UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:	**) Investigation Nos.:**
CERTAIN CARBON AND ALLOY STEEL CUT-TO-LENGTH	**) 701-TA-559-561 AND**
PLATE FROM AUSTRIA, BELGIUM, BRAZIL, CHINA,	**) 731-TA-1317-1328**
FRANCE, GERMANY, ITALY, JAPAN, KOREA,	**) (PRELIMINARY)**
SOUTH AFRICA, TAIWAN, AND TURKEY	**)**

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Main Hearing Room (Room 101)
U.S. International Trade
Commission
500 E Street, SW
Washington, DC
Friday, April 29, 2016

The meeting commenced pursuant to notice at 9:30 a.m., before the Investigative Staff of the United States International Trade Commission, Michael Anderson, Director of Investigations presiding.

APPEARANCES:

On behalf of the International Trade Commission:

Commissioners:

Staff:

Bill Bishop, Supervisory Hearings and Information Officer

Sharon Bellamy, Program Support Specialist

Michael Anderson, Director of Investigations

Douglas Corkran, Supervisory Investigator

Mary Messer, Investigator

Carolyn Carlson, Investigator

John Giamalva, International Trade Analyst

Craig Thomsen, Economist

Jennifer Brinckhaus, Accountant/Auditor

Charles St. Charles, Attorney/Advisor

Embassy Witness:
Embassy of Brazil
Washington, DC
Marcelo Brandt de Oliveira, Secretary Economic Section

Opening Remarks:
Petitioners (Christopher B. Weld, Wiley Rein LLP)
Respondents (J. Kevin Horgan, deKieffer & Horgan, PLLC)

In Support of the Imposition of Antidumping and
Countervailing Duty Orders:
Kelley Drye & Warren LLP
Washington, DC
on behalf of
ArcelorMittal USA
Robert Insetta, Director of Specialty Plate,
ArcelorMittal USA
Jeffrey Unruh, Director of Plate Products,
ArcelorMittal USA
Holly Hart, Assistant to the International President
and Legislative Director, United Steelworkers
Gina Beck, Economist, Georgetwon Economic Services
Paul Rosenthal, Kathleen Cannon and Alan Luberda - Of
Counsel

Wiley Rein LLP
Washington, DC
on behalf of
Nucor Corporation ("Nucor")
Randy Skagen, Vice President and General Manager, Nucor Steel Tuscaloosa
Jeff Whiteman, Sales Manager, Nucor Steel Hertford County
Alan H. Price, Christopher B. Weld and Laura El-Sabaawi - Of Counsel

Schagrin Associates
Washington, DC
on behalf of
SSAB Enterprises LLC
Jeff Moskaluk, Vice President and Chief Commercial Officer, SSAB Enterprises LLC
Roger B. Schagrin and Paul W. Jameson - Of Counsel

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:
deKieffer & Horgan, PLLC
Washington, DC
on behalf of
Aktiengesellschaft der Dillinger Huttenwerke; Dillinger France, S.A.; Dillinger America Inc.; Salzgitter Mannesmann GmbH; Universal Steel America Inc.; Thyseenkrupp Steel Europe AG; Thyssenkrup Steel North America, Inc.; Berg Steel Pipe Corp., Friedr. Lohmann GmbH

Ingo Riemer, President and Chief Executive Officer, Berg Steel Pipe Corporation

Bob Moore, Vice President, Salzgitter Mannesmann International (USA) Inc.

J. Kevin Horgan - Of Counsel

Curtis, Mallet-Prevost, Colt & Mosle LLP
Washington, DC
on behalf of
Japanese Industry
Walter Emslander, Lead Commodity Manager, Manitowoc Company, Inc.
David Necessary, Material Sourcing Manager, Link-Belt Cranes
Gordon AuBuchon, Executive Vice President, Steel Warehouse Company
Matthew P. McCullough - Of Counsel

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Washington, DC
on behalf of
POSCO
Sukh-Hee Yoon, Manager, International Trade Affairs Group, POSCO
Julie C. Mendoza and R. Will Planert - Of Counsel

Haynes and Boone, LLP
Washington, DC
on behalf of
voestalpine USA Corp
voestalpine Grobblech
voestalpine Edelstahl
Kai Bauer, President, voestalpine USA Corp
Paul Cavanagh, Chief Executive Officer and Region Manager-North America, Bohler-Uddeholm Corporation
Al Pilli, President, Bohler-Uddeholm Corporation
Edward M. Lebow and William A. Silverman - Of Counsel

Law Office of Jeffrey M. Winton PLLC
Washington, DC
on behalf of
China Steel Corporation
Shang Chen Steel Co. Ltd
Jeffrey M. Winton - Of Counsel

Additional Witness in Opposition
Liebherr Mining Equipment Newport News Co.
Newport News, VA
Neal H. Seymour, PhD, Contract Manager

Rebuttal/Closing Remarks:

Petitioners (Roger B. Schagrin, Schagrin Associates)

Respondents (Julie C. Mendoza, Morris Manning & Martin LLP

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P R O C E E D I N G S

9:00 a.m.

