

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:) Investigation Nos.:
CERTAIN CARBON AND ALLOY STEEL CUT-TO-LENGTH) 701-TA-560-561 AND
PLATE FROM AUSTRIA, BELGIUM, BRAZIL, CHINA,) 731-TA-1317-1328
FRANCE, GERMANY, ITALY, JAPAN, KOREA,) (FINAL)
SOUTH AFRICA, TAIWAN, AND TURKEY

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UNITED STATES OF AMERICA
BEFORE THE
INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF:) Investigation Nos.:
CERTAIN CARBON AND ALLOY STEEL) 701-TA-560-561 AND
CUT-TO-LENGTH PLATE FROM AUSTRIA,) 731-TA-1317-1328
BELGIUM, BRAZIL, CHINA, FRANCE,) (FINAL)
GERMANY, ITALY, JAPAN, KOREA,)
SOUTH AFRICA, TAIWAN AND TURKEY)

Main Hearing Room (Room 101)
U.S. International Trade
Commission
500 E Street, SW
Washington, DC
Wednesday, November 30, 2016

The meeting commenced pursuant to notice at 9:30
a.m., before the Commissioners of the United States
International Trade Commission, the Honorable Irving A.
Williamson, Chairman, presiding.

1 APPEARANCES:

2 On behalf of the International Trade Commission:

3 Commissioners:

4 Chairman Irving A. Williamson (presiding)

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7 Commissioner Meredith M. Broadbent

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9 Commissioner Rhonda K. Schmidtlein

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23 Peter Sultan, Attorney/Advisor

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25 Douglas Corkran, Supervisory Investigator

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2 The Honorable Peter J. Visclosky, U.S. Representative, 1st
3 District, Indiana

4

5 Embassy Witness:

6 Embassy of Japan

7 Washington, DC

8 The Honorable Jun-ichiro Kuroda, Minister for Economy,
9 Trade, Industry and Energy

10

11 Opening Remarks:

12 Petitioners (Alan H. Price, Wiley Rein LLP)

13 Respondents (R. Will Planert, Morris Manning & Martin LLP)

14

15 In Support of the Imposition of Antidumping and

16 Countervailing Duty Orders:

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18 Washington, DC

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14 Jeff Whiteman, Sales Manager, Nucor Steel Hertford
15 County

16 Phil Bischof, Sales Manager, Nucor Steel Longview, LLC

17 Denton J. Nordhues, President and Chief Executive
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2 Washington, DC

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6 SSAB Enterprises LLC

7 Jeff Moskaluk, Vice President and Chief Commercial

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9 Glen Gilmore, Trade Supervisor, SSAB Enterprises LLC

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12 USA Inc.; Salzgitter Mannesmann GmbH;

13 Universal Steel America Inc.; Thyssenkrupp Steel Europe AG;

14 Thyssenkrupp Steel North America, Inc.; Berg

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6 Washington, DC
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9 voestalpine Grobblech GmbH; Bohler Edelstahl
10 GmbH & Co KG; Bohler Bleche GmbH & Co KG;
11 voestalpine USA Corporation; Bohler Uddeholm;
12 Friedr. Lohmann GmbH, AG der Dillinger Huttenwerke;
13 Dillinger France S.A.; and Daido Steel Co., Ltd.
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15 Wolfgang Emmerich, Corporate Strategy, voestalpine
16 Edestahl GmbH
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19 Mark Vaughn, Vice Chair, National Tooling and Machining
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1 Rebuttal/Closing Remarks:

2 Petitioners (Roger B. Schagrín, Schagrín Associates)

3 Respondents (J. Kevin Horgan, deKieffer & Horgan, PLLC)

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9:30 a.m.

MR. BISHOP: Will the room please come to order?

CHAIRMAN WILLIAMSON: Good morning. On behalf of the U.S. International Trade Commission, I welcome you to this hearing on Investigation Nos. 701-TA-560 through 561 and 731-TA-1317 through 1328, final, involving Carbon and Alloy Steel Cut-to-Length Plate from Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, Korea, South Africa, Taiwan and Turkey.

The purpose of these investigations is to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded by reasons of imports of carbon, alloy steel and cut-to-length plate from Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, Korea, South Africa, Taiwan and Turkey.

Schedules setting forth the presentation of this hearing, notices of investigation and transcript order forms are available at the public distribution table. All prepared testimony should be given to the Secretary. Please do not place testimony directly on the public distribution table.

1 MR. KURODA: Good morning Chairman Williamson,
2 Commissioners. Thank you for the opportunity today. On
3 behalf of the government of Japan, I'd like to briefly make
4 three comments on the anti-dumping investigation concerning
5 imports of carbon and alloy steel cut-to-length plate or CTL
6 plate. First, the government of Japan is truly interested
7 in and paying close attention to these proceedings, to
8 ensure that this investigation and the final determination
9 will comply with the relevant provisions under the WTO
10 agreement.

11 Second, with respect to the scope of products,
12 the products under investigation include two steel of like
13 products. We understand, however, that there are
14 differences between the two steel and CTL plates, as they
15 are used for various other ends. They have different
16 chemical composition and price ranges.

17 The two steel is used to make cutting tubes
18 for automobile parts, while CTL plates are suited for use in
19 line pipe, boilers and industry machinery. In other words,
20 CTL plates and tube steel do not have competitive conditions
21 in the market. Therefore, the investigation also we believe
22 shall make careful objective examination on whether there
23 have been damage to the U.S. steel industry by two steel
24 import, considering price effect to the other domestic CTL
25 plate.

1 Finally, government of Japan respectfully
2 requests the United States International Trade Commission
3 for a decision with further consideration on the views and
4 opinions of the Japanese steel industry, as we are steel
5 users. Thank you very much.

6 CHAIRMAN WILLIAMSON: Thank you, Mr. Minister.
7 Are there any questions for the Minister? If not, thank you
8 very much for coming. Okay. We'll begin with --

9 MR. BISHOP: Mr. Chairman, we'll proceed with
10 opening remarks. Those on behalf of Petitioners will be
11 given by Alan H. Price, Wiley Rein.

12 CHAIRMAN WILLIAMSON: Welcome, Mr. Price. You
13 may begin when you're ready.

14 OPENING STATEMENT BY ALAN H. PRICE

15 MR. PRICE: Good morning Chairman Williamson
16 and members of the Commission. I am Alan Price, counsel for
17 Nucor Corporation. The domestic industry is here today in
18 an effort to restore fair trade to the U.S. cut-to-length
19 plate market. Three numbers highlight the facts in this
20 case. 100 percent, 73 percent and 573,000.

21 First, according to official statistics, the
22 volume of subject imports grew by more than 100 percent from
23 2013 to 2015. This year, subject imports have remained at
24 extremely elevated levels. In total, more than 3.5 billion
25 tons of subject imports surged into the United States,

1 overwhelming the market.

2 The Respondents will tell you they were only
3 responding to demand trends, but that's not true. The
4 subject import surge continued as demand declined. Subject
5 imports increased their market share not only from 2013 to
6 2014, but also from 2014 to 2015, when demand was weakening.
7 This means that U.S. producers were forced to compete with
8 higher volumes of subject imports for even fewer sales. In
9 many cases, subject imports won that competition. The U.S.
10 industry's market share dropped sharply as a result. By any
11 measure, the increasing volume is significant.

12 That leads me to the second number, 73
13 percent. Subject imports surged into the market and stole
14 market share the old fashioned way, by undercutting prices.
15 In fact, subject imports undersold the domestic industry in
16 nearly 73 percent of the comparisons by quantity, and
17 similarly to the other flat products cases, underselling was
18 more pronounced in 2014, when subject imports really began
19 to overwhelm the market.

20 The surge of low-priced imports caused huge
21 inventories to build, as purchasers stocked up. U.S.
22 producers tried to maintain prices as long as possible, but
23 a they lost increasing volumes, the domestic industry had to
24 start cutting prices. Subject imports caused U.S. plate
25 pricing to decline progressively, from late 2014 into 2015

1 and 2016. This caused profit margins to plummet in 2015 and
2 2016.

3 So we have a significant increase in imports
4 and significant price effects. The third number, 573,000
5 tells us that the subject imports also had a significant
6 adverse impact on the U.S. plate industry. U.S. purchasers
7 reported that they shifted nearly 573,000 tons of purchases
8 from the domestic product to subject imports because of
9 price. Volume was shifted to each subject country.

10 This is even higher than the purchases shifted
11 in the cold-rolled and cork cases earlier this year, which
12 the Commission found to be significant. As a percentage of
13 the market, it's also higher than the volume shifted in the
14 hot-rolled case. As a result of subject imports, the U.S.
15 industry's operating income plummeted by 75 percent over the
16 full three year POI. It dropped by another 70 percent in
17 the first three quarters of this year. Almost every
18 indicator of financial health also plunged.

19 Three mills closed. The domestic industry has
20 been losing -- has been operating at only 60 percent
21 capacity this year. About 400 workers have been laid off so
22 far in 2016, and those that are still working are taking
23 home less pay. This is clear evidence of injury, material
24 injury by the subject imports.

25 To distract from this evidence, the

1 Respondents will make many claims today about allegations of
2 attenuated competition. They will argue that the U.S.
3 industry does not and cannot supply certain plate products,
4 and so 3.5 million tons of dumped and subsidized products
5 were needed in the market.

6 You heard similar arguments from Respondents
7 in the three flat-rolled cases earlier this year. Their
8 claims weren't true then and they're not true now. In fact,
9 after the Respondents' arguments in the preliminary phase,
10 the Commission collected data on this exact point in the
11 final phase. That information shows that the U.S. industry
12 produces the full spectrum of plate products, and as I
13 mentioned, U.S. purchasers admitted to shifting 573,000 tons
14 from domestic product to subject imports based on price.

15 Those are 573,000 examples, disproving the
16 arguments of attenuated competition. In the end, this case
17 is pretty straightforward. Subject imports flooded into the
18 U.S. market, more than doubling in volume. The imports meet
19 all the statutory requirements for cumulation and they
20 should be assessed cumulatively.

21 They took sales and market share from the U.S.
22 industry. As a result, the industry was devastated.
23 Profits plummeted, mills closed and hundreds of workers lost
24 their jobs. On their behalf and on behalf of the entire
25 domestic industry, we ask that the Commission make an

1 affirmative determination with respect to all subject
2 imports, and to restore a level playing field for the U.S.
3 plate market. Thank you.

4 CHAIRMAN WILLIAMSON: Thank you.

5 MR. BISHOP: Mr. Chairman, we will now hear
6 testimony from the Honorable Peter J. Visclosky, United
7 States Representative, 1st District of Indiana.

8 CHAIRMAN WILLIAMSON: Welcome back, Mr.
9 Visclosky. Good to see you again and you may begin when
10 you're ready.

11 REPRESENTATIVE VISCLOSKY: Mr. Chairman, thank
12 you.

13 STATEMENT OF THE HONORABLE PETER J. VISCLOSKY

14 REPRESENTATIVE VISCLOSKY: I appreciate it,
15 and I appreciate you allowing me to speak out of turn. I am
16 here today to address the Commission about the case pending
17 on carbon and alloy steel cut-to-length plate involving 12
18 countries. A plate mill in Burns Harbor, Indiana, in the
19 1st Congressional District that produces the product we are
20 discussing today, which is used to protect our natural
21 defense and to build our infrastructure.

22 This steel is used to protect our troops, to
23 build our ships, to construct our aircraft carriers. It is
24 vital to ensure that every country abides by international
25 trading norms, one so that the law is abided by and secondly

1 in this case, not only to ensure that Americans have a fair
2 opportunity to earn a living wage, but our national defense
3 is preserved.

4 So as always, I appreciate your careful
5 consideration of the facts and the law before you, and again
6 always appreciate the opportunity to address the Commission.

7 CHAIRMAN WILLIAMSON: Thank you very much. Do
8 we have any questions for the Representative? No? All
9 right, no questions. We'll let you get back to your busy
10 schedule and thank you very much for coming.

11 REPRESENTATIVE VISCLOSKY: Thank you very
12 much.

13 CHAIRMAN WILLIAMSON: Good, we'll see you.

14 MR. BISHOP: Mr. Chairman, we will now
15 continue with opening remarks. On behalf of Respondents, R.
16 Will Planert, Morris, Manning and Martin.

17 CHAIRMAN WILLIAMSON: Welcome Mr. Planert, and
18 you may begin when you're ready.

19 OPENING STATEMENT OF R. WILL PLANERT

20 MR. PLANERT: Mr. Chairman and members of the
21 Commission. Good morning, I'm Will Planert of Morris,
22 Manning and Martin, appearing today on behalf of POSCO.
23 This opening statement, however, is being given on behalf of
24 all Respondents. As is documented in the extremely thorough
25 prehearing staff report, the U.S. CTL plate market covers an

1 unusually diverse group of applications and end uses,
2 including construction, machinery, agricultural equipment,
3 wind towers, ship building, large diameter line pipe, tool
4 steel and many others.

5 While import of CTL plate from the subject
6 countries collectively serves all of these diverse
7 applications to some degree, each of these submarkets has
8 distinct conditions of competition, including diverse demand
9 trends and very different degrees of availability of supply
10 from the domestic industry. These diverse conditions of
11 competition are discussed extensively in Respondent's
12 prehearing briefs.

13 As you listen to the domestic industry's
14 testimony this morning, we encourage you to keep in mind
15 these diverse conditions of competition and ask yourself
16 whether the broad-brush statements being made by the
17 Petitioners are truly applicable to many of the important
18 submarkets in which subject imports compete.

19 As the Commission is aware, the Department of
20 Commerce issued an amended preliminary determination with
21 respect to Salzgitter of Germany on the day the parties'
22 prehearing briefs were due. All of the data and arguments
23 you will hear from Respondents today are based on the
24 revised data, taking into account that amended preliminary
25 determination.

1 As you will see, the exact same arguments and
2 conclusions made in our prehearing briefs continue to apply
3 with equal force. First, while you would never guess it
4 from Mr. Price's opening statement, the fact is that the
5 domestic industry dominated the U.S. market, with a market
6 share of 82 percent or more over the entire Period of
7 Investigation. Subject imports therefore are serving only a
8 small share of the aggregate CTL plate market.

9 Second, the overall conditions of competition
10 varied significantly over the period. Consequently, it is
11 appropriate to consider the POI in increments. From 2013 to
12 2014, demand was strong and consumption of CTL plate
13 increased. Subject imports responded to this strong demand
14 by increasing in volume and market share. However, during
15 this period the domestic industry nevertheless increased
16 production, shipments and capacity utilization.

17 At the same time, domestic prices also
18 increased, and they increased more rapidly than raw
19 materials cost. As a result, the industry's operating
20 profits increased by more than \$400 million, and its
21 operating margin increased nearly fivefold. While there was
22 nominal underselling during this time period, this was not
23 because imports cut their prices.

24 Rather, both subject imports and domestic
25 producers increased prices, but the domestic industry

1 increased its prices by more. Between 2014 and 2015, demand
2 for plate declined, and even though some sectors, most
3 notably X70 grade remains strong. At the same time raw
4 material prices fell, and as a result prices fell and the
5 domestic industry's operating performance declined.

6 Importantly however, the domestic industry's
7 market share remained stable between 2014 and 2015, and
8 subject imports oversold not undersold the domestic
9 industry. As a result, the domestic industry's metal
10 margin, the spread between raw materials prices and plate
11 sales prices, was larger in 2015 than it was in 2013.

12 Third, although the domestic industry contends
13 that subject imports did not decline as they should have in
14 2015 despite declines in demand, this phenomenon is
15 attributable to imports of X70 grade plate, which increased
16 in 2015 and again in the first three quarters of 2016. As
17 you will hear during Respondents' testimony this afternoon,
18 the supply of X70 grade from the domestic industry is very
19 limited, and U.S. producers cannot produce certain sizes and
20 specifications of X70 at all.

21 While the domestic producers continue to deny
22 these realities, Respondents' panel today will include
23 actual purchases of X70 plate, as well as purchases of other
24 specific plate products that are not available from the
25 domestic industry or that the domestic industry cannot

1 produce to the required specifications and quality.

2 These purchasers are the ones who are in the
3 best position to know what products are actually available
4 to them from the domestic industry, and we note that their
5 testimony is supported in many instances by extensive
6 documentation submitted with their questionnaires.

7 Subject imports of CTL plate other than X70
8 did decrease significantly between 2014 and 2015, and that
9 decrease is even greater if one accounts for the three to
10 six month lag between when imports are ordered and when they
11 arrive in the United States. Therefore, there is no
12 evidence of injury in the 2015 to 2016 period either. Thank
13 you.

14 CHAIRMAN WILLIAMSON: Thank you.

15 MR. BISHOP: Would the panel in support of the
16 imposition of anti-dumping and countervailing duty orders
17 please come forward and be seated?

18 (Pause.)

19 CHAIRMAN WILLIAMSON: Okay. I want to welcome
20 this panel to the hearing and very much appreciate you
21 taking your time from your businesses to come today to
22 testify, and counsel may begin when they're ready.

23 STATEMENT OF KATHLEEN W. CANNON

24 MS. CANNON: Good morning Chairman Williamson
25 and members of the Commission. I am Kathleen Cannon of

1 Kelley Drye, appearing on behalf of ArcelorMittal USA. I
2 will summarize our main arguments on behalf of the domestic
3 industry.

4 First, the domestic like product. The like
5 product should mirror the scope of the case. Respondents
6 are no longer arguing that X70 plate is a separate product,
7 but now some contend that tool steel is a different product.
8 We have addressed the ITC's like product test in our brief,
9 and have demonstrated that tool steel is simply part of a
10 single product continuum, and our witnesses will provide
11 more on that.

12 Next, cumulation. Each of the factors the ITC
13 examines to identify a reasonable overlapping competition is
14 met in this case. In terms of fungibility, U.S. producers,
15 importers and purchasers report that plate from all sources
16 is largely interchangeable. This next chart from the
17 prehearing report breaks down sales by product type, and
18 shows extensive overlap among all of the different sources.

19 You see sales by every country of carbon
20 structural plate and wear resistant plate, as well as sales
21 by the U.S. industry and most of the import sources in sales
22 of tool steel, mold steel and shipbuilding plate. There is
23 almost total geographic overlap among the subject countries
24 and the U.S. industry, including in sales to the west coast
25 as you see on this map.

1 As to channels of distribution, all sources
2 sell significantly to distributors. Many sell to end users
3 as well, so there are common channels of distribution.
4 Finally, there is simultaneous market presence. Under these
5 record facts, cumulation is mandatory for all 12 subject
6 countries.

7 Turning to volume, there is no question that
8 subject import volumes are significant. Because some of the
9 volume data are confidential, our public volume slides are
10 based on census data. Confidential Charts 1, 2 and 3 that
11 we have handed out to you contain the actual figures,
12 including those of German producer Salzgitter, for which
13 Commerce just last week issued an affirmative finding.

14 As you see, subject imports account for the
15 vast majority of total imports in 2015. Subject import
16 volumes have also surged over the 2013 to 2015 period, more
17 than doubling. These import volumes increased while demand
18 dropped, allowing imports to rapidly increase their market
19 share as well, also more than doubling over the period.

20 Confidential Chart 3 shows similar trends
21 based on staff report data, in contrast to Respondent's
22 alternate market share tables that they created to fit their
23 arguments. These rapid market share gains were achieved on
24 the basis of unfairly low prices. Almost every purchaser
25 reported that price was very important to its buying

1 decision.

2 The quarterly pricing comparisons show
3 widespread underselling by subject imports in slightly over
4 half of the quarterly comparisons, and importantly from over
5 70 percent of the volume of sales. Confidential Chart 4
6 shows significant underselling by imports on direct import
7 sales as well, where imports also displaced the U.S. product
8 through unfair pricing.

9 Purchaser responses leave no doubt that
10 subject imports captured these sales by undercutting U.S.
11 producer prices. Purchasers from every subject country
12 reported that they shifted from buying the U.S. product to
13 buying subject imports. The vast majority said the import
14 price was lower, and most also said that price was a
15 primarily factor causing the shift.

16 The staff calculated a total of almost 600,000
17 tons of plate that purchasers reported was shifted from U.S.
18 producers to subject imports due to price. That is a
19 massive amount of lost business that purchasers admit is
20 because of price. But please note the second data column on
21 this chart, which shows how many purchasers said the import
22 price was lower than the U.S. price, even if they didn't
23 admit to shifting due to price.

24 Over 85 percent of purchasers described import
25 prices as lower than domestic prices when choosing to buy

1 imports. It is difficult to imagine more compelling
2 evidence that imports are gaining sales at U.S. producers'
3 expense because of price. This lost business came at a huge
4 cost to the U.S. industry. A loss of 573,000 tons
5 multiplied by the average unit value of those sales over the
6 period equals \$440 million in lost revenue.

7 Low import prices also caused U.S. plate
8 prices to plummet over the past few years, as you see in
9 this public slide based on U.S. shipment average unit
10 values. Confidential Chart 5 shows how much prices fell
11 over the past three years, and in Confidential Chart 6 you
12 will see that by the end of the investigatory period, plate
13 prices were at their lowest point in a decade.

14 While Respondents blame raw material costs and
15 demand declines for these price reductions, look at what the
16 purchasers told you on Confidential Chart 7. When asked if
17 producers cut prices to compete with the imports, multiple
18 purchasers said yes, and they identified sizeable price
19 reductions that occurred.

20 The impact of these surging volumes of
21 low-priced imports is predictable and devastating. It is
22 the same pattern you have seen in the other flat-rolled
23 steel cases. Production and domestic shipments of plate
24 declined by over one million tons. Capacity utilization was
25 just over 60 percent, as the domestic industry lost sales to

1 subject imports.

2 Financial indicators plunged as well. Net
3 sales fell by over \$1 billion. Capital expenditures were
4 down. Operating income is barely breakeven. In fact,
5 operating income fell by 75 percent, a decline of \$67
6 million. Confidential Chart 8 shows that net income
7 plummeted too. By any measure, it is apparent that this
8 industry is in dire straits.

9 As the staff report confirms, the revenue
10 decline occurred because prices fell by more than costs.
11 Remember that please when you hear Respondents try to blame
12 the price declines on raw material costs. The injury is not
13 only reflected in the numbers. Several plate mills were
14 closed altogether during this period.

15 The human toll, as Mr. Trinidad will discuss,
16 was tragic. Workers suffered layoffs and saw their hours
17 curtailed and their wages reduced. And the injury has not
18 yet gone away. Because preliminary dumping duties were
19 imposed just this month on most of the subject imports,
20 those imports continued to enter the U.S. market in large
21 volumes in 2016 as well, causing the domestic industry
22 continued injury.

23 The causal nexus between subject imports and
24 the U.S. industry's performance is strong. As this table
25 and Confidential Chart 9 show, subject imports directly

1 displaced U.S. producer market share. It was only when
2 subject imports slowed in interim 2016 that U.S. producers
3 could regain some market share, further corroboration of the
4 causal nexus between subject imports and U.S. industry
5 sales.

6 Non-subject imports cannot be blamed. As you
7 see on this chart, they were a much smaller market presence
8 and increased only to a minimal extent. Nor were the
9 imports simply following demand trends. As demand fell,
10 subject imports actually increased. Respondents claim that
11 U.S. shipment declines just mirror demand changes. But
12 between 2013 and 2014, when demand was up by over one
13 million tons, the U.S. industry's sales were only up by
14 about 200,000 tons.

15 Why so much? Because subject imports surged
16 into the market, preventing the domestic industry from
17 benefitting from most of the 2014 demand boost in their own
18 home market. Over the 2013 to 2015 period, as demand fell
19 by six percent, U.S. shipments fell to a far greater degree,
20 again because of subject import volume increases.
21 Confidential Chart 13 contains the actual data on import
22 market shares based on the staff report, not Respondents'
23 alternate database.

24 So how do Respondents address this compelling
25 evidence? They argue primarily that competition is

1 attenuated, that U.S. producers just don't compete with
2 them. But remember this chart showing overlapping sales in
3 multiple product types? Confidential Charts 14, 15 and 16
4 show tables from the staff report with the volume of sales
5 by U.S. producers in each of the product types on which
6 Respondents focus, tool steel, high speed steel and X70.

7 Those tables prove both that the U.S. industry
8 makes these products, and that it produces them in
9 significant volumes. And remember this chart. With
10 purchasers reporting the shift of almost 600,000 tons of
11 sales to subject imports because of price, competition is
12 not attenuated.

13 U.S. producer sales have been directly
14 displaced by subject imports by reason of price, causing
15 injury to the industry. Thank you.

16 STATEMENT OF CHUCK SCHMITT

17 MR. SCHMITT: Good morning, Mr. Chairman and
18 members of the Commission. For the record, my name is Chuck
19 Schmitt, President and CEO of SSAB Enterprises. I have been
20 with SSAB and its predecessor IPSCO for twenty-five years.
21 SSAB operates two Greenfield, state-of-the-art flat-rolled
22 mini mills in Montpelier, Iowa and Mobile, Alabama and
23 plate processing centers in Houston, Texas and St. Paul
24 Minnesota that allow us to produce either cut-to-length or
25 coil plate.

1 Cut-to-length plate is our primary product
2 representing the vast majority of the output from the four
3 mills. There has been a surge of Subject Imports in the
4 United States over the past two years significantly
5 reducing the domestic industry's share of the market and
6 causing extreme downward pressure on prices. Prices and
7 profits plummeted in 2015 and 2016 owing to significantly
8 reduced demand from the energy, mining and agriculture
9 equipment sectors we have seen plate demand decline.

10 Strength in non-residential construction, wind
11 and transmission towers has not been sufficient to offset
12 these weaknesses and thus overall demand has been softening.
13 At both of our plants in 2015 and 2016 we operated at
14 historic low capacity utilization rates resulting in our
15 workers receiving significantly less compensation. This is
16 because much of our employee pay is directly tied to
17 performance bonuses based on production volumes and
18 shipments. If SSAB has fewer orders for plate then our team
19 members working in our mills have less plate to produce and
20 therefore take home considerably lower paychecks.

21 In mid-2014 when the market was strong, SSAB
22 developed a strategic plan to make a significant capital
23 expenditure to increase the melting capacity at our Iowa
24 mill. The additional slabs produced by this new capacity
25 would have fed increased production of both cut-to-length

1 plate and coil plate in Iowa and would also provide
2 additional slabs to be shipped to Alabama to increase
3 production of cut-to-length and coil plate.

4 Unfortunately due to the combination of market
5 conditions and increased imports, this project has been
6 shelved. When we were formally IPSCO, we debt-financed the
7 construction of the mills in Iowa and Alabama costing
8 approximately 2 billion dollars. We have since invested
9 hundreds of millions more in heat treatment in other
10 quality and productivity upgrades to the two mills. When
11 SSAB purchased IPSCO, they financed the purchase with debt.

12 So for the industry's CEOs our first job is to
13 earn our cost of capital so we can maintain access to the
14 capital markets. We have not done that in the past two
15 years and the surge of unfairly traded imports taking market
16 share is a significant reason. We are hopeful that in the
17 future a combination of restored demand and fewer unfairly
18 traded imports will allow SSAB to follow through on
19 additional major projects. On behalf of our thirteen
20 hundred employees at SSAB Americas, we ask that you make
21 affirmative determinations in these investigations. Thank
22 you.

23 STATEMENT OF RANDY SKAGEN

24 MR. SKAGEN: Good morning Mr. Chairman and
25 Members of the Commission. I'm Randy Skagen, Vice President

1 and General Manager for Nucor Steel in Tuscaloosa. Our
2 Tuscaloosa Mill is one of three plate facilities at Nucor.
3 Joining me today are Jeff Whiteman from our Nucor Hartford
4 County Plant in North Carolina and Phil Biscof from our
5 Nucor Longview location in Texas.

6 We are here today because the U.S. Plate Industry
7 is being devastated by unfair imports from the twelve
8 subject countries. The U.S. Market has been flooded by
9 unfair imports from these countries, the surge accelerated
10 in 2014 throughout 2015, far in excess of U.S. demand. We
11 have continued to see very high levels of imports this year.
12 These imports have taken sales and market share from us,
13 caused U.S. plate prices to crash and have had disastrous
14 consequences for the Domestic Industry.

15 From 2012 to 2014, the U.S. Plate Industry saw
16 some improvement from the recession with relatively
17 favorable demand and some recovery in pricing our
18 performance picked up but Subject Imports reacted to our
19 priced improvements and flooded into the U.S. These imports
20 largely prevented Nucor from taking advantage of decent
21 demand in 2014 as they captured large portions of our market
22 and created substantial oversupply.

23 In fact, plate inventories at service centers
24 increased by about 300,000 tons from the start of 2014 to
25 the start of 2015. In 2015 and 2016, plate consumption

1 weakened partially as a result of the influx in imports that
2 have caused inventories to stockpile. Even so, the imports
3 kept coming in high volumes. With demand softening and the
4 flood of unfair imports continuing, the trade and financial
5 performance of our plate operations plummeted.

6 We are seeing these injurious imports from all
7 Subject Countries. For example, we are forced to compete
8 with extremely low-priced Korean plate. Domestic demand in
9 Korea dropped off, in part due to their ship building
10 collapse. Korean producers have massive excess capacity and
11 they have been offloading it into our market. Japanese and
12 Taiwanese producers face similar problems. Brazilian and
13 Turkish producers have also shown their ability to surge
14 into our market in a very short period of time. We are
15 getting hammered by unfair plate imports from the other
16 Subject Countries as well. Part of the reason is the
17 unprecedented over-capacity worldwide. This forces more and
18 more plate into the large and open U.S. Market. These
19 imports are devastating U.S. Plate producers including mill
20 I manage in Tuscaloosa, Alabama. The surge of Subject
21 Imports has taken huge volumes of sales and market share.

22 Sub also change pricing in the market,
23 underselling U.S. Producers and forcing us to drastically
24 slash our prices starting in late 2014. In 2015 alone, U.S.
25 Plate prices fell by almost 300 dollars per ton. Prices

1 have stayed depressed in 2016 and are now even lower than
2 hot-rolled prices, something we haven't seen in more than a
3 decade. As a result of the lost sales and collapsing
4 prices, our operating net income fell drastically. Our
5 capital expenditures and R&D expenses have dropped as well.

6 We did make one important investment in recent
7 years on a direct-quench accelerated cooling project that
8 will allow us to produce about 50,000 tons per year of plate
9 that we could not previously make in Tuscaloosa including
10 various grades of high strength, low alloys. It will also
11 allow us to produce X70 plate in a more cost effective
12 manner. But don't get me wrong, we are making fewer
13 investments than we should because our bottom line is under
14 attack. We could have done more if we didn't have to face
15 unfair competition.

16 Some of the worst effects of Subject Imports have
17 been felt by our workers, who have been working reduced
18 shifts at reduced pay. As general manager at Tuscaloosa I
19 feel responsible for the wellbeing of our teammates. Up to
20 2/3rd of their salaries are tied to production volume and
21 profitability. They get 0 production bonus on days when
22 steel isn't being made which is far too many days lately
23 because our plate orders have gone to unfair imports. It is
24 simply not right, which is why we are here today requesting
25 a level playing field.

1 On behalf of Nucor, our teammates and their
2 families I urge the Commission to make an affirmative
3 determination in this case. Thank you.

4 STATEMENT OF DANIEL MULL

5 MR. MULL: Good morning. I'm Daniel Mull, the
6 Executive Vice President for sales and marketing of Arcelor
7 Mittal, USA. I am responsible for overseeing and
8 coordinating for our company the sales of a wide array of
9 steel products including cut-to-length steel plate.

10 Arcelor Mittal is a global leader in the
11 development and production of high quality cut-to-length
12 plate products. Our plate is sold in the United States to
13 both distributors and end users for numerous applications.
14 We sell our plate on a nationwide basis and face no
15 geographic barriers. What we do face is unfair import
16 competition throughout the country. Contrary to
17 claims you may have heard from Respondents, the lost sales
18 and declining profits suffered from my company and other
19 U.S. Producers are not due to an inability to manufacture
20 certain types of plate products. In fact, Arcelor Mittal
21 USA produces the widest array of cut-to-length plate
22 products types and sizes of any producer in the country.

23 Mr. Insetta who accompanies me will describe some
24 of those products in a bit more detail. Let me focus for a
25 moment on the X-70 product that was the subject of much

1 discussion at the preliminary stage of this case. We
2 produce X-70 plate, including in widths over 120 inches for
3 pipeline projects. We are committed to serving U.S.
4 Customers who need the X-70 product. In fact, we are in
5 constant discussion with customers regarding production and
6 sales of X-70 plate.

7 Arcelor Mittal USA has invested significantly in
8 the production of X-70 plate and actively sells this product
9 in the U.S. Market. We would like to sell even larger
10 volumes but competition from low-priced, unfair imports
11 precludes us from doing so. While my company and other U.S.
12 Producers manufacture tool steel, X-70 and other specialized
13 type of plate products, please recognize that the bulk of
14 Subject Imports are not these specialized products.

15 Arcelor Mittal USA faces intense competition
16 every day in the United States' market from all the Subject
17 Countries in the basic types of cut-plate like carbon
18 structural steel plate. We also face intense import
19 competition in some of the lower-volume specialized grades
20 where we used to be able to count on better profits. We
21 have been losing sales to lower-priced Subject Imports
22 across all types of cut-plate.

23 We simply cannot match the low import pricing
24 that has been offered. As a result, we have continued to
25 lose sales to these unfair imports. In addition to losing

1 sales, competition from the low-priced Subject Imports has
2 caused our prices of cut-plate to fall to the lowest levels
3 we've seen in more than ten years. When we are forced to
4 price at levels that do not cover our cost, then we are also
5 not generating the capital required to reinvest in our
6 operations. If we cannot reinvest, we cannot remain on the
7 cutting edge of new technology for the future.

8 It is a dangerous catch-22 situation that Subject
9 Imports have caused. Imports from the Subject Countries are
10 capturing sales and market share at our expense by use of
11 unfair pricing. They are not winning sales by making a
12 better or different type of plate than we can produce. I
13 know based on my constant discussions with customers the
14 price is by far the primary factor driving their buying
15 decisions. The purchasers tell us that the lowest prices
16 are provided by Subject Imports.

17 As a result, they often ask us to provide them
18 with lower foreign fighter pricing if we wanted to get their
19 business. The huge overcapacity that exists worldwide in
20 the plate market has fueled this pricing behavior. Cut
21 plate, like the other flat-rolled steel products is a high
22 fixed cost industry. Foreign Producers are seeking outlet
23 for their excess capacity to cover those costs, leading them
24 to export increased volumes at whatever price they can get.

25 Further, purchasers are seeking out low plate

1 prices to reduce their own costs and they find those low
2 prices are offered by these dumped and subsidized Subject
3 Imports. That is why you see the significant market share
4 shift that has occurred in purchases of plate from the U.S.
5 Industry to Subject Imports over the past three years.

6 The unfair low import prices and the loss of
7 market share has led to severe injury to our industry. This
8 situation is not sustainable. Unfortunately we cannot hope
9 to improve our condition or reinvest in our operations as
10 long as we are forced to compete with a barrage of unfairly
11 priced imports from multiple countries. On behalf of my
12 company and our workers, I urge you to provide us the much
13 needed relief. Thank you.

14 STATEMENT OF JOHN HRITZ

15 MR. HRITZ: Good morning. My name is John Hritz
16 and I am the President and Chief Executive Officer of JSW
17 Steel USA, a position I have held since February of 2015. I
18 have been in this industry for over 40 years working for
19 companies, including AK Steel, U.S. Steel and Armco.

20 X-70 grade plate is a critical part of our
21 business. At JSW we produce X-70 day in, day out. We are
22 producing it as we sit here today. We can make up to
23 156-inch wide plate, the widest X-70 plate available. In
24 fact, our plate mill, together with its contiguous pipe mill
25 is the only facility in North America that combines plate

1 and pipe production. We sell X-70 plate to customers and we
2 use it to make large diameter welded pipe for pipelines.

3 For this reason, all the X-70 plate we make meets
4 the higher standards than API even specs and our pipe has
5 been approved by at least 15 pipeline operators including
6 all of the U.S. customers for large diameter welded pipe.
7 Our plate mill has been audited and approved by many
8 demanding customers. The most demanding of these audits are
9 child's play however compared to the vigorous vetting
10 process that we go through with our energy and pipe
11 customers.

12 Based on our proven ability to supply X-70 and
13 other demanding grades of line pipe, we have offered to
14 supply our X-70 plate to customers like Berg and Dura-Bond.
15 Our plate mill has 1.2 million tons of capacity but our pipe
16 mill has capacity of 500,000 tones. We are currently
17 selling plate, as a result we are always interested, always
18 --

19 (Mic problems)

20 MR. HRITZ: As a result, we are always interested
21 in increasing our sales of plate. We are currently selling
22 plate to two U.S. pipe producers and we are qualified to
23 supply others. For example, in 2014 Berg visited our plate
24 mill and we supplied Berg extensive data to qualify our
25 product. After the Petition was filed in this case, we

1 again met with Berg and discussed the supply of X-70 and
2 other grades of cut-to-length plate. Berg has never
3 disputed the quality of our product.

4 Since 2013 we have had no customer complaints for
5 our X-70 grade pipe and haven't had any, any rejected pipe
6 in the field. We have modern production processes that
7 produce the quality plate that purchasers need. We exceed
8 specification requirements to our customers, some of our
9 plate is internally consumed to produce line pipe that is
10 qualified by pipeline operators throughout the United
11 States. We are fully able to supply competitors in the pipe
12 business.

13 Given the 1.2 million tone capacity again, our
14 plate mill and our ability to produce cut-to-length plate of
15 up to 126-inches in width, right now we are 37 percent
16 capacity on our plate mill. We can supply all of the pipe
17 makers in this country with X-70. The reason that we are
18 unable to fill our plate capacity is simple. Dumped and
19 subsidized imports prevent us from increasing our sales.

