

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:) Investigation Nos.:
CUT-TO-LENGTH CARBON-QUALITY STEEL) 701-TA-388, 389, AND 391 AND
PLATE FROM INDIA, INDONESIA, AND KOREA) 731-TA-817, 818 AND 821
) (THIRD REVIEW)

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1 UNITED STATES OF AMERICA
2 BEFORE THE
3 INTERNATIONAL TRADE COMMISSION
4 IN THE MATTER OF:) Investigation Nos.:
5 CUT-TO-LENGTH CARBON-QUALITY) 701-TA-388, 389, AND 391
6 STEEL PLATE FROM INDIA,) 731-TA-817, 818, AND 821
7 INDONESIA, AND KOREA) (THIRD REVIEW)

8

9 Main Hearing Room (Room 101)

10 U.S. International Trade

11 Commission

12 500 E Street, SW

13 Washington, DC

14 Thursday, January 4, 2018

15 The meeting commenced pursuant to notice at 9:30

16 a.m., before the Commissioners of the United States

17 International Trade Commission, the Honorable Rhonda K.

18 Schmidtlein, Chairman, presiding.

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1 APPEARANCES:

2 On behalf of the International Trade Commission:

3 Commissioners:

4 Chairman Rhonda K. Schmidtlein

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6 Commissioner Irving A. Williamson

7 Commissioner Meredith M. Broadbent

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9 Staff:

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17 Douglas Corkran, Supervisory Investigator

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1 Congressional Witness:

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

4 Embassy Witness:

5 The Embassy of Republic of Indonesia
6 Washington, D.C.

7 The Honorable Reza Pahlevi Chairul, Commercial Attache

8

9 Opening Remarks:

10 In Support of Continuation (Elizabeth J. Drake, Schagrin
11 Associates)

12

13 In Support of the Continuation of Antidumping and
14 Countervailing Duty Orders:

15 Wiley Rein LLP

16 Washington, DC

17 on behalf of

18 Nucor Corporation

19 Leon J. Topalian, Executive Vice President of Beam and
20 Plate Products, Nucor Corporation

21 Jeff Whiteman, Sales Manager for Nucor Steel Hertford
22 County, Nucor Corporation

23 Alan H. Price, Christopher B. Weld, Derick G. Holt and
24 Stephanie M. Bell - Of Counsel

25

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1 APPEARANCES (Continued):
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3 Washington, DC
4 on behalf of
5 ArcelorMittal USA LLC ("AMUSA")
6 Daniel Mull, Executive Vice President for Sales and
7 Marketing, ArcelorMittal USA
8 Jeffrey Webb, Director - Plate Products, Sales and
9 Marketing Department, ArcelorMittal USA
10 Holly Hart, Assistant to the International President
11 and Legislative Director, United Steelworkers
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15 and Brooke M. Ringel - Of Counsel
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1 Schagrin Associates
2 Washington, DC
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4 SSAB Enterprises, LLC ("SSAB")
5 Jeff Moskaluk, Senior Vice President and Chief
6 Commercial Officer, SSAB Americas
7 Glenn Gilmore, Manager of International Trade, SSAB
8 Americas
9 Elizabeth J. Drake and Christopher T. Cloutier - Of
10 Counsel
11 Closing Remarks:
12 In Support of Continuation (Paul C. Rosenthal, Kelley Drye
13 & Warren LLP)
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Jeff Moskaluk, Senior Vice President and Chief Commercial
Officer, SSAB Americas 32

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(11:35 a.m.)

CHAIRMAN SCHMIDTLEIN: Good morning, again. On behalf of the U.S. International Trade Commission I welcome you to this hearing on the third review phase of Investigation Nos. 701-TA-388, 389 and 391 and 731-TA-817, 818, and 821 involving cut-to-length carbon quality steel plate from India, Indonesia and Korea.

The purpose of these Third Review 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 reason of imports of Cut-to-Length Carbon quality Steel Plate from India, Indonesia and Korea.

Schedule 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 your testimony directly on the public distribution table. All witnesses must be sworn in by the Secretary before presenting testimony.

I understand that the parties are aware of the time allocations. Any questions regarding the time allocations should be directed to the Secretary. Speakers are reminded not to refer in their remarks or answers to

1 questions to business proprietary information. Please
2 speak clearly into the microphones and state your name for
3 the record for the benefit of the court reporter. If you
4 will be submitting documents that contain information you
5 wish classified as business confidential your request
6 should comply with commission rule 201.6.

7 Mr. Secretary, are there any preliminary matters?

8 MR. BISHOP: Madam Chairman, I would note that
9 all witnesses for today have been sworn in. There are no
10 other preliminary matters.

11 CHAIRMAN SCHMIDTLEIN: Very well. Will you
12 please announce our first Congressional Witness.

13 MR. BISHOP: Our Congressional Witness is the
14 honorable Peter J. Visclosky, United States Representative
15 from the First District of Indiana.

16 CHAIRMAN SCHMIDTLEIN: Welcome, Congressman
17 Visclosky.

18 STATEMENT OF CONGRESSMAN PETER J. VISCLOSKY

19 CONGRESSMAN VISCLOSKY: I appreciate the
20 opportunity to testify before you today. It does represent
21 my first opportunity to testify before the Commission in
22 2018 however this represents the 4th time I have testified
23 on the issue before you. The first being when the case was
24 being initiated in 2000 and the Commission issued an
25 affirmative final determination. I had a lot more hair at

1 that moment in time.

2 While raw steel production was about 70 percent
3 during the last week in December, your staff report for
4 this hearing indicated that U.S. manufacturers have 9%
5 utilization rate for their steel plate capacity for 2015,
6 2016 and from January to September of last year.

7 I believe that the danger of injury clearly
8 persists and we need steel plate for National Defense and
9 our economic security. It is essential for building
10 bridges, railway equipment, barges, ships, refinery tanks
11 and structures throughout our Nation.

12 It is also essential to assure that U.S. Workers
13 do not lose their jobs because of the violation of
14 international trading norm. As always, I certainly trust
15 your fair consideration of the facts before you and thank
16 you for this opportunity.

17 CHAIRMAN SCHMIDTLEIN: Thank you very much. Are
18 there any questions for the Congressman? No? Thank you,
19 again.

20 CONGRESSMAN VISCLOSKY: Have a very good year.

21 CHAIRMAN SCHMIDTLEIN: Thank you. Mr. Secretary,
22 will you please announce our Embassy Witness?

23 MR. BISHOP: Our Embassy Witness is the Honorable
24 Reza Pahlevi Chairul, Commercial Attache with the Embassy
25 of the republic of Indonesia.

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1 CHAIRMAN SCHMIDTLEIN: Welcome, Mr. Chairul.

2 STATEMENT OF THE HONORABLE REZA PAHLEVI CHAIRUL

3 MR. CHAIRUL: Good morning Mr. Chairman and the
4 esteemed members of Commission. On behalf of the
5 Government of Indonesia I am Reza Pahlevi Chairul,
6 Commercial Attache of the Embassy of the Republic of
7 Indonesia. I am appearing before you today to present the
8 views of the government of Indonesia as an interested party
9 in this investigation.

10 First, I would like to send great appreciation to
11 the Commissioner and Officials from the U.S. ITC to hold
12 this important meeting. I am pleased to inform that to
13 date our two major steel operating services have fully
14 cooperated with the review by filing the questionnaire and
15 filing information as required.

16 We believe that their full participations on
17 current review will bring positive outcome compared to the
18 previous review. It is unfortunate that they could not be
19 here today however their voices have been officially
20 submitted through their prehearing briefs prior to this
21 hearing.

22 Therefore we present our legitimate aspiration
23 that Indonesia still produces the service, doesn't possess
24 any threat to U.S. Steel Industry and thereby the
25 continuation of 17 years of imposition of orders, again

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1 imports of product from Indonesia are beyond necessary with
2 supporting facts as per below.

3 First, no subsidy programs to Indonesian steel
4 industries. In this regard we would like to originate that
5 the originally late subsidy programs such as rediscount
6 loan program, equity infusions and the two step one program
7 on which the United States imposed countervailing duties
8 since the year 2000 were terminated since 1999 or before
9 the original investigation commenced.

10 It is also noted that there have been more
11 recurring subsidy programs which have been granted by the
12 government of Indonesia for Indonesian steel industry for
13 the past 15 to 18 years. Accordingly we believe that any
14 possible import of the product from Indonesia will not be
15 equitable to any possibility of continuation or recurrence
16 of material injury as claimed by the U.S. Domestic
17 Industry.

18 Second, export of product to U.S. and other
19 countries. Despite Indonesian export of product to U.S.
20 decline from 4 short tons to 0 tons, the U.S. Domestic
21 Producer contends that Indonesia is export oriented. This
22 unilateral claim is substantiated with factual evidence.
23 Indonesian steel producers was and remains a domestic
24 oriented producer.

25 According to Southeast Asia Iron and Steel

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1 Institute, market share of split product in 2016 in
2 Indonesia was 82 percent dominated by local producer and
3 due to long term and massive infrastructure development in
4 Indonesia it is projected that the domestic share would
5 increase to 92 percent in 2020.

6 The focus of our export remains to countries such
7 as Thailand, Malaysia and recently Middle East countries
8 due to high demand for major construction products and
9 value-added market in those countries. Meanwhile, export
10 to U.S. remain costly as the shipping cost is significantly
11 higher than shipping costs to the above-mentioned
12 countries.

13 Since the steel market is price-sensitive, the
14 shipping costs would be a major concern for a steel
15 producer to compete in other markets. The U.S. domestic
16 producer also mentioned that we doubt the orders imports of
17 product from Indonesia would increase more than 12-fold as
18 in the original investigation from 10,000 in 1996 to around
19 168,000 in 1998.

20 We contend the -- imports was largely driven by
21 the ASEAN financial crisis in 1997 to 1998 which produced
22 the rupiah Indonesian exchange value by over 80 percent.
23 The rupiah had traded at about 2000 to 3000 rupiah to one
24 U.S. dollar but reached a low of 16,000 rupiah per U.S.
25 dollar in 1998. This lured Indonesian steel producers to

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1 seek a broad market.

2 The political crisis in 1998 in Indonesia also
3 worsened the situation but today in respect of economy and
4 politics Indonesia is more stable than those years and
5 through the massive development of infrastructure the
6 Indonesian steel producer will feel less inclined to seek
7 the U.S. Market.

8 Third, increasing demand of product due to
9 infrastructure development program. Our current policy is
10 to intensify and develop the key infrastructure such as
11 toll road, railway, airport, public housing, power and
12 telecommunication infrastructure. These long term projects
13 have boosted steel demand and consumption in Indonesia.
14 According to Indonesia Ministry of Industry data, steel
15 consumption in Indonesia increased from 11 million tons in
16 2015 to almost 13 million tons in 2016.

17 Four, condition of the U.S. Steel Industry. As
18 for the U.S. Steel Industry we don't see any possible
19 differing in condition of U.S. Steel Industry if the orders
20 in the pre-hearing report confirm that the current
21 prehearing condition is outstanding as shown by the 27%
22 capacity increase between period of second and third
23 review.

24 Further, the volume of U.S. shipment far exceeds
25 the import volume with the competitive price per short tons

1 as shown during the period 2nd and 3rd review. Therefore
2 the existing orders have reached its -- proposed.

3 In conclusion, we thank the Commissioner for this
4 opportunity and respectfully request the Commission to
5 consider the facts and concerns we presented before you.
6 Thank you.

7 CHAIRMAN SCHMIDTLEIN: Thank you very much. I
8 understand that you've requested for any questions to be
9 submitted for a post-hearing? Okay, thank you.

10 Alright. We will now move to opening remarks.

11 MR. BISHOP: Opening remarks on behalf of those
12 in support of continuation will be given by Elizabeth J.
13 Drake of Schagrín Associates. Ms. Drake, you have five
14 minutes.

15 OPENING STATEMENT OF ELIZABETH J. DRAKE

16 MS. DRAKE: Chairman Schmidtlein, Commissioners,
17 good morning and happy New Year. This is Elizabeth Drake
18 of Schagrín Associates here today for SSAB Enterprises.