MR. BISHOP: If Mr. Oliveira is in the room would you please come to the Secretary's desk?

Will the room please come to order?

MR. ANDERSON: Good morning and welcome to the International Trade Commission's Conference in connection with preliminary phase Antidumping and Countervailing Duty Investigation No. 701-TA-559-561 and 731-TA-1317-1328 concerning certain carbon and alloy steel cut-to-length plate from Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, Korea, South Africa, Taiwan and Turkey and from China.

My name is Michael Anderson and I am the Director of the office of Investigations and I will preside at this conference. Among those present from the Staff here today are from my far right Doug Corkran our Supervisory Investigator and we have two Investigators, fitting with the number of countries on this investigation, Mary Messer and our other Investigator is Carolyn Carlson. To my left is our Attorney and Advisor Charles St. Charles and our Economist is Craig Thompson and our Accountant and Auditor is Jennifer Brinckhaus and finally John Giamalva is our Industry Analyst.

I understand that parties are aware of their time

allocations and I would remind speakers not to refer in your remarks any business proprietary information and when you speak please do so directly into the microphone and identify yourself even during the questioning period for the benefit of our court reporter. All witnesses must be sworn in before presenting testimony. Any questions regarding time allocations should be addressed to the Secretary.

Are there any questions? Mr. Secretary, are there any preliminary matters?

MR. BISHOP: Mr. Chairman, I would just note to all witnesses to please make sure you state your name when you are speaking for the benefit of the court reporter. It's very difficult to see who is around the table. There are no other preliminary matters.

MR. ANDERSON: Thank you, Mr. Secretary. Very well. Will you please announce our Embassy Witness.

MR. BISHOP: From the Embassy of Brazil is Marcello Brandt de Oliveira, Secretary of the economic section of the Embassy of Brazil.

MR. ANDERSON: Welcome to you and please proceed.

STATEMENT OF MARCELO BRANDT de OLIVEIRA

MR. OLIVEIRA: Good morning ladies and gentleman. First, we would like to thank the United States International Trade Commission for holding this conference. For the Brazilian Government, this is a very important

opportunity to comment some issues regarding the Petition filed on April 8th and the possible decision by the U.S. Government to initiate this investigation.

Initiation of antidumping and countervailing duty investigations against Brazilian Carbon and Allow Steel CTL plate is a serious concern to Brazil. This is the third CVD investigation carried out by U.S. Authorities against Brazilian steel products within less than one year. We would like to call your attention to the fact that the CVD petition filed on April 8th questions precisely the same problems as those questioned by the petitions that led to the ongoing investigations regarding Brazilian exports of hot and cold-rolled steel and also about the same companies.

In that case, the Department of Commerce has preliminarily decided not to apply any countervailing duty on 26 of the 32 investigated problems. Again 26 of the 32 investigated problems were considered not countervailable by the Department of Commerce in its preliminary decision. With respect to the remaining 6 programs, Brazilian Government maintains that they do not qualify as subsidies under the WTO agreement on subsidies and countervailing measures.

Regarding ex tarifario for example which is one of the 6 remaining programs, it should be noted that it is a unilateral and horizontal reduction of import tariffs on

capital goods not produced in Brazil. It should also be noted that this Brazilian tax reduction was similar to the proposed American Manufacturing Competitiveness Act of 2016 now under discussion in the U.S. Congress.

Most important, the United States is one of the main beneficiaries of exemptions under the ex tarifario tariff item. Therefore instead of harming the U.S. Industry, ex tarifario in fact promotes trade. Ladies and gentleman, should the U.S. Government decide to investigate all of the problems and tax regimens mentioned in the Petition on April 8th, the Brazilian Government will be subject to an excessive burden of proof since the Government of Brazil will once again be required to demonstrate that all these programs and tax regimens do not qualify as subsidies.