20 These imports are certainly not confined just to
21 X-70 grade plate but because of the unique capabilities of
22 our plate mill, we are particularly frustrated by the low
23 prices offered by imports of X-70. U.S. Pipe Producers are
24 choosing imports of X-70 plate because we cannot match the
25 low prices offered by offshore suppliers. In short, our

1 business has been materially injured by unfairly traded
2 imports.

3 Every time I have to make the decision to lay
4 people off or we have to make the decision to lay people
5 off, it makes me sick. Your affirmative determination can
6 level the playing field and help us expand our manufacturing
7 base and increase jobs in this country. Thank you.

8 STATEMENT OF DON HUNTER

9 MR. HUNTER: Good morning. My name is Don Hunter
10 and I'm the Vice President of Sales at EVRAZ North America,
11 a position I've held for the past six years.

12 I've been with the company since November of
13 1988. As a Vice President of Sales I am responsible for
14 setting our prices for cut-to-length plate sold into the
15 U.S. market. I personally call on senior executives at our
16 customer accounts and I manage a sales staff of 24 people.

17 I conduct weekly sales meetings to discuss
18 current market conditions, competitive prices at our
19 customer accounts, orders we lost, and orders we won. I
20 hold these meetings to review and triangulate pricing all
21 across the U.S.

22 Every week our discussions center on the low
23 prices in the market driven by imports subject in this
24 investigation. Contrary to what the Respondents have
25 claimed, our Portland mill rolls X-70 plate in widths over

1 120 inches for internal consumption of our Canadian
2 large-diameter pipe operations. We're approved by major
3 U.S. pipeline companies and compete for major pipeline
4 projects all across the U.S.

5 We have bid several major pipe projects over the
6 past three years, such as Rover, and have lost based on
7 price from subject import plate. We did not lose the
8 business due to a lack of qualifications or production
9 capacity.

10 In addition to internal consumption, EVRAZ is
11 always willing and able to supply API quality plate such as
12 X-70 to any and all customers for pipe making. Because
13 we're located in Portland, Oregon, we incur lower
14 transportation costs to ship to the West Coast. As a
15 result, roughly 75 percent of our sales volumes fall west of
16 the Mississippi.

17 Imports from Korea and other Asian countries have
18 been flooding the West Coast and driving the market price
19 down. For example, POSCO has been the low-price leader
20 recently on the West Coast by as much as \$180 per ton when
21 compared to domestic mill prices.

22 The economics of our business requires us to try
23 to fill our capacity and spread out our fixed costs. When
24 we lose the sales volumes, our unit costs increase. As a
25 result, we're forced to respond to these low prices offered

1 by unfairly traded imports to maintain our sales volume.

2 In some cases, we use what we call "foreign
3 fighter pricing." These are customer-specific prices that
4 match the price levels offered by importers. We
5 strategically use foreign fighter prices to try to retain
6 our sales volumes at our largest accounts.

7 These prices are typically significantly below
8 our average selling prices. Despite these dramatic actions,
9 we are still losing market share and volumes at our major
10 customer accounts.

11 At the end of 2013, we were forced to close our
12 plate mill in Claymont, Delaware, because subject imports
13 destroyed selling prices and devastated our operating
14 margins. Without sufficient sales volumes to load our
15 capacity or adequate prices to cover our costs, these dumped
16 and subsidized imports led to the permanent closure of that
17 mill which resulted in over 250 workers being laid off.

18 Our business and our workers need conditions of
19 fair trade in order to compete in this market.

20 Thank you for your attention.

21 STATEMENT OF JEFF MOSKALUK

22 MR. MOSKALUK: Good morning, Chairman Williamson
23 and members of the Commission. For the record, my name is
24 Jeff Moskaluk and I'm Vice President and Chief Commercial
25 Officer, SSAB Enterprises. I have been employed by SSAB and

1 its predecessor companies for over 26 years and have worked
2 in the steel industry for 32 years.

3 SSAB produces a wide array of plate products at
4 our two mills, and SSAB works to maximize the sale of higher
5 grade and heat-treated products. However, the fact is the
6 market requires that we supply the broadest produce
7 portfolio. We need to produce a mix of grades from A-36 and
8 A-572 through all of the X grades for line pipe.

9 We have seen severe import competition from the
10 countries under investigation throughout our range of
11 products. As Chief Commercial Officer, I visit customers
12 constantly and, for large end-use customers, be they
13 line-pipe companies or any number of equipment producers
14 like agricultural, construction, wind towers, et cetera, I
15 am usually directly involved in contract negotiations.

16 In 2014, we saw improved demand for our products
17 with a minimal increase in our raw material costs. We
18 therefore made every effort to increase our prices in order
19 to return to profitability. Because we knew these good
20 cycles never last.

21 While we had some success in every negotiation,
22 the customers always brought up low-priced imports. There
23 seem to be ever-increasing quantities of imports available,
24 and the customers knew the prices at which the plate was
25 being offered. We therefore could never move the price to

1 where we wanted.

2 The small boom in 2014 turned out to be
3 short-lived, and in 2015 the market fell to even lower
4 levels than in 2013. We had to scramble to make sales to
5 our mills to keep our mills running as efficiently as
6 possible. But imported plate continued its presence in the
7 market and, despite the decline in demand. We therefore had
8 to be very aggressive in our pricing, and we cut prices far
9 more than our raw material costs fell. I am convinced that
10 without the continued price competition from imported plate
11 from the countries that are subject of this investigation
12 that we would not have needed to cut prices as much as we
13 did.

14 Our profits suffered severely as a result. At
15 SSAB we pride ourselves on supplying high-quality plate and
16 excellent service. In fact, in customer polls conducted by
17 Jacobson and Associates we are consistently ranked as having
18 among the highest customer satisfaction of any plate
19 supplier. Thus, it was shocking for me, sitting here during
20 the ITC preliminary conference in this case, where our
21 quality was disparaged by certain Respondent witnesses.

22 As Mr. Schmitt said, we have invested millions in
23 quality improvements, and often particular investments have
24 been targeted for the development of specific products. It
25 is one thing to spend millions, or tens of millions to

1 target a product that may represent one, two, perhaps five
2 percent of the plate market, and it is something else to
3 invest in a product that represents one-tenth of one percent
4 of the market. We simply don't have the unlimited capital
5 to do that.

6 In conclusion, I will just reiterate that SSAB
7 will put its quality up against anybody in the world. We
8 are not losing volume to super high-priced competition on
9 niche products from these countries. We are losing volume
10 and experiencing price declines because of unfairly priced
11 competition from these countries across the entire spectrum
12 of our plate product range.

13 I join with my colleagues to ask for an
14 affirmative determination. Thank you.

15 STATEMENT OF JEFF WHITEMAN

16 MR. WHITEMAN: Good morning. I am Jeff Whiteman,
17 Sales Manager for Nucor Steel, Hertford County. I have over
18 26 years of experience in the steel industry.

19 I would like to provide you with some background
20 on the U.S. market for cut-to-length plate and explain how
21 the domestic industry is being injured by jumped and
22 subsidized imports from the subject countries.

23 Cut-to-length plate is sold to distributors and
24 end-users for use in a variety of sectors. The end uses for
25 cut-to-length plate are less differentiated than those for

1 hot- or cold-rolled steel unless plate is produced to order
2 than those products.

3 In fact, plate is one of the most basic steel
4 products on the market. It is highly interchangeable.
5 Price is by far the most important factor in securing plate
6 orders. Because of this, plate imports can quickly
7 penetrate the market with negative volume and price effects,
8 and that is exactly what subject producers are doing.

9 I have seen the extremely low price quotes for
10 subject imports that are sent to our customers, even
11 recently, often hundreds of dollars below our prices. Given
12 the importance of price, there's just no way we can compete
13 with that.

14 Subject producers have used their unfair prices
15 to export larger and larger volumes of plate to the U.S.
16 From 2013 to 2014, subject import volumes more than doubled,
17 with a surge escalating in the second half of the year.

18 We had excess capacity at the time. The market
19 did not need those imports. Nucor lost substantial sales
20 and market share as a result. We tried to maintain pricing
21 for as long as we could, but ultimately had to slice prices
22 in late 2014 due to subject imports.

23 Despite decreasing U.S. demand in 2015 and 2016,
24 subject imports remained at extremely high levels, and their
25 prices just kept falling and falling. Because of this price

1 war with imports, prices collapsed to their lowest levels in
2 the past decade.

3 Prices now are simply unsustainable for the
4 industry. Subject imports have flooded the entire U.S.
5 market, from standard carbon plate to higher value
6 heat-treated and alloy plate, including tool steels and
7 high-speed steels.

8 For example, subject imports have prevented us
9 from earning a decent return on our investment in a
10 normalizing line and vacuum degasser Nucor Hertford.
11 Because of the sales we've lost to subject imports,
12 including imports of normalized plate, Nucor normalizing
13 line is running an abysmal capacity utilization.

14 Unfair imports impact pricing throughout the
15 supply chain. Subject imports at any point of the
16 production spectrum, product spectrum adversely affect the
17 full range of products, from standard carbon grade through
18 higher value plate. And the domestic industry makes all of
19 these products.

20 I imagine this afternoon you'll hear more
21 arguments from the Respondents about the so-called
22 "specialty products" we allegedly cannot make, like they
23 said at the staff conference. It still is not true. The
24 U.S. industry can make the full spectrum of plate products,
25 including X-70 tool steel, mold steel, high-speed steel,

1 pressure vessel, and other so-called specialty plate.

2 U.S. producers can serve virtually all end uses
3 for plate in the U.S. market, and Nucor acquired Joy
4 Global's former mill in Longview, Texas, this year at a
5 distressed price, which even further enhances our product
6 range and increases the availability of higher value plate
7 from domestic sources.

8 We can now product plate up to 12 inches thick
9 and 136 inches wide. The Longview Mill also enhances our
10 tool steel production capacity. Joy Global was previously a
11 significant producer of tool steel until imports took a good
12 portion of that business.

13 Now with these cases underway, Nucor is
14 restarting tool steel production at Longview and we are
15 currently negotiating orders with several customers.

16 The subject producers also talk a lot about
17 special certifications and proprietary specifications. This
18 is a red herring. Nucor is certified to produce API grade
19 plate and ship-building plate, and we are willing to obtain
20 certifications whenever warranted by market conditions.

21 In fact, we've spent hundreds of thousands of
22 dollars to obtain these certifications only to lose major
23 sales at the same plate to unfairly priced subject imports.
24 And the proprietary specifications subject producers talk
25 about are really just brand-name versions of ASTM standard

1 plate, which we can and do make.

2 With the continued influx of subject imports, the
3 picture does not look much better going forward. Demand
4 will remain soft in many sectors in the United States.
5 Subject producers' need to export will only increase as
6 global plate demand will remain weak and their excess
7 capacity will remain high.

8 Without relief, subject imports will continue to
9 flood our market. Plate from these 12 countries has injured
10 our industry, and they will inflict additional injury in the
11 absence of effective trade relief.

12 On belief of Nucor, I urge the Commission to make
13 an affirmative determination in this case. Thank you.

14 STATEMENT OF ROBERT INSETTA

15 MR. INSETTA: Good morning. My name is Bob
16 Insetta and the Director of Specialty Plate for
17 ArcelorMittal USA. Every type of cut-to-length plate you
18 have heard about in this investigation, including alloy
19 plate, grade X-70 plate, and tool steel is part of a broad
20 continuum of the same product. All cut-to-length plate
21 shares the same basic characteristics.

22 All plate is produced to meet a variety of
23 globally recognized manufacturing standards and is produced
24 using the same equipment and on the same facilities.

25 ArcelorMittal USA produces virtually every type

1 of cut-to-length plate consumed in the market. Our range of
2 dimensions and chemistries can compete with any foreign
3 producer.

4 In addition, we offer every possible type of heat
5 treatment of any plate we roll to provide a huge range of
6 physical and mechanical characteristics. We make carbon
7 plate and HSLA plate. We make alloy plate, and plate with
8 specialized chemistries. We make tool steel. We produce
9 X-70 plate and plate for off-shore applications, wind
10 towers, pressure vessels, and ship building.

11 Of the 17 specific cut-to-length plate products
12 the Commission identified in its questionnaire, we can make
13 all but one of them: forged steel plate. Even so, the plate
14 we do produce is competitive with forged plate.

15 The Respondents in this investigation would have
16 the Commission focus on what the domestic industry allegedly
17 cannot make. But what ArcelorMittal USA cannot produce out
18 of the entire spectrum of cut-to-length plate products is
19 less than one percent of the U.S. market.

20 On a product-specific basis, the share is even
21 smaller. For example, I estimate that demand for
22 light-gauge high-strength plate for crane booms is
23 incredibly small, perhaps one percent of the overall plate
24 market, maybe less.

25 This tiny fraction of the market does not explain

1 the surge in subject imports or why they are being sold at
2 such low prices. We are losing significant sales volume
3 across the continuum of cut-to-length plate to subject
4 imports because of price.

5 The subject imports are killing us in sales of
6 commodity grades through the smaller niche products because
7 price. We are being aggressively under-sold in the
8 technically demanding high-value products where we compete
9 and where we can and should be profitable were it not for
10 the dumped and subsidized imports.

11 We are not losing sales because we cannot make a
12 certain type of cut-to-length plate product. We have the
13 technical capability and capacity to make virtually every
14 plate product that the U.S. market demands. We have
15 significant unused capacity because we are losing sales to
16 unfairly priced subject imports of all types.

17 Thank you.

18 STATEMENT OF PETE TRINIDAD

19 MR. TRINIDAD: Good morning, Mr. Chairman, and
20 members of the Commission. My name is Pete Trinidad and I
21 am president of USW Local Union 6787 at ArcelorMittal USA's
22 Burns Harbor facility where we produce cut-to-length plate.

23 I appreciate the opportunity to testify before
24 you today on behalf of our thousands of USW members who,
25 like me, make cut-to-length plate. The USW is the largest

1 industrial union in North America with hundreds of thousands
2 of active members working in steel and many other
3 industries, and several hundred thousand retirees.

4 Some of our Steel Workers who make cut-to-length
5 plate from ArcelorMittal's Coatsville and Conshohocken
6 plants have traveled to join us in the audience, and I want
7 to invite them to stand and thank them--so that we can thank
8 them and recognize them for their hard work and support.

9 (People stand.)

10 MR. TRINIDAD: Thanks, guys. These steel workers
11 represent their many colleagues who have been and will be
12 laid off without trade orders against dumped and subsidized
13 imports of plate from the 12 countries targeted in this
14 case.

15 Unfortunately, the narrative you will hear today
16 is all too familiar. The Commission recently found that
17 unfairly traded imports of hot-rolled steel, cold-rolled
18 steel, and corrosion-resistant steel from numerous countries
19 are injuring the U.S. steel industry. As a result, a number
20 of new antidumping and countervailing duty orders were
21 imposed to combat the influx of those unfairly traded steel
22 products that have been inundating the U.S. market.

23 The same is true of cut-to-length plate. Imports
24 from the subject countries continue to flood the U.S.
25 market, leaving the domestic industry in the impossible

1 position of having to try to compete at price levels so low
2 that we cannot keep our customers and earn any reasonable
3 profits.

4 The surge of unfairly traded imports of
5 cut-to-length plate had significant and negative effects on
6 the U.S. steel industry and its workers. A number of plants
7 have experienced decreases in capacity and have been idled
8 or, worse yet, closed completely.

9 For example, at Burns Harbor where I work we have
10 idled our 110-inch plate mill for a period of time due to a
11 lack of orders. At Coatsville, Pennsylvania, about 15
12 percent of the workforce was laid off at the peak of the
13 downturn and is currently applying for trade adjustment
14 assistance benefits in response to the job losses caused by
15 imports.

16 At Conshohocken, Pennsylvania, at least a third
17 of the workers are already receiving TAA benefits. When
18 plants idle or close, workers lose their jobs and families
19 are left struggling to survive. We face exhaustion of
20 unemployment benefits, food bank shortages, and home
21 foreclosures. Other cut-to-length plate facilities that
22 remain open have had reduced production so they lose sales
23 to unfair imports, including to--leading to reduced hours
24 and reduced pay for our workers.

25 While the many data points you will hear today

1 reflect the current crisis of our industry, let's not forget
2 the American steel worker. We are suffering. Our families
3 have sacrificed to help companies keep as many of our
4 co-workers employed as possible, but the effects of the
5 unfair imports have forced us to our limit.

6 We continue to do our part to maintain the
7 competitiveness of the U.S. steel industry, but we do not
8 have the power to stop unfair trade. For that, we must
9 count on our government. It is critical that our government
10 and leaders come to the aid of the U.S. steel industry and
11 the hundreds of thousands of manufacturing jobs it supports
12 by stopping unfairly traded imports.

13 This is essential not only because we need to
14 prevent injury to the American workers, but also because our
15 national security interests are dependent on a healthy steel
16 industry.

17 By all measures, the U.S. plate industry is
18 suffering at the hands of these imports. I strongly urge
19 the Commission to continue to enforce the trade laws of our
20 country and to find that unfair imports of cut-to-length
21 plate are injuring the U.S. steel industry and its workers.

22 Thank you for your time.

23 STATEMENT OF DENTON J. NORDHUES

24 MR. NORDHUES; Good morning. I am Denton
25 Nordhues, president and CEO of Leeco Steel. Leeco was

1 founded more than 130 years ago, and has come to be one of
2 the largest steel plate distributors in the United States.
3 The company is based in Lisle, Illinois, and operates 11
4 locations throughout North America.

5 Leeco buys cut-to-length plate and sells to
6 customers in virtually all end-use markets with wind towers,
7 construction equipment, and rail tank cars being our largest
8 markets.

9 We have good long-standing relationships with all
10 the major domestic plate mills. In my opinion, domestic
11 plate producers are world-class and produce the best quality
12 plate on the market today.

13 As a result, the vast majority of what we buy is
14 domestic. However, beginning in 2014, low-priced subject
15 imports flooded the market, driving prices down and forcing
16 us to increase our purchases of imports. Subject imports
17 were priced as much as \$150 to \$200 per ton below domestic
18 prices. This price differential was simply too big to
19 ignore, especially because our competitors were buying the
20 cheap subject imports.

21 We would have preferred to stay with domestic
22 mills, but we had to buy subject imports to remain
23 competitive. Subject imports are wreaking havoc on the
24 plate market. The domestic mills have had no choice but to
25 lower their prices to match imports. But when they lowered

1 their prices, the importers simply cut prices even further,
2 leading to a downward spiral and the massive price collapse
3 we saw in 2014 and 2015.

4 I want to be clear about one thing. The decision
5 to buy imports is purely a matter of price. It is not a
6 question of domestic availability or quality. Domestic
7 mills produce a full range of plate products and produce the
8 best quality plate on the market. There is nothing we buy
9 from the imported sources that U.S. mills cannot make.

10 The plate being imported is generally
11 interchangeable regardless of where it is sourced. As a
12 result, competition is based on price, and to remain
13 competitive we have to purchase at the lowest price.

14 Korean imports have had damaging effects in the
15 wind tower and construction equipment markets, primarily
16 because of their huge volumes, aggressive pricing, and
17 because they sell directly to our customers.

18 Prior to 2014, the major wind tower producers in
19 the U.S. sourced almost exclusively from domestic mills.
20 But Korean imports entered this market in 2014 and 2015,
21 competing head to head with domestic mills for the same wind
22 tower projects. They were able to take tens of thousands of
23 tons away from domestic mills by pricing their product up to
24 25 percent below domestic pricing.

25 This year has been more of the same. The

1 domestic industry is fully capable of supplying the wind
2 market to a quality level that is unsurpassed across the
3 globe. Plate used in wind towers is a standard generic
4 product that many U.S. plate producers can make. It is a
5 commodity type plate and there is nothing special about the
6 Korean product.

7 It is fully interchangeable with domestic plate.
8 In fact, domestic and imported plate can even be used on the
9 same tower. Korean imports are not needed to supply unique
10 types, sizes, or designs of wind towers. In fact, Korean
11 mills are not capable of producing plate for most of the
12 wind tower door frames.

13 The only reason why Korean imports are
14 penetrating this market is because of their low prices.

15 I appreciate this opportunity to share Leeco's
16 views with the Commission. Thank you.

17 STATEMENT OF RICHARD MARABITO

18 MR. MARABITO: Good morning, Chairman Williamson
19 and members of the Commission. For the record, my name is
20 Richard Marabito and I am the Chief Financial Officer of
21 Olympic Steel. I have been with the company for 22 years.

22 Olympic Steel has 33 locations in 14 states,
23 primarily in the Midwest, Southeast, and Northeast, and we
24 employ approximately 1,700 people in the United States.

25 We specialize in the processing and distribution

1 of carbon and alloy plate, carbon and stainless steel flat
2 products, pipe and tube and aluminum sheet.

3 We have laser and plasma cutting equipment, and
4 perform first-stage processing through fabrication for our
5 customers. We sell in excess of 1 million tons of carbon
6 flat product annually, and we hold between 2 and 3 months of
7 inventory in order to service our customers on a
8 just-in-time basis.

9 Given that we may hold between 30,000 and 50,000
10 tons, or in excess of \$15 million, in plate inventory at a
11 given time, we are very focused on the effect of changes in
12 plate prices on our business.

13 Dumped imports have a negative effect on our
14 inventory value, and inventory devaluation is a significant
15 risk in our business. We are able to obtain virtually every
16 carbon and alloy grade and every size of plate that we sell
17 from the domestic industry.

18 The only difference between domestic plate and
19 subject imports is the price. We believe it is critical to
20 restore fair trade in order to maintain a healthy U.S. steel
21 industry that can reinvest in its facilities and employees
22 and continue to innovate to remain globally competitive.

23 Thank you.

24 MS. CANNON: Thank you, Chairman Williamson. That
25 concludes our presentation and we'll be happy to answer your

1 questions.

2 CHAIRMAN WILLIAMSON: Thank you. I want to again
3 express our appreciation to all the witnesses who have come
4 to give testimony today.

5 This morning we will begin our questioning with
6 Vice Chairman Johanson.

7 VICE CHAIRMAN JOHANSON: Good morning. I'd like
8 to thank all of you for appearing here today, both the
9 witnesses and their counsel. How should the Commission
10 consider the fact that the highest concentration of
11 underselling occurred in 2014 when the domestic industry had
12 increased its shipments and had its best year financially?

13 MS. CANNON: Kathy Cannon with Kelley Drye. I
14 can start and then we can have the other industry witnesses
15 supplement. I think you saw on the slide regarding demand,
16 that demand had really increased, and the domestic industry
17 was trying to take advantage of that demand increase in
18 2014, but couldn't because of subject imports.

19 So the domestic industry in 2014 -- this was a
20 similar pattern, actually, to what you saw in the hot-rolled
21 case where the market share increase happened, and the
22 domestic industry's financial performance wasn't bad because
23 they were trying to hold their prices, but they see that
24 huge volumes of shipments and market share to the subject
25 imports as a result. And then in 2014, when they couldn't

1 cede anymore and they tried, therefore, to cut prices to be
2 able to keep the market share, which they did in 2015, it
3 came at a huge financial loss.

4 So it was basically those very difficult
5 decisions that were made that reflect the same type of
6 pattern you've seen in some of the other cases that we are
7 seeing in this market as well.

8 Mr. MOSKALUK: Commissioner Johanson, this is
9 Jeff Moskaluk from SSAB. The underselling, the change --
10 there's a couple things to consider there. One is that in
11 2014 the market was more robust, and as stated, we were
12 looking to gain market share, as well as improve revenues
13 through higher prices based on a more robust market.

14 The imports landing in 2014 clearly were
15 underselling the market. Many of those imports, rather than
16 going directly into use, went into inventory, which hung
17 over the market and carried into 2015. In 2015, as our
18 order books began to contract, the domestic industry had to
19 respond to those already low prices that had undersold the
20 market and therefore adjust our pricing down.

21 Therefore, the compression making it look like
22 there was less underselling, but the fact is, it was because
23 we were chasing ourselves to the bottom to try and regain
24 market share.

25 The point of the overhanging inventory is that

1 once the material has landed, it came in at a certain price
2 and now it's landed, much of that material then overhung the
3 market, continuing to suppress price and put pressure on the
4 domestic industry to have to respond if we wanted to either
5 retain or gain share.

6 MR. WHITEMAN: Commissioner Johanson, Jeff
7 Whiteman, Nucor Steel. I would agree with what Mr. Moskaluk
8 had stated. I would just simply add that during 2014, we
9 had capacity available and simply stated, what occurred is
10 the imports started to arrive. We were forced at the start
11 of the third quarter to actually lower prices, so what
12 should've been a very good year in 2014 was adversely
13 impacted by the imports coming in. We simply should've had
14 a better year in 2014.

15 MR. MULL: Dan Mull with ArcelorMittal. I'd
16 like to echo what my colleagues have said here. It's
17 certainly a period of time in 2014 -- it's a very cyclical
18 business and we should've been doing a lot better and able
19 to make a lot more money in the 2014 period. If we hadn't
20 had the surge of supply from lower-priced imports that
21 undermined the opportunity for us to make the money when the
22 demand was there.

23 Then we had an oversupply situation as a result
24 of the imports coming in, that carried into the following
25 years, and as a result, then we started to have actually

1 idle time in our facilities and we were out having to
2 scramble to try to fill those facilities, and the only way
3 to do that was to start to lower pricing in order to meet
4 the foreign that continued to flood the marketplace.

5 VICE CHAIRMAN JOHANSON: And sticking with the
6 issue of price considerations, I'd appreciate it if you all
7 could address some more or less even occurrences of
8 overselling and underselling on the record. This can be
9 seen in Tables 5-11 and 5-12. And sticking with 2014, do
10 you all have further explanation for why there was more
11 frequent underselling in 2014, as opposed to 2015?

12 MR. SCHAGRIN: Commissioner Johanson, this is
13 Roger Schagrin. Two points. First, we would point out, and
14 I believe it was in one of Ms. Cannon's charts, that while
15 there's a fairly balanced number of quarters with
16 underselling and overselling, when you look at it on a
17 volume basis, and this industry really is all about volume.
18 It's all about these gigantic mills getting filled so that
19 costs are brought down and employees can work.

20 So in comparison to the number of quarters with
21 underselling and overselling, the volume of underselling is
22 nearly three-quarters, compared to half and half on the
23 comparisons of quarters. So there really is a much greater
24 amount of underselling by volume than there is in quarterly
25 comparisons.

1 And then secondly, in this case, as I think this
2 Commission has seen in both hot-rolled sheet case and the
3 heavy-walled rectangular case, after a period in which
4 imports surged -- don't forget, imports virtually doubled
5 between '13 and '14 -- and so the domestic industry is--all
6 of a sudden--seeing that imports are flooding into the
7 market and capacity utilization is falling from
8 approximately 75% to 60%. They're struggling, as the
9 witnesses testified, to keep mills open, and the answer to
10 that is to cut price, in comparison to the import price,
11 reduce that underselling so that they can stop ceding this
12 market share to the imports.

13 And I think that completely explains and is
14 consistent with the entire record here, that the reason for
15 reduced levels of underselling in '15 compared to '14, is
16 the forced reaction to the unfairly traded imports by the
17 domestic industry to fight back on price. And as you found
18 in other cases, that signifies price effect and injury, and
19 that's what this record demonstrates here as well.

20 MR. MOSKALUK: Commissioner Johanson, Jeff
21 Moskaluk again, SSAB. The reduction in underselling that
22 occurs in 2015, it's -- perhaps I can explain the behavior
23 from our perspective. As a publicly held company, our
24 responsibility is to deliver shareholder value, which means
25 in a market where we are being asked to compete with

1 injurious prices from imports, we look to avoid that
2 situation as long as we possibly can.

3 And we continue to search the market for
4 opportunities to avoid having to meet and sell at that
5 injurious price. However, at some point in time, with a
6 massive inventory overhang, and virtually the market being
7 oversupplied, regardless of whether demand is rising or
8 falling, we have no other option left. And so as we moved
9 into '15, whatever we were trying to do to avoid meeting
10 that injurious price, we ran out of viable options and at
11 some point again, as reasonable managers, we still have to
12 keep the equipment running and keep our people employed.

13 We had to meet that pricing in some fashion and
14 so you would see the reduction in underselling mostly
15 because we were forced to respond to that injurious pricing,
16 compete at lower and lower and lower numbers, in fact
17 getting to or below cost to be able to sustain share and
18 keep the mills running.

19 MR. ROSENTHAL: Commissioner Johanson, Paul
20 Rosenthal, Kelley Drye. I just want to remind you of a fact
21 that we've talked about in previous steel hearings. And
22 that is that, a mixed pattern of underselling and
23 overselling is exactly what you expect in a very
24 price-competitive product and market. And it's very
25 consistent with Commission precedent finding injury when

1 there's a mixed pattern of underselling and overselling.

2 VICE CHAIRMAN JOHANSON: Thank you, Mr.
3 Rosenthal. And looking at 2015, respondents argue the price
4 declines in 2015 were attributable to competition within the
5 domestic industry and not to the prices of subject imports.
6 How do you all respond to this assessment?

7 MR. WHITEMAN: Commissioner Johanson, Jeff
8 Whiteman, Nucor Steel. I would disagree with that
9 assessment. We were forced to lower prices in 2015 and
10 maintain pricing levels at extremely low levels based on the
11 consistent level of imports coming into the market. So
12 while we saw the surge start and increase in 2014, 2015 was
13 definitely impacted by that lag effect, the three to six
14 months' lag effect that continued throughout all of 2015.
15 So we were forced to adjust our prices based on the cost of
16 the imports coming in.

17 MR. MULL: Dan Mull, ArcelorMittal. I think if
18 you accept the premise that the product is bought on price
19 and you see where market share was growing with the imports
20 flooding into this marketplace, so obviously pricing had
21 something to do with it and I would argue that it had to do
22 with the imports coming in at the lower price, causing us to
23 have to meet those types of pricing.

24 MR. HUNTER: Commissioner Johanson, it's Don
25 Hunter with EVRAZ. If you'll note the decline in market

1 share on the domestic mills between '14 and '15 was roughly
2 15%. Imports didn't lose any market share. In fact, they
3 brought more imports in, despite a significant decline in
4 pricing over that same time period. So while the domestic
5 mills were competing with imports and implementing foreign
6 fighter programs, what we weren't doing was being effective
7 to keep our market share. We lost significant market share
8 in that time period.

9 VICE CHAIRMAN JOHANSON: Thank you for your
10 responses. My time has expired.

11 CHAIRMAN WILLIAMSON: Thank you. Commissioner
12 Pinkert?

13 COMMISSIONER PINKERT: Thank you, Mr. Chairman.
14 And I want to thank all of you for being here today,
15 including the steel workers in the back. I'm interested in
16 your testimony about X-70, and in particular where this
17 panel disagrees with the respondents. The respondents, as I
18 understand it, aren't saying that there's no production of
19 X-70 in the United States. They're saying that there is
20 limited production. Is this panel saying that the
21 production is unlimited? Or are you disagreeing in some
22 other way?

23 MR. MOSKALUK: Commissioner, it's Jeff Moskaluk
24 at SSAB. I don't know that we could say production is
25 unlimited because we all have a capacity limitation at our

1 mills. However, that said, X-70 is part of the plate
2 continuum. If we so chose, we could make every pound of
3 plate off our mill as X-70. I stated earlier that the
4 market really pushes us a plate supplier to be able to
5 supply the broadest product portfolio.

6 We look to maximize that broad portfolio to get
7 the best revenue mix out of the marketplace. And a lot of
8 that is dictated by the demand of the customers in the
9 market. We run out of high-strength and advanced
10 high-strength demand before our plate mill is ever full.
11 And so that is why we make lots of A36 and A57250 is to
12 balance out the rest of our portfolio and keep the mill
13 running full.

14 If we had more demand for X-70, we would make
15 more, because we divert away from some of the mild carbon to
16 make that exchange in our product mix. So I guess in answer
17 to your question, while it's not unlimited, we certainly
18 have the capability to expand with demand from X-70
19 customers.

20 MR. MULL: Dan Mull, ArcelorMittal. I would
21 say, during the period of investigation, we had ample
22 capacity at ArcelorMittal to do X-70. We could've done more
23 X-70. We would welcome doing more X-70. The problem was
24 the price. And when you're looking at the return on the
25 different products, at that time, the price was an issue for

1 us in meeting a couple of times, and that was really why the
2 foreign was chosen.

3 MR. HRITZ: Commissioner, John Hritz from JSW
4 Steel. If you heard in my brief brief, we talked about our
5 capacity utilization at our plate mill. And as I've said,
6 we're approximately at 37%. A lot of capacity utilization
7 won't be discussed here in detail because we try to keep
8 that stuff confidential, but we are transparent. The point
9 is that we make X-70 as I've said, day in, day out. We're
10 making it now. We can make one million to 1.2 million tons
11 of plate per year.

12 Much of the X-70, if not all of the X-70, and
13 X65, but predominantly X-70 plate that we make now, goes
14 directly to our pipe facilities. We have had
15 no--zero--inquiries from our competitors, Edberg and
16 Dura-Bond, for us to supply them plate, even though X-70
17 plate, even though we have offered, we could supply them --
18 we could fill their capacity. They are full. They are full
19 with pipeline capacity with X-70 plate that's coming in
20 from South Korea and from Germany. And that plate could be
21 coming straight from Texas to them.

22 And the quality of our X-70 cannot be
23 questioned. Because the X-70 that we are manufacturing goes
24 directly into pipe-making. We are audited. We have
25 sixty-five stations in our pipe-making capacity. We are

1 audited by the toughest energy companies in the world
2 throughout the process of making X-70 plate for pipe. You
3 have to understand that.

4 So that plate -- we could expand our capacity
5 and supply Dura-Bond and other pipe people, Berg, all day
6 long and this country, I don't know that it would have to
7 import any X-70. With the capability that's sitting in this
8 room in front of you. But certainly JSW has the capability.

9 COMMISSIONER PINKERT: Just a quick follow-up on
10 JSW. You described those pipe guys as your competitors. Is
11 there reluctance on their part to purchase from a
12 competitor?

13 MR. HRITZ: There should be none. We've been
14 very open with them. We've told them -- we've offered to
15 work with them. They've talked. Berg has visited our
16 facilities. I don't know why they'd be reluctant. I think
17 the reluctance is one thing. Price. Price.

18 We can compete. We are very cost-effective. We
19 have done everything we can to curb our costs. We have
20 flex-force working capability. And we're making perfect
21 X-70 plate. All mechanical properties, anything they would
22 need. And we also make pipe.

23 MR. SCHAGRIN: Commissioner Pinkert, this is
24 Roger Schagrin. The same issue was brought up in the
25 cold-rolled case by Ohio Steel that said that they did not

1 want to be forced to purchase black plate from competitors
2 who also made tin-mill products. And I pointed out in that
3 case--and obviously the Commission made an affirmative
4 determination--it's worth on getting on the record here,
5 that for the past thirty-five years I've been representing
6 pipe and two producers were probably the second or third
7 largest purchasers of hot-rolled sheet in the U.S. market.

8 Probably the single largest supplier of
9 hot-rolled to the pipe and tube industry is U.S. Steel,
10 which also, for the past thirty-five years, has been the
11 first or second largest pipe and tube producer in the United
12 States. So routinely, pipe and tube producers, particularly
13 welded OCTG producers, purchase steel from U.S. Steel, even
14 though they also competed every day with U.S. Steel for
15 sales of pipe and tube.

16 And I think that's routine in these industries.
17 Because you look at the available suppliers and generally
18 and some of these producers -- I know ArcelorMittal also has
19 a tubular segment -- they usually segment their business
20 units. So the folks who are selling flat-rolled at
21 ArcelorMittal or U.S. Steel are different from the folks
22 selling pipe and tube. And the folks selling flat-rolled,
23 they're just interested in getting the best market prices
24 they can from people in the industry, and I presume JSW
25 would look at it the same way. They're gonna look at

1 selling plate to pipe guys, as well as selling pipe to
2 pipeline companies.

3 MR. PRICE: Alan Price, Wiley Rein. Let me just
4 add -- the steel industry -- a lot of these companies,
5 they're all competitors, but they also supply each other.
6 We saw that extensively in the galvanized case, where SDIs
7 buying significant amounts of steel, hot-rolled,
8 cold-rolled, from its competitors. This is very common.

9 What this really comes down to is that some of
10 the respondents and some of the companies want access to
11 dumped and subsidized pricing. That's what it comes down to
12 in an industry where suppliers are supplying their
13 competitors all the time.

14 COMMISSIONER PINKERT: Thank you. Let me get in
15 one pricing question this round. Mr. Planert said that
16 metal margins were larger in 2015 than in 2013. Is he
17 looking at the right data? And how do you respond to that?

18 MR. PRICE: We'll address it more extensively in
19 the post-hearing brief, but I just want to note one thing.
20 Because I looked at that chart in his brief. And it
21 actually shows a substantial variation in metal margin going
22 on. And so to the extent the respondents have continued to
23 argue that everything is blindly correlated to raw material
24 cores, whether it's metal margin or not, it's simply not the
25 case. What's going on is demand and supply factors,

1 including imports as part of the demand in the marketplace
2 have an impact on those margins, as well as demand and
3 supply for scrap, which is separate from steel. So we'll
4 address it --

5 COMMISSIONER PINKERT: Ms. Cannon?

6 MS. CANNON: Yes, Commissioner Pinkert. Kathy
7 Cannon. I would also refer you back to this chart from the
8 presentation, where the staff found that the decline in
9 revenue is primarily due to the negative price variance,
10 despite the positive cost expense variance, prices falling
11 more than cost over the period. And I know a lot of time,
12 they like to isolate and they like to look at metal margins,
13 but when you look at the total picture, you are seeing this
14 bigger decline. Prices are going down by more than cost.