19 Before I begin I want to thank the Commission
20 Staff for all of their hard work in these reviews
21 especially given the many other demands on their time.
22 These orders on Cut-to-Length Plate from India, Indonesia
23 and Korea are very important to the Domestic Industry and
24 the record strongly supports keeping them in place.

25 Last year this Commission unanimously found that

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1 the Domestic CTL plate industry was materially injured by
2 imports from 12 countries. At that time, the Commission
3 noted that domestic demand had collapsed in 2015, that the
4 Domestic Industry had lost market share to imports and that
5 the financial performance of the Domestic Industry was
6 generally poor.

7 After suffering double digit declines across
8 many indicators from 2014 to 2016, the new orders have led
9 to some modest improvements but the industry has still not
10 gained its footing.

11 Demand for cut-to-length plate continued to
12 contract in the first three-quarters of 2017 and domestic
13 production and shipments were essentially flat. The
14 Domestic Industry operated at less than 60 percent of its
15 capacity at interim 2016 at a dangerously low level for
16 such a capital intensive industry. The industries
17 operating income margin was only 1.9 percent in interim
18 2017 and capital expenditures continue to fall.

19 If these orders are revoked a growing onslaught
20 of unfairly traded imports would overwhelm this vulnerable
21 Domestic Industry while it is still struggling to recover
22 from the last wave of imports.

23 The conditions of competition that have made this
24 industry so susceptible to incurring injury from imports
25 over the years continue today. Domestic and imported

1 cut-to-length plate are highly substitutable and price
2 plays a very important role in the market as shown in the
3 prehearing staff report.

4 As a result most purchasers report they usually
5 buy the lowest priced product. These conditions will
6 usually facilitate rapid growth in imports if orders are
7 revoked and enable Subject Producers to once again use
8 aggressive price undercutting to gain market share.

9 Massive overcapacity together with sluggish
10 demand and numerous third-country barriers will drive large
11 volumes of Indian, Indonesian and Korean plate into the
12 attractive U.S. Market if the orders are revoked. The same
13 conditions that led the Commission to maintain the orders
14 on these three countries in the last two reviews continue
15 today. In fact, they have only worsened.

16 Subject Producers have added millions of tons of
17 capacity since the last reviews and are in the midst of
18 additional capacity expansions despite a lack of demand.
19 This includes new plants or significant expansions in each
20 of the three Subject Countries. Based on public data,
21 these three countries exported 6.6 million tons of
22 cut-to-length plate to the world in 2016.

23 This is enough to completely wipe out every
24 single one of the Domestic Industry's U.S. shipments in
25 that year and to seize more than 90 percent of the U.S.

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1 Market. Subject Foreign Producers have demonstrated their
2 ability to rapidly increase exports, undermine prices and
3 inflict material injury in the absence of the discipline of
4 the orders.

5 In the original investigation, imports from the
6 Subject Countries surged more than 8 times over, undersold
7 the domestic like product in more than 80 percent of the
8 comparisons, depressed prices and contributed to the
9 Domestic Industry's declining shipments, employment margins
10 and capital expenditures toward the end of the POI.

11 If the orders are revoked, these trends will
12 recur throwing the Domestic Industry back into crisis.
13 Most Foreign Producers have not participated in these
14 reviews. The Indonesian Respondents that have opted to
15 participate mostly focus their arguments on the lack of
16 imports from Indonesia during the period of review, but
17 this fact only underscores the effectiveness of the orders.

18 Before these orders were imposed imports from
19 Indonesia grew more than twelvefold in the original POI and
20 they undersold the domestic like product in every single
21 available comparison. Krakatau POSCO has started new
22 production in a 1.5 million ton plate mill in 2014 and
23 Gunawan projects its new million ton plate mill will be
24 complete by the end of this year.

25 Gunawan has also explained that part of its

1 business strategy is to focus on those export markets where
2 trade remedies are not in place. This will make the U.S. a
3 prime target if the orders are revoked.

4 In its current vulnerable state the Domestic
5 Industry cannot withstand every new increase in imports
6 from these three countries. For all of these reasons the
7 Commission should maintain these important orders on CTL
8 plate from India, Indonesia and Korea.

9 CHAIRMAN SCHMIDTLEIN: Thank you.

10 MR. BISHOP: Would the Panel in support of the
11 continuation of the antidumping and countervailing duty
12 orders please come forward and be seated. Madam Chairman,
13 this Panel has sixty minutes for their direct testimony.

14 CHAIRMAN SCHMIDTLEIN: Mr. Price, you may begin
15 when you are ready.

16 STATEMENT OF ALAN PRICE

17 MR. PRICE: Thank you, Chairman Schmidtlein and
18 Members of the Commission. Good morning, I am Alan Price
19 of Wiley Rein. I am counsel to Nucor Corporation and
20 making this presentation on behalf of the domestic
21 cut-to-length plate industry.

22 The Commission should find that revocation is
23 likely to cause the continuation or recurrence of material
24 injury within the reasonably foreseeable future as it did
25 in the two previous sunset reviews. As an initial matter,

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1 the three countries all satisfy the requirements for
2 cumulation, the conditions of competition in the U.S.
3 Industry render the industry especially vulnerable to
4 injury by the Subject Imports if the orders are revoked.

5 Revocation will lead to higher import volumes,
6 lower prices and an acceleration in the already
7 deteriorating condition of Domestic Industry. The
8 Commission has consistently applied its discretion to
9 cumulate imports from India, Indonesia and Korea. The
10 factors that the Commission identified in earlier reviews
11 are present in this review as well.

12 The record here confirms that if the orders are
13 revoked imports are likely to have a discernible adverse
14 impact on the Domestic Industry and there is likely to be
15 an overlap of competition. As a result, the Commission
16 should determine once again to cumulate all of the Subject
17 Imports.

18 The conditions of completion in the Domestic
19 Plate Industry makes the industry vulnerable to the
20 resumption or the recurrence of injury if these orders are
21 revoked. As the Commission has repeatedly recognized,
22 price is a very important component and very important
23 factor in the purchasing decision for cut-to-length plate
24 so low price imports can always gain market share.

25 Other key conditions include massive global

1 over-capacity with growing capacity in the Subject
2 Countries and unprecedented surge of unfairly traded
3 imports that hammered the Domestic Industry during the POR,
4 declining demand in the United States and the paradox that
5 even with prices falling the U.S. is still an attractively
6 priced market.

7 More than 30 percent of the global plate
8 capacity, or around 63 million tones was idled in 2016.
9 This is a reflection of increases in capacity despite weak
10 and declining global demand for plate as key consuming
11 sectors such as ship building in Asia have collapsed and
12 also reflects new entrants into the market including
13 Hyundai in Korea and PT Lrakatau Posco in Indonesia.

14 With global declining demand is also evident in
15 the United States. The Commission staff report shows how
16 sharply U.S. plate consumption has declined, falling by
17 more than 20 percent from 2014 to 2016 and falling an
18 additional 6 percent in interim 2017. Between 2014 and
19 2017 total U.S. demand fell by more than 2 million tons or
20 25 percent of the total U.S. Market. If the orders are
21 revoked imports from the Subject Countries will be entering
22 into a U.S. Market that is appreciably smaller than it was
23 just three years ago.

24 Turning to the likely volume effect if the orders
25 are revoked, Subject Producers have the ability to increase

1 exports to the United States very quickly. All three of
2 the Subject Countries have added substantial amounts of
3 capacity since the last review, only a portion of which
4 they are using. This gives them all the ability to
5 increase production for exports to the United States. All
6 three are also export-oriented.

7 Given the attractiveness of U.S. prices they will
8 have a real incentive to ship all the volume they have to
9 the United States. If the orders are revoked the Subject
10 Countries will be able to direct large quantities of
11 exports to the United States almost immediately.

12 This graph demonstrates that all three Subject
13 Countries have increased capacity since the last review.
14 Overall, the capacity of the Subject Producers has
15 increased by 40 percent since 2011. In 2016, over capacity
16 in the Subject Countries was twice U.S. Consumption. These
17 three countries alone could easily supply all U.S. demand
18 for plate and still have capacity left over.

19 As the Commission has previously found, the U.S.
20 continues to be an attractive market for cut-to-length
21 plate imports. Despite the sharp drop in U.S. prices over
22 the period of review, the U.S. remains an attractively
23 priced market. In addition, the ability of these countries
24 to export to some other markets is restricted by the
25 presence of various trade measures.

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1 Indeed, the Subject Countries even dump in each
2 other's markets as well. In fact, I think it is quite
3 telling that India actually has dumping orders in place
4 against plate from Korea and Indonesia. It tells you a lot
5 about the depths of this crisis and what will happen here
6 and the need for continuation of these orders.

7 Because the orders have been effective the
8 Commission has only limited information regarding
9 underselling. The available information demonstrates that
10 underselling will predominate if the orders are revoked.

11 The most probative evidence is the behavior of
12 the Subject Producers prior to the orders, where the
13 Commission found that Subject Producers from these three
14 countries undersold in more than 80 percent of possible
15 comparisons. From 2014 to 2016 Domestic Producer prices
16 fell by more than 258 dollars a ton and they remained low
17 in 2017. If the orders are revoked Subject Imports will
18 have further suppressing and depressing effects on already
19 low U.S. prices.

20 Now the next three slides further highlight the
21 attractiveness of U.S. prices, showing that Subject
22 Producer export prices to the other markets that they sell
23 in are far below those in the United States. This provides
24 the Subject Producers with strong incentive to ship exports
25 to the United States if given the opportunity which will

1 further suppress and depress U.S. prices.

2 The Domestic Industry is highly vulnerable to the
3 recurrence or continuation of injury if these orders are
4 revoked. The trade and financial indicators examined by
5 the Commission make this plain. Virtually every indicator
6 fell between 2014 and 2016.

7 In addition, since the last review, the industry
8 in the United States has experienced the closure of several
9 major facilities. The imposition of trade orders on
10 imports from 12 countries from early 2017 gave the industry
11 some relief. However the damage done by those imports was
12 so great that the industry has not yet recovered.

13 In fact, the main trade and financial indicators
14 showed little if any improvement in interim 2017. An
15 additional mill is being idled with ArcelorMittal
16 announcing in 2017 it will be idling its Conshohocken Mill.
17 Recovery in the near term is far from certain as demand
18 continues to decline and prices remain low. In this
19 environment even small volumes of Subject Imports would
20 prevent recovery and cause additional material injury to
21 the Domestic Industry.

22 I'd like to devote a little time to looking at
23 Indonesia in particular as the Indonesian Government is the
24 only party that has bothered to appear today. Over the
25 POR, Indoneisa transitioned from a net importer to a

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1 substantial net exporter of cut-to-length plate. Indonesia
2 is an export platform.

3 They have significant unused capacity and growing
4 export volumes. They also have the incentive to ship to
5 the U.S. Market due to the fact that their exports are
6 covered by trade orders in other markets, including markets
7 they have identified as markets they otherwise want to
8 export to. In fact, if you have any doubts about the
9 Indonesian producers' intentions with respect to the U.S.
10 Market if the orders are revoked, I refer you to the PT
11 Krakatau Posco questionnaire response at Roman II-XI.

12 Like other Subject Countries, Indonesia moved
13 quickly to replace China in the EU markets following an EU
14 order against China. But the EU is not the only market to
15 see a sharp increase in Indonesian exports from 2015 to
16 2016. Exports to Thailand doubled in more than one year.
17 Exports to Malaysia increased by more than 500 percent.
18 This demonstrates once again that the ability of the
19 Indonesian producers to quickly move exports from market to
20 market and into the United States if the orders are
21 revoked.

22 Now Indonesia has almost 1.7 million tons of
23 capacity available for export. This demonstrates the
24 difference between estimated Indonesian capacity for 2017
25 and their domestic consumption based upon a well-known

1 third party publication that we have access to. As I have
2 noted, the Commission found in 2017 imports from 12
3 different countries injured the Domestic Industry.

4 In their peak year of 2015 imports covered by
5 those investigations were about 1.1 million tons. In 2017
6 Indonesia's ability to produce for export was far greater
7 than this amount which the Commission has already found to
8 be injurious in the recent plate investigations.