Besides, the Brazilian companies mentioned in the Petition, Metrosiosan, Gerdal and Ziminos did not even benefit from most of these programs during the period of investigation and still more important please know that among these three companies only one, Usaminos exported carbon and allowed steel to the U.S. during the Period of Investigation. The Brazilian Government and private sector are ready to cooperate with the U.S. Authorities and we hope the concerns expressed today will be taken into consideration by the U.S. Government. Thank you very much

for your attention and for your patience.

MR. ANDERSON: Thank you very much for your remarks and being here today. Thank you. We will now proceed to opening remarks.

MR. BISHOP: Opening remarks on behalf of Petitioners will be given by Christopher B. Weld, Wiley Rein.

OPENING REMARKS OF CHRISTOPHER B. WELD

MR. WELD: Good morning Mr. Anderson and members of the Commission Staff. I'm Chris Weld, Counsel to Nucor Corporation. The Domestic Industry is here today in an effort to restore fair trade to the U.S. Plate Market. Dumped and subsidized cut-to-length plate imports from twelve countries are surging into the U.S. Market severely injuring the Domestic Industry. This import surge has damaged the production, sales, market share and profit to the U.S. Industry. The surge has also shuttered U.S. mills and resulted in significant layoffs and it threatens the livelihood of thousands of other American workers.

The statutory factors that the Commission normally considers have been met and met easily in this case. First, the Commission should analyze all Subject Imports on a cumulative basis. CTL plate from all the other countries is interchangeable, both with each other and the domestic-like product and competes in the same geographic

regions. Subject Imports and the domestic-like product are sold through the same channels of distribution and were simultaneously present in the U.S. during the POI.

In terms of volume, Subject Imports rose by more than 100 percent from 2013 to 2015 reaching almost 1.2 million tons in 2015. The import surge accelerated in the 2nd half of 2014, taking sales from U.S. Mills and preventing Domestic Producers from taking full advantage of improving demand conditions. By the end of 2014, inventories had risen, the market was severely oversupplied and prices were falling, but Subject Imports kept pouring in, increasing even further in 2015 even as U.S. demand softened.

This surge in dumped and subsidized imports came at the direct expense of the Domestic Plate Industry. Subject Import market share more than doubled over the POI while U.S. Producers' market share fell by roughly the same amount. The price effects of Subject Imports are also significant. CTL plate is highly interchangeable regardless of source and is sold on the basis of price. As a result, Subject Imports were able to capture market share from the U.S. Industry through systematic underselling.

As Subject Imports accelerated into the U.S. Market during the 2nd half of 2014 and in 2015, the Domestic Industry was forced to cut prices to avoid losing more

volume and more market share. Undeterred, Subject Producers simply lowered prices even more in response. The result has been a collapse in U.S. plate prices, starting in late 2014. From their peak in September 2014 to the end of 2015, U.S. cut-to-length plate prices were cut in half falling nearly 425 dollars per ton. These price declines are evident across the entire plate market including carbon and alloy products and across both spot and contract sales. The Domestic Industry competes across the full range of CTL plate products as do Subject Producers. As a result, Subject Imports are injuring U.S. Producers across the full spectrum of CTL plate products. The surge of unfairly-traded imports has had a devastating impact on the domestic plate industry. Domestic Producers have seen their prices collapse. Production and sales have declined sharply and capacity utilization has fallen to unsustainably low levels. Already inadequate net and operating margins have plummeted. U.S. Producers have been forced to close mills, reduce shifts, cut pay and lay off workers. They have also been forced to cut back on critical investments on R&D and innovation. Despite what you may hear this afternoon, this injury cannot be explained apart from the surge of unfairly traded imports.

In addition to causing material injury, Subject Imports threaten additional injury. Global steel

overcapacity is at an all-time high and plate is no exception. Subject Producers have massive excess capacity and they continue to build even more. They face growing problems in their own markets as well as third country markets including declining demand and trade barriers.

Absent the imposition of orders, there is nothing that will stop the surge of dumped and subsidized imports from continuing to injure the Domestic Industry. U.S. Producers brought this case because they are experiencing real and acute injury. They could not wait any longer for relief. We ask the Commission to make affirmative determinations with respect to all Subject Imports and to restore a level playing field to the U.S. plate market. Thank you.

MR. BISHOP: Opening remarks on behalf of Respondents will be given by J. Kevin Horgan, deKieffer and Horgan.

OPENING REMARKS OF J. KEVIN HORGAN

MR. HORGAN: Good morning everyone. My name is Kevin Horgan of the law firm deKieffer and Horgan and I'm here on behalf of the German Respondents Dellinger France and Berg Steel Pipe Corporation. On behalf of all the Respondents, I would like to point the Commission Staff to some facts that we think will be key in the Commission's analysis of this Petition.