15 COMMISSIONER PINKERT: Thank you for that, and
16 again, please take a look at the specific numbers that are
17 cited by Mr. Planert and respond in the post-hearing. Thank
18 you very much.

19 MS. CANNON: We'll be happy to do that
20 post-hearing.

21 CHAIRMAN WILLIAMSON: Thank you. Commissioner
22 Broadbent.

23 COMMISSIONER BROADBENT: Yeah. I was curious
24 about -- it looks like the export markets are doing better
25 than the domestic market? There's a lot of growth in

1 exports? Can anybody comment on why that's happening?

2 MR. PRICE: Alan Price, Wiley Rein. What I will
3 say is that there's -- most trade of U.S. production is in
4 the NAFTA market. The overall global market, I think, is
5 indisputably to be oversupplied and very weak and very, very
6 poor shape. We'll address this more fully in the
7 post-hearing brief.

8 COMMISSIONER BROADBENT: Okay. So what's
9 driving exports at this point? They're mostly to Mexico,
10 are you telling me?

11 MR. MOSKALUK: Commissioner, it's Jeff Moskaluk
12 from SSAB. So our exports are still contained within NAFTA
13 for our products from SSAB. And so in certain periods -- as
14 an example in 2014, you might see our shipments improve into
15 Canada or Mexico, because for a good part of -- early in
16 2014 there were improving conditions specifically in oil and
17 gas. And so that would be, in that time period, we would be
18 looking to ship into those markets because demand would be
19 more buoyant there. But our shipments for export are
20 contained to NAFTA. It's hard for me to comment on export
21 markets because beyond NAFTA, I really don't have any
22 expertise or experience to comment.

23 MR. SCHMITT: Chuck Schmitt with the SSAB. Just
24 to add a little color to my colleagues' comments there,
25 specifically is we sought out opportunities on exporting to

1 Mexico and Canada, specifically to our previous discussion,
2 I would add for our particular opportunities, there was a
3 substantial amount of X-70 supply to other pipe producers,
4 so to the discussion of our capabilities of providing X-70
5 both domestically, as well as internationally. Thank you.

6 MR. JAMESON: Jason Jameson with JSW Steel. We
7 have increased our export shipments to Mexico. And
8 recently, within the past year, Mexico has enacted tariffs
9 on imported steel and that has opened up our ability to
10 supply them, so not only have we had to, over the years,
11 fight dumped steel in the United States, we were actually
12 fighting in what we would call our home market and
13 aftermarket into Mexico. So with those tariffs that were
14 put in place in Mexico, that opened up some opportunities
15 for us to expand our share down there.

16 COMMISSIONER BROADBENT: Okay. Thank you. The
17 staff report that we have says that virtually all sectors in
18 which CTL plate is used, demand decreased after January
19 2015. Was there an overriding factor that led to demand
20 declines in so many different end-use sectors?

21 MR. SKAGEN: Randy Skagen from Nucor. I think,
22 just the fact that we continue on a low GDP growth in the
23 U.S. at around 1%, and the fact that oil and gas, oil prices
24 went down -- overcapacity in the mining industry built in
25 the previous couple of years stopped a lot of the

1 exploration and mining. There's a significant amount of
2 transportation in the oil and gas industry, railcars,
3 pipelines, so that all extended and led to that.

4 COMMISSIONER BROADBENT: That makes sense.

5 MR. MULL: Dan Mull, ArcelorMittal. The
6 strength of the U.S. economy has really been consumer-driven
7 and most of the products, markets that the plate goes into
8 are less consumer-oriented versus sheet products to where
9 we've testified where no automotive and appliance have been
10 better. So I think it's more that the capital goods, the
11 infrastructure, the energy industry all have been consuming
12 less.

13 MR. MOSKALUK: Jeff Moskaluk, SSAB. I think
14 there's a couple other things to consider in that as well.
15 So clearly I think my colleagues have commented well in
16 certain end-use segments, agricultural, oil and gas, mining.
17 In a declining -- a general decline in global commodity
18 prices changed the demand for the finished goods that
19 service those commodity priced -- whether it's agriculture
20 or minerals and ores.

21 And then, you could look to public comments by
22 some of the heavy equipment manufacturers that were
23 reporting declines in their export sales with a stronger
24 U.S. dollar, and so in some cases, even that impacted the
25 domestic demand for our products, based on changes in global

1 conditions, including exchange.

2 So it's a pretty complicated web, but the net
3 effect was across a number of segments, many related the
4 commodity prices, others all interconnected, things like
5 heavy transporters heavily connected to oil and gas, because
6 it does a lot to move it around, so it was a big
7 interconnection. But in general, that would be what I would
8 point to as being the general decline across a number of
9 segments.

10 COMMISSIONER BROADBENT: Okay, great. Thank
11 you.

12 MR. WHITEMAN: Commissioner? Jeff Whiteman at
13 Nucor. I agree with the comments of my colleagues. I'd
14 also simply like to add that, in addition to what you've
15 heard, we also saw a significant inventory build in 2015 as
16 well, that hampered the demand across the plate industry.

17 COMMISSIONER BROADBENT: Okay. I just had a
18 question. When we look at our staff report, it says that
19 CTL plate is primarily sold on a made-to-order basis. And I
20 just wondered whether -- if we really do characterize this
21 as a highly commoditized market?

22 MR. PRICE: Alan Price, Wiley Rein. I want to
23 address this point because it plays here for a minute, and
24 highlight someday there's -- and this particularly becomes
25 important the way the respondents have set up some of their

1 arguments -- that it's produced to order.

2 Well, produced to order, the service center buys
3 a whole of it. It's produced to order theoretically, I
4 guess. I mean that's an order. But let's compared CTL
5 plate to the other products though. And let's see what you
6 see. Cold-rolled, 99% was produced to order.
7 Corrosion-resistant, 98% was produced to order. Hot-rolled
8 plate, 94% was produced to order. Cut-to-length plate, oh,
9 84% was produced to order.

10 So if anything, it's actually less
11 produced-to-order than the other flat products. So to the
12 extent there's some premise out there, this is some unique
13 product there, this uniquely produced order, it's the least
14 produced order of any of the flat products.

15 MR. MOSKALUK: Commissioner, this is Jeff
16 Moskaluk, SSAB. Just to add a little color to that.
17 Indeed, we do not make plate to put it into our own
18 inventory to resell. The plate is manufactured to an order,
19 so in that characterization, that would be correct. A large
20 portion of the product flows through distribution. Many of
21 those distributors do sell from inventory and so when they
22 place an order with us and we make to their order, their
23 order is intended to go sit on a shelf somewhere for further
24 resale later.

25 So that then changes some of the

1 characterization. And with importers that may tell you that
2 100% of their sales are made to order, much of that material
3 is bought by a trading company who brings the material in
4 and then chooses to resell. Some cases they resell it prior
5 to production, some cases they resell it while it's in
6 transit, and in many cases, they resell it from the port
7 after it has landed.

8 So again, made-to-order, but the
9 characterization is that order could be for inventory for
10 further resale at a later date, so we don't know the
11 application. We don't know the end customer, but we know
12 how bought it in the middle, so it was made to their order,
13 but not necessarily to the end order.

14 COMMISSIONER BROADBENT: Okay, great. I just
15 have one more question I wanted to get in here before my
16 time is up. Mr. Mull, how extensive is ArcelorMittal's
17 customer base for X-70 CTL plate? Can you describe which
18 customers you sell to and what your dynamic -- what's going
19 on with those customers?

20 MR. MULL: There's limited buyers of X-70 in
21 this country and we will certainly be glad to provide that
22 detail in the post-hearing brief.

23 COMMISSIONER BROADBENT: Sure. So we don't have
24 many customers for X-70?

25 MR. MULL: The pipe producers, obviously, are

1 X-70 customers and we sell to them and there are some other
2 applications that we do sell, which are smaller quantities.
3 The pipe usually comes in as project business and those are
4 usually big chunks of business when we get them.

5 COMMISSIONER BROADBENT: And so isn't FERC
6 approving a lot of pipe projects these days. Would that
7 business kind of grow in the future, do you think?

8 MR. MULL: Well, we would hope that that's the
9 case. We certainly are not seeing that kind of activity
10 today and I think we would certainly hope that the X-70 as
11 well as other line pipe opportunities grows in the future.
12 So yes, I would expect the marketplace to rebound back, but
13 we certainly aren't experiencing that today.

14 COMMISSIONER BROADBENT: Okay. Thank you very
15 much.

16 MR. ROSENTHAL: Commissioner Broadbent, just to
17 amplify that, I don't think the problem for the domestic
18 industry -- this is Paul Rosenthal, for the record.

19 I don't think the problem for the domestic
20 industry has been a lack of customers. It's been the lack
21 of customers who are willing to buy from domestic suppliers
22 for price reasons. They have the option to import at a
23 lower price and they've chosen to do that in many instances,
24 which has meant that the domestic producers and all of them
25 sitting around the table, including Nucor, have testified

1 that they can supply all the customers here, but the
2 customers don't want to buy because of price or they don't
3 want to sell because the prices being quoted them are too
4 low to make a profit.

5 COMMISSIONER BROADBENT: Thank you.

6 CHAIRMAN WILLIAMSON: Thank you. Commissioner
7 Schmidtlein.

8 COMMISSIONER SCHMIDTLEIN: Alright, thank you
9 very much.

10 So I guess I just want to follow up with Mr.
11 Mull or with what you said, Mr. Rosenthal, about the market
12 for X-70 pipe and the numbers are confidential, but when you
13 look at the staff report with the shipments of X-70 on page
14 IV-44, you see there's a big jump between '14 and '15 in
15 terms of the apparent consumption, a very large jump. And
16 there's a very large jump of the number of subject imports
17 coming in for X-70 and there's a very large jump in the
18 quantity of U.S. producers, U.S. shipments, so I thought I
19 just understood you say you didn't see a lot of activity in
20 that market? Is that consistent with what we're seeing here
21 in terms of the numbers of what's actually being shipped?

22 MR. SCHAGRIN: Commissioner Schmidtlein, this is
23 Roger Schagrin.

24 So essentially, in the large diameter pipe
25 market in the United States we have three plants that are

1 submerged arc weld plants. That means they use plate, X-70
2 plate to make the large diameter pipe. And then there's
3 about six plants that are spiral weld producers and they
4 produce coil instead of plate. Now these plants are very,
5 very large, I think, on average. And you have -- well, you
6 have all three in the room. The three producers with
7 submerged arc weld plants are Dura-Bond, Berg Steel Pipe,
8 and JSW.

9 And I would guess looking at you know pipe and
10 tube mills of the world there are other publications that a
11 submerged arc weld plant might have as much as a half
12 million tons of annual capacity, so these are really big
13 plants. They're operating flat out for a big, several
14 hundred mile pipeline project several of which were built in
15 2015 in contrast to 2013 or 2014. You're talking about
16 plants that could be shut down for months and then they can
17 operate nonstop, you know, seven days a week, 24 hours a
18 day for months on a big pipeline project and 2015 was one of
19 those years. There were several major pipeline projects
20 that had been backed up for years that happened to have been
21 built in '15 and I think continue in '16.

22 COMMISSIONER SCHMIDTLEIN: That's right and it
23 happened in '16 too.

24 MR. SCHAGRIN: Yes.

25 COMMISSIONER SCHMIDTLEIN: Right, when you look

1 at the numbers.

2 MR. SCHAGRIN: '16 as well. And think they're
3 largely going to end, those big projects that have filled
4 these mills, in 2017. And that's why I think you're seeing
5 'cause what happens on these pipeline projects is the
6 pipeline company, the pipe producer and the supplying plate
7 producer they all marry up by their being in the contract.

8 COMMISSIONER SCHMIDTLEIN: So U.S. producers
9 aren't really competing for those sales then?

10 MR. SCHAGRIN: Not after the contract has been
11 let.

12 MR. MOSKALUK: Commissioner, Jeff Moskaluk,
13 SSAB.

14 We certainly were aware of all of the projects
15 that fell within our capabilities and we had discussions
16 with various pipe makers with respect to our participating
17 in those projects and I would characterize that where we
18 could we were able to secure some projects. The majority of
19 what occurred for us, at least, was that we were facing
20 prices that would take us to or below costs. We look at
21 these as a business decision and we're not going to take an
22 order to lose money. We'll go right down to where we're you
23 know just covering fix cost if we really need the volume,
24 but we were being told we were not even in the range on
25 price and so that would explain to you we missed the

1 opportunity. And unfortunately, in the pipe application --
2 pipeline application when you miss it at the outset the
3 bidding may occur in 2014 and that job's going to run until
4 June, July, August of 2016 based on the pipe mill schedule,
5 but when you lose it you're done. They don't come back to
6 revisit it.

7 COMMISSIONER SCHMIDTLEIN: Do you have a minimum
8 volume that you require before you would participate in a
9 project like that?

10 MR. MOSKALUK: Yes, our minimum volume to make
11 X-70 would be a heat lot, which is roughly 140 tons. These
12 projects are tens of thousands of tons so -- .

13 COMMISSIONER SCHMIDTLEIN: So that's not an
14 issue?

15 MR. MOSKALUK: It's irrelevant to the discussion
16 entirely.

17 COMMISSIONER SCHMIDTLEIN: And is that always
18 true for X-70?

19 MR. MOSKALUK: Oh, yeah. They're very rarely a
20 project that would require 140 tons of plate for one
21 project. In my 32 years, I've never heard of one.

22 COMMISSIONER SCHMIDTLEIN: Mr. Mull, do you want
23 to add to that?

24 MR. MULL: Yes. I'd like to clarify. I was
25 trying to answer your question about future business and

1 what we're seeing on the table. Obviously, we were involved
2 in bidding during the period of the investigation. We did
3 produce X-70 and we were involved with both those customers
4 that were mentioned. And I also believe that we probably do
5 5,000 tons a month of X-70 plate that is actually then
6 produced and sold to distributors at times. So there are
7 some small quantities that we do get involved in that, but
8 you know these big projects, and that's usually what we're
9 talking about, they come in chunks. And normally, once
10 they're bid and awarded, then a supplier you know has been
11 determined.

12 So in this period of time the determination was
13 a lot more using imports. And in fairness to the pipe
14 companies, often they are also fighting against subsidized
15 imported pipe coming in and that's often a time that suits
16 their competition, so which then puts pressure on us to be
17 able to help them be competitive that. So it's a continual
18 situation.

19 COMMISSIONER SCHMIDTLEIN: And just so I'm
20 clear, other types of CTL plate are not interchangeable with
21 X-70 for these pipeline projects?

22 MR. MULL: X-70 would be the 70,000 yield of
23 that. There are other grades of line pipe that are made out
24 of plate also that are less -- yes.

25 COMMISSIONER SCHMIDTLEIN: But if they want X-70

1 --

2 MR. MULL: They would not be interchangeable.

3 That's correct.

4 COMMISSIONER SCHMIDTLEIN: That's something
5 else.

6 MR. MULL: Yes.

7 COMMISSIONER SCHMIDTLEIN: Alright, let me
8 switch gears for a moment before my time runs out. And I
9 don't know, Ms. Cannon, if you would be the best questioner,
10 maybe one of the industry witnesses.

11 So the Respondents are arguing that prices and
12 performance is really tracking demand in this market, right.
13 And so one question I had, and Commissioner Broadbent
14 started on this topic with regard to the export shipments.
15 So when you look at the unit value of export shipments
16 versus the unit value of U.S. shipments for U.S. producers,
17 right, you see a similar drop between '14 and '15, so you
18 see you know demand dropping. You see similar increase. So
19 when you see demand go up between '13 and '14, export
20 shipments, unit values go up. U.S. shipment unit values go
21 up.

22 And I understand the argument that they could've
23 gone up more because demand was so strong. Why are they so
24 similar, right? If subject imports are having the effect in
25 the U.S. market of impacting prices, wouldn't you expect the

1 export AUVs not to look so similar to U.S. shipment AUVs?

2 MR. MOSKALUK: Jeff Moskaluk of SSAB.

3 So this will go well before the period of
4 investigation, but when we were IPSCO we had experience of
5 operating in Canada and in the U.S. And we would see the
6 same countries dump in both jurisdictions, so we'd
7 participate in this exact same process in Canada that we're
8 here with you today. And so we were seeing many of these
9 same countries dumping in North America to make it more
10 clear. So some of the behavior would be these same
11 countries would be dumping in Canada or in the U.S., so
12 that could explain part of it.

13 And as well, on the supply/demand side, I think
14 you were asking about that a little bit. Well, it's as much
15 about supply overwhelming demand as demand declining, so you
16 know you have to look at both at the same time. So a supply
17 overhang could have marginal decline in demand, but it would
18 seem much more precipitous in a price fall because of an
19 overhanging inventory. So there's more to it than just
20 straight change in demand I think.

21 MR. SCHAGRIN: Commissioner Schmidtlein, this is
22 Roger Schagrin.

23 I think one of the main reasons you see so much
24 similarity for the U.S. producers in their domestic shipment
25 and their exports is it's all -- the exports are almost all

1 the NAFTA market. And in the NAFTA market, Mexico and
2 Canada their use of plate is very, very energy dependent.
3 What's different between the NAFTA market demand for plate
4 and the rest of the world is we've virtually no shipbuilding
5 production in NAFTA; yet, the biggest demand driver for
6 plate in the rest of the world, which may have particularly
7 in Asia is shipbuilding.

8 So what was going on during this period of
9 investigation is, number one, you had probably the most
10 dramatic collapse in the shipbuilding industry in Asia of
11 all time. We have major shipbuilders going bankrupt in
12 Korea, Japan, China. It's just a mess over there and that's
13 lead to this massive oversupply of plate availability. And
14 then in Europe where they have some shipbuilding, but they
15 also have a lot of energy, you had a particular repercussion
16 which particularly affected Salzgitter and their subsidiary
17 Berger in the United States that the Russian invasion of
18 Crimea and the sanctions in Russia have lead to the
19 cancellation of major Russian to Europe pipeline projects
20 that would've consumed over a million tons of plate and
21 pipe, which was actually awarded to EuroPipe, which is owned
22 by Salzgitter in Europe. And when that was cancelled this
23 plate company had to say what am I going to do with this
24 plate? Well, I'll ship it to my U.S. subsidiary because I
25 can't use it in my European subsidiaries. In fact, they

1 closed down what may have been the single largest submerged
2 arc weld pipe in the world in Dunkirk, France. So you just
3 have different things going on in the rest of the world a
4 little different than for plate.

5 COMMISSIONER SCHMIDTLEIN: Okay. I want to let
6 Mr. Mull I know he's been waiting to speak. I don't want to
7 end before he's had a chance.

8 MR. MULL: I was just going to say I believe the
9 record would show that most of the exports are NAFTA. We do
10 follow -- one of us would follow manufacturers very similar
11 to do things in the United States, also into Mexico. So if
12 the business is off, most likely, with that machinery
13 manufacturer or equipment manufacturer it's probably off in
14 Mexico also, so I think the demand would reflect the same
15 dynamics.

16 MR. PRICE: Many of the NAFTA customers, the
17 Mexican customers are U.S. multinationals, as we all know
18 from this election. So you get one price that often goes to
19 them and so the pricing you know if it's a railcar if
20 they're building it in the U.S. and if they're building it
21 in Mexico it's going to follow the exact same trend 'cause
22 it's going to get the same set price when they negotiate at
23 that price.

24 COMMISSIONER SCHMIDTLEIN: Alright. And I would
25 invite you to address that in the post-hearing if you feel

1 that you haven't been able to fully address it since my time
2 has run out. I apologize.

3 CHAIRMAN WILLIAMSON: Okay, thank you.

4 Just to follow up on that, how should we take
5 into account the things that have been happening outside the
6 U.S., which Mr. Schagrín has talked about in terms of Crimea
7 or the shipbuilding collapse in Asia? Is it just that
8 there's more supply to come to the U.S. or elaborate on
9 that?

10 MR. SCHAGRIN: Chairman Williamson, Roger
11 Schagrín.

12 So I mean first it's kind of the precursory to
13 the actual injury that occurred in the U.S. because while
14 our demand was continuing to be strong in 2014 the rest of
15 the markets around the world were already collapsing. So it
16 was extra incentive for these foreign producers with their
17 excess capacity to say, hey, there's opportunities for the
18 U.S. market. Because these are commodity price-based
19 products let's go to the U.S. They doubled their exports
20 between '13 and '14, doubled their market share as well by
21 using price.

22 So on the one hand the Commission can just look
23 at the data and you can find current injury. When it comes
24 to threat, certainly, the affect of this real diminution of
25 demand in Asia and Europe for plate giving foreign producers

1 in these countries additional capacity to export to the
2 United States and their own displacement by the Chinese -- I
3 mean China's had the largest shipbuilding industry and the
4 largest plate industry when demand falls by millions of tons
5 in China for shipbuilding the Chinese are going to try to
6 push that plate somewhere else and that affects all these
7 plate producers around the world.

8 MR. PRICE: I agree with Mr. Schagrin. You have
9 this enormous collapse that really occurs in '14. It's
10 shipbuilding. It's energy. It's heavy equipment. It
11 happens there first. It motivates everyone to come to the
12 U.S. and undersell to push as much volume in, which the
13 customers say, hey, I've got to stock and build -- and you
14 know you get this huge inventory build.

15 CHAIRMAN WILLIAMSON: Okay.

16 MR. PRICE: You start getting prices collapsing.
17 So it is explain -- you know it explains the sequencing
18 here. The one difference between the U.S. and the rest of
19 the world market is shipbuilding is not a major factor.

20 CHAIRMAN WILLIAMSON: Thank you. Along the same
21 line, do you agree with the assessment provided by market
22 sources in POSCO's brief that almost half the pipelines in
23 the U.S. will need to be replaced because they were
24 installed 50 or more years ago and that the market for
25 bigger pipeline projects should be pretty strong in 2017 and

1 2018?

2 MR. SCHAGRIN: This is Roger Schagrin.

3 So unfortunately, what POSCO says is true, but
4 premature because everyone's been saying that for the past
5 decade. It's not new that things are 50 years old. It's
6 been 50 or 60 years old for a decade and everybody thinks
7 they ought to be replaced. For the pipeline companies,
8 unfortunately, it's cheaper to take the risk of leaks and
9 disasters than to replace thousands of miles.

10 So there is no doubt that we need to replace a
11 lot, as Mr. Mull mentioned before because he's looking at
12 what are these pipe coming to me and asking for me to quote
13 on now for '17 and '18? They're not. So POSCO is
14 completely wrong and they should know better that there's
15 going to be this booming demand in the U.S. in '17 and '18.
16 Some day there will be. I hope I live that long.

17 MR. MULL: I would like to get on the record I
18 don't think there's anyone here that's saying that these
19 other companies should not have the opportunity to be able
20 to ship into this country. We just want fair trade.

21 CHAIRMAN WILLIAMSON: Okay.

22 MR. MULL: The issue is price. The issue has
23 always been price with imports.

24 CHAIRMAN WILLIAMSON: Okay, thank you. Mr.
25 Rosenthal?

1 MR. ROSHENTHAL: I would like to clarify that.
2 We saw the increased demand in 2014 and we saw that it was
3 the foreign producers who were supplying most of that
4 increase in demand. That's the question going forward, if
5 there is an increase in demand for pipeline plate who is
6 going to supply that and at a fair price or an unfair price.

7 CHAIRMAN WILLIAMSON: Okay, thank you.

8 Going to a different line of questions -- I'm
9 sorry. Mr. Smith.

10 MR. SCHMITT: Just one final comment to on the
11 record, this is Chuck Schmitt with SSAB.

12 We certainly welcome any opportunity going
13 forward, be that pipe project investment or infrastructure
14 investment while our mill sit at 60 percent utilization
15 because we have more than the capacity and capability to
16 move upwards with the economy. Thank you.

17 CHAIRMAN WILLIAMSON: And interest rates are
18 lower too. I just want to switch lines.

19 Mr. Trinidad, the domestic industry's talked
20 about some of the investments they made to improve the
21 equipment and make themselves more competitive and I was
22 wondering what investment is there being made in the workers
23 and their ability to be globally competitive and how might
24 the difficult times affect that?

25 MR. TRINIDAD: Right now I can testify to the

1 commitment to training within the workforce. What we always
2 talk about and what we always want to do is promote from
3 within. And one of the things we're doing is we're
4 encouraging production workers to become craft oriented,
5 either through the mechanical maintenance program that we
6 offer within our facility or with our state-of-the-art
7 mechanical electrician MTE programs that we have in the
8 plant, which, at the end of the day, if our coworkers
9 partake in that, if something were to happen in the steel
10 industry they make themselves more marketable and able to
11 find jobs in other facilities with those types of skills,
12 transferable skills.

13 So while the company's on board with that 100
14 percent backing us. We have state-of-the-art training
15 facility. Our Deerfield Woods Training facility at Burns
16 Harbor that we make available to not only our facility, but
17 other facilities around the lake there and other states.

18 CHAIRMAN WILLIAMSON: Okay, thank you.

19 There's been talk about you know the layoffs,
20 closing of plants, how does that affect that training
21 program or programs like that?

22 MR. TRINIDAD: It does affect it. When there's
23 a downturn in the economy and the orders are low, the
24 training it does slow down somewhat. We've negotiated 15
25 cent per hour to go to our Institute for Career development,

1 which is training outside of the plant that you also gain
2 transferable skills and even in the event of a closure that
3 continues to -- that money is there and continue to be used
4 even while people are on layoff.

5 CHAIRMAN WILLIAMSON: Okay, thank you.

6 POSCO and the Japanese Respondents argue that we
7 should take lead times and the fact that there's a lot of
8 stuff is made-to-order into consideration and calculate
9 market shares based on when the product was actually sold
10 rather than when it entered into U.S. ports. Is this a
11 valid argument and what difference would it make?

12 MR. SCHAGRIN: Chairman Williamson, no, it's not
13 a valid argument. We see Respondents consistently in these
14 cases saying we don't like the date on the record, so this
15 is how we suggest you change it.

16 In fact, you know we do not have Professor
17 Housman in this case, but he did a lot of analysis in the
18 other flammable cases, which is exactly the opposite showing
19 that because of the fact -- and as Mr. Price pointed out,
20 the other flammable products have a much higher percentage
21 of being made-to-order. So when the orders come in the U.S.
22 mills, generally, they're selling at a price today for
23 something to be delivered 6 to 12 weeks from now. And then,
24 of course, and I think you can see that even in plate
25 there's about half of the business is subject to contracts

1 just like as -- we haven't spent much time in this case as
2 we did in the other case about contracts, but like the other
3 flat rolled cases a lot of those contracts have price
4 adjustment mechanisms based on quarterly changes and CRU
5 pricing. So the plate imports that arrive today, regardless
6 of when they were ordered, that are then priced by importers
7 or trading companies to distributors and that start
8 suppressing prices get reflected in domestic price changes
9 for spot orders two or three months down the line, for
10 contract adjustments maybe three to six months down the
11 line.

12 So if anything, the price affect of the imports
13 are really three to six months after they arrive in the
14 U.S., but unlike the Respondents, even though that's the
15 case, we're not asking to adjust all your data forward by
16 three to six months. We just take the record as the
17 Commission always looks at it. You look at domestic
18 shipments, imports, exports, in the time periods the annual
19 time periods or the interim periods in which they occur and
20 the Commission should do the same thing in this case you've
21 done consistently in other cases.

22 CHAIRMAN WILLIAMSON: Okay. Anyone else?

23 MR. NORDHUES: Mr. Chairman, Denton Nordhues,
24 Leeco Steel.

25 I think I can fairly safely say that Leeco is

1 one of the largest plate buyers in North America. And in
2 2014 and 2015, I would say that virtually zero percent of
3 what we bought was to order and there was nothing that we
4 bought in from an import source was bought to a specific
5 order. It was all very generic. And secondly, as far as
6 the lead times there was nothing that we bought from an
7 importer that was at a beneficial lead time in any case.

8 MR. MOSKALUK: Commissioner, this is Jeff
9 Moskaluk at SSAB.

10 A couple of other things too, I don't want to
11 get out of my skis here and pretend to be a lawyer because
12 we have plenty of them here. And I certainly don't want to
13 recommend how you look at data because you'll determine what
14 you see fit, but I would say if you want to start changing
15 how you look at data based on these types of things there
16 are a tremendous number of things you would want to consider
17 which would get you back to the data is the data.

18 And I'll point to the fact that there's a
19 suppressive affect on price when imports are being offered.
20 There is a suppressive affect on price when those imports
21 land to an order, so made-to-an-order to a trading company,
22 but the trading company has not sold that plate yet. And
23 there is a further suppressive affect when that trading
24 company has inventory sitting at the port that went unsold
25 off a particular ship and now they're scrambling to get

1 those last few tons sold.

2 So if you want to account for all those lags and
3 leads, you're going to end up back where the data is the
4 data I think because it's too hard to sort through all that;
5 but I can tell you it's suppressive across the whole
6 spectrum of the offer and the resell from the port.

7 MR. PRICE: The econometrics in this area have
8 consistently shrunk, going back to 2001 that imports have
9 their most dramatic affect on prices, including in plate,
10 starting at the time they arrive and for a period of three
11 to six months. It's a lag defect the other way. The data
12 point they put out to somehow or other justify this that
13 there's something unique about produced order for this
14 project, well, in fact, the data point shows that it's the
15 least unique about that saying that the other products are
16 actually even more produced-to-order and you've seen this
17 consistently, including the recent econometrics.

18 As one economist recently said, it's possible to
19 do cruel and unnatural things to numbers. I think that's
20 what the Respondents are offered up when they try to shift
21 their timing in that way.

22 CHAIRMAN WILLIAMSON: Thank you. On that note,
23 Vice Chairman Johanson?

24 VICE CHAIRMAN JOHANSON: I have a question for
25 EVRAZ, on his way to the Court of International Trade

1 Conference just last week, my aide, Michael Robins, who's
2 sitting behind me, did a bit of detective work from his
3 train window. And he observed that the Claymont Plant is
4 under demolition. He used to live in Philadelphia, so he's
5 familiar with the plant, verifying that it is, indeed, being
6 demolished. He saw this on the Internet.

7 He found an article from the local Delaware
8 newspaper indicating that at the time of its closure the
9 Claymont Plant was facing "emission control and cleanup
10 pressures for state environmental regulators." The same
11 article cited, "instability and risky profit-taking that
12 accompanies repeated ownership changes that kept the plant
13 mostly on its heels for decades."

14 Do you have a response to this alternative
15 explanation for the closure of the Claymont facility?

16 MR. HUNTER: This is Don Hunter from EVRAZ.

17 I apologize. I haven't read the article that
18 you're referring to, but I can tell you how we came to the
19 decision to close the Claymont facility.

20 It's not a decision the company takes lightly
21 after investing hundreds of millions of dollars in a
22 facility, but some of the factors that we considered in a
23 very measured approach to closing the facility. It takes
24 months and months. It's measured in quarters, not days or
25 weeks. And those things we took into consideration include

1 the following. IN the 2011/2012 period our industry had
2 just come through significant imports where the subject
3 companies of today's -- these same subject companies
4 increased their imports by a staggering 94 percent. In that
5 time period, price dropped \$360 a ton or 34 percent based on
6 CRU statistics, so the selling price dropped 34 percent
7 during that timeframe.

8 As you move forward into 2013, during the period
9 of April 2013 through October 2013, the market lost another
10 \$45 a ton or another 6.8 percent based on that same publicly
11 available SUR data. The flood of the imports caused such a
12 price collapse in the market that we were left with
13 unsustainably low margins and a longer term outlook that saw
14 little hope of recovery. So as we worked our way through
15 the market situation, '11 and '12 leading into '13, the
16 cumulative affects of the imports and the price collapse in
17 '11 and '12 combined with what happened in '13 were
18 devastating to our company.

19 The domestic mills may have realized a modest
20 increase in sales demand between '13 and '14, which was
21 about 3 percent. I would just like to remind the Commission
22 that during that same period the subject companies increased
23 their imports by over 102 percent. I'd also like to remind
24 the Commission that even after the closing of our Claymont
25 facility we still had idled capacity at our Portland

1 facility.

2 VICE CHAIRMAN JOHANSON: Thank you Mr. Alvarez.

3 Yes, I brought that up precisely because the
4 Respondents have indicated that -- I believe that I can
5 accurately state they indicated that the reason the plant
6 was closing was not necessarily because of input, but due to
7 other reason, as were mentioned in the article.

8 MR. PRICE: The one thing I just will point you
9 to page 10 of the Riley/Ryan brief, which doesn't address
10 that answer, but you actually can see the first import surge
11 dramatically in 2012 as the imports really surge in because
12 of the improvement of U.S. pricing, so you can see some of
13 the background in there as the company looks at what the
14 import situation is and how they're going to margin for them
15 to come into the marketplace in making its decision-making.

16 VICE CHAIRMAN JOHANSON: Thank you, Mr. Price.

17 And while my staff viewed from a distance the
18 Claymont Plant in Delaware last week, I had the opportunity
19 to last summer to view from a distance the Arcelarhitetal
20 Middle Plant in Gary, Indiana and also in Burns Harbor,
21 Indiana. I was visiting Gary and specifically the Indiana
22 Dunes National Seashore, which is right at the base of the
23 Burns Harbor Plant. So I'm particularly interested in these
24 two plants, which, coincidentally, figure prominently in
25 these investigations.

1 Regarding the Gary, Indiana plant, POSCO, at
2 pages 51 to 53 of its pre-hearing brief and German
3 Respondents at page 42 to 43 of their pre-hearing brief
4 argue that the closure of the Gary, Indiana plant was not
5 due to subject imports and low demand. Are there other
6 reasons that contributed to the closure?

7 MR. MULL: We had hoped to be able to get -- Dan
8 Mull, ArcelorMittal -- we certainly had hoped -- we had it
9 idled and we had hoped to be able to restart the Gary
10 facility, but as we look at the marketplace and the time we
11 certainly saw an oversupply and we saw pricing going down
12 and we did not expect to be able to do any restart up of
13 that facility and we then consolidated what we were
14 producing there onto our other facilities in order to make
15 that a more efficient business operation.

16 VICE CHAIRMAN JOHANSON: Mr. Mull, that plant is
17 still there; is that correct? It has not been demolished.

18 MR. MULL: That plant is still there.

19 VICE CHAIRMAN JOHANSON: Okay, thank you.

20 How about the Burns Harbor, Indiana plant, what
21 is the status of Burns Harbor? Was any maintenance done or
22 upgrades made during the shutdown?

23 MR. MULL: I might need a little more
24 clarification.

25 VICE CHAIRMAN JOHANSON: I'm just curious as to

1 what is happening at the Burns Harbor Plant.

2 MR. MULL: We have capital investments that we
3 have had approved and we are making upgrades. We have some
4 accelerated cooling facilities that are being upgraded and
5 being installed as we speak. We also have some additional
6 logistic improvement investments that are being made in
7 order for us to be able to do quicker and better delivery
8 from that facility and we also are putting in some
9 additional testing equipment in the future.

10 VICE CHAIRMAN JOHANSON: I now would like to
11 move on to a different issue, and that is tool steel. There
12 seems to be a pattern of exclusions for cut-to-length plate
13 over the years for a number of different types of CTL plate.

14 Often, this has had to do with tool steel,
15 whereas page eight of ArcelorMittal's prehearing brief
16 points to the inclusion of X-70 plate in both the 2000 CTL
17 plate investigations and the hot-rolled steel investigations
18 at the end of this year, tool steel respondents have argued
19 that there is a 35 year history of excluding tool steel from
20 CTL plate investigations, noting that that same 2015
21 hot-rolled steel case.

22 How can the Commission resolve your arguments
23 about including tool steel in this case when the case you
24 cite to as evidence of when you cite to a case, another
25 case, that same case has evidence of including that 70

1 steel, that excludes X-70 steel tool, tool steel? I
2 apologize for messing up that sentence.

3

4 MS. CANNON: Kathy Cannon. Let me start on
5 the legal point, and then I'll ask Mr. Insetta to expand
6 technically. So in answer to the legal question about how
7 something that is in scope or hasn't been in scope in other
8 cases and in the like product should be included here, I
9 think that our position is very consistent both on the X-70
10 and on the tool steel products.

11 Basically, what we have done is in past plate
12 cases, we have not included tool steel within the scope of
13 the case. There's been evolution in the market that has led
14 to a change in the way that competition is experienced, so
15 that now the industry is seeing more competition in the tool
16 steel market, low priced imports underselling them, and also
17 they are importantly seeing that across carbon and alloy
18 grades.

19 That is what prompted us to expand and change
20 the scope of the case. Once we did that, as the Commission
21 well knows, the scope of the case legally is what drives
22 your domestic like product analysis, and what we have asked
23 is that you simply define the like product here as
24 co-extensive with the scope, and that legal position is
25 exactly consistent with the position we've taken on the X-70

1 product.

2 So I don't think that there is a discrepancy
3 in the legal approach, and I don't think that there is a
4 discrepancy either in the change in the like product, which
5 the Commission often sees as evolutions happen in markets.
6 With that legal backdrop, I'd like to ask Mr. Insetta to
7 maybe provide you some more of the specifics on the market
8 for tool steel.

9

10 MR. INSETTA: Bob Insetta, ArcelorMittal.
11 Yeah, we have seen increasingly aggressive import
12 underselling and injury across the entire spectrum and
13 continuum of plate, and that includes tool steel. When we
14 talk about continuum, you know, our point is that these
15 products, including tool steel in our case and I think in
16 the other producers of tool steel, these products are made
17 in the same melt shop in which we produce what we might call
18 structural grades of steel. They are rolled on the same
19 rolling mills. They are heat-treated in the same heat treat
20 facilities, and they are produced by the same employees that
21 produce the rest of this full spectrum of plate products.