9 I'd like to make one more point about Indonesia.
10 One of the major Indonesian producers is a joint venture
11 between PT Krakatau and Posco of Korea. Imports from Posco
12 are currently subject to antidumping and countervailing
13 duty orders. If the orders on Indonesia were revoked,
14 Posco would simply shift production to its JV in Indonesia
15 and then take advantage of the extensive distribution
16 capabilities it has in the United States.

17 This would simply make Indonesia a significant
18 route for circumvention for the unfairly priced Korea
19 orders and allow it to sell substantial quantities of
20 unfairly priced plate in the United States.

21 In conclusion, the Domestic Industry's situation
22 is even worse than it was in the last sunset review. The
23 Domestic Industry is already suffering material injury from
24 unfairly traded plate imports and its financial shape is
25 worse than it was during the two previous reviews. U.S.

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1 demand continues to fall.

2 In addition, the Subject Producers have even
3 greater ability and incentive to export large volumes to
4 the United States market and greater incentive than they
5 did in the prior reviews. Because of their large excess
6 capacity and the relatively attractive U.S. price, Subject
7 Imports will almost certainly reenter the U.S. Market if
8 the orders are revoked. Given the Domestic Industry's
9 current situation this could only lead to a continuation or
10 recurrence of material injury.

11 Thank you and I would like now to introduce our
12 first industry representative, Mr. Leon Topalian.

13 STATEMENT OF LEON J. TOPALIAN

14 MR. TOPALIAN: Thank you and good morning. I'm
15 Leon Topalian, Executive Vice President of Beam and Plate
16 products for Nucor Corporation. With me today is Jeff
17 Whiteman, sales manager for our Nucor Steel Hertford County
18 plate metal. And he'll be available to answer any
19 questions you may have as well.

20 Although this is my first time before the
21 Commission, I've been a part of Nucor for more than 20
22 years and have seen first-hand how important trade orders
23 are to Nucor and our team members. I appreciate this
24 opportunity to explain why the orders on Indonesia, India,
25 and Korea are critical to the U.S. cut-to-length plate

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1 industry.

2 The U.S. plate industry is in a precarious
3 condition. During the review period, the plate market was
4 pummeled by a surge of unfairly traded imports from a dozen
5 countries. Dumped and subsidized imports surged in 2014
6 and kept coming in 2015 and 2016 with disastrous volume and
7 price effects. Nucor suffered significant declines in
8 production and shipments and capacity utilization at our
9 plate mills plummeted. The entire industry suffered
10 similar effects, and as a result, the Commission found less
11 than a year ago that the U.S. plate industry was injured.
12 While the new plate orders have provided some relief, the
13 industry has not yet recovered that production and
14 shipments were flat in interim 2017, while capacity
15 utilization remain below to 60 percent. Our industry is
16 barely breaking even with an anemic 1.9 percent operating
17 income. Plate facilities continue to be idled and workers
18 laid off. The dust has not settled from the devastation
19 caused by the massive import surge during the review
20 period.

21 Unfortunately, the prospects for a recovery in
22 the near term are uncertain at best, in part, due to
23 declining demand and low prices. U.S. plate demand fell
24 roughly 20 percent from 2014 to 2016 and continued to fall
25 in 2017.

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1 I don't expect any major improvements in 2018 or
2 2019. Construction spending is expected to remain weak
3 through the end of the year and infrastructure spending is
4 down.

5 Even if an infrastructure package is passed into
6 law, any impact would be two to three year down the road.
7 Wind tower demand declined over the review period and
8 future growth is uncertain, as relaxed tax credits are
9 phasing out and will expire soon.

10 Growth in the U.S. mining industry is expected
11 to remain stagnant through 2020 and little movement is
12 expected in energy.

13 In addition, current U.S. plate prices are low
14 and in part because of high levels of low-priced imports
15 and a depressed demand. Prices fell more than \$100 per ton
16 in 2017 and are down roughly \$200 a ton from this period
17 peak in 2014.

18 With demand expected to remain sluggish, U.S.
19 prices are not likely to increase meaningfully in the near
20 future. As a result, the domestic industry is highly
21 vulnerable to injury if the orders are revoked.
22 Without the orders, there will be nothing to stop Indian,
23 Indonesian, and Korean producers from sending increased
24 volumes of dumped and subsidized plate into our market.
25 Given current market conditions, even small volumes of

1 subject imports would prevent recovery and quickly cause
2 additional injury to the industry.

3 If any of the orders are revoked, large volumes
4 of unfairly traded imports will quickly return to the U.S.
5 market for at least three reasons. First, subject
6 producers from each country have continued to ramp up
7 production and capacity despite weak demand. Indonesia
8 plate producers have added significant capacity and now
9 have several million tons of excess capacity.

10 Korea has also undertaken a massive capacity
11 build despite the press plate demand due in large part to
12 its collapsing shipbuilding sector. In 2016, Korea
13 shipbuilders used only 10 percent of their capacity and
14 shipbuilding deliveries will remain depressed until at
15 least 2020. Conditions have gotten so bad that a prominent
16 research firm retained by Korea steel producers recently
17 recommended that three of the seven Korea plate mills
18 close.

19 Indonesian producers tripled their plate
20 capacity over the review period, despite declining demand.
21 This expansion was due in part to PT Krakatau POSCO
22 beginning commercial plate production in 2014.

23 Second, the subject producers are all heavily
24 export oriented and their motivations to export has only
25 intensified over the last few years. Subject producers are

1 opportunistic and quickly -- and can quickly assess new
2 markets with large volumes by slashing prices. This is
3 precisely what happened in the EU market as subject
4 producers quickly filled the void left by Chinese imports
5 after the EU imposed trade orders on Chinese plate.
6 The same thing would happen here in the U.S. market if the
7 orders are revoked. Producers in India, Indonesia, and
8 Korea are all subject to trade barriers in third countries
9 that have effectively shut them out of those markets.
10 India itself imposes duties on plate from Indonesia and
11 Korea and even increase these duties during the review
12 period. Demand in the subject producers' home and
13 traditional export markets have been depressed and will not
14 improve significantly in the near term.

15 And with the entire global market plagued by
16 massive excess capacity, these conditions are unlikely to
17 change, leaving subject producers desperately new markets
18 to offload their plate.

19 Which brings me to high third point. Despite
20 the anemic capacity utilization, the U.S. plate market is
21 one of the most attractive markets in the world, making our
22 market the obvious target for subject imports if these
23 orders are revoked. While still lagging peak production
24 2014, the U.S. is one of the largest plate markets in the
25 world. It has a well-established open distribution system,

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1 low tariffs, few non-tariff barriers, making it an ideal
2 export destination.

3 The United States is also active -- attractively
4 priced market relative to other export markets. The
5 increase in subject imports during the review period, even
6 with the orders, shows the importance of the U.S. market to
7 subject producers.

8 The bottom line is that the plate producers in
9 all three countries will come here if given the chance.
10 This is especially true because cut-to-length plate is one
11 of the most basic steel products on the market. It's
12 highly interchangeable regardless of where it is produced.
13 Quality is essentially a given.

14 As a result, price is far away the most
15 important factor in securing sales. Plate imports can
16 quickly penetrate markets with negative volume and pricing
17 effects, which is exactly what subject producers did during
18 the original investigation, what they are doing now in
19 markets around the globe, and what they will do here again
20 if they have the opportunity.

21 The consequences would be disastrous for
22 domestic producers and workers, particularly given the
23 industry's vulnerable state. For Nucor, it would mean --
24 likely mean significant declines in production shipments
25 and profitability. Our capital expenditures and R and D

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1 expenses, which have fallen over the review period, would
2 fall even further preventing necessary investments in our
3 operations. Our ability to earn a decent return on recent
4 investments at our plate mill would be at risk.

5 Our teammates at the plate mills would also be
6 hit hard, working reduced shifts at reduced rates. For the
7 good of Nucorp, our team members and their families, I urge
8 the Commission to leave the orders in place. Thank you.

9 STATEMENT OF JEFF MOSKALUK

10 MR. MOSKALUK: Good morning, Chairman
11 Schmidlein, members of the Commission. For the record, my
12 name is Jeff Moskaluk. I'm the senior Vice President and
13 Chief Commercial Officer of SSAB Americas.

14 I've been employed by SSAB and predecessor
15 companies for 27 years and have worked in the industry for
16 33 years. I'm accompanied by Glenn Gilmore, our manager of
17 international trade.

18 SSAB operates two Greenfield mini mill plants in
19 Montpelier, Iowa and Mobile, Alabama. The plants produce
20 primarily cut-to-length plate with some production of plate
21 and coil. We also have two cut-to-length lines in Houston
22 and Minneapolis that process coil with the cut-to-length
23 plate.

24 We are somewhat unique among domestic producers
25 in that our product portfolio for the Americas consists

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1 entirely of plate. We don't have a variety of other flat
2 rolled, long products, or tubular products that can
3 possibly shield us from trends in the plate market or from
4 the impact of unfairly traded imports on that market.
5 In addition, we are a subsidiary of SSAB. Our parent
6 company, while having a somewhat broader product line than
7 ours, is still primarily focused on plate and is a world
8 leader in new technologies for plate products.

9 From its mills in Sweden and Finland, it's a
10 major exporter to world markets. We also export from our
11 Mobile plant, which is situated on the Gulf of Mexico.
12 From this perspective, SSAB is particularly aware of the
13 massive global overcapacity in plate. China, for example,
14 has nearly enough plate capacity to supply the world market
15 on its own. While recent reports indicate the Chinese
16 steel industry is starting to undertake some efforts to
17 address its large amounts of overall excess capacity, as
18 far as we are aware, these reductions have not impacted the
19 large state-owned enterprises making plate in China.

20 The steel industries in Korea, India, and
21 Indonesia have massive overcapacity in plate. They have
22 all added new plate capacities since the last sunset
23 review. Indian producer Essar doubled the capacity at its
24 Hazira plate mill in 2011. Monnet Ispat commissioned a new
25 steel plant with plate capacity in India in 2013. Jindal

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1 plans to increase capacity at two Indian mills by a
2 combined 3.7 million tons. And in 2016, Sail announced it
3 would add 3 million tons of capacity to its Indian plate
4 plant by 2018.

5 In Indonesia, Krakatau began production in 2014
6 at a newly installed plate mill with a capacity of 1.5
7 million metric tons. Gunung Steel commissioned a new slab
8 caster with a capacity to produce 1.2 million metric tons
9 of slab and plate in 2014. And Gunawan is working on a new
10 1 million ton plate mill expected to be completed by the
11 end of the 2018.

12 Finally, in Korea, Hyundai Steel started a new
13 blast furnace in 2013 and added 2 million metric tons of
14 plate capacity as part of its expansion project. These
15 expansions have occurred in spite of collapse in the Asian
16 shipbuilding industry.

17 In the meantime, demand in the U.S. is just
18 beginning to slowly improve from the collapse in the energy
19 markets in 2015 and 2016. However, our forecast is that
20 demand in 2018 and 2019 will still be nowhere near the
21 levels of 2014.

22 Our company does not layoff employees as a
23 practice, but we have had severe curtailments of shifts,
24 production, and take-home pay in 2015 and 2016. In spite
25 of our last successful round of cases against 12 countries

1 in 2016, the import market share of cut-to-length plate,
2 particularly from Korea, remains high. It would only be
3 worse without the duties against Korea, India, and
4 Indonesia.

5 At SSAB, we had developed an expansion plan to
6 invest hundreds of millions of dollars to expand our melt
7 capacity at Montpelier, Iowa by more than 1 million tons to
8 feed our four U.S. facilities and one Canadian
9 cut-to-length plate. We shelved these plans in early 2015.
10 We're awaiting for a period of sustained increase in
11 demand, sustained profitability for SSAB Americas, and low
12 import levels in order to resuscitate these plans.
13 For the above reasons, on behalf of our 1300 American
14 associates, we ask you to prevent the recurrence of injury
15 and maintain orders against dumped and subsidized imports
16 from India, Indonesia, and Korea. Thank you.