First, the facts surrounding X-70 plate are going to be crucial to the Commission's analysis. According to the import stats from the Petition, France and Germany combine to account for more than 40 percent of imports of Subject Merchandise in 2015. The questionnaire responses that we filed show that a substantial majority of French and German Exports during the POI consist of X-70 steel plate imported by Berg Steel Pipe Corporation for its own use in the production of large diameter pipe for gas pipeline for the gas pipeline industry. None of this plate is cold commercially in the U.S.

Moreover, my understanding is that France and Germany are not the only Subject Countries shipping X-70 plate to the United States under similar circumstances. The technical specifications, conditions of competition, import trends and domestic sales data for X-70 are so unique that we will be asking the Commission to make a separate like-product determination for X-70 plate. For the threat analysis we will also be asking that France and Germany be decumulated from the rest of the Subject Countries because of the substantial role that X-70 plate plays in their exports.

X-70 is not just important to France and Germany. It's important to the whole case because it sure looks like Petitioners only included X-70 because they needed all that

volume to bump up their numbers. To make it appear that Subject Imports were increasing instead of declining substantially as is the case if you exclude X-70 plate. To make it appear that Subject Imports were grabbing market share at the expense of U.S. Producers when in the case of X-70 U.S. Producers were not able to qualify to supply the X-70 that met the requirements of Berg's customers.

You will hear testimony from several witnesses today regarding the inability of the Domestic Industry to meet the requirements of numerous U.S. Companies who had no choice but to rely on foreign suppliers for the plate they need. In fact there is a history with some of these specifications where the Domestic Industry has carved out exclusions in prior cases. X-70 has been excluded from prior cases. X-70 has been excluded from 201 relief back in the early 2000's.

So there are significant quantities of Subject Imports in addition to X-70 that do not compete directly to Domestic Producers of CTL plate. It is also important to look at the timing of Subject Plate Imports in relation to the profitability of the Domestic Industry. The Petitioners were doing best when imports were at their highest. The only material net increase in the total volume of Subject Imports was from 2013 to 2014. The Petition shows a very healthy rate of profitability in the Domestic

Industry for that timeframe. There was no material increase in Subject Imports between 2014 and 2015 other than X-70 plate imported from France and Germany which was delivered pursuant to large scale, long term production schedules for major pipeline projects in the United States. The bids for these pipeline projects were rewarded long before the plate shipments began to arrive in 2015.

The Staff should also be careful to avoid attributing price changes to import competition when it appears that these changes may be primarily if not entirely attributable to changes in raw material costs. Petitioners have already said this morning that they can produce everything for everybody. The facts will show that they can't and don't. The record will show there is no present injury from Subject Imports and no threat of injury from Subject Imports. Thank you.

MR. BISHOP: Would the Panel in support of the imposition of antidumping and countervailing duty orders please come forward and be seated? Mr. Chairman, all Witnesses on this Panel have been worn in.

MR. ANDERSON: Good morning to our Panel and thank you for coming a little bit early today because we have a full day. Mr. Price and Mr. Weld and Mr. Schagrin when you are ready, please proceed.

MR. PRICE: Good morning. Our first witness

today will be Mr. Bob Insetta who will kick off our testimony.

STATEMENT OF ROBERT INSETTA

MR. INSETTA: Good morning. My name is Bob Insetta and I am the Director of Specialty Plate for ArcelorMittal U.S.A. I have 37 years of experience with the sales and marketing of plate products, some with ArcelorMittal USA and the rest with predecessor companies. I appreciate the opportunity to testify before you today regarding the importance of providing trade relief on cut-to-length steel plate from each of the Subject Countries.

ArcelorMittal USA produces a wide array of cut-to-length plate products at 6 facilities. In Indiana, Pennsylvania, and North Carolina. We produce plate across virtually the entire continuum of carbon and allow grades consumed in the market. ArcelorMittal USA also has the broadest range of dimensions of any Domestic Producers with capacity to produce plates up to 195 inches wide and up to 30 inches thick.

The scope of this investigation covers a continuum of products that reflect production processes, products and markets as they exist today. It also addresses circumvention behavior by foreign producers. Cut-to-length plate is a thick, flat-rolled steel valued for its strength

and durability. As such, all cut-to-length plate shares similar physical characteristics and end-uses. We add alloying elements or use rolling or heat treatment techniques to create plates with a range of physical and mechanical characteristics such as yield strength, tensile strength, hardness, work-hardening ability, heat-treatability, machine-ability and surface quality.