22 Our company, as I testified earlier, produces
23 the broadest range and virtually every plate product that's
24 consumed here in the United States, including tool steel.
25 So we have seen an expansion of the underselling, and price

1 aggression from importers into these grades as Ms. Cannon,
2 Ms. Cannon has testified.

3 That's why, because of injury in some of these
4 grades, that's why they are now included in this case. You
5 know, the plate mills that roll this product, they know no
6 difference between a carbon steel or high nickel steel or a
7 tool steel. They are rolling slabs and ingots without
8 knowing what product it is.

9 So in fact this is all the same product with
10 perhaps different processing to impart different mechanical
11 and physical properties. But they are absolutely a
12 continuum of the same product.

13

14 VICE CHAIRMAN JOHANSON: Thank you.

15 MR. BISCHOF: Phil Bischof with Nucor. We
16 would agree with Mr. Insetta's assessment. Same equipment.
17 We don't really see any difference, carbon, alloy or tool
18 steel on the same equipment.

19 MR. ROSENTHAL: Commissioner Johanson, I just
20 want to say it's not as if this issue were really in contest
21 in the earlier cases that have been cited by the
22 Respondents. This is not a decided issue or one that has
23 been considered by the Commission before as far as I can
24 tell, and in the case decided before they were 201 cases,
25 escape clause cases with a totally different approach to the

1 like product issue, or like or a directly competitive
2 product.

3 So I don't think the precedent that has been
4 cited has any binding nature and in fact even if it did, as
5 testified by Mr. Insetta, Mr. Bischof and Ms. Cannon, what
6 might have been decided 20-30 years ago doesn't bind you
7 today, because of the changes that you've heard described.

8

9 MR. PRICE: And just Alan Price. Really one
10 quick final note. Scopes in these -- a lot of scope
11 products have changed as metallurgy has changed
12 fundamentally. So in 1997, Roger filed against China and it
13 was carbon plate, pure carbon plate. Obviously as
14 metallurgy has changed, the alloys have come in very
15 heavily and helps unite -- it unites up the entire product
16 line in ways that just didn't exist, because things were
17 really quite different back 10, 15, 20 years ago.

18 VICE CHAIRMAN JOHANSON: Right. Thank you for
19 your responses. My time is expired.

20 CHAIRMAN WILLIAMSON: Thank you. Commissioner
21 Pinkert.

22 COMMISSIONER PINKERT: Thank you, Mr.
23 Chairman. Let's say with this tool steel issue for a
24 moment, and if you could respond to the argument that
25 there's really no overlap among the purchasers. In other

1 words, if a purchaser is purchasing tool steel, they're not
2 purchasing other cut-to-length plate products. Is that
3 correct?

4 MR. INSETTA: This is Bob Insetta,
5 ArcelorMittal. No, that is not correct. We have customers
6 that buy a full product line of plate products including
7 tool steel.

8 MR. WHITEMAN: Commissioner Pinkert, Jeff
9 Whiteman at Nucor. I would agree. The people who are
10 buying tool steel also buy a variety of other products. The
11 distributors primarily, most of the tool steel is purchased
12 through distributors. They're buying tool steel and various
13 other steel plate products as well.

14
15 MS. CANNON: Commissioner Pinkert, Kathy
16 Cannon. Just legally I would add that that's not an unusual
17 phenomenon. You do often see customers that are buying
18 particular types because so much of plate is sold to so many
19 different types of uses, and that in and of itself doesn't
20 drive a like product decision.

21 VICE CHAIRMAN JOHANSON: Understood, but if
22 for the post-hearing, if you could try to quantify that
23 overlap that we've heard testimony on, I think that would be
24 helpful.

25 MS. CANNON: We'll be happy to do that.

1 COMMISSIONER PINKERT: Thank you.

2 MR. NORDHUES: Commissioner, this is Denton
3 Nordhues, Leeco Steel. We do purchase tool steel as well.
4 It's a very, very small percentage of what we buy. But at
5 the same time, we purchase the full scope of tool steel
6 sizes. But again, it's just part of our overall portfolio
7 and it's just a small piece and all of our competitors are
8 very, very similar to us.

9 COMMISSIONER PINKERT: Mr. Price, you were
10 going to say something.

11 MR. PRICE: All I was going --

12 COMMISSIONER PINKERT: Okay, thank you. Now
13 we've talked a lot about the diversity within the scope of
14 this petition, but would this panel say that cut-to-length
15 plate within the scope is a commodity product?

16

17 JM Jeff Moskaluk, SSAB. Cut-to-length plate
18 covers a very wide range of applications. It has a very
19 wide range of specifications, tolerances, but that those
20 products which individually may seem like they vary from
21 product to product, they're all made in the same
22 manufacturing facility, same melt shop, same rolling mill.

23 And so in many cases it's just how it's
24 processed through the mill to meet a spec or a tolerance or
25 something else. But so you'll even have proprietary grades

1 from a certain end use manufacturer. They'll call it their
2 grade. It will have their name on it, but when you -- we
3 give it to our metallurgist and we ask them well how does
4 that look, they'll say oh, that's a 572 Grade 50 and, you
5 know, it transfers into an industry spec.

6 But the end user will say no, that's a
7 proprietary steel we use, and it's written to their own
8 specs. So it gets pretty confusing in that you can, you
9 know, you can manufacture a lot of these very different
10 properties, tolerances and specifications across this very
11 wide range off of the same equipment.

12 So I don't know if that answers your question,
13 but that's kind of the scope of how the products kind of
14 roll from one to the next to the next.

15
16 MS. CANNON: Right. Kathy Cannon with Kelley
17 Drye. Let me just add from a legal perspective, the
18 Commission has used the term "commodity" as you're aware in
19 different contexts. Certainly if you're looking at it in
20 terms of the broad context for replacement benefit test, as
21 the Commission recognized in the wire rod case, when you
22 have that high degree of interchangeability that was
23 contemplated for replacement purposes by that test, which we
24 have a different position on I know than you do,
25 Commissioner Pinkert.

1 But when you're looking at it in that context,
2 then it's a very high degree of interchangeability, and when
3 you have a broad range of a product like the wire rod case
4 did, the Commission found it wasn't a commodity.

5 I would suggest that the plate product
6 spectrum that you are hearing about here is equally broad
7 and diverse, so that you wouldn't be able to say one was
8 completely replaceable for another, which doesn't mean that
9 within each product type those products aren't
10 interchangeable from an import source or a domestic source,
11 and I think that's the slight distinction that we're trying
12 to make here.

13 MR. SCHAGRIN: Thank you. I would just invite
14 you, because we do have the benefit of having two of
15 probably the four largest distributors or plate in the
16 United States here, to just maybe respond to your question
17 about how interchangeable imported and domestic plate are
18 when they meet the same specifications that your customers
19 want.

20 So if either Leeco or Olympic witnesses want
21 to respond to the Commissioner about this interchangeability
22 issue.

23
24 MR. MARABITO: Rick Marabito from Olympic
25 Steel. So as I said in my testimony, we can buy every type

1 and grade of plate that we sell domestically, or get it as
2 an import, and we actually prefer to buy it domestically for
3 a variety of reasons. But for us, the only difference is
4 price. It's not that this grade is different or this
5 quality is different. It's, you know, for our -- and we move
6 a lot of plate. So it's really just the price.

7 MR. NORDHUES: Commissioner, Denton Nordhues,
8 Leeco Steel. I would agree with my colleague. There's
9 really nothing especially if I look across the scope of what
10 we buy from import sources, there's never anything special
11 about it. Its quality is assumed when we buy steel from any
12 source. Lead times are always as good or much better from a
13 domestic source, and it really comes down to one thing.

14 We have to have the most competitive price,
15 and those are very, very interchangeable, especially when
16 you look at the scope of what the vast majority of the
17 volume in the U.S. that's moved on cut-to-length plate is
18 oftentimes a standard size, an 8 by 20 or an 8 by 40 or 10
19 by 40. Those are largely what's coming in and it's
20 extremely interchangeable, almost always.

21
22 MR. INSETTA: This is Bob Insetta, excuse me,
23 ArcelorMittal, and I guess I wouldn't necessarily say it's a
24 commodity. I think along this entire spectrum or continuum
25 there are certainly more grades that are more common with

1 higher consumption rates, than others that might be more
2 niche oriented in smaller markets.

3 So you know, and that's not only for us
4 domestically, but also for the importers. So it really gets
5 back to this continuum and certain products being consumed
6 to a greater degree than others, and this idea that niche
7 products, even though they're small in terms of consumption,
8 they do fall on the same continuum, the same melt shop, same
9 rolling mill, same heat treat facility, etcetera.

10 COMMISSIONER PINKERT: Thank you. Mr.
11 Rosenthal.

12 MR. ROSENTHAL: I just want to add one thing
13 that Mr. Insetta said in his direct testimony. The
14 Respondents spend a lot of time in their brief, as they did
15 at the staff conference and I'm pretty sure they'll spend
16 today, focusing on what they consider the niche products,
17 what they call specialty products. When you look at it, as
18 Mr. Insetta says, those products account for a tiny, tiny
19 share of the overall market for the most part.

20 They represent one percent of the market that
21 ArcelorMittal cannot supply. So I want you to think about
22 this in context. When you hear all this discussion by the
23 Respondents later this afternoon, that they're really
24 talking about a really small part of the market overall.

25 COMMISSIONER PINKERT: Thank you.

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MR. PRICE: Alan Price, one other thing. The one comment that ArcelorMittal may not be able to supply it doesn't mean that someone else on this panel, who's actually not currently supplying that product that they're claiming they can't get domestically and won't get domestically.

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COMMISSIONER PINKERT: Thank you. Let me get one other question here this round. Should we supplement our traditional price comparisons for Product 5 with comparisons to direct import pricing? As you know, I can't get into the details on this, but perhaps this is something that you could look at for purposes of the post-hearing.

13

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MS. CANNON: Yes, Commissioner Pinkert. One of the confidential slides that we provided was on the direct import sales, and we have presented information showing the underselling on those sales, based on the data from your staff report. We think that is a very appropriate comparison.

19

20

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22

23

24

MR. PRICE: Alan Price. We agree with you and that's not the only product with direct import sales. This is becoming an increasing phenomena. You heard off of testimony from Leeco about direct import sales in the wind power market directly, you know, directly affecting the U.S. industry.

25

So it's not in your pricing data sets, but

1 this is not a unique thing. This is true underselling and
2 it has the exact same impacts.

3 COMMISSIONER PINKERT: Mr. Whiteman, did you
4 have another comment about the other questions?

5

6 MR. WHITEMAN: Yes. Just briefly, thank you.
7 I was just going to comment that when you look at the
8 continuum of product for cut-to-length plate, whether carbon
9 or alloy, it's similar to hot-rolled. They're all
10 hot-rolled. So the one difference is the pricing impact
11 that one has on the other. So if we see lower prices coming
12 in on one product, it ultimately does affect the whole
13 product mix.

14 COMMISSIONER PINKERT: Thank you very much.

15 CHAIRMAN WILLIAMSON: Thank you. Commissioner
16 Broadbent.

17 COMMISSIONER BROADBENT: Okay. This will be
18 for the lawyers, I guess. According to its website, Berg
19 Steel Pipe Corporation is owned by Europi, a joint venture
20 of Dillinger and Salzgitter, which are both German and a
21 French producer, producers. Does the affiliation between
22 Berg and these companies present a unique channel of
23 distribution issue within our cumulation analysis?

24 MS. CANNON: Kathy Cannon. The answer is no.
25 I believe this issue came up in one of the flat-rolled steel

1 cases as well, where similar arguments were made regarding
2 affiliates as if they had a right to sell to the affiliates
3 at dumped prices, and that that was a different channel of
4 distribution and could be considered and should be
5 considered differently.

6
7 That has never been the Commission's view.
8 That's never been recognized in the past. It was rejected
9 in that case and it should be rejected here for similar
10 reasons. It's not a different channel of distribution.
11 Those are standard, as I showed in the chart, where there is
12 overlap in types of channels of distribution.

13 So that cumulation factor is met here, and
14 simply because there are affiliations doesn't give a company
15 a right to dump product into the United States and justify
16 either decumulation or somehow selling that product simply
17 because of the relationship.

18 MR. PRICE: I would just add, and Ms. Cannon
19 referred to it, but just to isolate the issue for the
20 Commission, that was the exact same issue with POSCO and UPI
21 in the hot-rolled case, where they claimed that they're --
22 here, it's I think an almost completely owned subsidiary.
23 There it was a 50 percent owned subsidiary and they claimed
24 that because they had had supply contracts for many years,
25 that they should be decumulated and this Commission

1 unanimously determined that they should not be. I believe
2 the facts here are virtually identical to the hot-rolled
3 case.

4 MR. ROSENTHAL: Commissioner Broadbent, one
5 more point. I think at the hot-rolled hearing I did suggest
6 that adopting that line of argument would essentially
7 provide a license to dump for any affiliated company, and
8 that's not a direction I think the Commission wants to go.

9
10 COMMISSIONER BROADBENT: Okay. This would be
11 for Mr. Mull from ArcelorMittal. Berg has stated that the
12 reputation of mills producing plate matter for large
13 diameter pipe, large diameter line pipe because it's, you
14 know, in such difficult environments. Due to past failures,
15 some reputations have reportedly been damaged. How
16 important are reputations in the diameter line pipe market,
17 and do they matter?

18 MR. MULL: I think it's obvious that
19 reputations matter no matter what you do, and reputations
20 within the line pipe market is something that goes with many
21 of the line pipe companies who are going to be buying from
22 these pipe producers.

23 I think that our position has always been that
24 we stand behind the pipe producer, making sure that their
25 reputation with their customer is always upheld, even at our

1 own expense. We have done that, and I would just say that,
2 you know, then that reputation is important.

3 COMMISSIONER BROADBENT: Because Berg is
4 submitting to us, I think it's on page five of their
5 prehearing brief, that you're really not willing to meet the
6 requirements associated with any of the pipeline projects
7 which they're participating in.

8
9 MR. MULL: I don't believe that to be the
10 case. We have been meeting with them on an ongoing basis.
11 We're making additional investments and I think some of our
12 other line pipe customers would say to you that we've done a
13 very good job for them and have performed as a very good
14 supplier. So you know, if you want to bring material in,
15 the best way to do it is try to discredit, that you can't --
16 that's the only place you can get it would be my position on
17 it.

18 MR. SCHMITT: This is Chuck Schmitt with SSAB.
19 I just would like to add a little background to that. As a
20 former pipe producer, as well as a steelmaker, and involved
21 in large diameter pipe projects, the discussion and
22 agreement on exceptions or sometimes called alternatives are
23 driven by different methods of production. For example, how
24 SSAB makes X-70 or X80 plate versus a Nucor or Mittal are
25 entirely different.

1 So within these responses for bid packages and
2 specifications, there's an open discussion of offering
3 alternatives, be it in how we arrive at strength levels, be
4 it inspection, be it terms and conditions and so forth. So
5 really it is a -- it is a dialogue that in many cases
6 includes the end user, the oil and gas company and so forth
7 who is writing the specification, and how we meet the needs
8 of the customer, as well as the pipe mill given the fact
9 that we have different methods of production to produce the
10 same product.

11

12 MR. HRITZ: This is John Hritz from JSW Steel.
13 We have -- we have recently bought X grade plates from
14 Arcelor to make pipe, and it has been perfect. We have no
15 issues. So anything that -- and in theory they're a
16 competitor, right? We compete with Blake. So the whole
17 discussion in my mind is nonsensical. We buy from our
18 competitors, we work with them and we've bought X grade
19 plate from them and made perfect pipe with it.

20 MR. MULL: Just to follow up on that, I think
21 the process of making plate and making it into pipe, you
22 know, there's different processes. The ultimate is you need
23 to get to what the end user wants, you know. You can do
24 that through chemistry, you can do it through the working of
25 mechanical of the business, or you can do it through some

1 type of a heat treating cooling process.

2 Once you make the plate, then there's other
3 factors and stresses that the pipe manufacturer puts into
4 that product also from a mechanical standpoint, that then
5 would lead to the ultimate finished product that needs to go
6 to the pipeline company, and the transmission company
7 normally would have also outside consultants and all three
8 parties are normally working together in order to agree on
9 how to reach the finished product that the transmission
10 company wants to put into the ground.

11 Obviously, all of us are very sensitive to the
12 need for high quality, especially in something that's as
13 volatile as a pipeline could be so --

14

15 COMMISSIONER BROADBENT: Okay. Just to get
16 back to our staff report, on Chapter 2, page 11, where
17 there's a lot of reflection in the staff report of multiple
18 purchasers reporting, you know, supply constraints from
19 their domestic producers. I think 25 producers stated that
20 U.S. producers are unable to provide specific types of CTL
21 plate or product specifications.

22 You know, we've been talking about the X-70
23 and the tool steel. 21 purchasers stating that U.S.
24 producers were unable to provide timely order completion.
25 If you look at Appendix D, there's all sorts of allegations

1 out there in terms of explaining why so many -- allegations
2 of just uncooperativeness and difficulty with the domestic
3 industry.

4 How do we put this into context? Is this an
5 unusual amount of folks complaining about their inability to
6 their operations because they can't get the raw material
7 from you all?

8 MR. NORDHUES: Commissioner, this is Denton
9 Nordhues, Leeco Steel. Again I would go back to 2014 and
10 say that unequivocally there was never -- while lead times
11 did get extended, there was never one ton of imports that we
12 bought in 2014 that were bought with a shorter lead time or
13 an advantageous availability of any kind.

14
15 Certainly quality was not superior to what we
16 were buying, able to buy domestically. We had availability,
17 and it just simply came down to when you're looking at a 25
18 to possibly more percent price differential, you just can't
19 -- you can't turn the other way, and then that's what forced
20 us to buy the imports.

21 MR. HUNTER: This is Don Hunter with EVRAZ.
22 Our company has some of the largest pipe-making capabilities
23 in North America. We produce X-70 in pipe scale in all
24 types of pipelines, for internal usage. We make pipe in
25 Portland, we make it in Canada as well. During the '14 and

1 '15 period, '16, I can say we have yet to no quote any type
2 of API scale requirements. We didn't turn down a single
3 bid, and I think that in some cases, the percentage
4 differential between our price and the import price was the
5 sole reason.

6 It was not because of a lack of capability or
7 a lack of efficiency in manufacturing, or even the inability
8 to be competitive with the domestic competition. We had
9 dumping on these products. I just don't think that it's any
10 other factor than price.

11

12 MR. MOSKALUK: Commissioner, Jeff Moskaluk
13 with SSAB. You know, we will deal with -- there will be
14 customers that will be frustrated in that they have not
15 anticipated lead times in the market, and so they'll voice a
16 frustration that they would like something in a shorter lead
17 time. But that's different than saying we won't supply it,
18 and most of our customers are very well-informed on lead
19 times, and they place orders according to lead times moving
20 out or coming back in, which is usually a function of the
21 robustness of the market.

22 As the market condition improves, lead times
23 on mills get further out. I think Mr. Nordhues mentioned
24 the fact that import lead times are still longer than that.
25 So I think what you may be referring to is customers that

1 maybe didn't anticipate the market condition and therefore
2 had some ^^^^ their frustration may have been that they
3 couldn't get it when they wanted it, but it's different than
4 saying they could not get the product.

5 And so we deal with that with customers, and
6 we find ways to try and accommodate customers who've misread
7 lead times or don't, you know, haven't anticipated the
8 change in market condition. But I don't recall us telling
9 customers we wouldn't sell them. So I think this is a
10 different condition than what you're describing.

11 MS. CANNON: This is Kathy Cannon.
12 Commissioner Broadbent, I just wanted to go back to the
13 staff report pages you were looking at, and point out that
14 this section starts by saying "Most responding U.S.
15 producers and most responding importers reported they did
16 not have any supply constraints during the period."

17
18 Then on the next page it said "most responding
19 purchasers responded that they had not experienced any of
20 these supply constraints." So this is not like some of the
21 earlier flat-rolled cases, where we heard a lot about supply
22 constraints and winter issues and other things that
23 presumably were inhibiting sales. Most of these people were
24 saying they were not.

25 I think it's much more isolated in terms of

1 specific problems that a couple of people were complaining
2 about on some types. Most of that is confidential. I think
3 we have to address those specifics in a confidential brief.
4 But I would say generally, this record could be
5 characterized as most people not expressing as many concerns
6 about supply constraints in contrast to the earlier cases.

7 COMMISSIONER BROADBENT: That are --

8 MR. SKAGEN: Commissioner Broadbent? Randy
9 Skagen from Nucor. I think one thing that we don't talk
10 about a lot is the service that the domestic industry
11 provides to our customers, and we have terrific on time
12 delivery. At Nucor Tuscaloosa we lead the industry in on
13 time delivery. We can turn around, even if we have a good
14 backlog, we can turn around and supply our customers with
15 orders in less than a week.

16 That can't happen, that service doesn't happen
17 with imports. The only thing that leads people to buy the
18 imports in that quantity is price.

19 COMMISSIONER BROADBENT: Okay. Thank you very
20 much.

21 CHAIRMAN WILLIAMSON: Commissioner Kieff.

22
23 COMMISSIONER KIEFF: Thank you very much, and
24 I'll just add my thanks to everybody for coming together for
25 the hearing, and I'm sorry that for me, events of the day

1 have precluded my being here for all of the morning and will
2 preclude my being here for all of the afternoon. But I
3 appreciate very much the parties working with each other,
4 with my colleagues and with the staff to build this great
5 record, and I and my staff will look back over the
6 transcript, so this is extremely valuable and I will
7 continue to study it.

8 I recognize as well that I am hummed a few
9 bars alone in hot-rolled, and so I want to try to hum them a
10 little bit here, to ask both panels to help me analyze that
11 music a little bit. I want to make a pitch to both panels
12 that while it is very understandably and appropriately
13 attractive to make forceful arguments to get to a particular
14 outcome at a particular phase of a case, for example here at
15 the ITC, there are of course reviewing courts and ultimately
16 interactions with WTO.

17 So I ask of these questions that I'm about to
18 ask in the spirit of helping us all better understand the
19 analysis. I think that elaborating a little bit that
20 analysis can help those who think you're right get affirmed,
21 and those who think you're wrong get reversed. So it is in
22 the spirit of transparency and improved thinking for us all
23 that I ask this question.

24

25 It follows on some of the conversations you've

1 had already today, but to borrow a phrase from one of your
2 answers, it's not simply because of factor X or Y; it might
3 be because of the confluence of several factors that I ask
4 this question. So for both panels, perhaps in the
5 post-hearing, although if you want to discuss it today
6 that's great, I'm struggling with how to best understand an
7 argument the French and German respondents make, and I'm
8 going to choose my words carefully because of
9 confidentiality.

10 I think they make something like the following
11 argument, that the overwhelming volume for them consists of
12 one product to a single related customer, and as has already
13 been discussed by this panel, that particular product also
14 seems to be a small percentage of domestic consumption.

15 Is the confluence of all of those factors
16 important to our analysis of cumulation and attenuated
17 competition and if so, how?

18 MS. CANNON: Kathy Cannon, I'll start briefly,
19 Commissioner Kieff. There were some slides that we had
20 shown earlier, and Gino, you might put one of them up.

21 COMMISSIONER KIEFF: I've got them, yeah.

22 MS. CANNON: To show that in your own staff
23 report, when you asked about all of these different grades,
24 you saw quite a lot of overlap even on France and Germany in
25 many, many different grades, and I understand that they are

1 focusing on one particular product. But I would emphasize
2 for cumulation purposes, you're seeing a very overlap in
3 this, as well as in the geographic sales, etcetera. But I
4 think it's fungibility on which they primarily focus.

5 COMMISSIONER KIEFF: But let me just see if
6 I'm tracking what you're saying, because I -- it sounds like
7 you're making an affirmative case, and I follow it. It's
8 powerful. I'm trying to wrestle to what to then do with the
9 other side of the argument.

10

11 MS. CANNON: Understood, and I believe in fact
12 that the French and Germans, as I read their brief, were not
13 arguing about cumulation. They are arguing about attenuated
14 competition I believe. So on the attenuated competition
15 point, that is where we have focused on the direct sales and
16 the purchaser slide, where so many of the French and German
17 purchasers as well -- and Gino if you can pull that one up,
18 that's at the very end, Gino -- reported to you that they
19 were shifting sales from U.S. producers to subject imports
20 for reasons of price.

21 So you see on this chart quite a lot of
22 responses, both by France and by Germany, and I think that's
23 very telling when you have purchasers reporting those types
24 of shift by reason of price. So you have this example that
25 shows competition by reason of price, and then furthermore

1 you have all of the testimony and the documentation we've
2 provided on our competition in the X-70 world with subject
3 imports.

4 COMMISSIONER KIEFF: So yeah, and just to
5 stick with your slide since it's up so I feel safe talking
6 about the numbers, what do we do with 9, 9 and 5? Those are
7 pretty small numbers for France compared to the other
8 numbers.

9 MS. CANNON: Well, they're not -- I mean these
10 are the people that responded. So you had 9 purchasers
11 respond and nine of them said the French product was
12 lower-priced, and then five admitted that they shifted
13 because of price. I think that number's telling, even if
14 it's anecdotal, on showing a volume that may not account for
15 all of the French volume.

16 COMMISSIONER KIEFF: But I thought, if I
17 understand the other side's argument on this, is that
18 they're selling one particular product to one particular
19 related customer.

20
21 MS. CANNON: Correct. That's a large part of
22 their argument.

23 COMMISSIONER KIEFF: That's what they call it.
24 Yeah, but I think it's not only a large part of the argument
25 it's -- well look. Factually, I'm trying to figure -- you

1 may have a factual disagreement. You may think that it's
2 actually going to other customers. You may think that the
3 numbers are different. But I take it your points right now
4 are not factual disagreements with the other side.

5 You're saying that the legal significance of
6 the other side's argument is too small to permit focused
7 attention to questions of cumulation or attenuated
8 competition because of the presence of all of these other
9 factors.

10 MS. CANNON: I'm saying both, I think
11 Commissioner Kieff. I'm saying both as a legal matter it's
12 a small part of the whole, and I'm saying it's a factual
13 matter based on the information that we've provided mostly
14 in confidence in our brief that we can supplement in direct
15 response to them on the actual competition, whether we are
16 competing for those sales. We disagree there as well, and
17 that we'll probably need to get into in our post-hearing in
18 confidence.

19
20 MR. SCHAGRIN: Commissioner Kieff, this is
21 Roger Schagrin. I'd break it into two parts. What they're
22 essentially arguing to you first is that the competition is
23 so attenuated because what they're selling to their related
24 party isn't produced by the people in the United States.
25 You're going hear this afternoon that's the heart of their

1 argument.

2 We don't buy because it's from a related
3 party. We buy because no one in the United States can
4 supply us. So that gets down to a factual issue, whether
5 you believe ArcelorMittal, JSW, SSAB, Nucor, when they say
6 their mills have the capability to produce X-70 and to
7 supply U.S. purchasers and the reason they're not supplying
8 is because of price. So that's the attenuated competition
9 argument.

10 COMMISSIONER KIEFF: Can I just follow up on
11 that, to make sure I'm tracking it.

12 MR. SCHAGRIN: Sure.

13 COMMISSIONER KIEFF: So it's -- what if it's a
14 multi-factor decision to purchase, just like it's a -- the
15 Commissioner Johanson dialogue about injury is itself a
16 multi-factor, and I take it the general response on injury
17 to a multi-factored question about injury is that's okay.
18 The statute only requires that the imports be a material
19 cause of the injury. They don't have to be --

20 MR. SCHAGRIN: Volume or price. That's what
21 the statute reads.

22
23 COMMISSIONER KIEFF: Right. So but I take it
24 that the flip side of that argument is being made by the
25 other side here on this attenuation question, because

1 they're saying yeah sure, this one particular related party
2 is going to make its decision for a lot of reasons. But a
3 really important reason is, and then this bucket of special
4 factors that they think would be legally sufficient to at
5 least merit analysis of the question of cumulation and
6 attenuation.

7 MR. SCHAGRIN: Yeah. Well, we'll get into it
8 further. I think it's still about -- the heart of their
9 argument is that the competition is attenuated because, not
10 because of the relationship, but that there's no volume or
11 price effect because the U.S. purchaser couldn't get these
12 products U.S. suppliers.

13 The second point is I think the affiliation,
14 it's so important you addressed it in the hot-rolled case.
15 I'm happy. It's kind of fun to look at the reality versus
16 the argument (mic static). UPI told you in the hot-rolled
17 case that if you made an affirmative injury, they were
18 essentially going to go out of business and leave the west
19 coast, thousands of people.

20 And we had the mayor here, God bless him.
21 He's a wonderful gentleman, say hey if you do this -- now I
22 happen to represent probably half a dozen of UPI's largest
23 customers in the state of California. They would have been
24 up the creek without a paddling if UPI went out of business.
25 There's only two people in California who supply cold-rolled

1 and galvanized sheet in the state, and it's a pretty big
2 state as we know.

3
4 UPI luckily for everybody is getting as much
5 hot-rolled as they need. They're not late with any
6 deliveries to the west coast. I mean and so sometimes it's
7 nice to see what the reality is, because you heard from Berg
8 today. We're going to have to shut down if you impose
9 dumping duties. We heard it ten years ago. Luckily, I don't
10 think that's the case. If it were, I would say don't shut
11 these guys down because nobody wants to put good people out
12 of work. So reality is important.

13 COMMISSIONER KIEFF: I see. I'm sensitive to
14 the time, but Mr. Price, you wanted to --

15 MR. PRICE: Alan Price. One side of the issue
16 is actually UPI is sourcing from a variety of domestic
17 sources now, for the exact people they said they couldn't.
18 So we'll put that to the side. The second thing here is
19 we'll address this more in the post-hearing brief, but
20 clearly they are competing against the U.S. industry and
21 other producers in the X-70 product, and they are not only
22 supplying that product, but they are supplying other
23 products and competing in other markets with other
24 customers.

25 That is enough for both cumulation, and we

1 would say the competition is not attenuated, and we'll
2 explain it all in greater detail.

3 COMMISSIONER KIEFF: Thank you, and I invite
4 the other side to do so as well, just in case we end up not
5 getting to talk. But thank you very much.

6

7 COMMISSIONER WILLIAMSON: Okay, thank you.
8 Commissioner Schmidtlein.

9 COMMISSIONER SCHMIDTLEIN: All right, thank
10 you. I have a few final questions. First, for the
11 post-hearing brief, would you, and this is sort of following
12 on the line of questions from Commissioner Broadbent about
13 potential supply problems, in the staff report at Roman
14 numeral V-26 to 28 it's talking about the reasons that
15 purchasers went to direct imports of X-70, and the
16 "benefits" that they saw from that.

17 And so -- and their statement's in there.
18 They're confidential with regard to potential supply
19 problems. So in the post-hearing if you could respond to
20 those. How should we consider those? Are those outliers?
21 I mean I heard your answer to her question about context,
22 but it would be helpful.

23 MS. CANNON: We'd be happy to specifically
24 address those particular statements.

25 COMMISSIONER SCHMIDTLEIN: And then also for

1 the post-hearing, if you could -- I know we've had some
2 discussion about tool steel and, you know, sort of touching
3 on the factors that the Commission looks at. Does it use
4 the same equipment, these same employees, is it fungible,
5 are the same channels of distribution, you know, all of
6 those factors?

7

8 The Hitachi brief goes into this in a lot of
9 detail obviously. So if you could respond to those
10 particular arguments. They talk a lot about the chemistry,
11 you know, the chemical make-up, the mechanical properties.

12 MS. CANNON: Absolutely we'll be happy to do
13 that.

14 COMMISSIONER SCHMIDTLEIN: I mean just to save
15 some time. And then on the topic of tool steel, I have a
16 couple of questions I think you could answer right now.
17 While I know that scope, we obviously start with scope when
18 we're looking at like product, does it dictate what the like
19 product is obviously? So if the Commission were to find
20 that there were two separate like products, do you see -- is
21 the record in this case sufficient to find that there's
22 injury?

23 And I ask that because when I look at the
24 pricing product that's related to tool steel, Pricing
25 Product 6, it's almost all overselling. I can say there's

1 one country that undersells, and you see imports of tool
2 steel going down over the POI. So if you've got declining
3 imports overselling, would we be able to find that there's
4 material injury by reason of imports of tool steel, if it
5 were a separate like product?

6 MS. CANNON: Kathy Cannon. So I would say
7 your record is incomplete on tool steel, very deficient in
8 that basically at the time that the Respondents were
9 supposed to come forward with more information as to why
10 this should be a separate like product, which is when
11 comments were filed on your draft questionnaires, they
12 didn't.

13

14 And in fact their arguments about tool steel
15 have been moving target since the beginning of this case.
16 But it isn't the fault of your staff that you don't have
17 that information. At the very beginning, at the prelim
18 there weren't arguments that tool steel was a separate
19 product. If you look back at the prelim, there were
20 arguments about X-70, and then the Commission took it upon
21 itself to look at carbon steel versus alloy steel, but not
22 tool steel per se.

23 The comments on the draft questionnaires from
24 Respondents said why don't you break out tool steel and high
25 speed steel as different products, but provided very weak

1 explanations as to why, that the Commission said there's
2 really not enough here. So when we got questionnaires, we
3 weren't asked to break out that information. So you don't
4 have that database.

5 Now I would also note that when they filed
6 their tool steel prehearing brief, they have a new
7 definition of tool steel that doesn't match the one that
8 they mentioned in their draft questionnaire comments. Now
9 they've defined tool steel as including tool steel, what
10 you've defined as tool steel, as well triple knife steel,
11 ball bearing steel, several other types of steel as well.

12
13 So this is a moving target for them. There's
14 no way that you could actually have defined that and
15 obtained the data on that. So that's as far as the domestic
16 industry database. In terms of the pricing factor, the only
17 pricing product that you have again was one that Respondents
18 proposed, that the Commission staff gathered data on.

19 When you look at that pricing product, you
20 will see that first it's a tiny fraction of what they sell,
21 and secondly, that it is overly broad. The range of prices
22 that have been responded to there are so wide that there has
23 got to be a product mix issue. So any conclusions you could
24 possibly draw from that I think would be meaningless. So
25 really you don't have any pricing, solid pricing information

1 either.

2 And finally to do, you know, a market share
3 table or analysis you would really need also the shipment
4 data. You'd need the information from the domestic industry
5 to do the similar type of table, which again you didn't get
6 because they didn't ask even for what they're proposing you
7 analyze at this point.

8 So I think that to undertake that analysis,
9 you simply don't have the data and it's really because they
10 didn't tee this up as they should have if they had wanted to
11 make the arguments they're now presenting.

12 COMMISSIONER SCHMIDTLEIN: So would you say, I
13 mean are you saying the Commission, the Commission can't
14 follow up because we don't have the data to make a decision?
15 We can't break this out and then legally Respondents have
16 waived this because they didn't make the request that they
17 should have?

18
19 MS. CANNON: The Commission has recognized
20 that. In fact, in one of the flat-rolled cases just
21 recently, the Commission stated in a footnote that
22 Respondents really didn't come forward until the prehearing
23 brief with a new like product argument, and that it was
24 incumbent upon them to present the information in their
25 comments on draft questionnaires, which has always been the

1 Commission's practice, so that you're able to then gather
2 the data that you need to gather at the time you need to
3 gather it.

4 And based on that failure to make that
5 request, the Commission said we don't -- we don't even have
6 the data, were we to find this to be a different like
7 product, because you didn't satisfy your procedural
8 requirement. I think the same is true here. They did not
9 ask for what they're trying to argue now is a different like
10 product. They did not ask you to get these types of data.

11 COMMISSIONER SCHMIDTLEIN: Okay. Mr. Price.

12
13 MR. PRICE: I agree, and I would -- I want to
14 also emphasize, this is -- seems to be an ever-shifting
15 product definition they have here. So now you don't have
16 the data, I don't know what the -- you know, it's hard to
17 figure out what the right product definition should be,
18 which is what we were all supposed to put in, you know, if
19 there was going to be a request on this was at the time of
20 the questionnaire, because they've shifted mining, high
21 speed steel and tool steel and they've moved things around
22 in various different ways and combined different products,
23 some of which by the way we would fundamentally disagree
24 with where they would fall. Whether if, you know, if you're
25 really going to start to slice it up, you know, are these

1 really all together or not.

2 Those things should have been fleshed out a
3 long time ago. They had the opportunity. They waived the
4 opportunity.

5 COMMISSIONER SCHMIDTLEIN: Well, if you could
6 sort of lay that out in the post-hearing in terms of how you
7 believe the definition has been shifting, that would be
8 helpful I think. All right. My last question has to do
9 with Hitachi's brief again on tool steel, and on page 30 of
10 their brief, they have a list of U.S. producers, and it's
11 most of them the percentage of CTLP versus what they call,
12 you know.

13 They break out what they say is Other CTLP
14 versus Tool Steel, mostly bracketed for all these producers,
15 although there are some that they list that they believe
16 produce tool steel in the United States, only tool steel in
17 the United States, that did not submit a questionnaire
18 response. Have you looked at those? Do you have any
19 information or do you agree with that, that these are
20 companies that do produce tool steel?

21

22 MS. CANNON: We have looked at that and we do
23 not believe that they're correct. But I think we'd have to
24 address some of this confidentially, in terms of specific
25 companies.

1 COMMISSIONER SCHMIDTLEIN: Okay.

2 MS. CANNON: We are not in agreement with
3 their list.

4 COMMISSIONER SCHMIDTLEIN: Okay, all right.
5 Well, if you could also address that in the post-hearing.

6 MS. CANNON: Yes.

7 COMMISSIONER SCHMIDTLEIN: The list on page 30
8 of their brief.

9 MS. CANNON: Okay.

10 COMMISSIONER SCHMIDTLEIN: All right, thank
11 you.

12 COMMISSIONER WILLIAMSON: Okay, thank you. I
13 have a series of questions and you're quite free to do these
14 post-hearing, if it's easier. The first one is for Nucor.
15 Please describe the effects and any operational changes that
16 have resulted from your acquisition of Joy Global in August
17 of 2016. Please further explain the reasons behind your
18 decision to acquire Joy Global.