17 STATEMENT OF DANIEL MULL

18 MR. MULL: Good morning, I am Daniel Mull, the
19 executive vice president for sales and marketing
20 ArcelorMittal, USA. I am responsible for overseeing and
21 coordinating for our company the sales of a wide array of
22 steel products including cut-to-length steel plate.
23 ArcelorMittal is a global leader in the development and
24 production of high quality cut-to-length plate products.
25 Our plate is sold in the United States to both distributors

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1 and end users for numerous applications. We sell our plate
2 on a nationwide basis and face no geographic barriers.
3 What we do face is unfair import competition throughout the
4 country. I've appeared before the Commission on several
5 occasions, including most recently in the cut-to-length
6 plate cases against 12 countries that you decided last
7 spring. I want to thank you for your extraordinary efforts
8 in that case, as well as other investigations affecting my
9 company and its workers.

10 You understand the devastating effect that
11 unfairly traded imports have had on domestic producers of
12 cut-to-length plate and we appreciate that. As the
13 Commission knows, plate, like the other flat-rolled steel
14 products, is a high-fixed cost industry. Foreign producers
15 are constantly seeking outlets for their excess capacity to
16 cover those costs and leading them to export at whatever
17 price they can get.

18 Further, purchasers are seeking out low plate
19 prices to reduce their own costs and they find those low
20 prices offered by these dumped and subsidized subject
21 imports.

22 You recognize all of that when you made your
23 affirmative determination on the 12 countries last year.
24 You recognized too when you made those decisions that the
25 domestic industry simply cannot match the low import

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1 pricing that has been in the marketplace now for several
2 years. Those low priced imports have resulted in lost
3 sales and lower U.S. producer prices.

4 In fact, until the 12 country case was decided,
5 low priced imports had caused our prices of plate to fall
6 to the lowest levels we had seen in more than 10 years.
7 So if you want to know what will happen if these orders are
8 revoked, just look what happened over the last three years
9 with imports from the 12 countries. They grew volume and
10 market share through underselling. That is exactly what
11 Korean, Indian, and Indonesian producers will do.

12 I'm sure it's not lost on you that the one
13 Korean company not covered by this order, POSCO, was
14 responsible for a big part of the underselling and volume
15 gain in the case you just decided. POSCO's Indonesian
16 joint venture should not be allowed to fill in where POSCO
17 Korea has just been put under order.

18 It has been several months since your
19 determination in the 12 country case, but the industry has
20 by no means recovered yet. Considering we were at a
21 10-year low, however, that improvement simply means prices
22 remain at extremely low levels. Profits are still very
23 depressed as well. In fact, ArcelorMittal recently
24 announced the idling of our plate rolling mill at
25 Conshohocken.

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1 I would like to believe that the market will
2 improve once our customers have worked through all the
3 inventory of low-priced imports that are stockpiled before
4 the Commission's affirmative determinations.
5 Unfortunately, demand has been declining with no real
6 improvement yet and the domestic industry has plenty of
7 unused capacity to supply the market if demand should
8 increase.

9 I shudder to think of the consequences of a
10 negative determination in this review. Korea, India, and
11 Indonesia have plenty of excess capacity and have shown
12 that they're capable of and interested in directing that
13 excess capacity to the United States.

14 These three countries have flooded the U.S.
15 market before with low-priced imports and they have every
16 reason to do it again.

17 My lawyers tell me that a key question sunset
18 reviews is whether the domestic industry is vulnerable to
19 the imports if they are unrestrained by unfair trade
20 orders.

21 While that is a legal conclusion, I can tell you
22 without hesitation that my company has not recovered from
23 the last wave of imports. We are still in an injured
24 condition. More unfairly priced imports in this market is
25 the last thing we need or can withstand.

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1 So on behalf of my company and the many workers
2 and communities who depend on the jobs created in the
3 cut-to-length plate industry, I urge the Commission to
4 maintain the unfair trade orders against the three
5 countries. Thank you.

6 MR. PRICE: That concludes the direct
7 presentation of the domestic industry. Thank you.

8 CHAIRMAN SCHMIDTLEIN: Great. Pardon me. All
9 right, thank you very much. I'd like to thank all the
10 witnesses for being here today to understand the issues in
11 this third review.

12 We will be -- I actually will begin the
13 questioning for the Commissioners this afternoon. So I
14 want to start with looking back and I have a question with
15 regard to Italy and Japan. So Italy and Japan were
16 originally a part of this particular case. And the orders
17 were revoked in -- around 2010, 2011. I understand that
18 they were then part of the case earlier this year, you
19 know, cumulated with all the other countries among the 12.
20 But when you look at what happened between the original
21 investigations in 1998 and the second -- you know, the
22 second review when they were revoked and then you look at
23 the quantities for Italy and Japan in 2016, and I'm looking
24 at the table at page I-7 in the staff report, it's public,
25 I'm just wondering what is the difference between the

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1 industries in Italy and Japan and these three countries,
2 because when the orders were revoked around 2010, 2011,
3 Italy and Japan increase again, but not nearly to the point
4 that they were in the original case, right?

5 So what I'm looking at, I see -- and in this
6 table, you got to look at the non-subject. That's where
7 they've got the quantities. So you see Italy non-subject
8 2016 of 31,000 short tons roughly, Japan, 35,000.
9 In the original case, you had Japan at 288,000. You had
10 Italy at -- so is there a difference in those industries?
11 You know, why did they not come roaring back into the U.S.
12 market in those five years.

13 CHAIRMAN SCHMIDTLEIN: Is there something going
14 on in Europe or is there something that -- you know going
15 on with those particular companies in those two countries?
16 And I did not look back at the briefs in that second review
17 to see whether or not there were arguments made with -- you
18 know, obviously, we did revoke the -- I don't know if there
19 were arguments made with regard to the capacity in those
20 countries and whether or not they would -- so I'm just
21 curious. You don't see them growing back, so I was just
22 curious as to what was going on there.

23 MS. DRAKE: Thank you. If I recall correctly
24 from the second review, while the Commission found that
25 imports from Italy and Japan would not likely have -- that

1 they may have a discernible impact, they found that they
2 would compete under different conditions of competition in
3 the U.S. market. And I think part of that was that there
4 had not been increases in capacity in Italy and Japan like
5 there had been increases in India, Indonesia, and Korea.
6 And I think there were other differences as well in terms
7 of how they would compete in terms of product mix or other
8 issues and so I'd be happy to address those post-hearing,
9 especially, looking at the record of the newest cases to
10 see if those differences were really borne out after the
11 post-revocation --

12 CHAIRMAN SCHMIDTLEIN: I mean is that a surprise
13 to the steel companies here? Did you expect that Japan and
14 Italy would come back in a stronger way than they did?

15 MR. MOSKALUK: So I think in the context of the
16 question you're asking and not knowing this off the top of
17 my head, I think it would be important to know what the
18 conditions were in their home market in the period as well
19 because that may explain reasons why they had less interest
20 to export at the time, but I don't know the answer to that.

21 I do recall at the sunset when Italy and Japan
22 were relieved from the finding that the Japanese based much
23 of their discussion in their presentations about their lack
24 of interest entirely in shipping to the U.S. and I recall
25 because I was here testifying for the domestic industry.

1 And I recall there was a considerably amount of
2 time spent by the Japanese presenters explaining that they
3 would not return at all to the U.S. and didn't have an
4 interest in the market because they were going to be busier
5 elsewhere in Asia, shipbuilding, and I think they listed
6 some other reasons why they would have any interest, but
7 they did return and they were found to be underselling and
8 they were found --

9 CHAIRMAN SCHMIDTLEIN: In the most recent case.

10 MR. MOSKALUK: So it leads me to believe that,
11 well, it may not have been the volume you or I had expected
12 we would see for the, based on what they had in the
13 original finding that they were relieved from, that they
14 still returned and they still did undersell and they still
15 were found to be harmful to the domestic industry.

16 MR. ROSENTHAL: We do want to look at this
17 further in the post-hearing brief, but not having thought
18 about this until you raised this question. Among the other
19 things that were going on then too were a rapid increase in
20 imports from a bunch of other subject countries and they
21 were all competing against one another, including against
22 the Koreans, who said they weren't going to come back into
23 the market.

24 So there was a lot of additional import
25 competition at the same time, which is one of the reasons

1 why we ended up having to file cases against a bunch of
2 countries, not just a few, so that's another factor that I
3 think was evident at that point, but we'll address this
4 more fully later.

5 MR. PRICE: Again, like Mr. Rosenthal, I'll
6 agree that we'll address this more in the post-conference
7 brief, but what's kind of curious is if you look at the PT
8 Krakatau brief is they're saying, hey, one reason why you
9 should allow us in is there is you imposed all these orders
10 against all these other countries out there. Basically,
11 implying, hey, this is a really attractive opportunity for
12 us to come in here with more volume. They didn't say it
13 that way, but that's, more or less, what it implies. And
14 you know if you want to understand why the U.S. market is
15 attractive, I would sort of go back to our Slide 11 and you
16 can see the export prices at Indonesia's exporting have
17 very substantial quantities currently.

18 And with all due respect to their arguments
19 about freight, which are unsupported, freight anywhere in
20 this world -- ocean freight is not a barrier to exports.
21 Given these price gaps, I think this is an incredibly
22 attractive opportunity. So the conditions of competition
23 that exists maybe with Italy and Japan at various times
24 have been different, but when you deal with Asia with
25 massive overcapacity and you know Indonesia being one of

1 the prime culprits, along with India now in adding capacity
2 in the global market and continuing to add capacity despite
3 massive excess capacity, it's going to come somewhere and
4 it's going to come here. They're going to want to send it
5 somewhere and this is the location.

6 So I think each of these are sue generous, but
7 these three countries the last time the Commission treated
8 them differently, and one of the reasons they treated them
9 differently was the massive amounts of capacity coming
10 online in these countries. And in fact, Indonesia, at the
11 time, was even a net importer, but there was massive
12 capacity already coming online that was slated. In fact,
13 it did come online. It has been exported extensively.
14 It's a very export-dependending country. I think the facts
15 would show this is very different than Italy and Japan.

16 MR. ROSENTHAL: One more time, and I promise we
17 will address this in our post-hearing, but there is another
18 thought that I think is worth sharing at this point. And
19 that is a few years ago when we were looking at Japan and
20 Italy, the world overcapacity situation wasn't as acute as
21 it is today either and so I, again, will go back and tell
22 you what we think was happening at that point with those
23 bigger countries, but for your consideration at this point
24 the facts of overcapacity worldwide, the opportunities for
25 the three subject countries in this particular review to

1 ship to elsewhere in the world or even their home markets,
2 which are depressed, are much different than the situation
3 that was taking place a few years ago with respect to the
4 world and Japan and Italy, in particular.

5 CHAIRMAN SCHMIDTLEIN: Okay. So shifting gears
6 just a little bit, but still along the lines of how things
7 have changed or whether they've changed, when you look at
8 the staff report at the list of domestic companies
9 producing domestic cut-to-length plate today and compare
10 that to the chart in the original staff report in this case
11 there's almost no overlap in terms of the domestic
12 producers and so I just wonder is that a factor?

13 How does that affect our analysis? How does
14 that affect the conditions of competition here, if at all?

15 MR. PRICE: I don't think it has a material
16 affect on your analysis in this case. I mean the fact is
17 that this industry is vulnerable to injury, was just
18 demonstrated by the recent affirmative determinations in
19 the 12-country case, so while the exact companies may have
20 changed and in some cases the assets have changed some of
21 the assets are the same just with new nameplates on them.
22 But the bottom line is this industry is highly vulnerable
23 to a recurrence of material injury regardless of the names
24 of players in the companies.

25 CHAIRMAN SCHMIDTLEIN: Okay. Alright, my time

1 is up and so Vice Chairman Johanson is next.

2 VICE CHAIRMAN JOHANSON: Thank you, Chairman
3 Schmidtlein and I would like to thank all of you for
4 appearing here today.

5 How has the global market changed in the nearly
6 two decades since the original petitions were filed? Are
7 not the Indian, Indonesian, and Korean industries operating
8 in a different economic environment than they were in the
9 late 1990s during the aftermath of the Asian financial
10 crisis?