As a result, ArcelorMittal USA's cut-to-length plate is used in numerous applications including in the production of heavy construction equipment, rail cars, wind towers, large diameter pipe and pressure vessels. All subject alloy and carb steel plate is produced on the same equipment, using the same employees and the same manufacturing facilities. Cut plate is also sold through similar channels of distribution and to end users.

Finally, cut plate is sold along a range of prices that reflect the relative addition of alloys, processing; example heat treatment and other characteristics of the products. The scope of these investigations represents the Domestic Industry's capabilities as they exist today and reflect the impact of unfair competition that the Domestic Industry is experiencing across the full breadth of our product offerings.

We see intense competition in standard construction grades like A36. We also see intense

competition in some of our most technically demanding grades such as X-70 plate and alloy grades for pressure vessels, abrasion resistance and molds to name a few. At first blush it may seem as though bringing suite against 12 different countries is a lot but the industry really had no choice. For most product offerings there are many Foreign Producers across a variety of countries that are aggressively pricing in the United States.

In line pipe grades of plate for example, we compete against Subject Producers from Korea, Japan, France and Germany. Cut-to-length plate producers in countries such as Brazil and Turkey have shown a willingness to quickly surge into the U.S. Market when they have the opportunity as they did in 2014. POSCO, the one producer in Korea that was not covered by an existing order on carbon quality cut-to-length plate, has been responsible for a huge surge in imports driven by low prices.

Chinese producers covered by an order on carbon steel cut-to-length plate simply shifted to shipping allow grades into the United States. They are doing so at the typically low, dumped prices that are their hallmark. Whatever line that may have once existed between carbon and allow plate products is gone. Many of the Foreign Producers that are trading unfairly have production facilities in multiple target countries. NLMK for example has production

facilities in Italy and Belgium that export plate to the United States and it can shift production between those facilities.

All of the Subject Countries have taken volume from the Domestic Industry and all have done so using unfair prices that have contributed to the poor financial performance of the industry in 2015 and 2016. The surge in these low-priced imports is being driven by a couple of factors.

First, demand has been weaker in many other markets in the world than it has been in the United States since 2014. This makes the U.S. Market a destination of choice for Foreign Producers.

Second, there is a huge overcapacity for cut-to-length plate products worldwide. Because the plate industry is a high fixed-cost industry, Foreign Producers seek outlets for that excess capacity to try to cover some of those fixed costs. Offering low prices is the obvious way to increase their volume of sales. Because the U.S. Market is not their primary market, they are not concerned with the impact of their low pricing in the United States.

That huge over-capacity among Foreign Producers is likely to continue into the future. U.S. Producers on the other hand have taken steps to reduce capacity. ArcelorMittal USA closed our plate rolling operation at

Gary, Indiana in May of 2015. We remain unable to keep our mills full given the persistent availability of dumped imports. Our capacity utilization rates are neither healthy nor sustainable for the long run but we cannot hope to improve them as long as we are competing against a seemingly limitless supply of unfairly traded imports.

Thank you.

STATEMENT OF JEFFREY UNRUH

MR. UNRUH: Good morning. My name is Jeff Unruh and I am Director of Plate Products for ArcelorMittal USA. I oversee sales of cut-to-length plate and provide strategic direction for marketing and pricing.

I have been with ArcelorMittal for 10 years and have been involved in the steel industry for over 20 years. I appreciate the opportunity to appear before you to discuss the injury that ArcelorMittal USA has suffered due to dumped and subsidized imports.

As you heard from Mr. Insetta, ArcelorMittal produces a wide array of cut-to-length plate products with an extremely broad range of chemistries and dimensional characteristics.

Unfortunately, over the past two years we have seen severe erosion in both the volume of our business and the prices for the entire range of cut plate products we produce.

It is difficult to fathom how quickly imports have made inroads into our market, and the devastating pricing effects they have had on our business.

In early 2014, we were experiencing a relatively healthy U.S. market for cut-to-length plate, and prices were good. But these prices were also attractive to imports which surged into the United States in 2014.

The large increase in import volumes came from countries selling at prices that were significantly lower than those ArcelorMittal USA was offering. We saw increases of imports from Europe. We saw spikes at low prices from Brazil and Turkey. We saw a surge of dumped imports from Korean producer POSCO, which is not covered by the existing orders on carbon quality plate.

POSCO has been especially aggressive in sales of ship building plate and plate for large-diameter line pipe. Although China is covered by an existing order on carbon plate, Chinese producers have been dumping plate in the U.S. market as well.

