March 2015:** Sunset review of antidumping duty order initiated on imports of hot-rolled sheet covered by Mexican statistical reporting numbers 7208.10.99, 7208.26.01, 7208.27.01, 7208.38.01, 7208.39.01, 7225.30.04, 7225.30.05, 7225.40.03 and 7225.40.04. **June 2011:** Antidumping duty order on imports of plate in coil extended after sunset review. Original antidumping duty was 29.3 percent.
South Africa	**April 2016:** Safeguard trade action initiated on imports of certain flat-rolled products of iron, non-alloy steel or other alloy steel (not including stainless steel), whether or not in coils (including products cut-to-length and 'narrow strip'), not further worked than hot-rolled (hot-rolled flat), not clad, plated or coated, excluding grain-oriented silicon electrical steel covered by HTS subheadings: 7208.52, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, 7225.30, 7225.40, 7225.99, 7226.91, and 7226.99.
Thailand	**May 2015:** Antidumping duty order on imports of flat hot-rolled in coils and not in coils extended after sunset review. **January 2015:** Safeguard duties on non-alloy hot-rolled steel flat products in coils and not in coils are imposed.
Turkey	**August 2015:** Preliminary antidumping duties of 0-3.76 percent imposed on imports of hot-rolled coil steel covered under Turkish HS statistical reporting numbers: 7208.37.00.90.71, 7208.37.00.90.79, 7208.38.00.90.11, 7208.38.00.90.19, 7208.39.00.90.11, 7208.39.00.90.19, and 7225.30.90.00.00.

Source: Domestic interested parties' Response to the Notice of Institution, exh. 5.

THE GLOBAL MARKET

Table I-12 presents the largest global export sources of hot-rolled steel during 2011-15. In 2015, Russia was the third-largest exporter of hot-rolled steel.

Table I-12

Hot-rolled steel: Global exports by major sources, 2011-15

Item	2011	2012	2013	2014	2015
			Quantity (short tons)		
Japan	9,684,325	11,364,301	12,742,037	12,577,363	14,413,276
Korea	6,909,259	6,685,843	5,639,797	6,782,176	8,478,930
Russia	6,008,455	5,044,764	4,782,131	5,123,861	5,713,845
Taiwan	3,142,767	3,366,686	4,044,671	4,234,612	4,619,166
France	1,356,204	2,656,572	4,695,820	4,318,278	3,985,522
Germany	2,745,411	3,733,986	3,501,109	3,224,618	3,195,054
Belgium	3,600,510	2,976,698	2,603,258	2,666,433	3,165,086
Ukraine	3,476,786	2,957,028	2,827,564	2,786,213	2,711,820
Brazil	975,555	838,386	761,729	1,261,336	2,255,977
Netherlands	2,429,219	2,309,456	2,109,236	2,298,676	2,252,383
Subtotal	40,328,492	41,933,720	43,707,351	45,273,566	50,791,060
All others	22,733,852	17,366,884	20,648,210	17,912,375	15,884,080
Total	63,062,347	59,300,602	64,355,561	63,185,939	66,675,145