11 MR. MOSKALUK: Commissioner, I think, yes,
12 you're right. There's been substantial change. You're
13 talking about the period at the outset in '97/'98; is that
14 correct?

15 VICE CHAIRMAN JOHANSON: Yes, at about the time
16 that the petitions were filed.

17 MR. MOSKALUK: Okay, so the changes since that
18 time is a massive run up in plate capacity, globally,
19 including a very substantial run up in plate manufacturing
20 capacity in China. Again, additional capacity added in all
21 three subject countries that have been mentioned. In the
22 same time, while there was the Asian crisis at the time,
23 we've seen a decline in one of the major plate-consuming
24 markets for Asia, which is shipbuilding.

25 And so if you look at general conditions, we've

1 added more production in a market that is relatively
2 strained for demand and so I would say since the original
3 finding in the late nineties the conditions have gotten
4 more adverse for these companies and would probably cause
5 them to look at export more outside of what we would
6 consider their traditional home markets because the
7 capacity is greater in that particular market and they've
8 added capacity into a market where I would say the demand
9 is strained, at best.

10 VICE CHAIRMAN JOHANSON: Thank you, Mr.
11 Masklike. As it relates to the scope of these reviews, are
12 there any particular qualities of cut-to-length plate that
13 are offered by a foreign producer in the subject countries
14 that are not supplied by a domestic producer?

15 MR. WHITEMAN: At the present time, there are no
16 products from any of the countries that are represented
17 that the domestic suppliers cannot produce, whether you're
18 talking grade or sizes. The domestic industry is capable
19 of producing all of those products.

20 VICE CHAIRMAN JOHANSON: Thank you, Mr.
21 Whiteman. Mr. Mull, were you going to speak?

22 MR. MULL: I would just confirm that. That
23 would be our position also that someone in the domestic
24 industry can produce any of the types of plates that the
25 producers in this case are capable of.

1 MR. MOSKALUK: We'd concur. We're not aware of
2 anything that could not be supplied by the domestic
3 industry.

4 VICE CHAIRMAN JOHANSON: Alright, thank you to
5 all three of you. In the last five years have there been
6 any significant changes in cut-to-length plate production
7 technology?

8 MR. MOSKALUK: I'll leave room for others
9 because we're all, I'm sure, looking at different
10 technologies and innovation in manufacturing. I would say,
11 yes, there's always the opportunity for innovation. It's
12 typically in efficiencies of production the concepts for
13 steel-making and steel rolling that the actual activities
14 themselves are relatively unchanged. The innovation is
15 more in the equipment and investing in equipment that can
16 allow you to do things more efficiently -- time, space, et
17 cetera.

18 MR. TOPALIAN: I would concur with my colleague.
19 I think as Nucor invests and continues to look to the
20 future, whether it be an AI or automation or advancements
21 in technology, we're always pushing to see whether it's
22 cost reduction, improved processing, speed delivery,
23 safety, all those aspects into our processes and across
24 plate. So that is something is we endeavor and continue to
25 push and look for in the future.

1 MR. MOSKALUK: Commissioner, if I might add,
2 that's one of the predicaments the industry is in now and
3 why there is some vulnerability is that because of the
4 pressure that we have been under for the past few years of
5 unfairly traded or underselling of the import product we've
6 not been able to get a sufficient return to continue to
7 look at the necessary upgrades and investments that we
8 would want to make that would make us more efficient, more
9 competitive, a better supplier to our customer based, being
10 able to meet all of the needs and demands that our
11 customers would like.

12 So that goes to vulnerability, the fact that we
13 would love to continue to invest and the fact that the
14 business is not returning what we would consider to be
15 suitable return for re-investing in the business.
16 We are barely capable to continue to invest on things like
17 compliance and just sustainability on the business -- you
18 know the required maintenance and repair that a steel mill
19 needs every year. On top of that anything we need to
20 continue to comply to any regulation and then that means we
21 run out of capital when it comes time to continue to
22 innovate and invest so that we can be a better supplier to
23 our customers.

24 VICE CHAIRMAN JOHANSON: Has new technology and
25 increased efficiency added to overcapacity being supplied

1 by the subject countries?

2 MR. MOSKALUK: Again, I think the overcapacity
3 in the countries -- subject countries is new investment and
4 new facilities. While I am certain that some of the older
5 facilities in those same countries may have invested in
6 something that would get them incremental capacity, the
7 preponderance of the overcapacity in those countries is
8 from new facilities or expanded facilities.

9 MR. PRICE: I'm actually going to give you a
10 quick answer because it goes to both of these lines of
11 questions. This actually comes from the G-20 report from
12 the global forum that was just issued on November 30 about
13 capacity and I'm actually looking at paragraph 18, which
14 anyone here can pull up. And it says, "The data indicate
15 that capacity developments over the last two years diverge
16 across the global forum membership. Economies like the
17 European Union, China and Japan have registered declines in
18 capacity since 2014, while others like India, Indonesia,
19 Mexico, Brazil, and Turkey have registered increases over
20 this same period."

21 So you have two things going on. You have
22 diverging trends as certain places actually are taking
23 capacity down, which goes to conditions of competition in
24 your question earlier, one. And two, you're seeing what's
25 going on here in places like India and Indonesia, new

1 capacity being built. So while developed world suppliers
2 like these companies here, incrementally, have to invest to
3 upgrade these guys are buying new technology at the front
4 in and expanding mostly with Greenfield facilities, so
5 you're seeing those types of trends go on.

6 MR. MULL: The other area that I think needs to
7 be pointed out is that there are things that we would like
8 to invest in order to actually develop unique products and
9 you can do that with different types of rolling systems
10 from a mechanical standpoint. You can also do it from
11 unique thermal treatment of the -- in order to give
12 properties to the plate products.

13 We have some of that type of development in our
14 research labs and would like to do that in the United
15 States, but what limits us is that our need for capital
16 just to keep the facilities running on the basic grades of
17 plates in order to give the base load that we need is so
18 substantial that for us to even think about expanding and
19 advancing that is very difficult.

20 And I think there's two parts to it, alright.
21 One is being competitive in the marketplace against your
22 competition. The other is being able to be a leading edge
23 on offering new products and we want to be able to do the
24 second one. On the other hand, our problem is that we're
25 almost at a point where all our capital needs to go in the

1 first one just to keep our facilities running in order to
2 be competitive. And all of that's a result of prices being
3 depressed due to the amount of product that has come into
4 this country over the last four or five years.

5 VICE CHAIRMAN JOHANSON: Thank you, Mr. Mull and
6 thanks to others who've answered the questions. My time is
7 about to expire, so I'm going to stop there.

8 CHAIRMAN SCHMIDTLEIN: Commissioner Williamson.

9 COMMISSIONER WILLIAMSON: Thank you. I want to
10 express my appreciation to the witnesses for coming today.
11 I was just wondering about demand in the U.S. You've
12 already talked about the decline in shipbuilding, but I
13 assume that's not really been a big factor in the U.S. in a
14 long time. Of course, the energy factor, energy demand,
15 and what happened to the energy sector would be, but what
16 other factors might be affecting demand -- have affected
17 demand in the U.S. over the period of review and how things
18 evolved?

19 MR. WHITEMAN: Demand that we have seen over the
20 past several years has not been very good and the
21 particular areas along -- where we've seen the biggest
22 impacts, of course, are some that you have mentioned in the
23 energy sector, in particular. But if you look across most
24 plate-consuming sectors, we've seen a significant drop off
25 in demand across that spectrum, including barge as one

1 aspect or component of the shipbuilding business. Energy
2 has been off. Mining construction equipment as well would
3 be thrown into that category, so most of the major
4 plate-consuming sectors have seen significant drops in
5 demand across the period of review.

6 COMMISSIONER WILLIAMSON: Okay. What about
7 looking forward; what do you look to in forecasting future
8 demand?

9 MR. MOSKALUK: I think, as we look forward, we
10 continue to look at a somewhat of a saw tooth in the
11 recovery and very similar to what my colleague from Nucor
12 mentioned. It depends on the unused segment. And so while
13 we may see some modest improvement coming through mining
14 equipment or on the energy side because the energy side had
15 troughed so badly in 2016, and we're talking about
16 recoveries from troughs, which also makes it a little bit
17 misrepresented when you talk about a percentage change from
18 the very bottom when we compare it to a market where we
19 were in '14 when conditions were much better.

20 But I would say you can look at mining equipment
21 or oil and gas and say there's a modest recovery coming.
22 We've not seen a recovery in construction. You know we
23 await any anticipated spend in infrastructure, but as yet,
24 that's not come forward.

25 And quite frankly, for plate products because

1 they are typically used in the heavier side of an
2 infrastructure build they tend to have a much longer line
3 of sight to them because it requires engineering and design
4 for things like bridges or large facilities before they
5 come to market and actually consume our product. So even
6 if something were to happen in the relative near term for
7 construction, some other products may see a quicker lift
8 because they're more in the, say, shovel-ready category,
9 whereas the products for plate tend to be engineering,
10 design and so for us it could be a cycle of 18 to 24 to 36
11 months before the actual plate products start being
12 consumed in these projects.

13 And we look at other end use segments, have
14 transportation was a very good one. My colleague mentioned
15 that. Certainly, in the barge market it is in a pretty
16 much free-fall decline right now and we don't see much, if
17 any, build going on. It's overstocked and available, barge
18 capacity.

19 And then we see other markets like agriculture,
20 which some of that portion of the market uses heavy plate
21 in the larger equipment. And again, it's going through a
22 transition itself and it's off for typical demand. So as
23 we meet with our customers -- and we meet quarterly and ask
24 about demand and I could characterize the behavior is that
25 across many segment we'll see modest recovery from some, a

1 decline in others like barge or agriculture and then we'll
2 look at others -- and I'll give you a great example.

3 Construction is one of those where we'll go meet
4 with the customer and they'll show us that at
5 three-quarters out they expect the market to improve and
6 then we'll go back the next quarter and ironically that
7 improvement is still three-quarters out, but it's now moved
8 a full quarter ahead because they continue to wait for
9 something to change. They want to forecast improvement and
10 they know that at some point that it will have to come.
11 There's just this pent-up need for spend. But until it's
12 actually let loose, they just keep kicking the can down the
13 road. So we're in that kind of condition, at best.

14 I would say we're in a spend market that's stabilizing
15 because of kind of the balance between segments up, down,
16 and sideways.

17 COMMISSIONER WILLIAMSON: Okay, anyone else.

18 MR. MULL: I would just add that we've seen a
19 real drop off in agricultural market. I think we all know
20 there's excess supply right now of wheat, corn, that type
21 of thing and the agricultural part of the marketplace
22 whenever they're expanding they spend their money and
23 whenever they are not they don't buy anything and we've
24 really seen that part of the market much slower also.

25 COMMISSIONER WILLIAMSON: And for your product

1 that gets used in what, things like storage bins, shipping?

2 MR. MULL: Well, that more goes into the actual
3 equipment.

4 COMMISSIONER WILLIAMSON: Okay.

5 MR. MULL: Storage bins would be more sheet
6 related.

7 COMMISSIONER WILLIAMSON: Okay, so it's more
8 like the tractors, the other kind of farm implements.

9 MR. MOSKALUK: You can think broadly and plate
10 products are used in any of the heavier applications from
11 planting to harvesting. Minor would be into storage and
12 then even in the transportation of those commodities, so
13 that's kind of where our products are used in anything
14 that's a heavier vehicle or vessel or storage or the
15 equipment to plant and harvest, but obviously the very
16 large equipment.

17 As my colleague from Archelor pointed out, some
18 of the smaller items are more sheet related.

19 COMMISSIONER WILLIAMSON: Okay, thank you for
20 those answers. I have a question about accumulation of
21 Indonesia. The Indonesian products producers argue their
22 significant government infrastructure projects will cause
23 them to focus mainly on the home market rather than
24 exports. They also seem to have a significantly smaller
25 capacity than either India or Korea. Do these factors

1 provide a basis for the Commission to find imports from
2 Indonesia will compete under different conditions of
3 competition than other subject imports?