19 MR. PRICE: We'd be happy to do that in the
20 post-hearing brief.

21 COMMISSIONER WILLIAMSON: Good, okay. Is the
22 qualification of the plate supplier critical for the success
23 of a bid to supply pipe for a major pipeline project? Mr.
24 Schmitt.

25

1 MR. SCHMITT: Chuck Schmitt with SSAB.

2 Certainly the qualification process and the end user
3 specification would have to be met or negotiated
4 successfully to be a -- to win an award of a bid project.

5 COMMISSIONER WILLIAMSON: Okay. Is that often
6 -- oh sorry. Mr. Mull?

7 MR. MULL: No, I was just going -- yes, it's
8 important to be -- it will be qualified, and normally you
9 work both with the pipe producer as well as the transmission
10 companies, and you -- normally there's a third party
11 involved making sure you get qualified so --

12 COMMISSIONER WILLIAMSON: Okay, and that's not
13 -- I mean domestic producers are used to doing, tailoring
14 their processes? So there's not any disadvantage there I
15 take it.

16 MR. MULL: It's part of their operation.

17 COMMISSIONER WILLIAMSON: Okay, okay.

18 MR. SCHMITT: Chuck Schmitt with SSAB. It has
19 been described by us and my colleagues, as well as including
20 pipe producers. That is a regular part of the work we do.
21 It's an ongoing process involving third party inspections,
22 data logs, review of specifications, etcetera.

23

24 MR. WHITEMAN: Chairman Williamson, Jeff
25 Whiteman at Nucor. I think that's similar across other

1 areas for plate as well. We have to get approved and
2 qualified not only for pipemaking, but for other end use
3 applications as well. So it's pretty common.

4 COMMISSIONER WILLIAMSON: Okay.

5 MR. HRITZ: Mr. Chairman, from JSW. Our
6 platemaking facilities are part and parcel of the
7 qualification process for working with all of the energy
8 companies that we do, to provide pipe, and we have
9 pre-production meetings. They analyze, audit in our
10 platemaking in conjunction with all of the auditing that
11 they do of our platemaking capability. So the answer to
12 your question is yes.

13 COMMISSIONER WILLIAMSON: Okay, good.

14 MR. HUNTER: Don Hunter from EVRAZ. I agree
15 with all my colleagues.

16 COMMISSIONER WILLIAMSON: Good, fine, thank
17 you. Let's move on to another question. Please respond,
18 and this again can be post-hearing, and to the extent that
19 you have not already done so, either here or in your briefs,
20 please respond to the arguments by several respondents, that
21 includes the Austria, France, Germany, Taiwan and Turkey,
22 about not cumulating their imports, their product and we've
23 already done a lot of that. But if there's anything that --
24 any points they've made that you haven't addressed, you can
25 do that post-hearing.

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This is for Nucor. In your prehearing brief, you note that the domestic industry has been unable to make any major investments since 2016, and yet AMUSA and SSAB describe investments they've made in X-70 grade CTL plate operations. So how do you reconcile this difference?

MR. PRICE: It's probably, I would say that their investments have been less than depreciation rates, and you'll see investments at extremely -- at very limited rates. Not what the industry wants to do or needs to do. When you see an acquisition, you're seeing at pennies on the dollar, because it doesn't pay to actually invest other than, you know, at fire sale prices. So bottom line is if we stated there were none, we probably overstated that. It's just insufficient investment.

COMMISSIONER WILLIAMSON: Okay, thank you. U.S. importer Stimcor argues that the increase in post-petition imports from Austria, Italy and Turkey is too small to have a significant impact on the domestic industry, or to undermine the effectiveness of any potential orders, and they argue that there's no basis for finding that inventories of imports from these subject countries would seriously undermine the remedial effects of the orders. How do you respond to that? You can either do it now or post-hearing.

1

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MS. CANNON: Yes Commissioner Williamson.

3

We've addressed some of these critical circumstances

4

arguments in our prehearing brief. But we would respond to

5

those directly in post-hearing as well, because a lot of

6

that is also confidential.

7

COMMISSIONER WILLIAMSON: Good, okay. Thank

8

you. One last quick question, because it really struck me.

9

I think POSCO is arguing at some point that they were

10

expecting 70 percent or seven percent a year growth in I

11

think residential and non-residential construction between

12

now and 2020. I was wondering does anybody agree with that

13

forecast. No, I guess you don't.

14

MR. PRICE: No, but we'll do it in

15

post-hearing.

16

COMMISSIONER WILLIAMSON: Okay, fine. I have

17

no further questions. Commissioner -- Vice Chairman

18

Johanson. No further questions? Does anyone else have any

19

questions? Great. So it's lunch time. Staff, do you have

20

any questions for this panel?

21

MR. CORKRAN: Douglas Corkran, Office of

22

Investigations. Thank you Mr. Chairman. Staff has no

23

additional questions.

24

COMMISSIONER WILLIAMSON: Do Respondents have

25

any questions for this panel?

1 MR. PLANERT: No, Mr. Chairman.

2

3 COMMISSIONER WILLIAMSON: Okay, good. Well
4 it's time to take a lunch break, and given the number of
5 respondents we have and the size of the room, we're going to
6 do an expedited lunch break. It will be 45 minutes, which
7 would make that let's see, thank you. 2:05. So we will
8 resume at 2:05. I want to remind everybody that this room
9 is not secure, so please take any confidential business
10 information that you have.

11 Then again I want to thank the panel this
12 morning. I know we've kept you for a long time, but we very
13 much appreciate your testimony. Thank you. This hearing is
14 recessed.

15 (Whereupon, a luncheon recess was taken.)

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1 A F T E R N O O N S E S S I O N

2 MR. BISHOP: Will the room please come to order.

3 CHAIRMAN WILLIAMSON: Okay. Welcome to the
4 afternoon panel, and counsel may begin when you're ready.

5 STATEMENT OF JIM DOUGAN

6 MR. DOUGAN: Good afternoon. I am Jim Dougan from
7 ECS, and my testimony will discuss how the statutory
8 criteria support a negative determination in this case.

9 Respondents submit that when evaluating volume
10 effects the Commission should consider the POI in
11 increments, given the different demand trends and conditions
12 of competition prevailing at different intervals.

13 Demand increased from 2013 to 2014 and declined
14 thereafter. Thus, the Commission should consider how trends
15 in subject import volumes corresponded to trends in demand.
16 When it does so. It will find that increases in subject
17 import volume and market share over the POI were not
18 significant.

19 (Slides are hereafter shown.)

20 From 2013 to 2014, market conditions improved, as
21 shown in slide one. Apparent U.S. consumption increased by
22 12.6 percent. Questionnaire responses confirm this, as a
23 plurality of U.S. producers, importers, and purchasers
24 indicated that there was an increase in demand for CTL plate
25 between January 2013 and December 2014.

1 It makes sense that these strong demand
2 conditions led to an increase in subject import volume.
3 This increase, while leading to an increase in subject
4 import market share, was not injurious to the domestic
5 industry whose production capacity utilization and U.S.
6 shipments all increased substantially.

7 While the reported utilization figures appear to
8 indicate that the domestic industry had available capacity,
9 the industry's actual capacity is not necessarily aligned
10 with the composition of demand in the marketplace.
11 Questionnaire responses indicate that at least in certain
12 instances domestic producers had difficulty meeting their
13 customer's needs within required time frames.

14 Purchasers reported that their domestic suppliers
15 had placed their firm on allocation or controlled order
16 entry, had declined orders, had accepted orders but had
17 delivered less than promised or contracted, had been unable
18 to provide timely order completion, or had extended lead
19 times. See pages 14 to 15 of POSCO's prehearing brief for
20 confidential details.

21 In addition to these issues, there are a number
22 of products and grades that the domestic industry does not
23 produce or does not produce in sufficient quantities to
24 satisfy demand in the U.S. market.

25 Importers and purchasers identified factors that

1 limit the interchangeability of CTL plate between the U.S.
2 and subject countries, including quality, chemistry, and
3 ability to produce to specifications. You will hear further
4 testimony on these points from the industry witnesses today.

5 Thus, while subject imports increased in volume
6 in 2014, there was no causal link between this increase and
7 the condition of the domestic industry, as its operating
8 margin improved from 1.5 percent to 7.4 percent, and its
9 operating income increased by 450 percent from roughly \$90
10 million to roughly \$494 million.

11 From 2014 to 2015, the market turned downwards.
12 Apparent U.S. consumption decreased by 16.6 percent. A
13 majority of U.S. producers, importers, and purchasers
14 indicated that there was a decrease in demand for CTL plate
15 after January 2015.

16 As a result of this decline in demand, U.S.
17 industry volume indicators declined, as shown at slide two.
18 Subject import volumes also declined, but not as quickly.
19 So there was a small increase in market share.

20 As shown at slide three, however, domestic
21 industry market share remained the same from 2014 to 2015,
22 meaning that the small increase in subject import market
23 share came at the expense of nonsubject imports, rather than
24 the domestic industry.

25 Moreover, as I will discuss later, the majority

1 of subject import volume in 2015 was oversold. Even so, the
2 Commission must consider two important aspects of the
3 marketplace. First, the fact that orders for
4 subject imports are placed three to six months before they
5 enter the U.S. market. And second, that a substantial
6 portion of imports from Germany and other subject sources
7 are a specialty grade X-70, which is available in limited
8 quantities, dimensions, and specifications from the domestic
9 industry.

10 The vast majority of CTL plate is sold on a
11 produce-to-order basis, both for U.S. producers and
12 importers. For U.S. producers, produce-to-order lead times
13 range from one week to nearly three months, while lead times
14 for importers range from three to six months.

15 Thus, to illustrate the responsiveness of subject
16 import volumes to changes in demand, Respondents have
17 created versions of apparent consumption that shift imports
18 back by three and six months to more accurately reflect
19 demand at the time imports were ordered, rather than when
20 they entered the U.S. market.

21 The underlying proprietary data are shown at
22 pages 23 to 27 to POSCO's prehearing brief, but slide four
23 illustrates graphically that when lead times are taken into
24 account subject imports were very responsive to the decline
25 in demand from 2014 to 2015, decreasing by a substantial

1 percentage and losing market share.

2 The three-month shift is shown here, but the
3 results were not materially different when shifted by six
4 months, and similar results were also achieved by using
5 foreign producers' data on exports to the U.S.

6 With respect to attenuation of competition with
7 regard to X-70, the prehearing report and the prehearing
8 briefs of German and other Respondents provide extensive
9 documentation of the inability of the domestic industry to
10 supply X-70 grade CTL plate to the quality and
11 specifications, and in the quantities required by customers
12 in the U.S. market.

13 As a result, competition between subject imports
14 of X-70 and the domestic industry is highly attenuated, and
15 subject imports of X-70 therefore have limited effect on the
16 condition of the domestic industry.

17 Thus, the Commission should consider trends in
18 subject imports in grades other than X-70. The underlying
19 proprietary data are presented at page 28 of POSCO's
20 prehearing brief, but slide five illustrates that there was
21 a substantial decline in the volume and market share of
22 subject imports other than X-70 between 2014 and 2015.

23 Turning to price effects, the Commission
24 concluded in its preliminary determination that subject
25 imports did not depress U.S. producers' prices, which

1 increased from 2013 to 2014, and declined in 2015. The
2 Commission noted that the price declines in 2015 occurred at
3 the same time as substantial declines in demand and in
4 prices for key raw materials.

5 The data in the final phase support the
6 Commission's preliminary determination. Figure 5-1 of the
7 prehearing report, reproduced at slide six, shows that
8 prices for all four key raw materials declined in 2015.

9 Respondents note also that U.S. producers' export
10 AUVs behave similarly to their U.S. shipment UAVs. As shown
11 at slide seven, between 2013 and 2014 U.S. producers' U.S.
12 shipment and export shipment AUVs increased by 10 and 8
13 percent respectively.

14 Between 2014 and 2015, U.S. producers' U.S.
15 shipment and export AUVs declined by 18 and 17 percent,
16 respectively. If subject imports were depressing U.S.
17 producers' prices here in the U.S. market, the Commission
18 would expect to see their U.S. shipments AUVs behaving
19 differently and worse than their export AUVs, but that was
20 not the case.

21 The Commission likewise concluded in its
22 preliminary determination that there was no price
23 suppression because subject imports did not prevent price
24 increases for the domestic like-product that otherwise would
25 have occurred.

1 The final phase record supports that finding.
2 The domestic industry's metal margin, if spread over raw
3 material costs, widened over the three full years of the POI
4 as shown at slide eight.

5 In addition, the industry's COGS to sales ration
6 declined from 2013 to 2014, which as the Commission
7 concluded in its preliminary determination shows that the
8 domestic industry was more than able to recover any increase
9 in cost in 2014.

10 The industry's COGS to sales ratio increased from
11 2014 to 2015, but again as the Commission concluded in its
12 preliminary determination price increases were unlikely in
13 2015 in light of declined in both apparent consumption and
14 unit COGS.

15 In part-year 2016, the industry's COGS to sales
16 ratio increased relative to part-year '15, given that the
17 Commission found that price increases were unlikely in 2015
18 due to declines in apparent consumption in unit COGS and
19 that the same market conditions held in 2016, this is what
20 the commission would expect to see.

21 In all, subject imports did not prevent price
22 increases by domestic producers that otherwise would have
23 occurred. The underselling data likewise do not provide
24 evidence of material injury. Over the POI, prices for
25 subject imports were lower than those for U.S. produced CTL

1 plate 51 percent of the time, and were higher 49 percent of
2 the time.

3 While the quantity of subject imports undersold
4 was greater than the quantity of subject imports oversold,
5 an analysis of the timing is essential. Underselling was
6 concentrated in 2014, the year in which the domestic
7 industry had very strong financial performance.

8 In 2015, when U.S. producers' prices and
9 financial performance declined, underselling also declined
10 and overselling increased dramatically. In fact, in 2015,
11 most subject import volume was oversold. What's more, the
12 underselling in 2014 did not come about by subject imports
13 cutting their prices, but because domestic producers raised
14 their prices substantially while subject imports simply did
15 not increase their prices by as much.

16 As shown at slides 9 and 10, which show that both
17 U.S. producers' prices and subject import prices rose in
18 2014, U.S. producers' prices just increased by more.
19 Underselling only occurred because U.S. producers had and
20 continue to have a high degree of market power, and they
21 were able to command higher prices, significantly higher
22 prices, despite any competition from subject imports.

23 In 2015, U.S. producers cut prices not only in
24 response to dropping demand and raw materials prices, but
25 also in response to competition within the domestic

1 industry. The confidential data are presented at pages 37
2 to 38 and Exhibit 3 to POSCO's prehearing brief.

3 This analysis is important because of the
4 frequency with which a particular U.S. producer undersold
5 both its domestic competitors and subject imports, and
6 because of the size of this producer's shipments relative to
7 the shipments of subject imports.

8 These data provide compelling evidence that
9 subject imports were not the cause of any downward pricing
10 pressure in the market. The absence of adverse volume
11 effects and price effects proves the absence of adverse
12 impact by reason of subject imports.

13 As previously discussed, increases in subject
14 import volume from 2013 to '14 did not prevent domestic
15 producers from taking advantage of increased demand in raw
16 materials prices, leading to substantial increases in
17 profitability.

18 Similarly, subject imports did not cause the
19 decline in prices in volumes that accompanied the decline in
20 raw materials' prices and demand in 2015. As discussed,
21 using confidential data at pages 46 to 50 of POSCO's
22 prehearing brief, the severity of the domestic industry's
23 decline in performance in 2015 was exacerbated by a number
24 of company-specific accounting issues that cannot be
25 attributed to the effect of subject imports.

1 Finally, the Commission should not view the
2 closure of ArcelorMittal's Gary Mill or EVRAZ's Claymount
3 Mill as evidence of injury by reason of subject imports.
4 The Gary Mill was idled in 2008, well before the start of
5 the Commission's POI.

6 The Commission should thus disregard any
7 testimony that attempts to attribute the closure of the Gary
8 Plant to subject imports of this like product in this POI.

9 EVRAZ's claims that the closure of its Claymount
10 Mill in 2013 was due to a high volume of low-priced imports,
11 but in 2013 subject import volumes were at their lowest
12 level of the POI. Moreover, as shown at slide 11, subject
13 imports declined by 26 percent from 2012 to 2013, and total
14 imports declined by 30 percent.

15 In addition to the reasons enumerated in the
16 article referenced by Commissioner Johanson this morning, we
17 note also a quote from a press release at slide 12 which
18 states that EVRAZ did not expect any adverse financial
19 effect on its operations. This directly contradicts the
20 claims it made to the Commission that it was negatively
21 impacted by subject imports.

22 In sum, neither of these closures can be causally
23 linked to any adverse impact of subject imports. We ask
24 that the Commission reach a negative determination in this
25 case.

1 Thank you.

2 STATEMENT OF INGO RIEMER

3 MR. RIEMER: Good afternoon. My name is Ingo
4 Riemer, President and CEO of Berg Steel Pipe Corporation.

5 Berg specializes in production of steel pipes for
6 oil and gas pipelines since 1980. Ninety-six percent of
7 Berg's imports of plate during the Period of Investigation
8 consisted of API X-70 plate customized for specific pipeline
9 projects.

10 None of Berg's plate imports are commodities, and
11 none of the plates are sold into the commercial plate
12 market. In light of some disastrous pipeline failures,
13 steel requirements for pipeline projects have increased
14 during the past decade as a result of more rigorous pipeline
15 safety regulations.

16 In 2009, the Pipeline and Hazardous Materials
17 Safety Administration, PHMSA, issued new guidelines for
18 pipeline safety. These new requirements were primarily
19 addressed through customer stricter project specifications
20 which were gradually implemented throughout the supply
21 chain, first to pipe makers and then to the steel producers.

22 That was a game changer for the API industry.
23 Not only for the technical requirements themselves, but
24 mainly for the fact that pipe and operators demanded
25 transparency and direct involvement in decisions related to

1 steel sourcing.

2 Most U.S. domestic mills have not kept pace with
3 this development and have difficulties complying with the
4 current quality requirements for steel plates used in
5 pipelines that usually exceeds the API standard.

6 Nearly all of our business is obtained by bidding
7 for large-scale projects. The bidding process requires us
8 to disclose who will supply the plate we intend to use.
9 Berg's project execution period may vary from several months
10 up to more than a year. In that period, the customer
11 expects that Berg and ultimately the plate's suppliers will
12 maintain the prices and terms unchanged regardless of any
13 changes in market conditions.

14 They also transfer a huge liability on the pipe
15 producer in terms of reimbursements and penalties for any
16 damage or cost resulting from delivering pipe that is not
17 meeting the specification or liquidated damages for
18 delivering late.

19 In case the plate is the reason for damage, the
20 pipeline operator incurs, then the pipe producer is fully
21 liable, whereas its changes to get reimbursed accordingly by
22 the plate producer is very low as their liabilities are
23 typically limited only to the replacement of defective
24 plate.

25 The only way for the pipe producer to manage

1 their tremendous risk is to be very careful in choosing the
2 right plate supplier. Because of the growing emphasis that
3 our customers place on plate quality, Berg has found that it
4 must source only from trusted and reliable sources. Berg's
5 German and French plate suppliers are constantly dedicated
6 to the high quality X-70 project business and able to commit
7 to supply large volumes of plate of consistent high-quality
8 even when other plate market segments are equally or more
9 attractive.

10 U.S. domestic plate producers are not as
11 dedicated to the X-70 business and follow a more
12 opportunistic approach, switching between different
13 commodity plate products based on highest short-term margins
14 instead of maintaining a stable and reliable long-term
15 supply chain in a very challenging, non-commodity product
16 segment like X-70.

17 In the POI, Berg was able to win bids on some
18 large X-70 projects such as Rover and Saber Trail, because
19 Berg was able to partner with French and German plate
20 producers who were technically able to comply with the
21 project-specific requirements, willing and able to commit to
22 such large long-term projects, and acceptable to all pipe
23 customers.

24 However, none of the Petitioners could
25 participate in recent large projects because:

1 First, Nucor is limited to a plate width suitable
2 for pipes with a max diameter of 36 inch and in lower API
3 grades and wall thickness. Responding to our plate inquiry
4 on November 15th, 2011, Nucor sales rep wrote, quote, "We
5 should be able to handle X-52 and under," end quote.

6 In fact, Nucor has never demonstrated to Berg any
7 interest of being qualified or actively supplying plate for
8 the X-70 market. That contradicts Nucor's statement made
9 during the hearing on April 29th that they actually can
10 provide X-70, but due to price levels chose not to.

11 Second, SSAB is limited to a plate width suitable
12 for pipes with a diameter of 36 inch max and a wall
13 thickness of .75 inch max. Over the Period of
14 Investigation, for 82 percent of our orders SSAB was not an
15 option, predominantly due to SSAB's dimensional product
16 range limitation, but also due to customer preference
17 primarily resulting from previous quality performance
18 issues, or SSAB's inability to guaranty the project
19 requirements.

20 Third, AcelorMittal, for most of the project, has
21 been the only domestic plate producer that is not excluded
22 because of dimensional limitations. However, AcelorMittal
23 has been unable to technically fulfill the specific
24 requirements of project required. Berg had also experienced
25 several and serious quality issues with their plates,

1 including a pipeline burst due to preexisting plate
2 defects.

3 On the large X-70 project in 2010, we experienced
4 a substantial customer claim due to substandard plate that
5 resulted in a huge loss of profit and reputation for Berg.
6 That incident ultimately led to the disqualification of
7 AcelorMittal as a high-grade supplier for Berg for several
8 years.

9 Nevertheless, we acknowledge current efforts at
10 AcelorMittal to upgrade their plate quality and testing
11 capabilities. We believe that such improvements are exactly
12 what AcelorMittal has been lacking so far.

13 Fourth, lastly, JSW and EVRAZ cannot even be
14 considered for plate sourcing since they are also producing
15 pipe and therefore are in direct competition with Berg.

16 AcelorMittal has claimed that plates for those
17 jobs for Saber Trail was always in the dimensional
18 capabilities of AcelorMittal USA. The implied argument is
19 that as long as they can produce the required plate
20 dimensions, width, thickness, length, this is sufficient for
21 being considered as a supplier for those pipeline projects.

22 This argument is, however, incomplete and
23 therefore invalid. Apart from the plate dimensions, there
24 are other additional criteria that have also to be met in
25 order for a supplier to be qualified as a candidate for a

1 pipeline project.

2 Typical examples of such properties are the plate
3 chemistry, strength, toughness, steel cleanliness, surface
4 quality, et cetera. These properties are extremely
5 important for the integrity of the final product, and are
6 described in the applicable standards API5L and project
7 specifications.

8 It is evident that a plate that meets the
9 dimensional characteristics for an API pipe but fails to
10 meet any of the specified physical properties is not
11 suitable and the supplier cannot be considered qualified for
12 the specific project.

13 In case of both Rover and Sable Trail Project,
14 Petitioners failed to guaranty the specified properties and
15 therefore could not be considered as potential supplier for
16 any of them.

17 Petitioners have also made the argument that
18 since they have previously supplied X-70 plate to other U.S.
19 pipe manufacturer, this is enough proof that they are
20 capable of supplying the same plate to Berg. This argument
21 is not correct. Berg has a unique manufacturing process,
22 being the only U.S. line pipe producer that uses a
23 three-year-old banding forming process in conjunction with a
24 mechanical expander.

25 During pipe forming, plate properties at Berg

1 change in a different manner compared to other manufactured
2 processes used by Berg's competitors. As a result, plate
3 that may be suitable for Berg's competitor is not
4 necessarily adequate for use by Berg. Any supplying record
5 of X-70 plate that Petitioners may have with other pipe
6 makers constitutes no proof of compliance with Berg's
7 specifications and requirements.

8 As we established with the documentation in
9 Exhibit A to your prehearing brief, the Petitioners simply
10 were not qualified to participate in large-scale X-70
11 projects either due to their product range limitations,
12 process capabilities, or because they have shown to Berg and
13 our customers evidence of inconsistent quality or technical
14 inability to meet the project requirements.

15 These are provable effects. Just look at the
16 long list of severe and embarrassing quality issues, and
17 just look at the responses to our inquiries where they
18 always demand exemptions to the specifications. This has
19 nothing to do with price or with alleged dumping.

20 If Berg is cut off from its trusted plate
21 suppliers by an antidumping duty order, our customers will
22 abandon Berg and will seek foreign pipe producers who have
23 access to qualified plate. This is what I predicted in my
24 April testimony, and here's what happened during the past
25 eight months.

1 Since this plate case began, imported CTL plates
2 had been filed in April 2016, Berg has not been able to rely
3 on imported plates in order to bid for pipeline projects.
4 At the same time, the U.S. producers' limitations have still
5 existed. Severed from our supply chain, we have been unable
6 to participate in several large pipeline projects of a total
7 quantity of more than one million tons.

8 Among others, projects like Brownsville, C-1,
9 Texas Tuckswan, Corpus Christi, all these projects were
10 undoubtedly outside the domestic plate mill capabilities.
11 Please refer to Appendix A. With no domestic high producer
12 able to bid, those projects were awarded to overseas pipe
13 manufacturers that are currently sourcing the plate for
14 their needs from qualified
15 non-U.S. based producers, and ultimately will import the
16 pipes into the U.S.

17 As a consequence, neither the domestic steel
18 industry nor the domestic pipe industry earned the business.
19 But while the impact for the domestic plate industry is zero
20 as they still can produce plate for other non-pipe
21 applications, Berg is forced to idle its operations and lay
22 off a great number of employees.

23 In April 2016, we employed around 700 people.
24 End of October, we had to reduce down to around 600. We
25 already sent out notice to further cut our workers down to

1 around 400 in December, and we are preparing for the
2 worst-case scenario of further reducing and even idling the
3 operations in 2017.

4 This is the reality, and that can't be in
5 anybody's interest. Thank you very much.

6 STATEMENT OF JIM BARBER

7 MR. BARBER: My name is Jim Barber, President and
8 CEO of Dillinger America, an importer of cut-to-length
9 specialized plate produced by Dillinger in Germany and in
10 France.

11 In addition to X-70, there are several other
12 segments of the U.S. market under-served by the domestic
13 plate producers because the products are either not
14 available, not produced in the dimensions preferred, or in
15 the quality or quantities required on a consistent basis.

16 Examples include, but are not limited to, certain
17 API grades such as 2W50, over an inch-and-a-half, and
18 API2W-60. Some of these products require special testing,
19 measuring the propagation of a crack in the weld-to-heat
20 affected zone, critical in the fabrication of offshore
21 structures and the competitiveness of these U.S. businesses.

22 The prequalification is a very significant time
23 and cost saver for the fabricator. The domestic producers
24 have either chosen not to invest the resources to become
25 qualified, or do not have the facilities to fulfill the

1 product requirements.

2 Petitioners will argue they have a heat-treated
3 alternative, but they add alloy content that negatively
4 affects the impacts and welding increasing the cost of the
5 fabricator.

6 ASTM-A1066, a thermal mechanically rolled
7 structural steel with low-alloy content and enhanced
8 toughness, is used in high rise building construction.
9 Subject imports allow domestic fabricators to compete
10 against their foreign competitors who have access to these
11 specialized grades.

12 For pressure-vessel quality grade such as A516
13 Normalized, particularly, U.S. fabricators cannot get
14 adequate product in the quality or dimensions required from
15 the domestic source.

16 For other PVQ alloy steels, including chrome MOLY
17 ASTM-387 and mold steels such as 4130, 4140, 4142, and P-20
18 alloyed, the dimensions needed are not readily available
19 domestically. Customers have already--or have--customers
20 are having extreme difficulty finding alternative suppliers,
21 so they have to look beyond U.S. producers because the
22 technical specifications and availability of the product,
23 not the price.

24 In no case where there is a domestic option
25 available will you find our lead times often 130 to 160 days

1 from order placement, or our prices, an advantage over
2 domestic option. Thank you.

3 STATEMENT OF JAE KIM

4 MR. KIM: Mr. Chairman and members of the
5 Commission. My name is Jae Kim, and I am sales manager at
6 POSCO America dealing with cut-to-length plate. POSCO
7 America imports and distributes cut-to-length plate from
8 POSCO for sale in the United States. POSCO is the only
9 supplier of cut-to-length plate in Korea that is not subject
10 to existing AD and CVD orders.

11 POSCO has focused on producing high quality
12 value-added products to demanding specs. POSCO only
13 produces discrete plate from slab in a universal plate mill
14 and does not produce cut-to-length plate from hot-rolled
15 coil. The advantages of discrete plate are superior
16 flatness tolerance and greater size range, in terms of
17 greater width and maximum thickness.

18 POSCO produces high strength plates without
19 using large amounts of alloying elements. The advantages of
20 producing with such a lean chemistry is that, while alloys
21 can increase strength, they also reduce weldability compared
22 to plate made with smaller quantities of alloying elements.
23 This is particularly important when producing heavy-gauge
24 X70 plate. Our production process allows us to meet the
25 very demanding performance requirements for API pipe even in

1 maximum widths and heavy gauges that are not available from
2 domestic producers.

3 POSCO's strategy for the U.S. cut-to-length
4 plate market has been to focus on specific products and
5 market sectors experiencing healthy demand that are not
6 served, or have been underserved, by the domestic industry.
7 To understand demand trends for plate it is very important
8 to distinguish between particular end-use markets. Demand
9 trends in the key end-use markets have been very different
10 over the period of 2013 to 2015. For example, demand for
11 large diameter line pipe and shipbuilding were strong in
12 2015, and POSCO's exports were concentrated in these strong
13 demand sectors.

14 Just like French and German exporters, POSCO
15 supplies producers of large diameter pipe that require high
16 quality specs of plate for their production process,
17 specifically API grade X70 or above. Large diameter line
18 pipe is used in major oil and gas pipeline projects.
19 Because of the liability issues involved, pipeline operators
20 require that their suppliers produce line pipe that meets
21 exacting specs for tensile strength and other properties
22 and that they use cut-to-length plate from recognized
23 suppliers who have a strong track record.

24 The domestic cut-to-length plate industry offers
25 only limited capacity to supply X70 grade plate required by

1 U.S. pipe producers. POSCO can produce plate used for line
2 pipe up to 42 inches in outside diameter and can produce
3 thicknesses of 0.650 inch and above for high quality specs.

4 Furthermore, unlike POSCO, none of the
5 petitioning domestic producers can produce API X70 grade
6 cut-to-length plate with low-temperature toughness, meaning
7 able to withstand an average temperature of below minus 30
8 Celsius, particularly in the thicker plate ranges.
9 Low-temperature toughness plates are required for
10 above-ground pipelines in Alaska or in the northern region
11 of the United States.

12 In addition to the large diameter line pipe
13 market, POSCO also supplies plates for shipbuilding. Here
14 again, POSCO offers advantages over domestic suppliers.
15 POSCO had DNV-GL certification during the POI, which is
16 increasingly required by shipbuilders. Thank you.

17 STATEMENT OF JASON NORRIS

18 MR. NORRIS: Good afternoon. My name is Jason
19 Norris, and I am president of Dura-Bond Pipe, LLC.
20 Dura-Bond is a family-owned corporation that was founded in
21 1960 by my grandfather. In 2003, Dura-Bond purchased the
22 Steelton, PA pipe facility, formerly operated by Bethlehem
23 Steel, and invested millions of dollars in capital
24 improvements.

25 Dura-Bond manufactures longitudinal submerged

1 arc-welded LSAW pipe in diameters ranging from 24 inch to 42
2 inch. Dura-Bond employs approximately 450 people at the
3 Steelton, PA pipe mill. I can proudly say we are an
4 American success story, and we are known in our industry for
5 our outstanding quality and on-time performance.

6 We are the only domestically owned LSAW mill
7 left in the U.S. I depend on both U.S. industry and POSCO
8 to obtain plate I need, and I cannot run my large-diameter
9 pipe operations without supply from both. I have worked a
10 long time with various U.S. producers and more recently with
11 POSCO and I'm well aware of the strengths and weaknesses of
12 each in terms of X70 grade. We have said many times over
13 that we cannot make a good piece of pipe from a bad piece of
14 plate.

15 Large diameter line pipe is used in the
16 construction of oil and natural gas transmission pipelines.
17 The pipelines transmit crude oil and natural gas under high
18 pressure and often over many miles. We purchase primarily
19 X70 grade plate for our line pipe. The API 5L specification
20 sets only the minimum requirements we must meet. On
21 projects, our customers write additional project-specific
22 specifications that go well beyond the API 5L specification.

23 The API plate grades are very different from
24 commodity ASTM plate. It is up to the pipe mill to purchase
25 cut-to-length plate that will have the properties required

1 by the API 5L specifications and the customer's requirements
2 after it has been fabricated into a piece of pipe.

3 Steel properties are affected by forming and
4 expansion processes used in LSAW mills, and we need to know
5 how the chemistry and rolling practice used in the plate
6 mill will affect the finished product. This is a highly
7 complicated process reserved for metallurgists to figure
8 out.

9 In the United States, there are five producers
10 with the theoretical capability to produce X70 grade
11 cut-to-length plate. Two of these companies, JSW and EVRAZ,
12 are producers of line pipe, and are producing plate to
13 supply their own pipe mills. Nucor claims to have the
14 capability to produce X70, and during the 2004 and 2006
15 period, we attempted to qualify them as a supplier. We
16 were never able to qualify them beyond X52, however, and
17 they were consistently late on deliveries by multiple
18 months.

19 This leaves SSAB and ArcelorMittal as the only
20 viable domestic suppliers. SSAB can only produce X70 in
21 widths to make pipe up to a 36-inch diameter. We purchased
22 from SSAB's Montpelier facility extensively in the past.
23 Unfortunately, their product was not consistent and caused
24 major headaches in our forming process, which caused us to
25 remove them from our approved manufacturer's list on any

1 plate width over 92 inches, which limits them to a 30-inch
2 diameter pipe or less.

3 ArcelorMittal is physically able to produce X70
4 plate and widths wide enough for us to manufacture 42-inch
5 diameter pipe, which is as large as we can make. However,
6 as the gauge gets thicker and the performance
7 characteristics and testing gets more demanding, they are
8 increasingly unable to meet the project-specific
9 specifications for some of our orders. Their mill lacks
10 sufficient roll force and accelerated cooling needed to
11 produce thick and wide plates used to make the 42-inch
12 heavy-wall.

13 ArcelorMittal attempts to make up for these
14 limitations by adding additional alloying agents to allow
15 air cooling to achieve the required properties. But
16 additional alloys have to be balanced so as not to
17 negatively affect the weld. Given these limitations by the
18 domestic industry, our available supply is very limited.
19 Our business is mainly project-based, and we have to be
20 able to prove to our customers that we have access to the
21 quantity of plate we will need to fulfill an order.

22 For example, we had a pipeline project ordered
23 in late 2014 with very tight specifications, which were the
24 hardest we've ever had to work to, and we needed to be able
25 to deliver 35,000 tons of pipe per month with liquidated

1 damages if we fell behind. ArcelorMittal was able to commit
2 to 20,000 tons per month, and our plan was to award the
3 balance to POSCO.

4 However, around that time, we experienced a
5 quality problem with some ArcelorMittal heavy-wall X70 plate
6 on another project. After reviewing the cause of the
7 problem, our metallurgist and our customer's metallurgical
8 engineer concluded that ArcelorMittal could not be relied on
9 for anything over a 600 gauge, and so we increased the order
10 to POSCO to include all walls heavier than 600 at that time.

11 Another issue is that plates needed to be
12 stockpiled for many months before you charged the mill and
13 make pipe. We stockpiled tens of thousands of plate to
14 ensure product for our mill if there were issues with
15 supply. Many times when there were issues with steel, you
16 don't know until the pipe is made. If there is a defect, it
17 could take many, many months to recover when plate needs to
18 be scrapped and re-rolled, plus it casts a doubt in our
19 customers' mind, because we are responsible to manage our
20 suppliers.

21 Because we lack a dedicated supply of X70 plate,
22 it is essential that we can access POSCO's wide heavy-gauge
23 X70 plate. Otherwise, we would not be able to compete for
24 many of the major pipeline projects we have landed in the
25 past few years. We continue to purchase from ArcelorMittal

1 for lighter gauge plates better suited for their mill and
2 they are a critical supplier for us.

3 Our purchases from ArcelorMittal increased
4 substantially over the past three years. We are one of
5 ArcelorMittal's largest plate customers, if not the largest
6 in 2015 and '16. We understand that ArcelorMittal is in the
7 process of adding equipment at its Burns Harbor facility
8 that should enable them to make heavier walls. But that
9 capacity is not yet online, and once it is, the process of
10 qualifying this new heavy-wall product to run in our pipe
11 mill is likely to take one year or more.

12 I have heard the petitioners argue this morning
13 that a plate is a commodity product and it's sold on price,
14 and that Korea and other import sources are gaining sales by
15 underselling the domestic price. I can tell you
16 emphatically that that is not true of API grades such as
17 X70. Oil and gas pipeline failures can have truly
18 catastrophic consequences: deaths, injuries, and other
19 major environmental damage.

20 We are liable for the pipe, even if a steel
21 defect caused the failure. The plate producers limit their
22 liability. We diligently work to protect our current zero
23 field failure rate. We do this by dealing only with proven
24 suppliers and setting rigorous specifications. While we
25 always try to get the best price, quality and supply are

1 always the most important considerations.

2 I am not going to risk millions of dollars in
3 liability just to save a few dollars per ton on plate. Once
4 the additional cost of credit and inventory are factored in,
5 our costs for plate from POSCO is comparable to that of
6 ArcelorMittal. Limiting our access to POSCO as a plate
7 supplier will not benefit ArcelorMittal, SSAB or any other
8 U.S. pipe plate producer.