By the third quarter of 2014, the import surge had a significant impact on our order book and our ability to maintain prices for future orders. Our customers had access to import prices from a large variety of foreign suppliers across all of our product offerings.

It became clear they were availing themselves of

those opportunities, causing ArcelorMittal USA to lose orders. In this business, that last low price dictates the starting point for the price discussion on the next order.

Our customers could and did use low import pricing to leverage down our prices beginning in the second half of 2014, continuing through today. By early 2015, we were seeing such a deterioration in orders due to the lower import pricing that we were compelled to try to meet some of these aggressive import prices or risk ceding even more volume.

We began to institute foreign fighter pricing with major customers to stem the loss of sales. Under that approach, we asked the customers to tell us the foreign price and then we would try to match it to keep the business.

Unfortunately, that strategy is devastating to a company's bottom line, but we had no choice. As we tried to match import prices to keep business, U.S. prices plummeted. Prices have fallen several hundred dollars per ton since late 2014 to levels not seen since 2004.

Despite our price cuts, subject import volumes remained high in 2015, keeping a downward pressure on pricing. One of the areas in which ArcelorMittal USA's business has suffered in competition with imports is in plate for large-diameter line pipe.

We have seen aggressive pricing from major Asian and European mills cut into our existing business for large-diameter line pipe, as well as prevent us from obtaining new business. The cancellation of major pipelines in Europe has led European producers of cut plate to push tonnage into the U.S. market.

Asian producers POSCO and Kobe have also been extremely aggressive in their pricing behavior. We currently have excess capacity that could be used to produce cut plate for line pipe and other applications. We have the ability to produce wide X-70 grade plates, allowing ArcelorMittal to supply a full range of plate for pipeline jobs.

We simply cannot match the import pricing, and we continue to lose sales in this important part of our business. As we cut our prices to try to maintain order volume, our financial performance also declined, as you can see from the questionnaire response. This has had a negative impact on our business and our ability to reinvest into our operations.

Looking into the future, our order books remain off dramatically in 2016, too. Customers are delaying their purchases, which are at already reduced volumes, until the very last minute.

When prices fall as much and as quickly as they

have over the last year, customers tend to put off buying their product. They anticipate prices are going to fall further, and they do not want to be left holding inventories that are losing value.

Under these circumstances, it is difficult to be confident about the future without the discipline of trade orders to address the huge volumes of low-priced imports that have been directed at the United States.

Thank you.

STATEMENT OF JEFF MOSKALUK

MR. MOSKALUK: Good morning, Mr. Anderson, and members of the Commission staff. For the record my name is Jeff Moskaluk and I am Vice President, Chief Commercial Officer, SSAB Enterprises.

I have been employed by SSAB and predecessor companies for over 26 years, and have worked in the steel industry for 32 years. SSAB operates two greenfield state-of-the-art flat-roll mini mills in Montpelier, Iowa, and Mobile, Alabama, the steckle mills that allow us to produce either cut-to-length or coiled plate. Cut-to-length plate is our primary product, representing the vast majority of our output off of the two mills.

There has been a surge of subject import sources into the United States over the past two years, significantly reducing the domestic industry's share of the

market and causing extreme downward pressure on prices.

Prices and profits plummeted in 2015. Owing to significantly reduced demand from the energy sector, mining sector, and agricultural equipment sectors, we have seen demand decline. Strength in nonresidential construction, railcars, and barges has not been sufficient to offset these weaknesses and thus overall demand has been softening.

We produce a very wide array of plate products that are two-mills. Everyone in the industry works to maximize their higher grade and heat-treated products off the mill, but the fact is the market requires that we supply the broadest product portfolio.

We need to produce a mix of grades from A-36 and A-572 through all of the X grades for line price. We have seen severe import competition from the countries under investigation throughout our range of products. This surge of imports has resulted in reduced volumes at service centers, and our sales people being told repeatedly by large-diameter line pipe customers which use cut-to-length plate for their LSAW process, that we were not close enough to import prices.

At both of our plants this year--or both of our plants last year, we operated at low capacity utilization rates resulting in our workers receiving significantly less compensation. This is because much of our employee pay for

team members working in our mills is directly tied to performance bonuses based on production volumes and shipments.

If SSAB has fewer orders for plate, then our teams have less plate to produce and therefore take home considerably less and lower paychecks.