4 MS. DRAKE: No, we don't believe that any
5 differences of that type, to the extent that they exist,
6 would justify finding that imports from Indonesia would
7 compete under different conditions of competition than
8 imports from India or Korea. Despite the statement about
9 infrastructure investments in Indonesia, if you look at
10 both the recent and ongoing capacity expansions, those far
11 outstrip any projections for increases in demand in
12 Indonesia which makes it exactly the same as both India and
13 Korea in that regard.

14 Also, it has very large excess capacity already,
15 which makes it similar to India and Korea in that regard
16 and I think that both the information that we got from
17 Indonesian Respondent and the other available information
18 in the staff report about export orientation shows that
19 though that one Indonesian producer or Indonesian, in
20 general, are not exporting to the U.S. right now because of
21 the order, they continue to be export oriented like both
22 producers in India and Korea.

23 And in terms of the capacity, while their total
24 capacity may be somewhat smaller than the two other
25 countries, we don't think that factor on its own should

1 support a finding that they're going to compete under
2 different conditions of competition given that they all
3 have growing capacity, excess capacity, export orientation.
4 They all displayed similar trends during the period of
5 investigation in terms of massive increases to the U.S.
6 market in and using underselling to acquire that market
7 share.

8 MR. PRICE: I'll just add to it that there were
9 a variety of claims -- well, I'll add two things to it.
10 One is that the amount of capacity that Indonesia has, it's
11 excess is still substantial and massive and so as the slide
12 showed there. It may be small relative to the other two,
13 but that ain't small, okay. That's really quite large.
14 Number two, despite all the claims about infrastructure
15 projects, a lot of those infrastructure projects have not
16 been funded and so what's going to happen is, I think, is
17 quite speculative. In fact, I'm going to pull the PMI
18 Index for Indonesia for the month of December which just
19 came out.

20 COMMISSIONER WILLIAMSON: DMI Index?

21 MR. PRICE: That's the manufacturing index --

22 COMMISSIONER WILLIAMSON: Okay.

23 MR. PRICE: -- of what the Indonesian economy is
24 going on. You know it's the usual, if it's 50 or above,
25 it's expanding, if it's 49 or below or 50, it's

1 contracting. The Indonesian economy has, essentially, been
2 bouncing around dead even for the last year. And it's
3 actually in the month of December the headline is that PMI
4 was at 49.3 and output in new orders declined. So the idea
5 that there's some massive, rosy picture going on in
6 Indonesia really is not borne out by the facts and we'll
7 provide more in the post-hearing.

8 COMMISSIONER WILLIAMSON: Are you saying they're
9 no faster than we in terms of getting infrastructure
10 projects off the ground?

11 MR. PRICE: They are not different than we are.
12 That it seems that -- and honestly, some of it is they have
13 significant funding problems. That sounds rather parallel.
14 But two is all of these projects, even if you do it, they
15 have massive design periods. They have environmental
16 permitting periods. All of these things take time to get
17 done and so in the meantime they're adding capacity on top
18 of it. And so I don't see how this catches up. This is
19 all part of the problem and why the problem we have in
20 steel is not just a China problem. There is a massive
21 overcapacity problem in Indonesia and plate is really part
22 of that problem.

23 COMMISSIONER WILLIAMSON: My time has expired,
24 but go ahead.

25 MR. ROSENTHAL: Real quickly, if you look at

1 Slide 18, you can see why we're so concerned about
2 Indonesia. And the Indonesian -- the bullet point is at
3 number four I think is so telling. If the Indonesians
4 don't need to export and don't need to do so desperately
5 with all their overcapacity, why are they being shut out of
6 even the markets that are not nearly as attractive as the
7 U.S. market? Australia, India, Malaysia, Taiwan, Thailand,
8 they're being foreclosed from exporting there because of
9 their aggressive pricing. What do you think they're going
10 to do -- I shouldn't be asking rhetorical questions, but
11 I'll state it. We think they're going to come here because
12 it's a much more attractive market and they're going to
13 behave no differently than they did before or the Koreans
14 or the Indians do. That's why they shouldn't be
15 de-cumulated.

16 COMMISSIONER WILLIAMSON: I was thinking that
17 places like India are very heavy users of anti-dumping law,
18 but some of the other countries are not, so that may say
19 something to answer your rhetorical question.

20 MR. ROSENTHAL: Thank you. I got to ask a
21 question.

22 COMMISSIONER WILLIAMSON: Okay, my time has
23 expired. Thank you for those answers.

24 CHAIRMAN SCHMIDTLEIN: Okay, I actually have no
25 further questions, so we will go to Vice Chairman Johanson.

1 VICE CHAIRMAN JOHANSON: Thank you, Chairman
2 Schmidtlein.

3 The Domestic Interested Parties have argued that
4 prices in the U.S. market are significantly higher than
5 prices in other major markets, and this has been argued by
6 ArcelorMittal, Nucor, and SSAB in your briefs.

7 Just why are prices in the United States so much
8 higher than other major markets? I was really quite struck
9 when looking at some of the figures.

10 MR. MOSKALUK: Jeff Moskaluk, SSAB. I think and
11 I'll leave lots of room for others but I think one of the
12 things is the data shows the domestic home market price for
13 the U.S. plate market, and it shows export pricing for
14 other markets. And so if you work on the presumption that
15 much of the export material that arrives to the U.S. market
16 is undersold and below our domestic market, that may
17 explain why the export prices in other markets around the
18 world appear to be undersold and below what presumably
19 would be their domestic home market price as well.

20 I think that explains part of it, but I'm not
21 going to try and answer the entirety because I think that's
22 as much as I could explain to you.

23 MS. DRAKE: This is Elizabeth Drake, if I may.
24 We were actually talking about this yesterday because the
25 numbers struck us, as well, even if you're comparing, you

1 know, export AUVs to the U.S. and export AUVs to other
2 markets, and why is it that the U.S. market is higher
3 priced than these other markets? And we think, you know,
4 part of it is obviously we do have a large number of orders
5 on C-Steel Plate, but that's not the only reason.

6 We also have a domestic industry that has high
7 compliance costs, that has high labor costs, and that these
8 are market-oriented producers that need to produce a profit
9 for their shareholders. Where you see other markets that
10 are very distorted by government support, by government
11 subsidies, by lower production costs, and by some actors
12 that may be not acting as much of a profit-maximizing way
13 as our industry is trying to operate.

14 So that was part of the answer that we were able
15 to come up with, but we would be happy to look at it
16 posthearing and see if we can find something else that
17 would help.

18 MR. PRICE: Alan Price, Wiley Rein. So one of
19 the things that we look at is we tend to again look at what
20 the export pricing will be, and the gap, and whether or not
21 it makes sense for folks to export to the United States.

22 One of the curious things is we come up with
23 substantial dumping margins against almost all of the
24 foreign suppliers up there. And the reason why is that the
25 home market pricing for domestic market sales in many

1 countries for the domestic industry is higher than what the
2 export pricing will be for the world market.

3 And we saw this we see this in a number of
4 different cases. The export pricing is often set at
5 marginal cost, and that is for companies that want to even
6 earn marginal costs. There are some like the Chinese who
7 probably don't even care what the marginal cost is. We've
8 seen that over time.

9 And so you see very low pricing coming out on the
10 export market because they just want to move the volume.
11 And so the volume is something that they can take advantage
12 of that price gap. And so home-market pricing for many
13 countries is not necessarily that different, but the other
14 thing you end up with is the United States is a pretty open
15 market. You have an open distribution system, so you can
16 penetrate where you can't necessarily penetrate other
17 markets very easily, with lots of service centers, lots of
18 importers.

19 We have an ASTM most plate, a lot of it is in
20 very standardized ASTM grade. You self-certify to your
21 ASTM compliance. It's not like you have to go in and get
22 JAS qualified, or KIS qualified. And so it's very easy to
23 qualify for the U.S. It's very easy to penetrate.

24 So the U.S. is an attractive market. It's
25 attractive for a variety of reasons. Some of it is just

1 the ease of penetration. But going to the pricing element
2 of it, the pricing in the U.S. is, yes, it's attractive.
3 And, yes, just as we saw a month-and-a-half, two months ago
4 in similar questions on wire rod, we had very similar
5 questions, and I think Mr. Rosenthal at the time answered,
6 yeah, you're looking at these guys are willing to sell at
7 marginal cost and marginal price, and that's why their
8 pricing is so much lower.

9 And so the U.S. allows them to come in and take
10 advantage of that. And I think PT Krakatau Posco, without
11 saying it, was saying, hey, there's now 12 orders here.
12 We've got all these other orders out there. Here's this
13 really good opportunity for us to come in and really
14 frustrate the ability of the industry to take advantage of
15 what should be recovery as those orders take hold, and as
16 there is ultimately some demand recovery, and all those
17 things come together.

18 So whether it's Indonesia, whether it's India,
19 whether it's Korea, all of them will cause injury. They'll
20 all have the same impacts. They're all going to compete,
21 you know, interchangeably. They're all going to have
22 discernible adverse effects.

23 And while we can speculate why the price
24 differences are what they are, there's no question that
25 they will be here, and they will be here and have large

1 negative impacts.

2 MR. ROSENTHAL: I don't want to cite myself from
3 the previous hearing, but I will add one additional point
4 there. And that is, what you see in many cases before the
5 Commission, whether they're metals, aluminum, steel, you
6 name it, is a requirement by domestic companies as you
7 heard earlier by Ms. Drake that they've got to actually
8 make a profit. They have shareholders. They have
9 investors. And they expect returns on those investments.

10 As a result of that, very often they decide
11 they're not going to bid on low-price offers, or compete,
12 and they will walk away. And therefore their profitability
13 might be maintained for awhile, but the result is they lose
14 market share.

15 So you have a higher priced market which makes it
16 attractive for others to come in and get market share, and
17 they often do. And that has been, writ large, one of the
18 problems that domestic manufacturers have had over time.

19 That is why you see domestic manufacturing base
20 shrinking. And one of the things I've urged many times
21 before this Commission is to not focus on, for example,
22 simply net operating profits to sales ratios because you
23 can maintain those at what might be seen as reasonable
24 levels by simply getting out of more product lines,
25 reducing your productive capacity, and ceding volumes to

1 others and maintain higher priced product until you go out
2 of business.

3 VICE CHAIRMAN JOHANSON: Thanks, Mr. Rosenthal
4 and others for your responses.

5 I was struck not only by the higher prices in the
6 U.S. market, but also that the U.S. producers are fairly
7 sizeable exporters. How can that be the case if we have
8 the higher prices in the United States?

9 MR. MOSKALUK: Commissioner, I think if you look
10 at the exports from the domestic industry it is likely
11 contained to NAFTA to a very, very large percentage. And
12 so it's not perhaps representative of truly international
13 or global export. I would say it's mostly contained within
14 NAFTA.

15 MS. DRAKE: Excuse me. Elizabeth Drake.
16 Commissioner Johanson, it's also interesting to note that
17 the export unit values for the domestic industry are quite
18 close, and sometimes even higher than the U.S. shipment
19 unit values. So whatever relationships they have with
20 those NAFTA customers are similar types you know,
21 generating similar types of pricing as what is generated in
22 the domestic market. But that's not the story, writ large,
23 comparing the U.S. market to all of the other markets that
24 are out there.

25 MR. WHITEMAN: Commissioner, Jeff Whiteman from

1 Nucor. I would just like to add to that.

2 One other component to that that you might see
3 would be the type of product that's being exported, that
4 being more of a specialty grade of steel versus more of the
5 836 or a commodity type product as well.

6 MR. PRICE: And one final note is that if you
7 look at the third-party publication sources on pricing,
8 you'll tend to see the NAFTA pricing all pretty similar,
9 you know, whether it's Mexico or Canada or the U.S. There
10 are slight differences, but those all tend to be very
11 similar.

12 VICE CHAIRMAN JOHANSON: Okay. It's very
13 interesting to hear about NAFTA these days, but I won't go
14 any further into that.

15 (Laughter.)

16 VICE CHAIRMAN JOHANSON: Are the available price
17 comparisons on this record which show more overselling than
18 underselling surprising to you? Or are they consistent
19 with a market with orders in place? Or are they not
20 terribly useful, given the limited import price data
21 available on this record?