9 It would severely damage Dura-Bond by causing us
10 to lose orders to offshore producers of large-diameter line
11 pipe that have unfettered access to U.S. markets and will
12 buy the steel from foreign sources. This would place in
13 jeopardy 450 good-paying U.S. manufacturing jobs that we've
14 worked so hard to create. Therefore, I urge the Commission
15 to reach a negative determination and protect our business
16 and our workers. Thank you.

17 STATEMENT OF GORDON AUBUCHON

18 MR. AUBUCHON: Good afternoon. For the record,
19 my name is Gordon AuBuchon. I am the Executive Vice
20 President of Steel Warehouse Company, a specialty carbon
21 steel coil and plate service center with twelve Steel
22 Warehouse locations and eight subsidiary steel processing
23 locations situated throughout the United States, Mexico and
24 Brazil.

25 We handle more than one million tons of CTL

1 plate a year, including both domestic and foreign product.
2 Most of the CTL plate we handle is domestic, but where
3 material is difficult or impossible to secure domestically
4 we must source offshore, primarily from mills in Western
5 Europe and JFE of Japan.

6 We supply Link Belt cranes and we are a leading
7 supplier to the crane industry in the United States. We
8 also supply Caterpillar, Case-New Holland, John Deere,
9 Terex, Navistar and a list of others. Steel Warehouse
10 employs 2,500 people.

11 While my testimony today may focus on crane boom
12 material, it is really a window onto a broader supply
13 dynamic that reaches beyond the crane market, where the U.S.
14 industry simply does not or cannot meet demand for certain
15 specifications, grades and sizes.

16 But when you talk about crane booms, you
17 frequently get into a discussion about tensile strength.
18 But there is more to it than that. Let me discuss two
19 specifications where U.S. mills struggle to supply globally
20 competitive material, using JFE product from Japan to
21 illustrate.

22 I will start with JFE 780LE HITEN. This is
23 100,000 min yield plate product. This is not just another
24 variety of ASTM 514 because of the yield point similarity.
25 While A514 is made within the United States, it is not

1 produced with the significantly improved features of JFE's
2 780LE.

3 First, 780LE is produced via the HOP, Heat Treat
4 Online Process, which integrates an electric powered
5 induction clamshell to achieve austenizing temperature. The
6 integration of the thermal mechanics into the plate rolling
7 mill results in better process control, better surface and
8 improved flatness. JFE has the only HOP line in the world.
9 The resulting feature improvements -- better surface and
10 flatness -- are not simply cosmetic. Both improve
11 structural performance and both facilitate the fabrication
12 process.

13 Second, the HOP process allows you to start with
14 a lower carbon equivalency, or CEQ. CEQ is the primary
15 method for determining weldability, and therefore cost of
16 fabrication.

17 Now let me talk about JFE HYD 960LE and HYD
18 1100LE. These products are 140,000 and 160,000 min yield
19 plate products that dominate the telescoping boom market.
20 ArcelorMittal USA has produced some product at this level,
21 but it has been rejected by crane producers as unsuitable
22 for their crane booms.

23 SSAB actually enjoys a significant global
24 position within the 960 and 1100 global markets by way of
25 their Scandinavian assets. We handle these products at

1 Steel Warehouse. SSAB Alabama, however, is concentrated in
2 the equivalent of a 130 KSI material, which is being made
3 obsolete by 140 KSI materials. Above 130 KSI, I am not
4 aware of any U.S. mill actively marketing that
5 specification or able to produce it within acceptable OEM
6 tolerances within the crane industry. We are hopeful that
7 this will change, but for now this is the reality.

8 But let me just cut to the chase. Since
9 appearing at last April's staff conference, I understand
10 that petitioners now claim that the domestic industry can
11 make "equivalent" product. They also choose to make most of
12 their direct rebuttal to my prior testimony confidential.
13 But whatever the domestic mills want to say in confidence, I
14 can tell you in public.

15 For the JFE grades I just discussed, they are
16 not in a position to supply the global crane market.
17 Contrary to petitioners' arguments, "proprietary equivalent"
18 means more than just a unique name. What makes these and
19 other grades proprietary is that they offer something unique
20 or advantageous, including substantial improvements in
21 manufacturing efficiency and material performance.

22 I have talked about crane boom material. The
23 same facts hold for true for other grades and specifications
24 beyond crane boom material. Indeed, I must go offshore for
25 other grades and specifications for the same reason: U.S.

1 mills are not capable of producing or supplying these grades
2 and specifications. You have heard similar, real-world
3 testimony regarding X70.

4 The bottom line is that CTL plate tends to have
5 more specialized, demanding applications than other carbon
6 flat rolled products. That is just a fact. Not all mills
7 have the same equipment or desire to fill all or even a
8 portion of the required specifications. Some simply prefer
9 to stick to higher volume, lower spec product. That is the
10 business model they have chosen. Others choose a different
11 approach.

12 In my experience, offshore mills like JFE and
13 elsewhere show greater willingness and desire to meet and
14 even promote new specifications that require more work,
15 engineering and service to make viable. This case threatens
16 that flow of material and the many U.S. consumers that
17 require it but cannot obtain it from U.S. mills. Thank you
18 for your time and I welcome any questions you may have.

19 STATEMENT OF DAVE NECESSARY

20 MR. NECESSARY: Good afternoon. For the record,
21 my name is Dave Necessary. I am the materials sourcing
22 manager at Link-Belt Cranes located in Lexington, Kentucky.
23 I testified at the Commission State Staff Conference this
24 past April and am pleased to appear here again today. As I
25 told the Commission staff back in April, Link-Belt Cranes is

1 in the business of producing and marketing cranes worldwide.
2 We employ around 700 people.

3 We focus on producing the most critical
4 components of the Link-Belt crane, which is a large boom
5 that is responsible for lifting. Back in April, I provided
6 the Commission staff with some important examples that
7 illustrated the significant frustration associated with
8 trying to work with the domestic industry to produce and
9 supply specifications quality and consistency across a
10 range of products that Link-Belt requires.

11 Do we buy from the U.S. mills? Of course we do.
12 We would buy more if they could meet our requirements, but
13 therein lies the problem. Link-Belt requires high tensile
14 strength steel with superior flatness, surface and
15 formability and welding qualities. At the staff conference,
16 I offered some clear examples of our inability to source
17 such material from the domestic mills. To this day, there
18 is only one exception, the booms we have fabricated from the
19 SSAB Alabama material.

20 As I described to the Commission back in April,
21 our use of this material comes with a high rejection rate
22 and rework cost. I can quantify those reject rates and will
23 be happy to do so on a confidential basis. But I can state
24 publicly with the numbers speak for themselves as
25 commercially unacceptable. We continue to work through this

1 issue with SSAB Alabama's mill because they are the only
2 approved domestic supplier and our supply programs reach
3 out over an extended period.

4 We could walk away, but that would undercut our
5 supply chain, flexibility and risk management. But even the
6 highly imperfect supply will only last for so long. We are
7 very near the end of the 130 KSI material commitments. No
8 other orders will be placed. Our boom operations will shift
9 exclusively to 140 KSI and 160 KSI material that no U.S.
10 mill is qualified to produce.

11 The U.S. mills might say that they can produce
12 the 140 KSI, but I assure you that is not an equivalent
13 product by any stretch of the imagination. We do not source
14 any domestic product at the tensile strength. It all comes
15 from SSAB offshore mills.

16 But here's why I'm truly frustrated. I read
17 from the public record in this case that, and what I read is
18 that mills like ArcelorMittal, Nucor and SSAB can make
19 equivalent material or that they can make the entire range
20 of products. With all due respect, a ton of steel is not a
21 ton of steel, no matter what the petitioners would like you
22 to believe. From a fabricator's point of view, the steel
23 must perform on two levels.

24 First, it must fulfill the basic performance
25 specification of the final product. And second, and just as

1 important, it must meet the fabrication parameters that
2 allow the fabricator to be competitive in producing the
3 final product. For Link-Belt, sourcing steel that can meet
4 the performance specifications of the final product,
5 accomplishes nothing if we cannot fabricate that steel in an
6 efficient manner, or at least as sufficient as the offshore
7 competitors.

8 Stated differently, making steel to some
9 baseline standard or specification does not mean you make
10 equivalent product. Steel manufacturing and the
11 requirements of the fabricators are well beyond that kind of
12 cookie cutter view of production. This is a specialized
13 product and Link-Belt enjoys important manufacturing
14 advantages based on material chemistry, characteristics and
15 consistency that domestic mills are unable to match, and the
16 differences are significant.

17 But here's why the Commission should have real
18 doubts about the petitioner's claim. I have not read a
19 single direct rebuttal of my remarks from April. The
20 closest I have seen of the arguments by Nucor Steel, which
21 appears to address points that I and others at the
22 Commission Staff Conference. But most of this argument was
23 made in confidence. I must say that I am troubled by this.

24 My April testimony focused on Link-Belt's
25 experience with SSAB and ArcelorMittal. Nucor does not

1 provide a single ton of steel to use that goes into our
2 critical boom applications. But more problematic is that
3 Nucor's unable to offer its rebuttal in public. I am here
4 talking about what domestic mills can or cannot produce in
5 the supply base on experience of my company. And the
6 response from Nucor must be kept confidential. If anything,
7 that sheds further light on Link-Belt's predicament in this
8 market and our frustration with the domestic suppliers.

9 Let me close by making the same points I made
10 back in April. The U.S. industry is making a big mistake.
11 We buy steel from the U.S. industry. But if the U.S.
12 industry threatens our supply channels for steel they cannot
13 supply, they may lose Link-Belt Cranes in Lexington,
14 Kentucky. Our operations are not permanent. Thank you for
15 your time, and I welcome any questions you may have.

16 STATEMENT OF ADELLOT KAZIMLI

17 MR. KAZIMLI: Mr. Chairman and members of
18 Commission, my name is Adelot Kazimli, and I am the Director
19 of International Trade for Erdemir. My testimony explains
20 how conditions of competition for plate in Turkey are
21 different from the other respondents, and why the Turkish
22 industry does not threaten an injury to the U.S. industry.

23 As for our conditions of competition, the
24 Turkish plate market has a very low degree of domestic
25 competition, as Erdemir is the only producer of heavy plate

1 in Turkey. In contrast, each of the other countries has at
2 least two plate producers. Second, Erdemir sells well over
3 80% of its plate in domestic market. For the other
4 respondent countries, domestic sales are about 60% of their
5 totals. Third, Erdemir's principal export market in the POI
6 have been Iraq and Egypt. These markets have unique demand
7 characteristics. None of the other respondents sell into
8 these markets.

9 These factors distinguish Turkey and Erdemir
10 from the other respondent countries, and the producers in
11 this investigation. Turkey does not pose a threat of injury
12 to the U.S. producers. First, Erdemir has a plate capacity
13 less than half of total domestic demand in Turkey. Second,
14 the Turkish domestic market is experiencing strong demand as
15 the construction sector is strong and there is a surge of
16 investment in renewable energy and particularly in wind
17 turbine construction. Third, our plate mill cannot produce
18 a number of grades that are important for U.S. market,
19 including API and HSLA steel.

20 Finally, we have a limited size range available
21 for export. Concerning critical circumstances, imports from
22 Turkey totaled 29,000 tons in the six months after the
23 petition was filed. This is negligible in the market that
24 consumes some eight to nine million tons per year. Thank
25 you.

1 MR. SPAK: Greg Spak from White and Case. I would
2 just like to signal that we are going to change right now.
3 The last three positions are going to be talking about the
4 tool steel issue. Rich O'Hara, please.

5 STATEMENT OF RICHARD O'HARA

6 MR. O'HARA: My name is Rich O'Hara, and I have
7 been retained by the Tool Steel Respondents to provide an
8 expert opinion regarding differences between tool steel,
9 cut-to-length plate, and other types of steel cut-to-length
10 plate.

11 I am a metallurgist with extensive experience in
12 the field of steel manufacturing. In my opinion, tool steel
13 is a fundamentally different industry and product. I have
14 provided my opinion in a declaration which has been
15 submitted as an exhibit to the Tool Steel Respondent's
16 prehearing brief.

17 As discussed in my declaration, tool steel and
18 other types of carbon and alloy steel differ greatly with
19 respect to the factors I understand the Commission to take
20 into consideration when making its like-product analysis.

21 With respect to material characteristics, tool
22 steels and carbon and other alloy steels are very different
23 in their attributes to distinguish one from the other.

24 First, as can be seen by the chart appearing on
25 the screen, there are clear dividing lines between the

1 chemical compositions of tool steel, carbon, and other alloy
2 steels. On the left side of the line we have carbon and
3 alloy steels. On the right we have stainless and tool
4 steels. You can see that there is a clear separation in
5 chemical composition which flows through the price.

6 Second, tool steel has distinct physical
7 properties which are necessary for specialized end uses.
8 Tool steel has much higher wear resistance, toughness,
9 hardness, than carbon and other alloy steels. Simply put,
10 tool steel has these attributes because their function is to
11 resist wear as they form other products, including carbon
12 alloy steels. They must resist wear and tear and resist
13 deformation.

14 We can see this visually by comparing the
15 products on the screen.

16 First, tool steel is used to produce coal work
17 dies, molds, extrusion tools, and stamping tools. They all
18 resist deformation.

19 On the next slide we see the carbon and other
20 alloy steels are used in applications that require
21 deformation, strength, ductility, and weldability. They are
22 engineered to deform to the final desired shape, and are
23 used to produce load-bearing transportation and structural
24 components such as construction equipment, bridges, and
25 ships.

1 We are dealing with different worlds here. With
2 respect to production, there are also multiple differences
3 between how tool steels and carbon and other alloy steels
4 are manufactured.

5 For example, certain tool steels require
6 specially melt techniques such as remelting and powder
7 metallurgy. Tool steel is made via small-batch electric
8 furnace melting from highly alloyed scrap and alloys. They
9 are typically static cast into ingots and initial
10 hot-working operation is forging. Carbon and other alloy
11 steels are made in large-batch electric furnaces, or even
12 larger batch integrated mills from pig iron and other scrap,
13 alloy scrap.

14 They are usually continuously cast and initial
15 deformation operation is hot rolling. Tool steel is not
16 interchangeable with carbon and other alloy steels. Carbon
17 and other alloy steel is on the one hand and tool steel is
18 on the other and are each designed for specific end-use
19 application. Their physical properties are engineered to
20 satisfy very different sets of requirements and therefore
21 are not substitutes for each other.

22 Producers and consumers also perceive tool steel
23 as a different product than carbon and other alloy steel.
24 Nobody in the industry or among purchasers confuses these
25 products. Tool steel is a highly engineered product for

1 specific end-use applications.

2 The difficulty in manufacturing these products
3 leads to different quality levels in the marketplace. As
4 such, quality level, performance, and availability are the
5 primary differentiators followed by price.

6 Tool steel producers and carbon and other alloy
7 producers supply separate markets. There are also different
8 distribution channels for tool steel and carbon and other
9 alloys. Tool steel is a niche product sold in small
10 quantities, usually by small distributors focused solely on
11 the tool steel market, while carbon and other alloy steels
12 are sold through large, general-line distributors that serve
13 multiple markets.

14 There are also significant differences in the
15 cost and price, as we saw in the chart earlier, which
16 reflects in part the difference in raw material costs.
17 Processing costs for tool steels are also higher due to the
18 smaller batch size, lower product yield, and less
19 streamlined manufacturing operations.

20 Distribution costs are higher, as most orders are
21 small and cut-to-size for customer specifications. In many
22 cases, tool steels also include value-added services such as
23 machining. The differences between tool steel and carbon
24 and other alloy steels are numerous and clear.

25 In my opinion, tool steel and carbon and other

1 alloys have clear dividing lines with respect to each of the
2 factors that the Commission examines for its like-product
3 determinations.

4 Thank you.

5 STATEMENT OF MARK VAUGHN

6 MR. VAUGHN: Good afternoon, Mr. Chairman, and
7 Commissioners. My name is Mark Vaughn. I'm speaking on
8 behalf of the National Tooling and Machining Association, a
9 precision metal-forming association in our roughly 2,300
10 member company.

11 Our industry directly employs 215,000 hardworking
12 Americans and supplies critical components to U.S.
13 industries such as aerospace, agribusiness, automotive,
14 electronics, energy, and medical devices.

15 Many of our member companies, including my own
16 family business in Tennessee, purchase tool steel. We
17 manufacture tooling and dies used in capital equipment that
18 shapes, cuts, and forms steel and other metals into parts
19 that are shipped to our customers and on to the U.S.
20 consumer or exported.

21 I am surprised to be here today, given that the
22 Commission has treated tool steel as a separate product from
23 commodity steel for over 35 years. Though the Commission
24 has not issued questionnaires to most of us, we ask that the
25 Commission consider our observations, as domestic tool steel

1 purchasers and the primary drivers behind the demand for
2 tool steel.

3 My testimony highlights two critical points:

4 First, U.S. tool steel purchasers see tool steel
5 as an entirely separate product than other steel plate.
6 Tool steels are most often heat-treated and produce a
7 Rockwell Scale hardness of 58 to 61. So if the steel is
8 improperly formulated, it will fail when used. Because of
9 the unique mechanical properties, tool steel is only used
10 for specific high-precision applications. These are
11 completely different than the applications for carbon and
12 other alloy steel plate.

13 Tool steel is used for cutting, pressing, and
14 extruding of metals and forming tools such as dies, molds,
15 and blades. Carbon and other alloy steel plate is used for
16 load-bearing and structural applications.

17 There is no interchangeability between tool steel
18 and other steel plate. Tool steel is sold by a totally
19 different group of distributors and producers. Due to its
20 much more expensive chemical composition and production
21 processes, tool steel is sold for roughly four times the
22 price of other steel plate products. Nobody buys tool steel
23 unless they need it.

24 Second, we believe that the vast majority of tool
25 steel imports do not compete with domestically produced tool

1 steel. While we prefer to buy American-made tool steel,
2 most grades are not available from domestic sources, forcing
3 us to purchase from imported tool steel.

4 We do not base tool steel purchases on price.
5 Imports are already more expensive before the additional
6 import duties. Quality is a far more important factor to
7 our purchasing decisions.

8 In conclusion, we respectfully request that the
9 commission recognize that tool steel is a separate product
10 than other steel plate, as it has done for the past 35
11 years. Imposing high import duties on tool steel would
12 force many of our member companies and customers to consider
13 whether to continue manufacturing tooling products in the
14 United States.

15 Thank you.

16 STATEMENT OF JAY HALLORAN

17 MR. HALLORAN: My name is Jay Halloran. I have
18 been in the chipper knife steel manufacturing business for
19 over 52 years. In 1999, I invested my life's savings in a
20 family-owned South Carolina business I operated with my
21 three sons called The KnifeSource.

22 We make chipper knives like the one pictured,
23 which is not up there now but she had pictured up there--
24 there it is, on the lower right-hand corner. My entire
25 family made a commitment to the Knifesource because we

1 expected to be able to import a special grade of tool steel
2 known as chipper knife steel that we needed to manufacture
3 our knives.

4 We rely upon imports because domestic steel
5 producers have shown no interest in producing the hot-rolled
6 chipper knife steel bars that our industry requires. I
7 testified to that effect more than 30 years ago when I last
8 appeared in front of this Commission. The Commission agreed
9 with me back in 1977 and again in 1983 when you specifically
10 recommended that chipper knife steel be exempt from import
11 restraints. And that fact remains the same today.

12 I never expected that my raw material supply
13 would be placed in jeopardy by another import investigation.
14 As you have heard, tool steels are quite different from
15 carbon and alloy steels. Chipper knife steel is a tool
16 steel with a unique chemistry of its own tariff
17 classification.

18 I import chipper knife steel in hot-rolled
19 random-length bars as long as 22 feet. I was shocked to
20 learn that because half of my bars I import that are more
21 than 5.9 inches wide are considered to be plate, and I could
22 be subject to double-digit dumping duties, even though
23 chipper knife steel bars in these widths are not affected
24 domestically--offered domestically.

25 It makes no sense to me that the scope of this

1 investigation only covers about half of the raw material I
2 import. I fear that if chipper knife steel is unfairly
3 swept up within the scope of the dumping investigation, my
4 industry will be overrun by imports of foreign knives which
5 enter duty free and my family will lose its investment and
6 livelihood.

7 I plead with you not to let this happen and ask
8 you to exclude chipper knife steel from the investigation,
9 or limit its relevant size range of chipper knife steel
10 subject to potential duties to widths greater than 8.8
11 inches.

12 My life savings, my family's future, and the
13 future of our industry lays in your hands. Chipper knife
14 steel just doesn't belong in these proceedings.

15

16 Thank you.

17 MR. CAMERON: Mr. Chairman, that concludes our
18 testimony. I did want to point out that Fred Waite and Kim
19 Young are here on behalf of Stemcor to address any questions
20 that the Commission may have about critical circumstances.
21 Thanks.

22 CHAIRMAN WILLIAMSON: I would like to express our
23 appreciation to all the witnesses who have come this
24 afternoon and taking time from your businesses to be here.

25 This afternoon we are going to begin our

1 questioning with Commissioner Pinkert.

2 COMMISSIONER PINKERT: Thank you, Mr. Chairman. I
3 thank all of you for being here today and being willing to
4 help us understand these issues in this case.

5 I want to begin with a quote from Arcelor's brief
6 at page 25. They said: The Commission also collected volume
7 data for shipments of Grade X-70 CTL plate, tool steel, and
8 high-speed steel at the request of the Respondents. Those
9 data show, first, how small these products are as a
10 percentage of total imports.

11 I would like to give you a chance to respond to
12 that.

13 MR. DOUGAN: Commissioner Pinkert, Jim Dougan from
14 PCS. The one thing that I would point out is that, while
15 these products represent a minority of total imports,
16 certainly as you saw in one of the slides of my presentation
17 they represent all of the increase in subject imports
18 between '14 and '15. And that's just the X-70. That
19 doesn't include tool steel.

20 So they have a relevance beyond just their share
21 of the whole. I'll turn to anyone else about a response on
22 the other points.

23 MS. MENDOZA: Julie Mendoza. Yeah, the only other
24 thing I would say is the same thing Jim is saying, which is
25 to elaborate on some of the questions that were asked this

1 morning.

2 I mean, our position is that basically you should
3 remove--if you find the testimony, and I believe you will,
4 credible that the X-70 and the tool steel and these other
5 products, specialized products, are not competing with the
6 domestic industry, and that there's attenuated competition,
7 what we would suggest is that you should look at the
8 remaining imports and look to see what those volumes were,
9 how they changed over time, and at the pricing just for
10 those imports that are not covered.

11 So we're not saying it's a big portion of it, but
12 we're saying it is an important portion of it because it
13 bears directly on volume trends.

14 COMMISSIONER PINKERT: Thank you. Mr. Horgan?

15 MR. HORGAN: I was just going to say, also if you
16 look at the most recent data in 2016, X-70 imports have
17 increased as a percentage of total imports. So certainly
18 they're not--they account for more than any other segment of
19 subject imports. So I can't see how you could dismiss them
20 as insignificant.

21 COMMISSIONER PINKERT: Thank you.

22 Now another issue that I'm sure you noticed, Mr.
23 Dougan, is the argument that CTL plate prices fell by more
24 than raw material costs. You've made the argument that the
25 metal margin increased over the period.

1 Can the metal margin increase if CTL prices fell
2 by more than raw material costs? I'm confused.

3 MR. DOUGAN: Well I think it depends on what time
4 period you're looking at. And I would have to go back and
5 get--see precisely what time period Petitioners were
6 referring to. But the metal margin increased from--
7 certainly increased from '13 to '15, and it increased from
8 '13 to '14. It did shrink between '14 and '15 because
9 demand declined.

10 And so your--when you had the additional effect
11 of--so you had the two effects that led to the decline in
12 prices. You had the decline in raw materials, but you also
13 had the decline in demand which was fairly substantial.
14 They've said, well, it's inventories and all that, but the
15 majority of all responding parties to the Commission said,
16 no, demand really did decline for real after 2015.

17 So there was a substantial decline in demand that
18 had a downward pressure on prices. So the metal margin
19 undoubtedly did increase from '13 to '15. Now it was larger
20 in '14 than '15, and that's a function of Petitioners, or
21 domestic industry's ability to raise prices quite
22 aggressively in 2014.

23 COMMISSIONER PINKERT: I'm going to ask that
24 Petitioners respond to that slide in the post-hearing.
25 Could you put the slide back up again? Whether they agree

1 with it, disagree with it, and explain their position on
2 that.

3 Okay, so now we've talked a lot about the
4 specialty cut-to-length plate, but is there any distinction
5 between subject imports and domestic products in
6 non-specialty cut-to-length plate?

7 Now I understand your argument that the increase
8 is in the specialty areas. I understand that. But is there
9 any distinction physically or functionally in the
10 non-specialty cut-to-length plate between subject and
11 domestic?

12 MS. MENDOZA: There certainly are some
13 distinctions, but given some issues of confidentiality we'd
14 like really to address that, because we do have some
15 customers who, you know, would rather we deal with that
16 confidentially.

17 COMMISSIONER PINKERT: Absolutely. Now turning to
18 Berg and Dura-Bond, I'm sure you noticed in the public
19 testimony earlier today that there was a lot of discussion
20 about why it's okay, in fact normal, for competitors to
21 purchase the plate from their competitors.

22 And what I heard today was that for the pipe
23 people, that there's not so much of an interest in
24 purchasing the plate from their competitors.

25 So I want to understand why that's the case?

1 MR. NORRIS: Jason Norris, Dura-Bond. I can
2 answer that. I think it's pretty, you know,
3 self-explanatory. They have mills that make pipe that we
4 are competing with. So to go to them with an inquiry and
5 expect them to give us their best price, and to work with us
6 as diligently as some of our ArcelorMittal or POSCO, would
7 not be in their best interests because they would want to
8 make the plate and the pipe, right?

9 So I did hear that testimony this morning, and
10 specifically from JSW who I didn't even know the gentleman,
11 and he didn't know me, so he wasn't trying to solicit my
12 business with plate, so today was the first day I've ever
13 met him. And that is, you know, something that just
14 wouldn't be good business to try to go to a competitor for
15 plate.

16 We have been--our reputation is the only thing
17 that really we feel separates us from a lot of our
18 competitors. The last thing we can ever afford to have is a
19 failure in the field. Because as you've been seeing,
20 they've been glorified in television recently with pipeline
21 problems and the pipeline protests, it's a significant event
22 if there's ever a failure of a major large-diameter pipeline
23 that we produce.

24 A 42-inch diameter pipeline operating at
25 pressure, natural gas, if it has a failure could have a

1 radius of destruction of 1,200 feet, which--that's
2 significant. That's many, many acres of destruction.

3 And even if it's a steel defect, it's our
4 responsibility. We are the ones whose reputation would
5 suffer from that. So it is critical that we only choose
6 suppliers that can meet the needs of not only API 5-L
7 specification, but these standards that the transmission
8 companies put on top of us that are governed by not only API
9 5-L but, as Ingo said, PHMSA. It's a hazardous material
10 that they're transporting through these pipelines.

11 And we get audited by PHMSA. And the first--in
12 fact, we went through one about three weeks ago, and the
13 first thing they want to know is what is your customer doing
14 to ensure that this specification goes well above and beyond
15 the API 5-L specification?

16 So it is imperative that we have extremely tight
17 controls on our supply. And we only deal with--we only deal
18 with companies that have a proven track record and can prove
19 to us, based upon their performance, that they can meet
20 that.

21 COMMISSIONER PINKERT: Mr. Riemer.

22 MR. RIEMER: Ingo Riemer with Berg. So I would
23 like to weigh in also. So if we receive an inquiry from a
24 customer, that project information is not public knowledge.
25 So a customer choose to go to a handful of potential pipe

1 suppliers, and it's not public.

2 So we have an interest that this knowledge is not
3 shared with our competitors. So what we do is, we team up.
4 We try to team up with a plate supplier and build a strong
5 team. We have to trust each other. And that is something
6 that is contradicting to a competitor. We would never do
7 that with JSW or with EVRAZ. And that's to your question
8 why we would not consider plate from JSW.

9 MR. PLANERT: Commissioner Pinkert?

10 COMMISSIONER PINKERT: Mr. Planert.

11 MR. PLANERT: Briefly, in response to that point
12 this morning, you know, Mr. Schagrin said, well, you know,
13 I've seen--you know, he used the comparison of the standard
14 pipe industry where pipe producers might buy hot-rolled from
15 U.S. Steel even though U.S. Steel is in the pipe business.

16 And as I think you've heard from these witnesses,
17 this is a very different kind of business. This is a
18 project business, and it's very competitive. The pipe
19 producer and the plate mill have to work together for a bid.
20 And, you know, as Jason said, if JSW thinks their plate is
21 going to work to produce a pipeline, why wouldn't they go
22 after the pipe business as well? Why would they be teaming
23 up with him?

24 So it's really not a plausible scenario in this
25 industry.

1 MR. RIEMER: I would like to say also that if the
2 situation was different, that JSW was--had the reputation
3 that was to be a quality leader and would be a market
4 leader, that might change, that we would shine with their
5 plate, you know, that we might want to team up with their
6 plate and offer to our customer, this is a pipe made out of
7 JSW plate, if that was the case. But if you look into the
8 records, JSW has not produced a lot of long-seam pipe, X-70
9 pipe, and the reputation is terrible. So we would not like
10 to be in one basket with JSW. And we don't want to help
11 them with our reputation to qualify their plates.

12 COMMISSIONER PINKERT: Thank you.

13 CHAIRMAN WILLIAMSON: Okay, thank you.

14 Commissioner Broadbent?

15 COMMISSIONER BROADBENT: Okay. Let's see, a
16 general question for Respondents. What is the status of
17 global demand growth for pipeline projects? Which regions
18 are experiencing the greatest growth?

19 MR. RIEMER: So we --- Ingo RIEMER with Berg Pipe.
20 So your question is in general what the outlook is for the
21 pipeline market, on the world, globally?

22 So we see a general movement from--for power
23 generation away from coal, going to gas. And gas-fired
24 power plants need the gas and it needs to be--there needs to
25 be pipeline built to those power generations. So we feel

1 very strong about the need of pipelines for such power
2 generation from gas.

3 We see also a demand for replacing pipelines For
4 instance, the pipeline grid in the U.S. was built
5 predominantly in the '50s and '60s. Those pipelines need to
6 be replaced soon. And that will also create a huge demand.

7 COMMISSIONER BROADBENT: How is that decision made
8 to when those are going to be replaced, the aging ones?

9 MR. RIEMER: So the decision --- Ingo RIEMER with
10 Berg Pipe--the decision is made by the Administration. So
11 that's also one of the tasks of the PHMSA department, the
12 federal department, to come up with criteria when a pipeline
13 needs to be replaced.

14 And so this is where the standards are made, and
15 the decision is being made. But we are not involved in
16 that. So we are the pipeline operators in between who is
17 operating those old pipelines, and as soon as they come to a
18 decision we have to replace it, they will ask us to supply
19 the pipe.

20 COMMISSIONER BROADBENT: So that's a FERC
21 regulation?

22 MR. RIEMER: Yeah, I think it is the agency. I'm
23 not sure about how that is all set up, but the PHMSA is
24 definitely one of the agencies involved. And whether the
25 FERC is also, probably also involved, yes.

1 COMMISSIONER BROADBENT: What dictates whether a
2 pipeline project requires X-70 CTL plate versus another type
3 of CTL plate?

4 MR. NORRIS: Jason Norris, Dura-Bond. I'd like to
5 also add to your previous question, if I may. I'd like to
6 take one minute to explain why there's been an uptick in
7 large-diameter pipe since 2014.

8 And as was stated earlier, our market is very
9 lumpy, is probably the best word to describe it. It's feast
10 or famine, all or nothing type situation. In Pennsylvania
11 and Ohio and West Virginia they discovered large gas
12 deposits known as the Marcellus Shale and Utica Shale. And
13 they started to drill that and found tremendous amounts of
14 natural gas.

15 The problem was that there wasn't any
16 infrastructure to move that amount of gas out of those
17 areas. As Ingo had mentioned, there is a large shift right
18 now on power generation from coal to natural gas. So this
19 natural gas has become stranded in the tri-state area where
20 I'm from.

21 So in 2014 companies started proposing these
22 large-diameter pipelines to bring them to--bring the gas to
23 market: pipelines to Chicago, pipelines to other places in
24 the Midwest, across Ohio.

25 We are involved in a 550-mile pipeline being

1 built from Pennsylvania to North Carolina to power
2 coal-fired plants right now that will be burning natural
3 gas. So that's the reason for the uptick in demand in the
4 United States. And we expect that to hopefully continue as
5 more coal is displaced by natural gas.

6 COMMISSIONER BROADBENT: Okay. Great. And then I
7 had--the other question I had was what dictates whether a
8 pipeline project requires X-70 CTL.

9 MR. NORRIS: So that is all dictated by the end
10 user. We do not get into the design of a pipeline at all.
11 They come to us with a design that is all really relative to
12 pressure that the pipeline is going to transport. They
13 design the pipeline to move a certain amount of gas at a
14 certain pressure. And there's regulations that dictate how
15 thick the wall of the pipe needs to be to transport that
16 pressure.

17 And then there also different classifications of
18 pipelines, wall thicknesses based upon population density
19 that the pipeline is going to go through. And there's
20 safety factors built in.

21 So an X-70 pipeline, the steel can be thinner to
22 carry the same pressure as say an X-60 pipeline which would
23 require more steel to carry the same amount of pressure. So
24 they want a design, the pipeline, that has the highest grade
25 with the thinnest wall with the least amount of steel as

1 possible to accomplish what they want to do.

2 And currently X-70 is the highest grade that is
3 used in pipelines, with a few exceptions of X-80, which has
4 extremely limited availability. And, to be honest with you,
5 I haven't had an inquiry for X-80 since 2006 or '07.

6 MR. RIEMER: Ingo Riemer with Berg Pipe. I would
7 like to emphasize that the year of 2009 where the PHMSA
8 issued the new guideline. So we, before that we in the past
9 we predominantly sourced our materials domestically from
10 SSAB and from ArcelorMittal. But when the new guidelines
11 came and the customers designed their pipelines differently,
12 the X-70 that we received, or that we ordered in 2008, '09,
13 '10, is different from an X-70 that we today source because
14 of the project, the additional project-specific requirement
15 that needs to be met.

16 And that is where the domestic industry did not
17 keep pace with the requirements. They still want to relax
18 and ask for exemptions and think the world has not changed.
19 It has changed and the game-changer was PHMSA.

20 COMMISSIONER BROADBENT: Berg Steel, Mr.
21 Dimopoulos, does Berg have any purpose for sourcing from its
22 affiliates in France and Germany beyond just the preference
23 for the product? Are you sort of obligated under your
24 corporate structure to source from those affiliates?

25 MR. DIMOPOULOS: No. In the bidding process,

1 received from our prospective customer the package of the
2 specification and then based on that we generate the plate
3 specification. The plate specification will go as an
4 inquiry to all our approved suppliers. So we have a list of
5 approved suppliers. They will only get the copy and they
6 would all give us their technical response. We collect the
7 technical responses. And typically, we will review them.
8 We will communicate if there are things that can be
9 improved. And at a certain point we will have a meeting
10 with our customers. So the customer is going to invite us
11 and ask, okay, if we give you the order how you going to
12 execute. So typically, this is a full-day meeting like
13 today. We will have to present our manufacturing
14 procedures, the process.

15 And of course, the first thing they're going to
16 ask is if we give the order where the plate is coming from.
17 So at that time, we will present them our approved suppliers
18 list. I have to tell that the list contains the domestic
19 mills always. It is to our interest to enter in a bid with
20 as many suppliers as possible.

21 The next question is, okay, so from all these
22 guys who are qualified for our project, for our
23 specifications. And this is the critical moment because we
24 have Supplier A, which says full compliance and we have
25 Supplier B that says, well, I cannot meet the tensile test -

1 - tensile strength. I cannot meet this property or that
2 property.

3 I don't need to explain to you that the
4 discussion is over. Our customer say if you want to be
5 considered you have to commit that you're not going to buy
6 from that plate supplier that's going to comply and this is
7 really our problem. We never make it to the price
8 negotiations when these guys cannot make it through the
9 technical phase.

10 We have examples. We are buying hot rolled coil
11 from SSAB and ArcelorMittal. In fact, we are a largest
12 suppliers. So I have to say that as far as hot rolled coil
13 is concerned, ArcelorMittal has the best facility in U.S.
14 We are extremely happy. Most of our material comes there.
15 But when we go to buy coil, their technical exceptions are
16 zero and I have to say that the commercial discussion is
17 always easy. So the big problem we are facing here is that
18 they don't help us with our technical commitments to make it
19 to the next stage.

20 So after we eliminate or our customers eliminate
21 our options, then we see who is left. And I have to say
22 that international suppliers like Dillinger or Salzgitter,
23 they are very experienced and they will always be among
24 them.

25 COMMISSIONER BROADBENT: Okay, thank you.

1 This is Berg counsel. To what extent should the
2 Commission consider France and German sales to an affiliate
3 at Berg as relevant to its analysis of cumulation for
4 present material injury?

5 MR. HORGAN: Well, I think they should get
6 treated as relevant certainly because it is -- and as
7 Commissioner Kief asked earlier, you know it is sort of a
8 separate distribution channel when you have a related
9 supplier who is not also seeking out other projects in the
10 United States. So aside from serving Berg, the exporters of
11 X-70 -- and that does predominate in the exports from
12 Germany and France -- are really only serving or selling
13 X-70 to Berg, so we do view that as a unique channel of
14 trade.