In mid-2014 when the market was good, SSAB developed a strategic plan to make a significant capital expenditure to increase the melting capacity of our Montpelier mill. These additional slabs would feed increased production of both cut-to-length and coiled plate in Montpelier and would also provide additional slabs to be shipped to Mobile to increase production of cut-to-length and coiled plate.

Unfortunately, due to the combination of market conditions and increased imports, this project has been shelved. As you can see from our questionnaire responses, in 2015 we did not earn our cost-of-capital. It is impossible to make major capital expenditures when operating profits don't cover interest expenses.

We are hopeful that in the future combination of restored demand and fewer subject imports will allow SSAB to carry through on this major capital expenditure project.

On behalf of our 1,300 employees at SSAB Americas, we ask that you make affirmative determinations in

these new investigations.

STATEMENT OF RANDY SKAGEN

MR. SKAGEN: Good morning, Mr. Anderson, and members of the Commission staff. I am Randy Skagen, the Vice President and General Manager of Nucor Steel Tuscaloosa, Alabama. Our Tuscaloosa Mill is one of two plate-producing facilities at Nucor, the other being in Hertford County, North Carolina.

I am here today because the U.S. cut-to-length plate industry is being devastated by unfairly traded imports from the 12 countries under investigation.

The U.S. market has been flooded by unfair imports from these countries. The surge accelerated in 2014, and continued throughout 2015 far in excess of U.S. demand. Subject imports took sales and market share from the U.S. producers, caused U.S. plate prices to crash, and ultimately have had disastrous consequences for the domestic industry.

From 2012 to 2014, the U.S. plate industry saw some improvement from the depths of the Great Recession as demand conditions were relatively favorable. The closure of the EVRAZ Claymont Plate Mill at the end of 2013 also helped in 2014 as we saw additional tons come our way.

With the additional volume and some recovery in pricing due to the closure of the Claymont facility, our

performance picked up. But then subject imports reacted to our price improvements and flooded into the U.S. in huge volumes.

These imports largely prevented Nucor from taking advantage of decent demand conditions in 2014 as they captured large portions of the U.S. market from the domestic industry.

The imports also created a huge buildup of inventories throughout the supply chain. In 2015, plate consumption weakened, partially the result of the influx of imports that had caused inventories to stockpile.

Even so, the imports kept coming, and even in greater volumes. With demand softening and the flood of unfair imports actually increasing, the trade and financial performance of Nucor's plate operations plummeted.

We are seeing these unfair and injurious imports from all the subject countries. For example, we are forced to compete with extremely low priced Korean plate. Korean producers built massive capacity in the past few years. At the same time, their own domestic demand dropped off in part due to declines in the shipbuilding sector.

This left Korean producers with huge volumes of excess plate capacity which they have been offloading into our market at rock-bottom prices. This trend has only increased as Korean producers have displaced--have been

displaced from their home market by massive volumes of Chinese plate exports.

Taiwanese producers are facing similar problems. Chinese plate has also been flooding into the United States at unbelievably low prices. Even though carbon cut-to-length plate from China is already covered under a Trade Order, we are getting hit by huge volumes of both carbon and alloy plate from China.

We believe that much of the carbon plate from China is being spiked with trace amounts of alloy to circumvent the Order. This is one reason it is so important to cover both carbon and alloy plate in this case.

But it is not just China and Korea. Brazilian and Turkish producers have demonstrated their ability to surge in and out of the market with significant volume in a very short period of time.

We are also getting hammered by unfairly--unfair plate imports from the other countries subject to this case. Part of the explanation is the unprecedented global steel overcapacity plaguing markets worldwide.

Producers in the subject countries have vastly overbuilt their plate capacity, even as demand declined. This forces more and more plate exports into the large, open and attractive U.S. market.

As I mentioned, these imports are devastating to

the U.S. plate producers, including the mill I manage in Tuscaloosa. The surge of subject imports from 2014 and 2015 has taken huge volumes in sales and market share.

Our mill's productions and shipments have dropped sharply. In fact, with the exception of 2009, shipments at Nucor Tuscaloosa were lower last year than any year in the past decade.

Our capacity utilization fell to its lowest level in years. The surge of subject imports also tanked pricing in the market, underselling U.S. producers, and forcing us to drastically slash our prices.

In 2015 alone, U.S. plate prices fell by almost $300 a ton. As a result of the lost sales and collapsing prices, our operating and net income fell drastically, as you can see from our questionnaire response.

Our capital expenditures and R&D expenses have dropped, as well, at a time when investment in R&D and innovation is particularly important. It is hard to make the necessary investments when our bottom line is under attack from unfair imports.