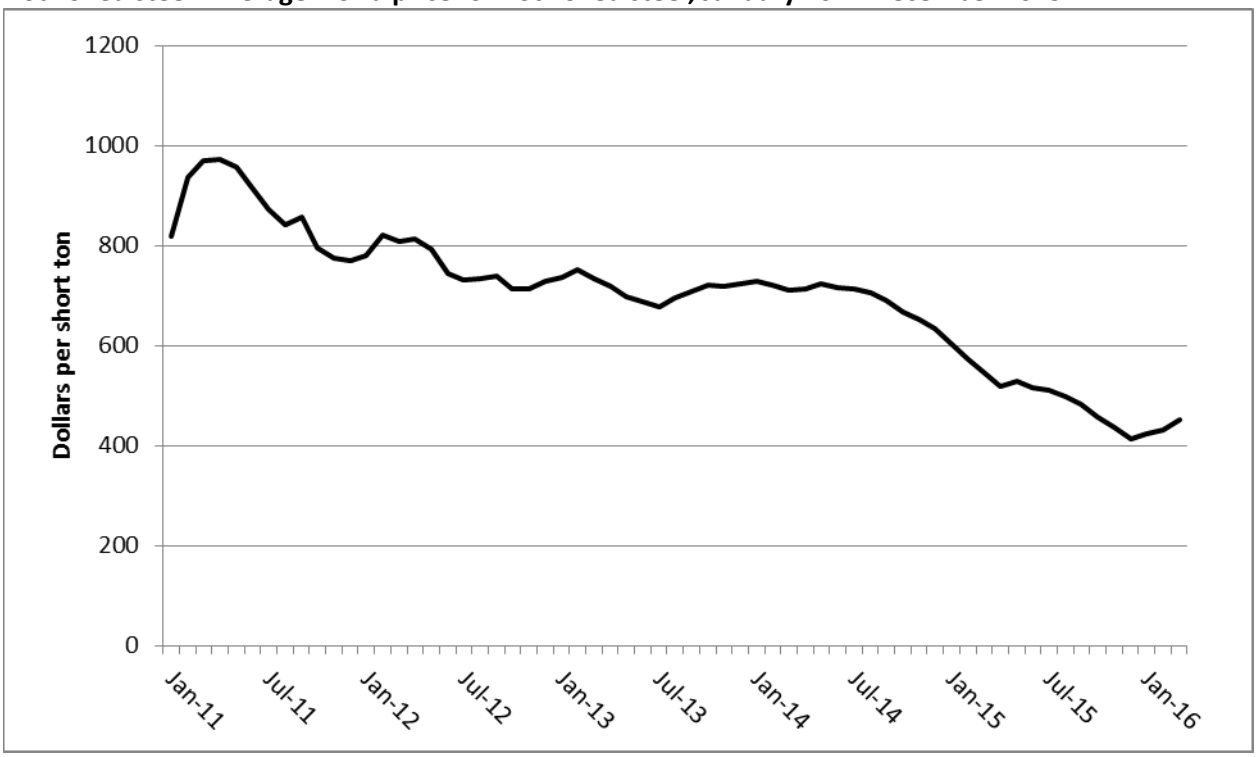
Note.--Because of rounding, figures may not add to totals shown.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.53, 7208.54, 7208.90, 7211.14, and 7211.19.

Figure I-5 presents the average world price for hot-rolled steel.

Figure I-5

Hot-rolled steel: Average world price for hot-rolled steel, January 2011-December 2015



Source: Compiled from data published by MEPS, found at http://www.meps.co.uk/World%20Carbon%20Price.htm.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
81 FR 26256, May 2, 2016	*Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Russia; Institution of a Five-Year Review*	https://www.federalregister.gov/articles/2016/05/02/2016-09928/hot-rolled-flat-rolled-carbon-quality-steel-products-from-russia-institution-of-a-five-year-review
81 FR 26209, May 2, 2016	*Initiation of Five-Year (''Sunset'') Review*	https://www.federalregister.gov/articles/2016/05/02/2016-10236/initiation-of-five-year-sunset-review

APPENDIX B

COMPANY-SPECIFIC DATA

RESPONSE CHECKLIST FOR U.S. PRODUCERS

Item	AK Steel	ArcelorMittal USA	Nucor	SSAB Enterprises	Steel Dynamics	United States Steel	Total
	Quantity=short tons; value=1,000 dollars						
Nature of operation	✓	✓	✓	✓	✓	✓	
Statement of intent to participate	✓	✓	✓	✓	✓	✓	
Statement of likely effects of revoking the order	✓	✓	✓	✓	✓	✓	
U.S. producer list	✓	✓	✓	✓	✓	✓	
U.S. importer/foreign producer list	✓	✓	✓	✓	✓	✓	
List of 3-5 leading purchasers	✓	✓	✓	✓	✓	✓	
List of sources for national/regional prices	?	?	?	?	?	?	
Production:							
Quantity	***	***	***	***	***	***	49,224,875
Percent of total	***	***	***	***	***	***	***
Capacity	***	***	***	***	***	***	68,031,658
Commercial shipments:							
Quantity	***	***	***	***	***	***	18,008,274
Value	***	***	***	***	***	***	9,199,417.597
Internal consumption:							
Quantity	***	***	***	***	***	***	30,952,914
Value	***	***	***	***	***	***	15,722,100
Net sales	***	***	***	***	***	***	25,476,944
COGS	***	***	***	***	***	***	25,795,254
Gross profit or (loss)	***	***	***	***	***	***	(318,310)
SG&A expenses (loss)	***	***	***	***	***	***	1,018,035
Operating income/(loss)	***	***	***	***	***	***	(1,336,345)
Changes in supply/demand	✓	✓	✓	✓	✓	✓	✓

Note.—The production, capacity, and shipment data presented are for calendar year 2015. Fiscal year 2015.