15 COMMISSIONER BROADBENT: Okay, thank you.

16 For the French and German Respondents, please
17 describe the products that are being exported from France
18 and Germany that are not shipments of X-70.

19 MR. BARBER: As I mentioned in my brief, there's
20 other API grades used in offshore structures that are not
21 dimensionally or the qualities are not available from the
22 domestics. There are some structural grades, mold steels;
23 those are the predominant items that Dillinger America sells
24 from Germany and France, and some pressure vessel grades, as
25 I mentioned.

1 COMMISSIONER BROADBENT: Okay. I wanted to
2 switch over -- I'm out of time. I'll get at the next round.
3 Thank you.

4 CHAIRMAN WILLIAMSON: Commissioner Schmidtlein?

5 COMMISSIONER SCHMIDTLEIN: Thank you. I'd like
6 to start with the attenuated competition argument and just
7 want to make sure that I understand it, so this might be a
8 question for you, Ms. Mendoza.

9 When I look at the tables in the staff report on
10 pages IV-44 and then IV-47, I'm guessing you're familiar
11 with them, which show the numbers in terms of the quantities
12 that are being imported by the various countries and also
13 shipped from U.S. producers. And when you look at those
14 numbers, I mean how could I say that this attenuated?

15 I mean they're all confidential, so I can't --
16 you know I just ask whether I could say what percentage is
17 being shipped producers and the answer is no, so how does
18 that square with your argument that there's attenuated
19 competition because it's not insignificant numbers that are
20 being shipped by U.S. producers, so they're obviously
21 selling in this category. So is it that all of the product
22 being sold by the subject is somehow different than what's
23 being sold by the U.S. producer?

24 MS. MENDOZA: Julie Mendoza.

25 Yes, that's exactly what we're saying. What

1 we're saying is, is that what Berg is bringing in and what
2 Dura-Bond is bringing in -- in their case from POSCO, is
3 X-70 that they cannot source from any U.S. producer, okay?
4 So what they're saying is they buy from Arcelor Mittal,
5 okay, as they were saying. They need supply from both. So
6 our argument is that to the extent that the imports that are
7 coming in are of products that are not produced by the U.S.
8 industry or in one particular example -- and I'll ask Mr.
9 Norris to go over that again -- can't be supplied in
10 sufficient quantities, then those imports are not directly
11 competing with the U.S. product. So, yes, that's exactly --

12 COMMISSIONER SCHMIDTLEIN: So is it just POSCO?
13 Is it just Korea that makes this product that the U. S.
14 doesn't produce?

15 MS. MENDEZO: I guess that they have the same
16 argument, right, about France and Germany.

17 MR. HORGAN: X-70 is also for these large
18 pipeline projects and large diameter pipes is also produced
19 by Salzgittre and Dillinger in Europe and shipped to Berg,
20 so they're using virtually the same process.

21 COMMISSIONER SCHMIDTLEIN: So I guess in the
22 post-hearings, as we can't talk about it here, can you tell
23 me then how much you think of this total is being shipped
24 that can't be supplied by the U.S. I mean and bearing in
25 mind I'm looking at the numbers where the amount shipped by

1 the U.S. jumped from 2014 to 2015 by you know 600 percent.
2 So obviously, like somebody decided that they could buy from
3 the U.S.

4 MS. MENDOZA: Dura-Bond can explain exactly
5 their purchasing patterns because as he said in his
6 testimony he also increased the amount that he was
7 purchasing from Arcelor Mittal. So I think he'd be better
8 to explain the technical aspects of it, but this is the
9 perfect example. This is someone -- this is a company, a
10 very large company, makes a lot of product and depends on
11 two suppliers because of issues that he's had with other
12 companies and problems that he's had, which he detailed in
13 his testimony and there's a lot more in his questionnaire
14 response and the letters and all that. I mean he goes
15 through very specifically, so I urge you to read it.

16 But what he's saying is I need both. I need
17 Arcelor Mittal for the products I buy from them and I need
18 POSCO for the products I buy from them, so he buys from
19 both. And when he's got large projects, he purchases from
20 both of them and he has increased his purchases from both of
21 them, so there's nothing inconsistent with the -- . Those
22 are actually completely consistent with what you're saying.
23 So why don't you explain how you got --

24 COMMISSIONER SCHMIDTLEIN: Can I invite you to
25 do that in the post-hearing because I guess what I'm trying

1 to get to is and where I'm having a little bit of trouble
2 making the leap is how does this affect the whole outcome of
3 the case because X-70 is not that big of a portion when you
4 look at an eight million short ton market, right?

5 MS. MENDOZA: Right.

6 COMMISSIONER SCHMIDTLEIN: And you're not
7 separate like product.

8 MS. MENDOZA: No.

9 COMMISSIONER SCHMIDTLEIN: You're not arguing
10 these should be decumulate. You're saying we don't compete
11 with these certain subsets of a specialty grade of X-70.

12 MS. MENDOZA: We're saying that all the imports
13 that come in of X-70 are products that the U.S. industry
14 cannot provide.

15 COMMISSIONER SCHMIDTLEIN: Every single import.

16 MS. MENDOZA: All of the ones that are accounted
17 for, for France, Germany, and the part -- remember the staff
18 collected this data, so yes, with respect to all the imports
19 of X-70 what we're saying is when you analyze the import
20 trends what you have to do is you have to put those imports
21 aside and then look and see if there's actually been an
22 increase or not and our position is that there has not.
23 That's our position.

24 MR. MCCULLOUGH: Commissioner Schmidtlein, you
25 wanted some quantification. I think that's been done in

1 various parts of the record. I think one place you might
2 want to look is in Berg's questionnaire response. I believe
3 there were some tabulations done, spec-for-spec, on a
4 project-specific basis of the orders that they've already
5 placed. And they tabulated how many tons of those orders
6 could one of the three domestic mills fulfill. And on a
7 percentage basis they showed what the tonnages were and I
8 think it's a pretty compelling point. And if you look at
9 those numbers and compare them against what's coming in, I
10 think it makes our point quite strongly.

11 The other point I wanted to make, and it was a
12 question that was also, I think, raised by Chairman Johanson
13 when he referred to ArcelorMittal's brief. These
14 comparisons were the overall plate market of eight million
15 tons. I don't that's really our point. I think the real
16 point we're trying to make is as a percentage of subject
17 imports these numbers aren't small or even modest. They're
18 quite big. I don't even want to qualify it. It's quite
19 large as a percentage of subject imports, right? And then
20 when you tailor it down even further to the subject sources
21 it gets even bigger and I think that's our main point.

22 MR. REIMER: Ingo Riemer with Berg Pipe.

23 So the glut of imports of the X-70 to Berg that
24 was based for two projects. It was the largest order ever,
25 520,000 tons, and the third largest ever of 350,000 tons.

1 So what you see in the statistics is actually two purchase
2 decisions for two projects that has such a huge impact. And
3 for those projects, the domestic industry was not qualified
4 for those projects period. There is no question about that,
5 but we do also buy from SSAB and from Arcelor Mittal. If
6 you look in our response in the questionnaire, we have a
7 decent quantity that we source from these two mills as soon
8 as it comes to straight API or it is low X-70. If we have
9 to distribute our business, we buy predominately from
10 domestic, so they have to overcome the technical thresholds
11 and as soon as that overcome we come to a commercial
12 situation and then they win most of the projects and we
13 place them 100 percent.

14 COMMISSIONER SCHMIDTLEIN: Okay, I appreciate
15 that. I want to get one more question in before my time
16 expires.

17 MR. DOUGAN: I'll try to be quick. I think also
18 the relevance of this is you know in the preliminary the
19 Petitioner's argument was imports came in '14 because demand
20 was up and they kept pouring in, in '15, even when demand
21 was down. Our point was, actually, for the imports, other
22 than X-70, they didn't. They went down substantially in '15
23 and the apparent increase that you see is all X-70 and it's
24 because of these big pipe projects.

25 COMMISSIONER SCHMIDTLEIN: In '15? Okay, well,

1 that's actually a decent segue to my next question, which is
2 so I assume that the loss of market share by the U.S.
3 producers in '14 then is not X-70 pipe at 70 plate for pipe,
4 right? So U.S. producers lost their market share from '13
5 to '14, right?

6 MR. DOUGAN: There was not a lot of X-70 imports
7 in '14. That's correct.

8 COMMISSIONER SCHMIDTLEIN: Okay. And you
9 mentioned in your testimony, Mr. Dougan, that that is where
10 we see the concentration of underselling and obviously
11 that's when -- even if you look at your slide, this number
12 five, right, that shows ^^^^ where you have the thing -- if
13 you look from '13 to '14 you see the red space gets much
14 bigger, right, the red block of other than X-70 pipe. So my
15 question is, and I guess this is maybe a legal question, if
16 you've got a concentration of underselling in '14 and
17 you've got the U.S. industry losing almost 8 percent market
18 share, 7.7 percent market share, which they've never really
19 regained isn't that injury? I mean do I need to look at '15
20 and go through the exercise of like why -- you know why did
21 they do poorly when you know there wasn't as much
22 underselling? Isn't that material injury for purposes of
23 the statute?

24 MR. PLANERT: Commissioner, I don't think so.
25 In part, because you're making a leap that the change in

1 market share is caused by the underselling and I don't think
2 the record supports that. As Mr. Dougan pointed out, this
3 was a period where both subject imports and the domestic were
4 raising their prices. Demand was strong.

5 COMMISSIONER SCHMIDTLEIN: So you don't think
6 the U.S. shouldn't raise their prices as much as they wanted
7 to compete with the imports?

8 MR. PLANERT: No. What I'm suggesting is that
9 price competition may not explain the change in share. You
10 heard extensive testimony this morning about the statements
11 of various customers in the staff report, and this was not
12 all about X-70, about allocations, about shortages. You
13 heard the domestic industry basically agree that lead times
14 were being extended and their answer was, well, people
15 didn't -- that was really the customer's problem 'cause they
16 didn't forecast accurately what was going to happen with
17 demand, which I found a little bit extraordinary, but the
18 point is that I don't think that you can just assume that if
19 market share goes up and there's some underselling, then
20 necessarily you have a cause and effect.

21 And I think one of the reasons -- you know this
22 is where you have to look at what else was going on in the
23 market, what was going on with demand. There are other
24 segments besides X-70 where customers were reporting
25 allocations and difficulties. And you know we can try and

1 break this down a little more by product, but I think that
2 leap from, well, they lost some market share and I see some
3 underselling; therefore, there's an absolute cause and
4 affect relationship.

5 I mean in some cases there might be, but that's
6 what you have to decide and I don't think you can just
7 assume it and we don't believe it's correct in this case.

8 COMMISSIONER SCHMIDTLEIN: Okay, well, I would
9 invite you, I guess, in the post-hearing to set out if it's
10 not the underselling what caused the loss in market share
11 then what was it.

12 MR. PLANERT: We'll address that.

13 COMMISSIONER SCHMIDTLEIN: Okay, thanks.

14 CHAIRMAN WILLIAMSON: If you hadn't asked that
15 question, I was going to ask it. I was interested in it.

16 I have a question about the domestic industry's
17 capacity in 2014. The domestic industry's cash utilization
18 rate in 2015 was about 75 percent and the Respondents argued
19 that the increase in subject imports in 2014 was not
20 injurious because the industry's actual capacity is not
21 necessarily aligned with the composition of demand in the
22 marketplace and I think the amount of industry capacity is
23 theoretical.

24 I sort of wonder what do you mean by that and
25 what evidence is there to support this mismatch of capacity,

1 other than sort antidotal evidence about the allocations or
2 controlled order entry described in your briefs?

3 MR. DOUGAN: That is the evidence that we're
4 relying on to describe that. I mean you know when you have
5 customers who -- and it's sort of a mosaic of points, right?
6 It's not a uniform thing. There are customers who are, as
7 we've discussed in the past, there's different segments in
8 this market with distinct demand characteristics. Some
9 things were stronger than others.

10 CHAIRMAN WILLIAMSON: That's true of any
11 category of products, though.

12 MR. DOUGAN: Fair enough, but there certainly
13 were a substantial number of purchasers who reported these
14 issues. And we can go into it more in the response, but
15 when we talk about the alignment of capacity with the
16 composition of demand we're saying at any one time the type
17 of product that might be demanded by a particular customer
18 in a particular area may or may not be available to them
19 from the domestic producer. And if they basically conceded
20 this morning that lead times were getting extended, that's
21 kind of what we're talking about.

22 I mean if they really had 25 percent idle
23 capacity just sitting waiting you wouldn't have seen any
24 responses from purchasers indicating this. You know what I
25 mean? If there was that much available capacity, you

1 wouldn't be getting these responses.

2 CHAIRMAN WILLIAMSON: I guess that raises the
3 question how long does it take for it to gear up for any
4 particular product and Petitioners and Respondents can both
5 address that question.

6 Mr. Porter, can you clarify this?

7 MR. PORTER: Yes. I want to just sort of add
8 the evidence -- part of the evidence that you asked for was
9 presented by this panel, okay. You heard very compelling
10 testimony from purchasers, front row and this row here, that
11 they could not get the product that they needed from the
12 U.S. producers.

13 So to the extent that their consumptions that
14 their purchasers increased then that's a mismatch of demand
15 and domestic industry capability to supply.

16 CHAIRMAN WILLIAMSON: Was it the fact that they
17 couldn't produce it or the fact that they quality -- the
18 purchasers didn't feel it was the quality that they needed.

19 MR. PORTER: You have purchasers here in front
20 of you saying I buy this. I know what my customer required.
21 I have a specification. The U.S. producer says I can't meet
22 your specification. Will you accept something else? They
23 say I can't do it. So you have purchasers here saying I
24 could not get what I needed from the U.S. producers. You
25 heard that over and over again over the last hour. So to

1 the extent that their purchasers increased from 2013 to 2015
2 that's your evidence that there was a mismatch between
3 demand, which is what they wanted, and what the domestic
4 industry could supply.

5 CHAIRMAN WILLIAMSON: Mr. Norris.

6 MR. NORRIS: Jason Norris, Dura-Bond.

7 I'd like to also say that you know with regard
8 to the X-70 plate because that what we purchased it's hard
9 to get across and explain that an X-70 plate when these
10 producers say they can make it. Can they make it? Yes,
11 okay? Can they make it to a performance standard that is
12 acceptable to us and to our customers and make a piece of
13 pipe?

14 Okay, some of them say they can. They say we
15 think we can make that; however, we're the ones that are
16 responsible if there's a problem because --

17 CHAIRMAN WILLIAMSON: But they did say there's
18 all kinds of testing and certification. And I assume what
19 you're saying is they don't pass those testing and
20 certification requirements; is that correct?

21 MR. NORRIS: In some cases, yes, they can't.

22 CHAIRMAN WILLIAMSON: Okay, that's an objective
23 basis for saying they can't do it.

24 MR. NORRIS: Yes.

25 MR. DIMOPOULOS: I would like to expand on that.

1 As I was explaining before, in certain cases up front they
2 say we cannot do it. We cannot meet the properties, but we
3 do have cases in the past that they have said, yes, we can
4 do it and then when the product arrives and we make it to
5 the pipe then the properties are not there. And we are, as
6 Jason said, we are stuck with the problem because the plate
7 supplier that we say, okay, sorry guys there was something
8 in my process. Let me replace your plate. Replacing a
9 plate may take months and we're not talking about single
10 plates. We're talking hundreds or even thousands of tons.
11 And meanwhile, we have our customer. They don't get their
12 pipes. They don't get the gas. And we are liable to
13 liquidated damages, which are extremely, extremely
14 expensive.

15 The plate suppliers are not backing us up, so
16 when you make a business decision and say, yeah, we can do
17 it. So obviously, when they cannot do it, it's completely
18 out of the consideration, but the actual performance, the
19 past performance is also very important. Keep in mind, that
20 according to our standards when we test the pipe we make a
21 sample testing. We probably test 1 or 2 percent of the
22 population of pipes, but based on that testing we need to
23 give guarantee for the entire pipeline, so this is the kind
24 of support we are looking from our suppliers.

25 CHAIRMAN WILLIAMSON: So that's not really a --

1 it's capability versus the capacity of the plate.

2 MR. DIMOPOULOS: I was referring to technical
3 capability -- yes correct.

4 CHAIRMAN WILLIAMSON: Okay, because the sense
5 here was I seemed to be talking more about the capacity of
6 the plant and the capacity utilization numbers that are
7 reported.

8 MR. NECESSARY: I know we're spending a lot of
9 time talking about the X-70, but with my experience on the
10 140-KSI and 160 material I made it quite clear at the last
11 time that we met with everyone in April. I said if any of
12 these mills can make my product, come see me, and none of
13 them has yet to speak to speak to me. So if they can make
14 these, I say to them again -- I don't know if they're back
15 there behind us or if they've all decided to leave, but I
16 would say to them again come see me and especially as if
17 you, as Nucor can say, I can make anything in a week. Let's
18 place an order because they can't. And that's what's
19 difficult for me and my world might be small and they may
20 say it's a 10th of a 10th of a 10th, but it's everything I
21 got and it's everything our 700 people live and work for in
22 Lexington, Kentucky. So in my world, they can make that.
23 And they can say again and again they can, but SSAB, who is
24 here today, knows that they can't make that in Alabama
25 because they've never provided me any product from Alabama.

1 It's always been from their foreign sources that they have,
2 so the proof is in what they're actually doing for us every
3 day.

4 CHAIRMAN WILLIAMSON: Okay, I will let them
5 respond post-hearing to those comments, but thanks, that
6 does clarify that a little bit, that sentence.

7 You made pricing arguments regarding both the
8 timing of underselling and regarding a single U.S. producers
9 underselling other U.S. producers. Did the timing of that
10 single U.S. producer's prices lead to other firms following
11 suit, both during the price increases in 2014 as well as the
12 price declines that followed?

13 I mean think there was an indication that I
14 think some were saying that part of the domestic industry's
15 problems was competition between different domestic
16 producers and this question kind of gets to that.

17 MR. DOUGAN: Chairman Williamson, that is
18 something that we would definitely have to answer in
19 post-hearing. It's all confidential, so we'll do what we
20 can about that. Thank you.

21 CHAIRMAN WILLIAMSON: That is fine. Thank you.

22 Please discuss whether the level of -- for the
23 domestic industry and for the subject imports of the U.S.
24 have affected the performance of the domestic industry since
25 2013. If the subject inventory for the subject imports is

1 confidential, feel free to do this post-hearing too.

2 MR. DOUGAN: I'm sorry; could you repeat the
3 question?

4 CHAIRMAN WILLIAMSON: The question was discussed
5 whether the levels of inventories for the domestic industry
6 and for the subject imports in the U.S. have affected the
7 performance of the domestic industry since 2013 and you may
8 want to do it post-hearing.

9 MR. DOUGAN: Sure. And we'll talk about that
10 post-hearing. I do think that the record evidence that you
11 have from your questionnaires for both importers and indeed,
12 from purchaser inventories don't really match with the story
13 you were hearing this morning about all of the imports going
14 into inventory and the big sell off in 2015, but we can't
15 get into it more now. We'll get to it in post-hearing.

16 CHAIRMAN WILLIAMSON: Okay. I was curious if
17 anybody could address this. Given all the problems you're
18 saying you're having with the domestic product, it would
19 seem like the imported product would be selling -- the
20 subject product would be selling at a premium. Now that's a
21 question I'm raising. Now if quality and all this is so
22 much important -- you all discuss Commerce and how they
23 figure things out, but I'm just asking the question.

24 MR. RIEMER: Ingo Riemer with Berg Pipe. So I
25 would answer it like that there is proof that we have

1 quality issue. We have provided them in the Appendix A, a
2 long list of the quality issues and of the responses that
3 prove that they cannot meet our requirements. And another
4 proof is that they actually invest in new equipment in order
5 to improve because they realize that we are right. They
6 realize that they cannot meet the specification. And we're
7 appreciating that they follow the recommendations that we
8 gave and that they're investing in accelerated cooling and
9 stuff like that.

10 CHAIRMAN WILLIAMSON: Yeah, I mean because you
11 probably want to have more competition among your suppliers,
12 but I'm saying why aren't the subject products, particularly
13 the ones where there's competition is not -- the domestic
14 competition is not up to snuff why aren't those products
15 selling at more of a premium.

16 MS. MENDOZA: This is Julie Mendoza.

17 I think that our position, and certainly the
18 testimony of Dura-Bond, is that the prices are very
19 comparable between POSCO and Arcelor Mittal, but remember
20 what they were also saying. They were also saying I supply
21 from Arcelor Mittal, right, the particular products that
22 they can make and they've bought from them and I buy the
23 specific products from POSCO that POSCO can make, okay? So
24 the idea there is there's no competition going on in terms
25 of price. In fact, I mean Mr. Norris will tell you when it

1 comes to these projects -- and I think there was testimony
2 to this to fact. Nobody talks about price until you meet
3 the specifications first.

4 CHAIRMAN WILLIAMSON: He doesn't want to pay
5 more for it if he can avoid doing it. Yes.

6 MR. HORGAN: You know there is a lid on how much
7 you can charge, so prices aren't going through the roof
8 because a company like Berg still has to compete with
9 foreign pipe producers.

10 CHAIRMAN WILLIAMSON: Okay.

11 MR. HORGAN: So they can't pay exorbitant prices
12 for pipe, no matter how good it is, because the foreign pipe
13 producers will take the bid.

14 CHAIRMAN WILLIAMSON: Okay, thank you for those
15 answers.

16 MR. BARBER: If I could make one more quick
17 comment. Jim Barber from Dillinger America.

18 We sell products other than X-70, of course, and
19 many of the products that are not like that of those that
20 are sold by the Americans, so it's hard to compare whether
21 we're making a premium over the Americans or not. But I
22 will say this that some of our competition, other foreign
23 companies, we are competing head-to-head with and we are
24 making positive margins.

25 CHAIRMAN WILLIAMSON: Okay, thank you.

1 Vice Chairman Johanson.

2 VICE CHAIRMAN JOHANSON: Thank you Chairman
3 Williamson and I would like to thank all of you for
4 appearing here today. I counted up and we got a little
5 sheet of everybody here, there are 45 of you on the second
6 panel -- that's a lot of people. And we certainly
7 appreciate you all coming in and educating us further on
8 this subject.

9 I would like to discuss the issue of threat. The
10 Petitioners ArcelorMittal, Nucor and SSAB at respectively
11 pages 72-5 and 34 of their briefs argue that the CTL plate
12 industry particularly in China -- continues to suffer from
13 massive overcapacity that is wreaking havoc on the global
14 steel market as well as on the U.S. market. Is this true
15 and how do you all respond?

16 MR. RIEMER: So it is a fact that in China they
17 have a capacity problem and that capacity problem is
18 exported into the rest of the world -- that is true. But I
19 mean we as a -- in our small world of Berg Pipe we have
20 never used Chinese plate and we will never use it, even if
21 we would have access to it we would never dare using that
22 stuff.

23 MR. PORTER: Commissioner Johanson, can I respond
24 with a little bit more of a legal bend? The Commission has
25 long recognized that excess capacity itself does not

1 constitute threat. Okay you need to combine excess capacity
2 with if you will an incentive to ship to the United States
3 or an inclination to. And we addressed this very point in
4 the pre-hearing Brief of the Japanese Respondents.

5 And what we did is we looked at changes in
6 capacity utilization of all subject countries and we
7 compared that to exports. And what we demonstrated was you
8 had the opposite correlation than what Petitioners are
9 proposing, or what they are claiming which is when you have
10 excess capacity you have higher exports to the United
11 States. And we show in fact over the period of the data
12 that the Commission staff compiled that the changes in
13 capacity utilization did not result -- or there was an
14 increase in excess capacity but that increase did not result
15 in a commensurate export to the United States and that's in
16 our brief.

17 I don't have it right in front of me but we
18 addressed your very question.

19 VICE CHAIRMAN JOHANSON: Thank you Mr. Porter.
20 And I would like to stay on this issue just for a moment and
21 I have a question for POSCO. If you look at Nucor's Brief
22 at pages 5 and 67-68 they address the issue of capacity in
23 Korea. And looking at page 5 there's a sentence that goes,
24 "In a report prepared for the Korean Iron and Steel
25 Association, the Boston Consulting Group recently

1 recommended that 3 out of 7 operating plate mills should be
2 closed, that is in Korea due to depressed demand and excess
3 capacity in that country.

4 Could you all please discuss the findings of the
5 Boston Consulting Group?

6 MR. CAMERON: Commissioner -- Don Cameron, we
7 will be glad to first read the report and address it in the
8 post-hearing Brief.

9 VICE CHAIRMAN JOHANSON: Okay thanks. Mr.
10 Cameron I look forward to seeing that. Now I would like to
11 get back to the issue of X-70 CTO plate -- and this is
12 something I have not addressed I don't think today even
13 though it has been the subject of quite a bit of the
14 discussion today. How do you all respond to ArcelorMittal
15 USA's expansion of its X-70 CTO plate operations as well as
16 SSAB's investment in better technology to product X-70 grade
17 CTO plate that meets all specifications they contend?

18 MR. NORRIS: Jason Norris, Dura-Bond. So in
19 regards to SSAB they only make plates wide enough for us to
20 make 36 inch and above -- yes, I'm sorry below. So a 42
21 inch pipe they can't make plates wide enough for us to make
22 that pipe. Even with the investment they are not making
23 their mill wider.

24 There's wall thickness limitation due to the slab
25 sizes according to our metallurgist because of their

1 reduction ratio. And I am not a metallurgist so I can't
2 speak to those technical requirements but we do have charts
3 and you know based upon their abilities and what their
4 limitations are, ArcelorMittal is making investments partly
5 because of the purchases that we have made with POSCO.

6 They did not have the equipment in place to
7 enable them to make those products. We had to source from
8 POSCO so internally you know they ask for my support and we
9 gave that to them to get the investment within their company
10 to put the equipment in. Now as far as installing that
11 equipment and turning it on and running it and supplying it
12 -- that is something that has to be proved out.

13 The whole chemistry has to change. It goes from
14 adding alloys to a leaner chemistry using cooling to get the
15 properties and they have to figure all of that out. Mills
16 -- I've toured POSCO's mill in South Korea and the
17 accelerated cooling you know place on the mill where the
18 steel is cooled was blocked out because they didn't want
19 anybody looking at it. It is unique to each individual mill
20 and they have to figure out how to use it in order to get
21 the properties that are required.

22 So that's why I said in my Brief that I think it
23 is going to be a year or longer. We encourage them to make
24 that investment. We want them to make that investment. We
25 need them as a supplier so I think as far as their case goes

1 -- ArcelorMittal's case goes we are very encouraged by the
2 investments that they are looking to make.

3 MR. RIEMER: Ingo Riemer with Berg Pipe -- so
4 those investments are very -- we appreciate very much the
5 investments in both SSAB and ArcelorMittal and for us that
6 is proof that they were not able to meet the requirements in
7 the POI, that's why we turned away from the domestic supply.
8 Up to 2011 we supplied almost exclusively everything
9 domestically from the same mills and we turned away because
10 of the quality issues and because of the new requirements
11 set by PHMSA.

12 And we want them to be back in the game and that
13 we can source more from them so we appreciate those
14 investments. And I mean they are aware -- we know what job
15 the executives from SSAB and ArcelorMittal, we of course
16 know us and we will do business and will continue doing
17 business. So they know about the problems that they have on
18 those specialties like X-70 and they take us as a collateral
19 damage to their wider goals which is to get the margins for
20 the commodities, the vast majority that they are producing
21 and selling are commodities, it has nothing to do with our
22 facility.

23 That's just an anomaly in the statistics with our
24 two big projects that created that surge of imports -- that
25 is what they use for as an excuse to bring this case

1 forward. And they know exactly that we are a collateral and
2 they are -- that we realize that of course and that's a
3 shame.

4 VICE CHAIRMAN JOHANSON: So once again you are
5 contending that they are trying to ramp up to produce a
6 product which they did not product of the proper grade
7 during the period of investigation -- to summarize I
8 believe.

9 MR. RIEMER: So there was no threat in the POI
10 because they were not able to produce it in the POI and
11 there is no threat for injury because they are ramping up --
12 they are investing and if they are doing it right then they
13 should be able to meet our requirements and we go back to
14 the domestic production. That is my take on this.

15 VICE CHAIRMAN JOHANSON: Thanks Mr. Riemer.

16 MR. NORRIS: Jason Norris, Dura-Bond -- and I'd
17 like to also add that it is specific to the product that we
18 are buying -- the wall thickness, the width. There are some
19 items that ArcelorMittal are very good at producing, items
20 that POSCO is not going to produce or they can't produce --
21 they are two different mills, they have two different
22 strengths and weaknesses. That's why we make the argument
23 that we need both since we only have two suppliers we need
24 to have access to both.

25 So it is not that they can't make anything that

1 we need, there's a lot of items that they can make that we
2 -- and it is reflected in our purchases from them. We
3 increased substantially our purchases with ArcelorMittal on
4 domestic plate. As far as SSAB goes -- in the past like I
5 said we purchased a lot from them on this particular
6 project. So we have had since 2014 -- because of the
7 limitations that know that they have on the mill we didn't
8 even send them an inquiry for the plate.

9 MR. PLANERT: Commissioner one other point --
10 Commissioner Schmidtlein pointed out earlier that if you
11 look at the staff report you would see -- you will see that
12 the domestic industry shipments of X-70 increased over this
13 period. They didn't go down, they increased. And I think
14 that's strong evidence that they are getting the sales that
15 they are able to compete for you know. The suggestion this
16 morning the reason that Berg and the reason that Dura-Bond
17 are buying from foreign services it is all about price --
18 well if that's true why aren't they buying it all?

19 Why is it that the domestic industry increased
20 its shipments and did so significantly in X-70 over the
21 period? So it really isn't about prices it is about you
22 know they are getting the sales that they are able to
23 qualify and compete for and if these investments are
24 successful and they are able in the future to compete and
25 qualify for other sales, then that will be to their benefit

1 as well.

2 MS. MENDOZA: And Commissioner Johanson if I
3 could just add one very quick final point. That is the
4 reason you see so many people here today testifying which
5 you don't often see right -- because it is not very easy for
6 purchasers who depend on the domestic industry to come in
7 and talk about these issues, that's not an easy thing to do.

8 And the fact that they are here -- they are here
9 because their business depends on being able to bring in
10 these imports -- not because of price, not because they are
11 cheap, but because the U.S. industry can't make the products
12 that they need in order to stay in business. And so I think
13 that's the reason you are seeing all of these people here
14 today is because of that, thank you.

15 VICE CHAIRMAN JOHANSON: Thank you for your
16 responses my time has expired.

17 CHAIRMAN WILLIAMSON: Okay thank you,
18 Commissioner Pinkert?

19 COMMISSIONER PINKERT: Thank you. Mr. Waite are
20 you still here?

21 MR. WAITE: Yes I am Commissioner.

22 COMMISSIONER PINKERT: Thank you, what's that?

23 MR. WAITE: And awake too.

24 COMMISSIONER PINKERT: Okay well I wanted to ask
25 you a question about critical circumstances for Turkey and

1 for Austria. If you look at Arcelor's Brief at 78 through
2 80 they do some calculations relying on a six month period
3 before and after in order to show that there is a very
4 sizable percentage increase both for Turkey and for Austria
5 during that period.

6 So what's the problem with that calculation?

7 MR. WAITE: Well the problem with the calculation
8 is that it is a very incomplete in fact, an erroneous
9 picture of what is happening during the post-Petition
10 period. As we pointed out in our Brief the imports from
11 Austria and Turkey did increase during the post-Petition
12 period. We looked at 5 month periods since the Commission
13 staff at the time of the preliminary report had only 5 month
14 post-Petition data on Austria, on Turkey it had complete 6
15 month data.

16 And looking at the quantities and the volume of
17 imports as the statute and the legislative history instructs
18 are important considerations, not just the timing of imports
19 that is post-Petition imports -- excuse me, but also the
20 volume of imports. And if you look at the volume of imports
21 from both of those countries as well as from Italy as we
22 addressed in our Brief, the volumes are -- I would say
23 negligible except for the Commission.

24 Negligible standards have a precision because it
25 is 3% of total imports for negligibility. Here by

1 negligible I mean a fracture of that 3% standard is what you
2 see in those post-Petition imports when compared with
3 domestic production, with domestic sales, and with domestic
4 shipments to customers in the United States.

5 So from our perspective although you can look at
6 imports which increase from one ton to three tons and say
7 200% increase that's enormous. Well what impact are three
8 tons going to have on a 20,000 ton market? Here, as our
9 colleagues from Turkey pointed out during their testimony
10 their total imports were a fraction of the size of the U.S.
11 market and it is inconceivable how such a small quantity of
12 imports could have any impact on the domestic industry.

13 Indeed if one looks at the recent cases that the
14 Commission considered critical circumstances involving
15 corrosion resistant cold-rolled and hot-rolled products, you
16 will see a similar -- in fact in this case even smaller
17 percentage of domestic production, shipments and sales
18 represented by post-Petition imports.

19 So we think it is an interesting point, it is a
20 nice debating point but in terms of this Commission's
21 analysis of critical circumstances we think it is beside the
22 point. Thank you.

23 COMMISSIONER PINKERT: Please --

24 MR. SIMON: David Simon, council to Erdemir. I
25 would also just like to add that Erdemir is the Turkish

1 producer. Erdemir's experience in the U.S. market has been
2 very sporadic. There are many, many months in which there
3 were no imports at all from Erdemir. There were quarters in
4 which there were 20 tons, 10 tons, 2 tons, so throughout
5 this period and many quarters with zero tons.

6 It is not like Erdemir was steadily shipping
7 hundreds of tons, thousands of tons a month and rapidly
8 increased after the Petition was filed. This is just really
9 short of random events and as Mr. Waite said it just happens
10 that the six months end up the way they are. But they are
11 just very small random numbers that happen to be the
12 customers that approached Erdemir for shipments.

13 COMMISSIONER PINKERT: Thank you. Now turning
14 back to the argument about tool steel I know that you have
15 made a number of arguments on this panel about the
16 distinction between tool steel and carbon and alloy steel.
17 But did Respondents inform our staff of that distinction and
18 its significance in your view in a timely manner?

19 You heard the arguments earlier today about how
20 the staff did not get informed of your views about this in a
21 manner that was -- in a timely manner. Yes, Mr. Caryl, or
22 Mr. Spak sorry?

23 MR. SPAK: Thank you Commissioner Pinkert. I
24 don't think there's a timing problem here and I think you
25 know the staff did listen to us, they did collect

1 information. It is not like the staff didn't collect
2 information on tool steel. They remember after all, they
3 added product six which was tool steel product for the
4 pricing series. They also collected data on U.S. shipments
5 and issues tool steel questionnaires to tool steel
6 producers.

7 So I don't think there is really an issue here
8 plus I think we also have to put this in perspective right?
9 We are talking about a history of cases under the safeguard
10 anti-dumping countervailing duty laws in the United States
11 where tool steel has never, never been treated in the same
12 like product grouping as carbon and alloy steel plate.

13 So -- and it's never, you know just as stainless
14 steel has been treated differently, it has always been
15 treated differently. So look and I think the other
16 important point of context here is we heard this morning
17 that they made the conscious decision to expand the scope of
18 the investigation. They, the Petitioners, decided to expand
19 the scope of the investigation.

20 I don't think it is the staff's job necessarily
21 to make sure that they have got all of the producers
22 participating in the investigation. If the tool steel
23 industry wants relief from imports then it is incumbent upon
24 the Petitioners who come forward to make sure that they have
25 got the necessary backing for that and have their people

1 participating in the process, thank you.

2 COMMISSIONER PINKERT: Thank you. I think there
3 are some others that want to comment.

4 MR. CANNISTRA: There is. Daniel Cannistra on
5 behalf of Hitachi Metals as well -- the origin of the
6 missing data to the extent there is any missing data really
7 lies on the Petition itself. If you go back and look at the
8 original Petition which defines initially who is going to
9 get producers questionnaires -- there are no tool steel
10 producers listed in the questionnaires.

11 Hitachi Metals is not listed. Daido is not
12 listed. They are Japan's two largest tool steel
13 manufacturers. Other U.S. manufacturers were not listed in
14 the Petition so they too did not get a questionnaire. There
15 is also missing HTS numbers in the Petition as well which
16 meant when the Commission staff went to identify the
17 importers that were going to get questionnaires in the
18 preliminary phase, none of the tool steel importers were
19 picked up and none of them received questionnaires.

20 Actually most of our group never received any
21 questionnaires in this investigation because we were
22 essentially missing from the Petition. But then when we did
23 get to the final phase of this investigation at our first
24 opportunity we availed ourselves of the ability to make
25 comments on the draft questionnaire. We submitted almost

1 300 pages in response to the draft questionnaire urging the
2 Commission to solicit as much possible information as it
3 could respective to the tool steel industry.

4 It took us up on that suggestion in numerous
5 instances and declined in some other instances, but we are
6 certainly very aggressive at the initial phase of the final
7 phase of this investigation and quite simply we are missing
8 from the preliminary phase because the Commission -- the
9 Petition is the data point that left out tool steel.

10 COMMISSIONER PINKERT: Mr. Caryl?

11 MR. CARYL: Commissioner Pinkert -- also during
12 the draft questionnaire comment period we also identified
13 U.S. tool steel producers who had not received
14 questionnaires and we communicated with staff and issued
15 those questionnaires to those U.S. tool steel producers,
16 many of which who have still not responded to the
17 Commission.

18 COMMISSIONER PINKERT: Thank you. Finally for
19 POSCO did you increase supply for the U.S. wind tower market
20 over the period of investigation?

21 MR. CAMERON: Commissioner if it would be at all
22 possible we would like to respond in the post-hearing Brief
23 because it involves confidential information.