22 And I'm specifically referring to the staff
23 report at Table 5-8.

24 MS. DRAKE: Elizabeth Drake. I'll just mention
25 one thing and then let others speak. We believe that

1 largely they're not representative of either of what's
2 happening in the market today, with competition with those
3 subject imports that are in the market even with Orders in
4 place. Certainly not of what would occur if the Orders
5 were revoked. I believe the pricing data only covers I
6 think about 5 or 6 percent of Korean imports, and no Indian
7 and whatever else is very minimal. So we don't think that
8 they are representative. And I think in similar situations
9 in other cases, even when the Commission has seen unanimous
10 overselling by subject imports, when volume is low or where
11 that's inconsistent with what happened without the presence
12 of the Orders they found there will still be likely adverse
13 price effects if the Orders are revoked. And we think the
14 record will support the same finding here.

15 MR. PRICE: Alan Price, Wiley Rein. I agree. I
16 would just add that the subject producers would be selling
17 fairly standard products. The only reason -- the domestic
18 industry has plenty of capacity available, so the only
19 reason people are going to buy the product is if it's
20 undersold. And so without the discipline of Orders in
21 place, I think you'll see substantial volumes at very low
22 prices, and having the exact same price effects that we saw
23 in the original investigation.

24 MR. ROSENTHAL: Commissioner Johanson, Paul
25 Rosenthal. I think the existence of the Orders makes all

1 the difference. Having them priced fairly has resulted in
2 the decline in their volumes, as we've seen, and having
3 them priced fairly means that they have to oversell
4 sometimes. And they'll occasionally get a sale. But we're
5 talking about a very small volume. So I'm not sure that
6 answers the answers of B and C of the options you gave, but
7 clearly those are the reasons.

8 VICE CHAIRMAN JOHANSON: Your response helps out.
9 Yes?

10 MS. CANNON: Kathy Cannon. If I could just add
11 one more thing, Commissioner Johanson. And that is, that I
12 think what's significant is that despite the Orders you
13 also are seeing underselling. If you look at the staff
14 report at Table or page V-19, it's not insignificant in
15 terms of the volume levels of the volume levels reported,
16 which are relatively small. There actually still is
17 underselling even with the Orders in place.

18 MR. MOSKALUK: Commissioner, just so it's not
19 entirely lawyers, I'll respond as well. Jeff Moskaluk,
20 SSAB. I can tell you that for the heart of the market for
21 the products that make up the majority of the plate market,
22 where we do meet, and even subject countries I'll give you
23 an example. I met with a customer recently, and they
24 indicated they had an offer for import material from Korea
25 available for likely to be January arrival, and it was

1 substantially below what we would identify as our market
2 price, or even what we would identify as the competitive
3 domestic price that we would see.

4 And so our experience, despite -- I agree. I see
5 the same evidence you do. But despite that, in the
6 marketplace we are still asked to meet below-market prices
7 from countries.

8 VICE CHAIRMAN JOHANSON: Okay, thank you all for
9 your responses. My time has expired.

10 COMMISSIONER WILLIAMSON: Just a few more
11 questions. This is for posthearing.

12 Table 3-16 of the report sets out figures on U.S.
13 producer assets. The table shows one producer with a very
14 different order of magnitude of assets compared to others.
15 Could you comment on this posthearing?

16 MR. PRICE: We will do so.

17 COMMISSIONER WILLIAMSON: Okay, thank you. It
18 has been noted that many that the market consists of
19 different segments such as construction, rail cars,
20 offshore drilling, et cetera. Different capabilities of
21 specific mills provided an advantage to focusing on making
22 one or a few particular types of cut-to-length plate.

23 How does the capability profile of domestic mills
24 match up with the demand profile of the U.S. market?

25 MR. MOSKALUK: Jeff Moskaluk, SSAB. Again I'll

1 leave room for others to comment, but our experience or
2 observation is that in the fullness of the domestic
3 industry, if you look across all the facilities that are
4 operating and all the capabilities that are there, the
5 domestic demand, whether it be for more specialized grades,
6 more specialized thicknesses or widths, or the broadest
7 part of the market which I think is where we likely all
8 overlap, there is a complete capability to supply that
9 product mix.

10 And so when we talk about subject goods, and
11 subject countries, we are totally capable of supplying all
12 of what you would classify in your question.

13 COMMISSIONER WILLIAMSON: Given that there are no
14 Respondents here, and given that they're shipping so
15 little, the normal answer would be you all don't want to
16 provide it at the price that a customer wants. Is there
17 any of that here? There's a reason why it might not be,
18 but I just raise it because that's the usual answer we
19 would hear.

20 MR. MOSKALUK: Yeah, I mean so you're asking if
21 there are cases where we may choose not supply a product?

22 COMMISSIONER WILLIAMSON: Or you might say the
23 demand is too small, or it just doesn't make sense for you
24 to do it because of the price.

25 MR. MOSKALUK: Those conditions could exist in a

1 specific order, but I think if your question was generally
2 can the domestic industry manufacture those products, the
3 answer is unequivocally yes. If someone orders one piece
4 of something, is it a rational commercial order? You know,
5 perhaps not. But then keep in mind there's a whole
6 distribution market that may buy the rational commercial
7 volume and then distribute it at those sizes that you're
8 talking about.

9 So to say it's not available I think would be a
10 stretch. There would be a way to find a way to supply the
11 market.

12 COMMISSIONER WILLIAMSON: Okay, thank you. Just
13 sort of one last question, because we often see the foreign
14 producers have more capacity than, you know, all that is
15 demanded by the U.S. market. I think I heard that earlier
16 today.

17 And I was just wondering, how realistic is
18 sometimes that overcapacity? Just like infrastructure
19 aspirations, you know.

20 MR. MOSKALUK: Commissioner, could you clarify
21 your question for me? Are you talking about the capacity
22 for our customers to buy products? Or our capacity to
23 make?

24 COMMISSIONER WILLIAMSON: It's more the capacity
25 of foreign producers

1 MR. MOSKALUK: Foreign producers--

2 COMMISSIONER WILLIAMSON: To make, you know you
3 know, you say okay they have excess amount of capacity on
4 paper, and my question is: Can they realistically get up
5 to that capacity to flood the U.S. market?

6 MR. MOSKALUK: Our general observation is,
7 absolutely yes, in many cases because in the countries
8 we're talking about today it's brand-new capacity. There's
9 really no known obstruction to running a brand-new mill.
10 Other than Orders, there's really no obstruction.

11 COMMISSIONER WILLIAMSON: Okay.

12 MR. TOPALIAN: Leon Topalian with Nucor. I would
13 concur with my colleague's comments. The reality is ever
14 present. It is real, and that overcapacity we face and
15 seer in the marketplace in our research all the time. So I
16 can assure you, Commissioner, that excess capacity is very
17 real. And again, if these Orders are lifted, it will be on
18 our shores very quickly.

19 COMMISSIONER WILLIAMSON: Okay.

20 MS. DRAKE: Commissioner Williamson, if I may --
21 Elizabeth Drake -- I was also somewhat -- you know, you say
22 capacity to supply the market 87 times over, whatever, it
23 seems like that can't possibly be true. But looking at the
24 sort of market intelligence data on capacity, and then
25 other publicly available information on capacity, it

1 actually does kind of match up in terms of what these mills
2 are reporting as being additions or creations of entire new
3 mills within those countries.

4 But in this case, even if the excess capacity is
5 only half, or a quarter, or 10 percent of what comes from
6 all of the best sources that we have, it is still an
7 enormous amount compared to the U.S. market. And we still
8 have already seen the ability of producers in these
9 countries to ramp up exports, not double but 8 times over,
10 12 times over, when the opportunity is there.

11 And so I do think that these are realistic
12 numbers that we have to grapple with to understand what the
13 possible impacts of revocation could be.

14 MR ROSENTHAL: Commissioner Williamson, I know
15 some of these numbers seem really, really large, but they
16 are garnered by legitimate researchers who are looking at
17 annual reports, and interviewing companies who are talking
18 about their investments. And a lot of these are very, very
19 public announcements about investments they're making in
20 their own capacity to serve what they say is their own
21 markets, and sometimes export markets.

22 The problem you have is every country wants to
23 have a steel business. It's a matter of national pride,
24 employment, defense, you name it. And they don't all talk
25 to one another and say, well, gee, is this rational? Does

1 this make economic sense?

2 And you add it up and you get charts that look
3 like this. And they are totally realistic.

4 MR. PRICE: Alan Price, Wiley Rein. I concur
5 with that entirely. This is one of the debates that is a
6 serious discussion in the global forum context. You know,
7 why countries like Vietnam and Indonesia and India, when
8 there is such a massive excess capacity problem, feel like
9 they have to follow down the model of building out excess
10 capacity when you really don't necessarily need it at all
11 for development purposes.

12 But, you know, it is an issue to be dealt with.
13 And again those numbers come from third-party researchers
14 who are incredibly sophisticated. They are not only
15 looking at the announcements. They have folks on the
16 ground that are interviewing folks, and the capacity
17 numbers are incredibly I think reliable and realistic.

18 COMMISSIONER WILLIAMSON: I guess what you're
19 saying is not only are the numbers there, but the ability
20 to actually produce the stuff.

21 MR. PRICE: Absolutely. You know, we sometimes
22 think there was a mistake for many years of saying, oh,
23 China, bad quality, bad capacity, whatever. That may have
24 been in 2001, 2002, but they've bought the best mills in
25 the world. And what you're seeing is the best mills, you

1 know, new capacity coming on as our industry witnesses
2 said. That capacity doesn't have bottlenecks. It doesn't
3 have constraints. It is fully able to operate. And so
4 that is fully operational.

5 COMMISSIONER WILLIAMSON: Okay.

6 MR. MOSKALUK: Commissioner, Jeff Moskaluk, just
7 one last point because your question was: Does we really
8 think it's real? And so I can tell you, and I'm sure my
9 colleagues would have similar market intelligence, there's
10 only so many mill equipment providers around the world and
11 they all love to put their ads in magazines telling you
12 about the newest mill they just built and its rated
13 capacity, and what type of IT has been put in to go along
14 with the rolling technology, or the melting technology.

15 And in many cases the reason they do that is
16 because they would like to sell that technology to us as
17 soon as we have a large enough return on the business to
18 reinvest. And quite frankly, and I'll leave it to my
19 colleague from Nucor who could probably tell the same
20 story, our steelmakers think they're the best steelmakers
21 in the world. I'm sure you'd say the same. And they know
22 if they had their hands on that brand-new equipment how
23 many tons they could pump out.

24 And so we can very easily estimate whether it's
25 real or not because we know the equipment. We know the

1 equipment makers, and we know what we would be able to do
2 with that equipment.

3 So it's pretty easy for us to triangulate the
4 number and verify it.

5 COMMISSIONER WILLIAMSON: And we all love new
6 toys.

7 MR. ROSENTHAL: And on that topic, unlike some of
8 the electronic technologies where the phrase "vaporware"
9 gets used quite a bit, where companies act as if they're
10 going to bring a new product on the market in essence to
11 try to freeze consumers to not buying a competitive product
12 because they want them to wait for theirs. And sometimes
13 those products never get developed and never get sold.
14 That doesn't happen here. There's no vaporware in the
15 steel industry.

16 People are building these things. They are real
17 assets that have to have some production to make them
18 worthwhile, and some place for that production to go.

19 COMMISSIONER WILLIAMSON: Okay. Thank you for
20 those answers. I was just wondering about that question
21 after 11 years here. So thank you for the answers.

22 CHAIRMAN SCHMIDTLEIN: Vice Chairman Johanson?

23 VICE CHAIRMAN JOHANSON: Thank you, Chairman
24 Schmidtlein.

25 A number of domestic producers and importers

1 reported that raw material pricing affected the price
2 negotiations or prices paid for cut-to-length plate that
3 they sold, imported, or purchased. And this can be seen in
4 the staff report at page 5-3.