✓ = response provided; ? = indicated that the information was not known.

APPENDIX C

SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS

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

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

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

Table I-1--*Continued*

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

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

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

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

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

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics. Data for 1996-98 are compiled from *Certain Hot-Rolled Steel Products from Japan*, *Invs. Nos. 731-TA-807 (Final)*, USITC publication 3202, June 1999, tables IV-9, IV-7, III-2, IV-7, III-3, III-5, and VI-5. Data for 1999-2004 are compiled from *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 and 731-TA-806-808 (Review)*, USITC publication 3767, April 2005, table C-1.

Table I-1--*Continued*

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

Table C-1
Hot-rolled steel: Summary data concerning the total U.S. market, 2005-10

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data						Period changes					
Item	2005	2006	2007	2008	2009	2010	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
U.S. consumption quantity:												
Amount	65,860,369	71,625,604	63,674,080	59,636,710	40,402,675	56,090,768	-14.8	8.8	-11.1	-6.3	-32.3	38.8
Producers' share (1)	94.1	91.0	94.7	93.9	94.4	94.5	0.4	-3.1	3.7	-0.8	0.4	0.1
Importers' share (1):												
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0
Russia	0.5	1.1	0.2	0.1	0.0	0.2	-0.2	0.6	-0.9	-0.1	-0.1	0.2
Subtotal	0.5	1.1	0.2	0.2	0.0	0.3	-0.2	0.7	-0.9	-0.1	-0.1	0.2
All other sources	5.4	7.9	5.0	5.9	5.6	5.3	-0.1	2.5	-2.9	0.9	-0.3	-0.3
Total imports	5.9	9.0	5.3	6.1	5.6	5.5	-0.4	3.1	-3.7	0.8	-0.4	-0.1
U.S. consumption value:												
Amount	34,776,996	39,556,451	34,770,938	45,600,856	21,174,462	33,801,040	-2.8	13.7	-12.1	31.1	-53.6	59.6
Producers' share (1)	93.9	91.5	94.7	93.7	94.3	94.3	0.4	-2.4	3.2	-1.1	0.6	0.1
Importers' share (1):												
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.0
Russia	0.5	1.0	0.2	0.2	0.0	0.2	-0.3	0.6	-0.8	-0.0	-0.2	0.2
Subtotal	0.5	1.1	0.2	0.2	0.1	0.3	-0.2	0.6	-0.8	-0.0	-0.1	0.2
All other sources	5.6	7.4	5.0	6.1	5.7	5.4	-0.2	1.8	-2.4	1.1	-0.5	-0.3
Total imports	6.1	8.5	5.3	6.3	5.7	5.7	-0.4	2.4	-3.2	1.1	-0.6	-0.1
U.S. imports from:												
Brazil:												
Quantity	0	2,237	50	46	148	512	(2)	(2)	-97.7	-8.7	221.9	245.9
Value	0	1,856	37	48	128	402	(2)	(2)	-98.0	30.4	165.3	214.5
Unit value	-----	$830	$733	$1,047	$863	$785	(2)	(2)	-11.7	42.8	-17.6	-9.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Japan:												
Quantity	5,009	11,795	15,504	15,577	9,053	15,033	200.1	135.5	31.4	0.5	-41.9	66.1
Value	3,911	8,549	10,263	13,666	10,897	14,636	274.2	118.6	20.1	33.2	-20.3	34.3
Unit value	$781	$725	$662	$877	$1,204	$974	24.7	-7.2	-8.7	32.5	37.2	-19.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Russia:												
Quantity	299,275	789,288	136,293	76,425	1,708	125,079	-58.2	163.7	-82.7	-43.9	-97.8	7,222.1
Value	169,124	411,375	69,061	72,989	1,751	69,708	-58.8	143.2	-83.2	5.7	-97.6	3,880.3
Unit value	$565	$521	$507	$955	$1,025	$557	-1.4	-7.8	-2.8	88.5	7.3	-45.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:												
Quantity	304,284	803,320	151,847	92,048	10,909	140,624	-53.8	164.0	-81.1	-39.4	-88.1	1,189.0
Value	173,035	421,780	79,361	86,703	12,776	84,745	-51.0	143.8	-81.2	9.3	-85.3	563.3
Unit value	$569	$525	$523	$942	$1,171	$603	6.0	-7.7	-0.5	80.2	24.3	-48.5
Ending inventory quantity	10,381	20,596	9,595	31,423	5,317	12,870	24.0	98.4	-53.4	227.5	-83.1	142.1