24 COMMISSIONER PINKERT: Well I wouldn't ask you to
25 give confidential information here.

1 MR. CAMERON: I know you wouldn't, that's the
2 reason I asked permission.

3 COMMISSIONER PINKERT: Absolutely, thank you very
4 much.

5 CHAIRMAN WILLIAMSON: Thank you, Commissioner
6 Broadbent?

7 COMMISSIONER BROADBENT: Okay Mr. Halloran of
8 Knifesource have you considered asked for a scope exclusion
9 of Commerce?

10 MR. HALLORAN: Can you repeat that please?

11 COMMISSIONER BROADBENT: Have you considered
12 asking for a scope exclusion at the Department of Commerce?

13 MR. HALLORAN: No.

14 MR. HILL: There actually is another
15 scope exclusion on file by another producer of chipper
16 knives names Simon's and we filed comments in support of
17 that exclusion and so that's currently on file right now
18 with Commerce, that was in fact one of the I don't know 53
19 scope exclusion requests that were rejected but it is on
20 file over there.

21 COMMISSIONER BROADBENT: So it was rejected?

22 MR. HILL: Yes.

23 COMMISSIONER BROADBENT: Okay yes, identify
24 yourself, sorry you are way back there.

25 MR. HEFFNER: Yeah I know I'm way back here. We

1 are representing PCS Company and they also produce mold
2 steel bases for injection molding machines and we also filed
3 a scope ruling request with Commerce, it is a tool steel
4 product. And that was also rejected by the Commerce.

5 COMMISSIONER BROADBENT: Okay and then kind of
6 getting back to the question my colleagues were talking
7 about -- Petitioners have argued that Respondents have
8 effectively waived their right to argue for a tool steel
9 domestic like product given the less detailed justification
10 provided in your response to the Commission's draft
11 questionnaire on this issue.

12 I take it you don't agree but is there enough
13 evidence at this point for us to conduct a separate analysis
14 on tool steel?

15 MR. SPAK: Greg Spak -- we think there is. I
16 mean if you look at the tool steel Brief that we filed
17 jointly we had no problem going through the traditional
18 factors of injury and addressing each of them based on the
19 record the Commission compiled and so we don't think that
20 there is a problem Commissioner Broadbent.

21 COMMISSIONER BROADBENT: Okay for Mr. Dougan --
22 how should the Commission take into account direct import
23 cost data? If the Commission does consider this data should
24 it consider the appropriate level of competition to be
25 between the U.S. producer and the foreign producer as the

1 Petitioners are asserting or should the data be adjusted
2 somehow to improve the comparison?

3 MR. DOUGAN: To answer your second question
4 first. If you deem this information to be relevant you
5 definitely have to make adjustments to reflect the different
6 level of trade and competition. We can address that
7 somewhat in post-hearing to provide some suggestions there.

8 But what I think is interesting, or what is
9 useful and perhaps distinct about this case and other cases
10 where you may have collected direct purchase cost data is
11 that -- let's be careful about confidential information here
12 but it very much goes to the question that we discussed
13 before because it was collected with respect to product 5
14 right -- and that's X-70.

15 And so as this panel has already established at
16 length and in the documentation provided in the pre-hearing
17 Briefs, these were not imports that were made on the basis
18 of price. So regardless of whatever the numbers may say
19 after the proper adjustments it doesn't follow that if the
20 price was lower that that's the basis for the same and that
21 it would constitute underselling in any way causing adverse
22 price effects.

23 COMMISSIONER BROADBENT: Okay. Just out of
24 curiosity Mr. Dougan, why did imports from all sources
25 substantially decrease between 2012 and 2013 just prior to

1 the period of investigation?

2 MR. DOUGAN: I'm not entirely sure but looking at
3 the -- I'll have to look into that a little bit for
4 post-hearing but looking at the C table from one of the
5 recent cases the scope isn't exactly the same because maybe
6 it didn't include alloy but carbon plate, one of the recent
7 plate cases. It looks like consumption went down between
8 '12 and '13 but I'm not entirely sure but we can look into
9 it.

10 COMMISSIONER BROADBENT: Yeah I would just be
11 curious.

12 MR. DOUGAN: Yep.

13 COMMISSIONER BROADBENT: Thank you.

14 MR. DOUGAN: It was a pretty substantial decline.

15 COMMISSIONER BROADBENT: Yes. Mr. Dougan you
16 argue that in assessing any volume effects we should lag the
17 subject imports by at least three months to take into
18 account longer lead times for ordering the imports. Has the
19 Commission done this on any past cases?

20 MR. DOUGAN: I'm not sure if the Commission has
21 done it in past cases and we are not specifically saying
22 recalculate everything on this basis but it is an
23 illustration or rather it is an argument in response to the
24 idea that subject imports were not responsive to trends in
25 demand. A lot of what you heard at the prelim -- a lot of

1 what you have heard here is that you know demand went up '13
2 to '14, imports went up a lot okay -- but imports kept
3 pouring in even when demand declined in '15. And this was a
4 way of saying actually you know based on when the orders
5 were placed when the -- ordering those imports could
6 reasonably have attempted to predict demand they were
7 placing orders that were reflective of demand, but it was
8 basically arriving later.

9 And so it is a way of illustrating the
10 responsiveness of imports to demand as opposed to this
11 argument that they continued to pour into the market.

12 COMMISSIONER BROADBENT: Okay.

13 MR. PORTER: Commissioner Broadbent can I add to
14 that?

15 COMMISSIONER BROADBENT: Yes.

16 MR. PORTER: Again as Mr. Dougan mentioned this
17 -- we also in the Japanese pre-hearing Brief we actually
18 addressed this at some length -- this same idea. And it was
19 in direct response to the Petitioner's claim or primary
20 claim during the preliminary phase that their injury was
21 evidenced by increased market share by subject imports from
22 the 2014 to 2015 period.

23 And we you know, we looked at it and said really
24 that's just an artifact to how the market -- changes in
25 market share were being calculated. So what we did is we

1 talked with a few importers and these importers provided
2 actual evidence of their shipment of their purchases and
3 their sales and what it shows in the actual evidence which
4 is Exhibit 1 to our Brief is that it is not just that their
5 producer ordered -- that they are in fact back-to-back
6 sales which means that when they are making the purchase
7 from the foreign supplier they have already sold it to their
8 customer.

9 And so therefore the point in time competition is
10 not when the merchandise crosses the U.S. border which is a
11 function of course of the import stats, but much earlier in
12 time and since the whole concept of looking at changes in
13 market share is to get at the idea whether subject imports
14 are stealing you know, U.S. sales you need to look at it at
15 the point of time of competition.

16 And when you do that and you essentially
17 appropriately adjust it and -- by the way we used actual
18 data to do the adjustment, actual sort of days between the
19 sale and the import entry and when you do that you see there
20 is not an increase in market share from '14 to '15 and so
21 again that's why we addressed that because that was one of
22 their primary claims of injury.

23 And with respect to whether the Commission has
24 done this in the past I respectively submit every case
25 depends on the evidence before it and I am not sure in the

1 past you had the level of evidence that we have presented on
2 the actual number of days between when the sales took place
3 and when the import entry occurred.

4 COMMISSIONER BROADBENT: Okay, okay this is for
5 Austria -- who is representing Austria, okay, thank you.
6 SSAB argues on page 48 of its pre-hearing Brief that while
7 producers and exporters in Austria were focused on exporting
8 high value products in 2015 previous lower average unit
9 values indicate that Austrian producers and exporters can
10 again start exporting commodity products to the United
11 States in the imminent future if the Commission votes
12 negative or excludes Austria from the orders. How would you
13 respond to this argument?

14 MR. SPAK: Thank you Commissioner Broadbent. We
15 would like to respond in post-hearing but I could say that
16 again if you look at the structure of the Austrian exports
17 you will see that you know there is a high component of what
18 we are talking about as tool steel and there are also
19 products that are within the more commercial grades, carbon
20 and alloy plate.

21 Within that amount there is also quite a bit of
22 X-70. So we don't think that there is -- we read that
23 statement we don't see that there is any credible evidence
24 that Austria is a country that is interested in entering the
25 U.S. market by shipping high volumes of low priced plate

1 products.

2 COMMISSIONER BROADBENT: Okay thank you very
3 much.

4 CHAIRMAN WILLIAMSON: Thank you, Commissioner
5 Schmidtlein?

6 COMMISSIONER SCHMIDTLEIN: Thank you. So Mr.
7 Planert I would like to follow-up with one question. I know
8 I asked you to submit a response in the post-hearing Brief
9 with regard to the loss of market share in 2014 and the
10 underselling and whether or not that was causing it.

11 And you remarked that there were other things
12 going on including allocations and I think quality issues
13 and so forth were a couple of things that you mentioned if I
14 recall correctly. And so my question is if that is true why
15 were they needing to undersell to gain those sales, in an
16 increasing -- and I know we just went through the argument
17 that demand wasn't really increasing, we should change those
18 numbers, but based on the consumption numbers we have right
19 now we have a decent increase in demand going up that year
20 so why would the subject imports need to undersell if U.S.
21 was losing market share because they couldn't supply the
22 product due to allocations or quality problems?

23 MR. PLANERT: Well again Commissioner as we have
24 pointed out it is important to understanding that what was
25 happening at that point was importers were raising their

1 prices, the prices were going up across the board, the
2 reason you see underselling is because the domestic industry
3 raised their prices more and faster.

4 Which as Mr. Dougan has pointed out suggests that
5 they do have a degree of market power. Now does that
6 potentially explain some of the --

7 COMMISSIONER SCHMIDTLEIN: So if they wanted to
8 keep their market share they should have lowered their
9 prices to compete with the imports?

10 MR. PLANERT: Well again I don't think we are
11 talking about lowering prices, I think we are talking about
12 how fast prices --

13 COMMISSIONER SCHMIDTLEIN: Well they shouldn't
14 have raised them as much?

15 MR. PLANERT: Well again I'm still not convinced
16 that there is necessarily a correlation here because there
17 were other things going on but I do think and maybe this is
18 getting at what you are getting at.

19 COMMISSIONER SCHMIDTLEIN: Right.

20 MR. PLANERT: That market share and changes in
21 market share -- you asked earlier well isn't that injury per
22 se aren't we done here, and the second part of the answer
23 that I would give to that is no because changes in market
24 share have to somehow translate into material injury -- into
25 material adverse effects on the industry.

1 They are not injury per se and what you also saw
2 during this period and this may be connected to the degree
3 to it would seem they were raising prices, was metal margins
4 going up for the industry, profit margins going up for the
5 industry very substantially -- you did see increases in
6 shipments albeit not at the same pace as demand so there was
7 an erosion of market share.

8 You saw capacity utilization increasing so again
9 change in market share and isolation in our view is not
10 material injury per se and I think the question you have to
11 ask is whether some loss of market share during one years
12 out of the POI whether that translates overall into a
13 material adverse effect to the domestic industry and you
14 have to have some real evidence that that market share is
15 explained by the observed underselling which again I don't
16 think we think is there.

17 COMMISSIONER SCHMIDTLEIN: But I guess my
18 question though is why would the subject imports be priced
19 less if they are being supplied as a result of the domestic
20 industry being unable to supply? In other words your
21 position is it has nothing to do with the price right but
22 there are other reasons why domestic industries are losing
23 those sales, the quality issue, they have got a supply
24 constraint for some reason at their plant -- so if it has
25 nothing to do with price why would they be priced less in an

1 increasing demand market?

2 MR. PLANERT: Well, again, you do have prices
3 increasing for both.

4 COMMISSIONER SCHMIDTLEIN: But they're less, is
5 like the difference, is what I'm focused on. I know that
6 they're both increasing. But subject imports are still
7 priced less than domestic product. And if what you're
8 saying is true, why would they price their product less? If
9 the domestics are having a problem supplying --

10 MR. PLANERT: First of all, it's not uncommon to
11 see some discount in the market for imports based on the
12 amount of time you have to wait to get orders, based on the
13 additional costs that are involved in importing. So we can
14 address that a little more in the post-hearing brief, but
15 again, I think you have to -- you know, we're going to want
16 to look at, a little bit, at the margins of underselling, as
17 well, and exactly what's going on product for product.

18 But again, the ultimate question is, does any of
19 this translate into material injury to domestic industry,
20 and I think, given what -- particularly in 2014 what was
21 happening -- I think that's hard to see.

22 MR. DOUGAN: Commissioner Schmidtlein, if I can
23 add something to add to it. To build on a little bit of Mr.
24 Planert said and what Mr. Porter said earlier, to the degree
25 and there's evidence presented in Mr. Porter's brief, that a

1 lot of the imports arranged, were not just produced to
2 order, but that there was a back-to-back transaction.

3 If that was a price that had been arranged prior
4 to the order being made, the latitude of the importer to
5 then take that product and then resell it to its customer to
6 be able to reflect a much higher current market price, they
7 may not have had that latitude to do. They may have already
8 agreed upon that at the time the order was placed, whereas
9 the time that -- it was sort of the lead time for the U.S.
10 order was much shorter and they had more latitude to reflect
11 the current market price -- so they could raise their prices
12 more quickly.

13 COMMISSIONER SCHMIDTLEIN: Okay. Well, I look
14 forward to reading your answer in the post-hearing. So the
15 other argument that was raised this morning, which I'm sure
16 you heard, having to do with 2015, let's turn now to that
17 year, and look at that year. Was that -- and if I
18 understand this correctly, I guess, they were responding to
19 your argument this morning, that prices were declining in
20 2015 due to demand. And so I guess my question for you all
21 is, how do you respond to their argument that prices were
22 declining because they were trying to regain market share?

23 And when you look at how much prices declined,
24 at least when you compare AUVs to the difference in the unit
25 COGS, prices declined more than unit COGS. So it wasn't

1 necessarily in their view, it wasn't falling raw material
2 costs that were driving them down. It was their attempt to
3 regain market share.

4 MR. DOUGAN: Commissioner Schmidtlein, Jim
5 Dougan. They even said, again, this morning, that they put
6 up the straw man that we say it always has to do only with
7 raw material costs. And we've never claimed that in any of
8 these cases. We say raw material costs are important.
9 Demand is also important. And when you have a confluence of
10 very significant declines in raw material costs, which you
11 can see from 5-1 of the staff report.

12 And a nearly 20% drop in demand. Those two
13 things combined are -- you are going to see -- you're not
14 getting the one-for-one decline with raw material costs if
15 demand is also dropping. I mean you could have a situation
16 conceivably where demand was rising and raw material costs
17 were dropping and how much of those raw material costs
18 dropped is reflected in the price could be very different.

19 But when you have both of them going down very
20 substantially in a very short period of time -- a lot of
21 this happened between the fourth quarter of '14 to the
22 second quarter of 2015 -- it's not surprising that you would
23 see the price decline by more than their total COGS. So
24 that would be the response to that point.

25 COMMISSIONER SCHMIDTLEIN: Okay. No one else

1 has anything to add to that?

2 MR. PORTER: Dan Porter on behalf of the
3 Japanese. If all that Mr. Dougan said, it's this idea of
4 the confluence of different factors, which is precisely why
5 the Commission and affirmative determination, determine that
6 there was not price depression or price suppression from
7 subject imports.

8 And they said, "We can't untangle this," that,
9 you know, we would need to see more evidence that, if there
10 were price declines, it was caused by subject imports and
11 the Commission said, because demand was coming down so fast
12 and because raw material price coming -- we can't
13 disentangle it and that's why we do not make a finding of
14 adverse price effect from subject imports.

15 And what we just sort of said in the brief is
16 really that situation still exists in this final phase. So
17 essentially really, it's incumbent upon petitioners to show
18 more of the relationship between changes in prices of
19 subject imports and alleged adverse price effects.

20 MR. DOUGAN: Jim Dougan. If I can add one
21 thing. And this is where the significance of our
22 intra-industry competition argument comes in. It's
23 confidential, so I can't get into it, but the response by
24 petitioners often is, you know, everyone's competing against
25 each other and sometimes there'll be a producer who's lower

1 than the other at any given quarter.

2 You're seeing very consistently, very large
3 volumes, very large volumes relative to subject imports
4 being sold by U.S. producer, underselling everybody in the
5 market. Not just their domestic competitors, but all of the
6 subject countries in very significant volume. And so if
7 you're going to point the finger that it's subject imports
8 that are driving the prices down, they better have a better
9 answer on why it's not this other thing.

10 COMMISSIONER SCHMIDTLEIN: Okay. Thank you for
11 that. So my last question here -- my time is up -- is on
12 this topic of whether or not the request was made in a
13 timely manner to collect information with regard to tool
14 steel, can you respond specifically to the statement in the
15 staff report at I-49, where the staff report reads, "The
16 Commission concluded that these respondents had not
17 presented sufficient information in terms of the six factors
18 that the Commission generally considers to warrant
19 collecting this additional information." And the additional
20 information is referring to the tool steel.

21 So, do you disagree with that? You can do it
22 post-hearing --

23 MR. CARYL: Commissioner Schmidtlein, Ben Caryl,
24 Crowell & Moring. We strongly disagree with that statement.
25 As Mr. Spak already mentioned, and Mr. Cannistra already

1 mentioned, we submitted extensive comments on all the
2 Commission's domestic like product factors in the comments
3 on draft questionnaires. We identified the U.S. tool steel
4 industry that had not been mentioned by petitioners in their
5 petition, in the initiation phase, in the preliminary stage
6 at all. And then of course, we also submitted roughly 900
7 pages of tool steel analysis in our prehearing brief. And
8 we can elaborate on all of that further in our post-hearing.

9 MS. MENDOZA: This is Julie Mendoza. This is
10 not my issue, but it's always been my understanding that the
11 Commission's investigation is to determine all of those
12 things, not whether to collect any information in order to
13 evaluate those factors. So, setting up the standard that
14 everybody's got to prove it's a separate like product before
15 you're going to investigate it and collect the information,
16 to my mind, is just not the right standard.

17 I mean, obviously, people have to come forward
18 and comment on the questionnaire and ask the Commission to
19 ask questions. I mean, I have no problem with that. But I
20 don't think that anybody should ask respondents to prove
21 that it's a separate like product in order for the
22 Commission to collect the data, which is what the
23 petitioners are suggesting.

24 COMMISSIONER SCHMIDTLEIN: Okay. There's
25 somebody in the back here.

1 MR. VAUGHN: Mark Vaughn, NTMA and EMA. None of
2 our members, the 2,300 companies, were really asked. And in
3 fact, we've had a thirty-five year exemption. It's very
4 unexpected.

5 COMMISSIONER SCHMIDTLEIN: Okay. All right.
6 Thank you very much.

7 CHAIRMAN WILLIAMSON: Thank you. This is for
8 the Turkish respondents. The prehearing report shows that
9 there were imports from Turkey into the U.S. in 42 out of
10 the most recent 45-month period. Now how does this
11 reconcile with your statement, I think, you also made
12 earlier today that Erdemir has no -- I guess the record
13 shows they had no shipments during one-third of the
14 45-month period. If Erdemir is the only Turkish producer
15 shipping to the U.S. So that you know, we show 42 out of 45
16 months there were shipments, and you contend that in
17 one-third of the months, there were no shipments, and I
18 guess it was very erratic.

19 MR. SIMON: David Simon for Erdemir. The table
20 that we're referring to in our prehearing brief is Erdemir's
21 shipments, not U.S. imports, but Erdemir's shipments on a
22 quarterly basis. There's going to be timing differences
23 between what Erdemir's shipped and what entered into the
24 United States. And our point was that when you look at
25 Erdemir's shipments, indeed for five out of the fifteen

1 quarters of the POI, they didn't ship plate to the United
2 States. Erdemir absolutely stands by that. And these
3 figures reconcile to their questionnaire response.

4 CHAIRMAN WILLIAMSON: Okay, can you take a look
5 at this post-hearing and see if --

6 MR. SIMON: Sure. Yes, thank you.

7 CHAIRMAN WILLIAMSON: -- why there may be that
8 conflict. Thank you. We've already addressed the question
9 of the lag effect and why you wanted to see recent lags of
10 subject imports by at least three months to take into
11 account lead times for ordering imports. I was just
12 wondering -- I don't think I'm hearing that response. The
13 petitioners this morning were claiming that they had an
14 adverse impact when the orders were placed and when the
15 orders arrived in the U.S. and I just wondering if you
16 wanted to comment on that.

17 MR. PLANERT: The response that we heard from
18 the domestic industry this morning, it consisted as sort of
19 a spectacularly missing the point.

20 It's important to realize how we got here.
21 Right? We made the argument that, look, imports responded
22 to demand. And their retort was, well, what about 2015?
23 Demand went down, imports continued to go up. And it was in
24 that context, as Mr. Porter explained, that we made the
25 point, well, you have to look at when imports are ordered

1 and with the timing of the competition.

2 If we do that, then our original statement is
3 correct, which is to say, yeah, imports did respond to
4 demand. Now, rather than addressing that point, what they
5 talked about was the econometric analysis that was done in
6 another case by an economist and they talked a lot about
7 price effects in the future and there was some discussion in
8 there of inventories.

9 And we are not suggesting to you that you need
10 to throw out your C-tables and your staff report and do
11 something different because we don't like the data. What we
12 are suggesting to you is that, as Mr. Porter said, with
13 respect to 2015 and the continued increased volumes of
14 imports in terms of arrivals, that that's really an artifact
15 of this lag, and rather than just make that point in the
16 abstract we try to quantify it by saying let's see what
17 happens when you lag imports by three months or six months
18 or in the case of what the Japanese did, actually do it on a
19 specific basis for particular shipments and orders. So that
20 was our point.

21 CHAIRMAN WILLIAMSON: Okay, fine.

22 MR. PLANERT: And Dan may have more he wants to
23 say.

24 CHAIRMAN WILLIAMSON: Oh, but if he's already
25 said it, that's okay.

1 MR. PORTER: I could not possibly follow Mr.
2 Planert, so I -- it was well said, so we're good.

3 CHAIRMAN WILLIAMSON: Thank you. Did the recent
4 AD and CVD orders on U.S. imports of cold-rolled,
5 corrosion-resistant, hot-rolled steel from any of the
6 subject countries in this case affect the attractiveness of
7 the U.S. as an export market for plate?

8 MR. CAMERON: Commissioner, in the case of
9 Korea, the answer would be no. As we stated in the brief,
10 the production on plate mills is very different from the
11 hot-rolled, cold-rolled and corrosion-resistant. It's a
12 discrete plate mill. It's a very separate process, so it
13 has no impact at all.

14 CHAIRMAN WILLIAMSON: Okay. Thank you. Um, for
15 the French and German respondents, Nucor argues that growth
16 has slowed in the French and German economies, with the
17 demand in both industrial and production and construction
18 declining. In addition, Nucor states that the French and
19 German producers have been adversely affected by
20 cancellation of pipeline projects. Do you agree with these
21 statements and can you further explain how your domestic
22 industry has been affected by these events?

23 MR. RIEMER: Ingo Riemer with Berg Pipe. That
24 is not true. The pipeline, that's Europipe. They produced
25 what they were in contract. There was another pipeline

1 Salstream too, that was cancelled that was the Japanese or
2 Russian company, but was not a German company.

3 CHAIRMAN WILLIAMSON: Okay, so you're saying
4 there really hasn't been any adverse impacts?

5 MR. RIEMER: No, there --

6 CHAIRMAN WILLIAMSON: Things are going badly
7 because of --

8 MR. RIEMER: No. There is no pressure. If that
9 implies that there's pressure, that we have to take plate
10 from Germany, that is not true.

11 CHAIRMAN WILLIAMSON: Okay. Thank you. I
12 actually have no further questions. Vice-Chairman Johanson?

13 VICE-CHAIRMAN JOHANSON: I have no further
14 questions, but I would like to thank all of the witnesses
15 and their counsel for appearing here today.

16 CHAIRMAN WILLIAMSON: Commissioner Pinkert? No
17 further questions? Commissioner Broadbent --

18 COMMISSIONER PINKERT: But I would like to thank
19 you all, as well.

20 CHAIRMAN WILLIAMSON: Good.

21 COMMISSIONER PINKERT: Look forward to the
22 post-hearing submissions.

23 CHAIRMAN WILLIAMSON: Good. Okay. Thank you.
24 Well, since Commissioners have no further questions, does
25 staff have any questions for this panel?

1 MR. CORKRAN: Douglas Corkran, Office of
2 Investigations. Thank you, Mr. Chairman. Staff has no
3 additional questions.

4 CHAIRMAN WILLIAMSON: Okay, fine. Do
5 petitioners have any questions for this panel? I take it
6 that to be no? Okay. Thank you. In that case, it's time
7 for closing statements. See, the petitioners have five
8 minutes direct and five minutes for closing for a total of
9 ten minutes. The respondents have five minutes for closing
10 statement. And as usual, we'll combine that, but so I want
11 to thank this panel for their testimonies after sticking
12 with us all this time, and ask you to take your seats so we
13 can do our closing statements.

14 MR. CAMERON: Thank you, Mr. Chairman.

15 CHAIRMAN WILLIAMSON: Thank you.

16 MR. BISHOP: Will the room please come to order?

17 CHAIRMAN WILLIAMSON: Mr. Schagrín, you may
18 begin when you're ready.

19 CLOSING STATEMENTS OF ROGER SCHAGRIN

20 MR. SCHAGRIN: Thank you very much, Chairman
21 Williamson, members of the Commission. Thank you for your
22 patience today. It's been a long day, but a few issues to
23 cover in rebuttal.

24 First, the respondents have claimed that their
25 imports came here in 2014 because demand was so strong and

1 the U.S. industry couldn't supply the market. A number of
2 Commissioners asked the respondents, "Then why did you
3 undersell?" I mean basic economics tell us, if there's any
4 kind of shortage in the market, if U.S. customers are having
5 problems obtaining product, they should want to pay more for
6 products they can't obtain, not less.

7 But this record makes clear that, despite all
8 the noise, the reason respondents undersold in 2014 is so
9 they could basically double their volume of export to the
10 United States, double their market share. The reason was
11 that the shipbuilding and line pipe markets and their own
12 markets were collapsing and there's just no other reason for
13 the gain in volume and the gain in market share in 2014
14 other than the underselling.

15 The U.S. industry was only at a little over 75%
16 capacity utilization in 2014. That's not something that
17 created frightening shortages of any products -- plenty of
18 additional domestic capacity. And then this record shows
19 that in 2015, after the U.S. industry lost so much market
20 share in 2014, they fought back, they fought back against
21 what is obvious from the MSCI data on inventories, large
22 inventories at the beginning of 2015 of product and the U.S.
23 industry slashed its prices in order to keep its mills
24 opened and cut into the margins of underselling and
25 suffered injury in both '14 and '15.

1 Nothing demonstrates the causal relationship
2 between the imports and the domestic industry's injury
3 better than petitioners' chart 30, which shows that 80% of
4 the purchasers who responded on price to the Commission said
5 that imports were priced lower than domestic products.
6 About 70% said that price was the most important factor in
7 their purchasing decisions and then these purchasers
8 admitted and quantified to the Commission that nearly
9 600,000 tons of imports were bought instead of domestic
10 product, because the import price was lower.

11 This is overwhelming evidence. That's massive.
12 I mean this is only a seven or eight million ton market.
13 This is 600,000 tons that is admitted. Don't forget these
14 purchasers don't cover 100% of all purchases, but this is
15 just amazing. Even in the other flat-roll cases, we never
16 had data that showed such a big share of the market, where
17 purchasers said we bought import instead of domestic because
18 of price. Obviously it wasn't the people who testified here
19 today. They testified that they bought import because they
20 couldn't buy domestic. That's a good lead-in to the next
21 issue.

22 Let's talk about the X70 story, because it just
23 doesn't fly. Contrary to Ms. Mendoza's assertion that every
24 single ton of X70 imports were bought because the U.S.
25 industry couldn't supply them. We will supply evidence in

1 the post-hearing brief -- I'm sure ArcelorMittal and others
2 will, as well -- that SSAB supplied tens of thousands of
3 tons to Berg prior to the POI -- okay, that's before the
4 POI. It was also before the collapse because of European
5 pipeline market because of the sanctions against Russia.

6 But the real kicker is that towards the end of
7 the POI, which is September 30th of this year, and
8 continuing after the POI, SSAB has supplied X70 plate to
9 Berg for production of pipe for one of the pipeline projects
10 mentioned by Berg here this afternoon. And in fact, when
11 Berg's parent company's shipments were going to arrive late,
12 Berg asked SSAB to accelerate their shipments to Berg so
13 that Berg wouldn't get behind on its production schedule.

14 So imagine here's Berg pipe going into this
15 pipeline. And you're having this pipeline company weld a
16 pipe made by Berg from Salzgitter plate? To a pipe made by
17 Berg from Dillinger plate? To a pipe made by Berg from SSAB
18 plate. All in the same pipeline for the same customer. Now
19 if that doesn't meet the definition of interchangeability, I
20 don't know what does.

21 The other issue about -- you know, the assertion
22 that if this Commission -- it's what I call the ultimate
23 drama, which we get sometimes here. If this Commission
24 grants relief, it's the end of the U.S. pipe industry, or
25 large-diameter pipe industry. And in fact, you heard

1 testimony this morning that said, "Hey, since these cases
2 were filed in April, the U.S. industry hasn't won any of the
3 last three projects. And it's because of this case."

4 Well, it can't be. Because I know from my work
5 in the pipe industry that only about one-third of U.S.
6 capacity to make large-diameter line pipe for pipelines uses
7 plate. The other two-thirds use coil. And you heard these
8 very same folks up here say, "Wow, SSAB and ArcelorMittal
9 are great at supplying us coil," so why are they losing the
10 pipeline contracts? Well, they're getting underpriced by
11 imports and maybe we should have more cases. I hate to even
12 think about it. We're all way too tired. Maybe people
13 should suffer for a while. I think we're all exhausted.

14 But anyway, you just can't have the loss of all
15 these contracts being caused by this case. Now, look at one
16 of the other red herrings in this case. The respondents
17 have put so many eggs in the basket of saying that, the
18 whole reason for the import surge is X70, which you can't
19 get in the United States. Well, look. You guys have the
20 data. It's confidential, so I'll just characterize it.

21 But if you take out the X70, what you're going
22 to see is that between 2013 and 2015, there's an absolutely
23 massive surge of imports of other plate products. And
24 because of the nature of this market, most of them are just
25 the vanilla A36 and A572. So I don't know why the

1 respondents put so many eggs in that basket, because I think
2 all those eggs are breaking. It just doesn't work. And
3 you'll be able to analyze that we'll do it for you.

4 Finally, they have the argument on lagging
5 market share. I think that's kind of malarkey. I mean, we
6 already talked about it. Professor Hausman articulated that
7 in the flat-roll cases, that imports actually have a lagging
8 effect of three to six months after they arrive on the U.S.
9 industry for both the spot market and the contract market.
10 So we could've argued to you, lag everything. We didn't.
11 You can do it the normal way.

12 Now, let's talk about the metal margin issue.
13 First of all, when it comes to making plate, unlike some
14 other products, the raw materials, be they scrap or iron ore
15 or coking coal for folks like ArcelorMittal, plus all the
16 alloys. You know, in 2015 they're only about 56%, 57% of
17 total COGS.

18 So it's not like that alone is -- yeah, it's the
19 majority of the cost, but there's another 40-odd, some
20 percent of cost, which are labor, energy, overhead,
21 administrative, all kinds of things, no SG&A in that. I'm
22 looking at only COGS. Now what happens between '13 and '15?
23 Well, COGS go down 70. Prices go down 77. And the
24 industry's losing money. So that's a big problem. Now let
25 me end with probably the most important issue in this case.

1 Between 2014 and the end of September, 530
2 workers in this industry have lost their jobs. Several
3 hundred of those jobs were lost because of the loss of
4 market share. Some were undoubtedly lost because of the
5 decline in demand. But many of them were lost because of
6 the loss of market share. That's really what this case is
7 all about. Foreign producers do not have the right to grab
8 market share in the United States and displace American
9 workers through dumping and subsidization.

10 If they don't dump and don't subsidize, we can
11 love their imports. I think when you review this record,
12 you're going to find imports came into the United States
13 because they undersold the U.S. industry. They didn't come
14 to the United States because the U.S. industry can't make
15 the products subject in this investigation. We urge you on
16 behalf of the members of the industry and their workforces
17 to make an affirmative determination. Thank you again for
18 your patience today.

19 CHAIRMAN WILLIAMSON: Thank you.

20 MR. HORGAN: I'm Kevin Horgan here on behalf of
21 all the respondents. And Jim Dougan and I are gonna split
22 time, so we can talk about a few different subjects.

23 CHAIRMAN WILLIAMSON: Okay, fine.

24 MR. DOUGAN: This is Jim Dougan. I just wanted
25 to make a quick point in response to the last table that was

1 on the screen, and its characterization is a massive amount,
2 I mean 573,000 tons sounds like a lot. It was characterized
3 as a very substantial portion of the market. But that was a
4 shift, to the degree that it occurred, it occurred over the
5 entire POI.

6 And that amount represents somewhere less than
7 2% of consumption over the POI, and so just when the
8 Commission reviews this as whether it is a material shift,
9 it should not be characterized as a massive amount. You
10 should just keep in mind what proportion it represents of
11 apparent consumption, and only a slightly greater percentage
12 of domestic production in shipments. So we're in the
13 neighborhood of 2 to 2-1/2%. So just as a matter of context
14 for the Commission in making a determination. Kevin?

15 CLOSING STATEMENT OF J. KEVIN HORGAN

16 MR. HORGAN: First of all, I want to, on behalf
17 of all the respondents, thank the Commission, the staff, and
18 especially all the witnesses who expended their time and
19 energy to make this hearing process work as it should.

20 Then I have this nice prepared speech, but I'm
21 going to have to start with what Mr. Schagrín said about
22 Berg purchasing steel or Berg purchasing CTL plate from
23 SSAB. In fact, that was coil. It was not plate. And I
24 think one of the things Mr. Schagrín said early in the day
25 was this case is about facts. And I think it is.

1 And I strongly urge the Commission to look at
2 Exhibit A to our prehearing brief, which lays out why the
3 petitioners were not qualified to supply any of the plate
4 that was used in those large diameter pipe projects. We
5 went project by project, specification by specification, and
6 showed why they were not qualified to support those
7 projects. So I think, when you begin looking at the record,
8 look at the facts.

9 Because we're not making this up. These people
10 didn't all come here and tell different stories. This is
11 really happening out there in the market, and we've provided
12 you already with the documentation to demonstrate that it's
13 true. It's disingenuous for the petitioners to stand here
14 and say, "We didn't know that we were not qualified to
15 supply Berg," when they were participating in a
16 requalification process, as we demonstrated in our brief.

17 So I think you really do have to look at the
18 facts in this case. And you can begin with this last
19 assertion that SSAB is supplying CTL plate to Berg. Because
20 as everybody agreed, SSAB can't even supply any CTL plate
21 for large-diameter pipe because of their dimensional
22 limitations. SO that's a fabrication -- it's not even
23 subject merchandise. So it's completely unreliable
24 information, and I'm looking forward to seeing what kind of
25 documentation he submits in his post-hearing brief to try

1 and prove that.

2 As we've seen here today, competition in a
3 specialty market is not based on price. It is based on
4 technical capabilities. The producer who can meet technical
5 specs and delivery reliable product and the quantities
6 needed gets the sale. As you've heard, this is true in the
7 case of tool steel and steel used in cranes and steels for
8 offshore applications, and many other applications served by
9 subject imports.

10 If customers could get these products
11 domestically, they would not put up the long lead times and
12 added costs associated with subject imports. A good example
13 of this pattern and in terms of volume, the most significant
14 example is X70 plate. And even though this X70 plate may be
15 a small portion of the overall CTL plate market, it's a very
16 large portion of subject imports. An increasingly large
17 portion.

18 And if you look at the most recent period of
19 time, 2014 to 2015, you're going to see how significant that
20 is. So that's where you would expect to see injury. If
21 that's the surge that the domestic petitioners are talking
22 about, you have to look at X70 to see, well, where's the
23 injury that's caused by X70? But X70 hasn't hurt domestic
24 producers. These were not price decisions as we
25 demonstrate in our brief. The domestic producers cannot

1 participate because of their technical limitations.

2 Even so, it's worth noting that while subject
3 imports of X70 increased from 2013 to 2015, domestic
4 shipments of X70 increased at an even greater rate over the
5 same time period. So it is clear that the petitioners were
6 doing very well in those X70 applications where they were
7 technically qualified to participate. Berg itself buys
8 plate from them where they're technically qualified to
9 participate.

10 The problem here is, these were big projects.
11 They required a certain kind of plate, and the domestic
12 industry could not supply it. And then finally, I just want
13 to say one word about threat.

14 The volume of subject imports was small and
15 declining even before petitioners initiated these
16 proceedings. The United States is not a major market for
17 subject imports compared to the other markets served by
18 foreign producers, and it appears that overall demand in the
19 U.S. is expected to improve in the immediate future.

20 Subject imports will not impair the ability of
21 the U.S. CTL plate industry to flourish in an improving
22 market, just as they did in 2014. Thank you.

23 CHAIRMAN WILLIAMSON: Thank you. Okay, closing
24 statement. Post-hearing briefs. Statements responsive to
25 questions and request of the Commission and corrections to

1 this transcript must be filed by December 7th, 2016.
2 Closing of the record and final release of data to the
3 parties is December 22nd, 2016. Final comments are due by
4 December 28th, 2016. And I again want to thank everybody
5 for participating in this hearing. And the hearing is
6 adjourned.

7 (Whereupon the hearing was adjourned on November
8 30, 2016 at 5:07 p.m.)

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CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Certain Carbon and Alloy Steel Cut-to-Length Plate from Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, Korea, South Africa, Taiwan, and Turkey

INVESTIGATION NOS.: 701-TA-560-561 AND 731-TA-1317-1328

HEARING DATE: 11-30-16

LOCATION: Washington, D.C.

NATURE OF HEARING: Final

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

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