5 How critical are raw material prices to price
6 negotiations?

7 MR. MOSKALUK: Commissioners, Jeff Moskaluk,
8 SSAB. I would say that in the continuum of pricing raw
9 materials is less prevalent to the buyer and more important
10 to the seller, ourselves. And the reason is we are a
11 for-profit business and so we have to take into account
12 either what is our current situation for raw materials, our
13 anticipated future situation, so that when we're
14 negotiating and contracting to supply an order that we have
15 somehow managed to still be profitable in doing so.

16 So it is important to us when we're negotiating
17 price. I think on the buyer side, it is less important to
18 them to what the raw material cost is. What may be
19 important to them is to anticipate if raw materials are
20 going down they may then say well we expect that your cost
21 side will less and we'd like to negotiate a lower price.

22 So that may be where the seller would pay
23 attention to raw materials, only in anticipation of being
24 able to bargain on price.

25 As for setting price off raw materials, I mean we

1 sell in an open market. We sell against the domestic
2 industry and imports. And so essentially we're meeting a
3 market price which may or may not be driven by our raw
4 material costs because others manufacture differently. We
5 are an electric shop. Others may not be. And so it's
6 never as if it's an apples-to-apples comparison all of the
7 time.

8 MR. WHITEMAN: Commissioner, Jeff Whiteman from
9 Nucor. I would just like to add, I agree with everything
10 my colleague has said. I'd like to add that the delta
11 really on the cost versus price plays a key component in
12 the market price.

13 So if there is a significant delta in our cost,
14 it absolutely will have an impact on our price.

15 MR. MULL: Dan Mull, ArcelorMittal. I think the
16 driving consideration on pricing, more than anything else,
17 is always supply and demand. And over-supply obviously
18 drives pricing down, and it has a much greater impact on
19 the general marketplace than do the minor changes in the
20 input costs.

21 MR. MOSKALUK: Commissioner, I may add one other
22 thing, too. The cost side is a dynamic that changes
23 continuously. And so while in our case a customer may want
24 to point to scrap, but the reality is we're under
25 tremendous pressure on the cost side in other alloys, or

1 refractory brick, or electrodes, which also have very big
2 swings on price. And so the market may want to talk about
3 scrap-to-plate pricing, but the milieu in which we have to
4 calculate what price we can sustain and what our cost
5 structure is, there are so many other variables that
6 continue to change quarter to quarter, month to month.

7 MR. TOPALIAN: Commissioner, Leon Topalian with
8 Nucor. I think at the end of the day the supply and the
9 demand for our finished products is what's going to drive
10 our margin. And so while it has an impact, it ultimately
11 come back to supply and demand.

12 If these Orders are lifted and those imports come
13 back onto our shores, it will do two things immediately:
14 One, drive our pricing down, squeezing that margin to
15 nothing or below cost. And, also reduce our capacity
16 utilization at our plants.

17 So those two impacts will have immediate effect.
18 And so to me the raw materials are certainly an input, but
19 it is driven through the supply and demand for our steel.

20 VICE CHAIRMAN JOHANSON: Okay, thank you for your
21 responses.

22 Are there particular end-use markets that show
23 more promise than others in terms of demand conditions
24 going forward? And, conversely, are there particular
25 end-use markets that you view as continuing to present a

1 drag on overall domestic demand?

2 MR. MOSKALUK: Commissioner, Jeff Moskaluk, SSAB.

3 I think as I mentioned earlier, there are always segments
4 moving in opposite directions. And so in the current time
5 that would be accurate, as well.

6 We have some end-use markets that are stable.
7 Others are showing signs of improvement. And others are
8 showing signs of decline. And so in each case for every
9 company it depends on our mix of how much we participate in
10 each segment as to show we would be impacted differently.

11 And I think we all make choices on our customer
12 portfolio to try and match our facilities and our product
13 portfolio, and so I don't know that universally we always
14 feel it the same way, but generally speaking we're all
15 participating in these end-use segments to some degree or
16 another. And as I said earlier, some markets are showing
17 some sign of modest improvement; others, stabilizing, some
18 stabilizing at a trough; and lastly there are some, I think
19 my colleague mentioned Barge is a great example, it's
20 currently in pretty severe decline.

21 So--

22 VICE CHAIRMAN JOHANSON: I'm sorry? What is in

23 MR. MOSKALUK: Barge.

24 VICE CHAIRMAN JOHANSON: Barge? Okay.

25 MR. MOSKALUK: Yes. Marine, Brown Water, Blue

1 Water Marine.

2 So, yes, the answer is yes. We do see segments
3 traveling in different directions pretty much every
4 quarter. And they may even change from quarter to quarter
5 as well.

6 MR. WHITEMAN: Commissioner, Jeff Whiteman from
7 Nucor. Just to add to my colleague's comments, yes, we do
8 see variation in demand amongst the particular consuming
9 sectors for plate.

10 Right now, while there have been some modest
11 improvements in the energy sector, per se, really what we
12 have seen is the demand in most of the other major
13 plate-consuming sectors have muted any of that benefit that
14 we might see in the areas that do show signs of promise.

15 VICE CHAIRMAN JOHANSON: Thanks for your
16 responses. It's real interesting. When I first got here,
17 about almost six years ago now, oil and gas was doing
18 really well. Then it tanked completely. And now it's kind
19 of coming back. So it's very interesting to follow what's
20 going on in the market there with regard to steel.

21 What effect, if any, did the closure and sale of
22 Evraz's Plate and Mill in Claymont, Delaware, have on the
23 U.S. market during the Period of Review?

24 MR. WHITEMAN: Commissioner Jeff Whiteman from
25 Nucor. While there was a short-term impact on the

1 marketplace that might have been positive, I think it was
2 very quickly absorbed by imports that came in and displaced
3 that capacity that was once the Evraz facility.

4 MR. MOSKALUK: Commissioner, I think another way
5 to examine the impact of the closure is to look at the lack
6 of change in capacity utilization. And so the market has
7 adjusted. In some cases it's changed on the demand side as
8 well, but generally speaking the domestic industry had
9 plenty of capacity to absorb orders that would have been
10 left from the closure of that facility. And yet we didn't
11 see any significant change in capacity utilization.

12 VICE CHAIRMAN JOHANSON: Thanks for your
13 responses. And this is probably a question that will be
14 best answered by Mr. Mull of ArcelorMittal.

15 A December 22nd, 2017, New York Times article
16 reported that ArcelorMittal's Conshohocken, Pennsylvania,
17 Steel Mill will lay off a significant number of employees
18 in 2018.

19 Have any other layoffs or shutdowns occurred
20 since the producer questionnaires were submitted?

21 MR. MULL: We have made an announcement that we
22 will be idling the rolling part of the Conshohocken
23 facility. All the heat-treating and finishing lines will
24 continue to operate. And at this time, the rolling
25 facility is still operating, but we do have a transition

1 plan in place to move the rolling to our other three
2 rolling facilities for plate. Conshohocken does not have
3 steel making there. We are already supplying slabs, so
4 we'll just be moving those slabs to the rolling facility.

5 VICE CHAIRMAN JOHANSON: Okay.

6 MR. MULL: But the intention is to offer other
7 positions at other facilities for those people. But
8 obviously not every worker is going to want to move or
9 transfer.

10 MS. CANNON: Commissioner Johanson, if I could
11 just supplement. In terms of the questionnaire data that
12 therefore means there hasn't been a change should still be
13 accurate for your purposes.

14 VICE CHAIRMAN JOHANSON: Okay, thank you, Ms.
15 Cannon.

16 And thank you, Mr. Mull. That concludes my
17 questions. I appreciate all of you for being here today.

18 CHAIRMAN SCHMIDTLEIN: Commissioner Williamson.

19 (No response.)

20 CHAIRMAN SCHMIDTLEIN: No questions? Okay.
21 Commissioner Broadbent, did you want to ask any questions?
22 Okay.

23 Alright, that concludes Commissioner questions.
24 Do staff have any questions for this panel?

25 MR. CORKRAN: Douglas Corkran, Office of

1 Investigations. Thank you, Madam Chairman. Staff has no
2 additional questions.

3 CHAIRMAN SCHMIDTLEIN; Alright, thank you.

4 That brings us to our closing statement. Since
5 there is no one here in opposition, there is nothing to
6 rebut. So you are limited to five minutes for your
7 closing.

8 MR. ROSENTHAL: Would you like me to do the
9 closing from here right now?

10 MR. BISHOP: Sure, but let me introduce you.

11 MR. ROSENTHAL: Okay.

12 (Laughter.)

13 CHAIRMAN SCHMIDTLEIN: We don't break protocol
14 here.

15 MR. BISHOP: Closing remarks on behalf of those
16 in continuation will be given by Paul C. Rosenthal of
17 Kelley, Drye & Warren. Mr. Rosenthal, you have five
18 minutes.

19 CLOSING STATEMENT OF PAUL ROSENTHAL

20 MR. ROSENTHAL; Thank you. I have to say, when I
21 was reading the Respondent's brief earlier I guess in last
22 month the thought that struck me was, I said to myself
23 you've got to be on Krakatau to think that imports are not
24 going to surge into the market in the event of revocation.
25 Sorry, I could not go through my career without saying "

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1 Krakatau " in a closing and pass up that opportunity.

2 In all seriousness, thank you again for your
3 earlier work and determinations when it came to the
4 12-country case last year. That decision was badly needed
5 and most welcome, and frankly I don't know where we'd be
6 had it not been for that decision.

7 As you've heard this morning, however, the
8 domestic industry still has not recovered. We are still in
9 an injured state. Demand is depressed, as you've heard,
10 and it is unlikely to improve much in the foreseeable
11 future.

12 Capacity utilization remains at inadequate
13 levels. Prices remain low. You've heard there's been a
14 slight improvement, but we're talking about from a 10-year
15 low. So prices are still in a depressed state.

16 Profits are still anemic. In other words, the
17 Commission -- excuse me, the industry is still suffering
18 injury. You heard also today that the subject countries
19 have increased their capacity and have enough excess
20 capacity for real to supply the entire U.S. market.

21 This excess capacity doesn't have many places to
22 go. Many markets are closed to the subject exports, and as
23 Mr. Price said they even have antidumping orders against
24 one another. The U.S., despite its problems with demand
25 and low prices, still remains the most attractive market

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1 for the subject imports.

2 Indeed, there is only one likely destination for
3 subject imports if this Order is revoked -- these Orders,
4 and that's the U.S. market. If you go back and you look at
5 the slides from Mr. Price's presentation, you can see at
6 slides 12 through 14 that talk about, or show how
7 attractive the U.S. market is compared to the other export
8 destinations for the subject imports.

9 And if you look at the slide 18, which is focused
10 primarily on Indonesia, this is worth thinking about
11 further, because we talked about this earlier, the
12 Indonesians are the only ones who made an appearance and
13 made some substantive representations, but the fact of the
14 matter is the threat from Indonesia of further injury and
15 continued injury is just as great as it is from the other
16 subject countries.

17 That there are more low-price imports, as you
18 heard, as we talked about supply and demand is the last
19 thing this industry needs and can afford.

20 The domestic industry is injured, and is subject
21 to continuing injury if the Orders are revoked. So,
22 accordingly, because the record is so clear here we ask the
23 Commission to follow its rules and the law and to make an
24 affirmative determination in this case.

25 Thank you.

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1 CHAIRMAN SCHMIDTLEIN: Thank you, very much.

2 Alright, post - hearing briefs, statements
3 responsive to questions, and requests of the Commission,
4 and corrections to the transcript, must be filed by January
5 12th, 2018.

6 Closing of the record and final release of data
7 to parties will be February 5th, 2018. And final comments
8 are due February 7th, 2018.

9 Again I would like to thank all the witnesses for
10 your time and your effort to travel here to help us
11 understand this case, and with that this hearing is
12 adjourned.

13 (Whereupon, at 1:34 p.m., Thursday, January 4,
14 2018, the hearing in the above-entitled matter was
15 adjourned.)

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CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Cut-To-Length Carbon-Quality
Steel Plate from India, Indonesia, and Korea
INVESTIGATION NO: 701-TA-388, 389, and 391 and 731-TA-817,
818, and 821
HEARING DATE: 1-4-18
LOCATION: Washington, DC
NATURE OF HEARING: Third Review

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