All other sources:												
Quantity	3,564,545	5,639,254	3,196,799	3,532,867	2,263,178	2,955,493	-17.1	58.2	-43.3	10.5	-35.9	30.6
Value	1,948,688	2,937,894	1,752,308	2,799,480	1,203,403	1,828,647	-6.2	50.8	-40.4	59.8	-57.0	52.0
Unit value	$547	$521	$548	$792	$532	$619	13.2	-4.7	5.2	44.6	-32.9	16.4
Ending inventory quantity	137,535	121,753	47,962	281,431	116,272	94,568	-31.2	-11.5	-60.6	486.8	-58.7	-18.7
All sources:												
Quantity	3,868,829	6,442,574	3,348,646	3,624,915	2,274,087	3,096,118	-20.0	66.5	-48.0	8.3	-37.3	36.1
Value	2,121,722	3,359,674	1,831,669	2,886,183	1,216,179	1,913,392	-9.8	58.3	-45.5	57.6	-57.9	57.3
Unit value	$548	$521	$547	$796	$535	$618	12.7	-4.9	4.9	45.6	-32.8	15.6
Ending inventory quantity	147,916	142,349	57,557	312,854	121,589	107,438	-27.4	-3.8	-59.6	443.6	-61.1	-11.6
U.S. producers':												
Average capacity quantity	81,533,511	82,208,701	82,201,768	81,842,235	78,225,675	79,679,215	-2.3	0.8	-0.0	-0.4	-4.4	1.9
Production quantity	62,859,112	65,890,974	61,878,281	56,497,372	39,635,900	54,913,361	-12.6	4.8	-6.1	-8.7	-29.8	38.5
Capacity utilization (1)	77.1	80.2	75.3	69.0	50.7	68.9	-8.2	3.1	-4.9	-6.2	-18.4	18.2
U.S. shipments:												
Quantity	61,991,540	65,183,030	60,325,434	56,011,795	38,128,588	52,994,650	-14.5	5.1	-7.5	-7.2	-31.9	39.0
Value	32,655,274	36,196,777	32,939,269	42,714,673	19,958,283	31,887,648	-2.4	10.8	-9.0	29.7	-53.3	59.8
Unit value	$527	$555	$546	$763	$523	$602	14.2	5.4	-1.7	39.7	-31.4	15.0
Export shipments:												
Quantity	1,084,187	756,886	1,462,893	1,353,996	1,155,035	1,653,241	52.5	-30.2	93.3	-7.4	-14.7	43.1
Value	595,336	451,987	796,552	1,144,536	581,216	1,004,170	68.7	-24.1	76.2	43.7	-49.2	72.8
Unit value	$549	$597	$545	$845	$503	$607	10.6	8.8	-8.8	55.2	-40.5	20.7
Ending inventory quantity	1,809,058	1,759,945	1,849,851	1,000,610	1,352,124	1,617,837	-10.6	-2.7	5.1	-45.9	35.1	19.7
Inventories/total shipments (1)	2.9	2.7	3.0	1.7	3.4	3.0	0.1	-0.2	0.3	-1.2	1.7	-0.5
Production workers	23,757	22,968	23,384	24,599	20,187	21,682	-8.7	-3.3	1.8	5.2	-17.9	7.4
Hours worked (1,000s)	55,396	52,337	51,768	51,573	38,130	47,358	-14.5	-5.5	-1.1	-0.4	-26.1	24.2
Wages paid ($1,000s)	1,580,898	1,627,286	1,688,018	1,743,741	1,209,585	1,540,481	-2.6	2.9	3.7	3.3	-30.6	27.4
Hourly wages	$28.54	$31.09	$32.61	$33.81	$31.72	$32.53	14.0	8.9	4.9	3.7	-6.2	2.5
Productivity (tons/1,000 hours)	1,134.7	1,259.0	1,195.3	1,095.5	1,039.5	1,159.5	2.2	10.9	-5.1	-8.3	-5.1	11.5
Unit labor costs	$25.15	$24.70	$27.28	$30.86	$30.52	$28.05	11.5	-1.8	10.5	13.1	-1.1	-8.1
Net sales:												
Quantity	61,217,248	64,467,613	60,308,179	56,681,495	38,665,824	53,701,466	-12.3	5.3	-6.5	-6.0	-31.8	38.9
Value	32,838,165	36,284,259	33,163,647	43,492,778	20,467,750	32,440,446	-1.2	10.5	-8.6	31.1	-52.9	58.5
Unit value	$536	$563	$550	$767	$529	$604	12.6	4.9	-2.3	39.5	-31.0	14.1
Cost of goods sold (COGS)	26,727,626	28,836,551	29,328,706	36,666,888	22,222,065	30,772,148	15.1	7.9	1.7	25.0	-39.4	38.5
Gross profit or (loss)	6,110,539	7,447,708	3,834,941	6,825,890	(1,754,315)	1,668,298	-72.7	21.9	-48.5	78.0	(3)	(3)
SG&A expenses	880,886	887,239	775,461	785,364	567,477	909,717	3.3	0.7	-12.6	1.3	-27.7	60.3
Operating income or (loss)	5,229,653	6,560,469	3,059,480	6,040,526	(2,321,792)	758,581	-85.5	25.4	-53.4	97.4	(3)	(3)
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	$437	$447	$486	$647	$575	$573	31.2	2.5	8.7	33.0	-11.2	-0.3
Unit SG&A expenses	$14	$14	$13	$14	$15	$17	17.7	-4.4	-6.6	7.8	5.9	15.4
Unit operating income or (loss)	$85	$102	$51	$107	($60)	$14	-83.5	19.1	-50.1	110.1	(3)	(3)
COGS/sales (1)	81.4	79.5	88.4	84.3	108.6	94.9	13.5	-1.9	9.0	-4.1	24.3	-13.7
Operating income or (loss)/ sales (1)	15.9	18.1	9.2	13.9	(11.3)	2.3	-13.6	2.2	-8.9	4.7	-25.2	13.7

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

PURCHASER QUESTIONNAIRE RESPONSES

As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following three firms as the top purchasers of hot-rolled carbon steel flat products: ***. Purchaser questionnaires were sent to these three firms and two firms (***) provided responses which are presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce hot-rolled carbon steel flat products that affected the availability of hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia since 2010?

   b.) Do you anticipate any changes in technology; production methods; or development efforts to produce hot-rolled carbon steel flat products that will affect the availability of hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia within a reasonably foreseeable time?

   * * * * * * *

2. a.) Have any changes occurred in the ability to increase production of hot-rolled carbon steel flat products (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia since 2010?

   b.) Do you anticipate any changes in the ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that will affect the availability of hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia within a reasonably foreseeable time?

   * * * * * * *

3. a.) Have any changes occurred in factors related to the ability to shift supply of hot-rolled carbon steel flat products among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia since 2010?

   b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia within a reasonably foreseeable time?

   * * * * * * *

4. a.) Have there been any changes in the end uses and applications of hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia since 2010?

   b.) Do you anticipate any changes in the end uses and applications of hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia within a reasonably foreseeable time?

* * * * * * *

5. a.) Have there been any changes in the existence and availability of substitute products for hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia since 2010?

   b.) Do you anticipate any changes in the existence and availability of substitute products for hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia within a reasonably foreseeable time?

* * * * * * *

6. a.) Have there been any changes in the level of competition between hot-rolled carbon steel flat products produced in the United States, hot-rolled carbon steel flat products produced in Russia, and such merchandise from other countries in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia since 2010?

   b.) Do you anticipate any changes in the level of competition between hot-rolled carbon steel flat products produced in the United States, hot-rolled carbon steel flat products produced in Russia, and such merchandise from other countries in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia within a reasonably foreseeable time?

* * * * * * *

7. a.) Have there been any changes in the business cycle for hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia since 2010?

   b.) Do you anticipate any changes in the business cycle for hot-rolled carbon steel flat products in the U.S. market or in the market for hot-rolled carbon steel flat products in Russia within a reasonably foreseeable time?

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