Some of the worst effects have been felt by our workers. Our teammates at plate mills have been hit hard, working reduced shifts and reduced pay. As General Manager of the Tuscaloosa Mill, I feel responsible for the wellbeing of our team member and our families, and their families.

Pay at Nucor is tied to production volume and profitability. As a result, at Tuscaloosa a sample of our production teammate's average wage has fell by 22 percent last year. That is real money.

It hurts to hear their stories of financial difficulties when they come in my office, with some contemplating even leaving the division to take their 401K payouts to settle their financial affairs because there are no plate orders.

Commission staff, imagine if your paycheck was cut by 22 percent because someone was cheating the system? It is simply not right, which is why we are here today requesting a level playing field.

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

STATEMENT OF JEFF WHITEMAN

MR. WHITEMAN: Good morning. I'm Jeff Whiteman, Sales Manager for Nucor Hertford County. I have over 26 years of experience in the steel industry. I would like to provide some background today on the U.S. plate market, and explain how the domestic plate industry is being injured by unfairly traded imports from the countries subject to this investigation.

Cut-to-length plate is sold to distributors and

end users for a use in a variety of industrial sectors, including agricultural and construction equipment, bridges, machine parts, transmission towers, buildings, heavy transportation equipment such as railroad cars and ships, and in the oil and gas industry.

Cut-to-length plate is one of the more basic steel products on the market today. It is highly interchangeable, regardless of where it is produced. Quality is essentially a given. As a result, price is far and away the most important factor in securing plate sales.

As sales manager, I spend a lot of time with customers, both end users and service centers, and I know that price is their primary consideration by a long shot. Because of this, plate imports can quickly penetrate markets with negative volume and price effects, and that is exactly what subject producers are doing.

Subject producers have used their unfairly low prices to export larger and larger volumes of plate into the United States. From 2013 to 2014, subject import volumes more than doubled, with the surge escalating in the second half of the year.

Despite decreasing U.S. consumption in 2015, subject imports increased even further, completely disconnected to demand in the market. While Nucor initially tried to maintain price levels, we were unable to compete

with the unfairly priced imports due to the price sensitivity of customers that I have just mentioned.

We lost substantial sales and market share as a result. We were forced to slash prices in an attempt to maintain sales, but subject import prices just kept falling and falling.

Prices in the market collapsed to their lowest levels in the past decade, and the condition of Nucor deteriorated with them. These subject imports flooded all segments of the U.S. plate market, from standard carbon grade plate to higher value heat-treated plate and alloy plate.

In 2013, we added a normalizing line in a vacuumed gas at Nucor Hertford which gave us additional heat-treating capacity and increased our product diversity. Investments like these are key in the steel industry, especially right now. As steel-making technology has become more sophisticated, we must continually make investments in our capabilities to remain competitive.

However, subject imports have made it increasingly difficult to earn any decent return on such investments. For example, normalized plate imports from Brazil, Belgium, and other subject countries are being offered at extremely cheap prices. For normalizing, they are charging only half of what it costs us to normalize the

plate, and they are adding that on to a much lower base price.

Because of the sales we have lost to these subject imports and the disastrous price effects they have had on the whole market, Nucor's normalizing line is running at an abysmal capacity utilization.

Unfair imports impact pricing throughout the supply chain. Subject imports at any point of the product spectrum adversely affect the full range of products from standard carbon grade through higher value products.

Unfair imports, whether carbon or alloy, and whether sold in the spot market or via contract, negatively impact pricing in the entire market. As a result, we are getting hit hard on our full range of products and we desperately need relief.

Going forward, the picture does not look much better. Plate demand is not expected to improve significantly in the near future, either here or abroad. Demand is projected to remain soft in many plate-consuming sectors in the United States, and subject producers' need to export will only increase as global plate demand will remain weak and their levels of excess capacity will remain high.

Without relief from this case, subject imports will continue to flood our market. Plate producers from these 12 countries have already injured our industry and

they will inflict additional injury in the absence of effective trade relief.

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

STATEMENT OF HOLLY HART

MS. HART: Good morning. My name is Holly Hart and I am Assistant to the President and Legislative Director of the United Steelworkers of the USW.

We are the largest industrial union in North America, with approximately 850,000 active members, and another 340,000 retired members, former members. The USW fights against and strongly opposes trade rule violations by foreign companies and governments that harm not only American manufacturers but their workers as well.

Just two weeks ago, USW President Leo Gerard testified before the United States Trade Representative of the Department of Commerce and the Congressional Steel Caucus about the current steel crisis caused by unfair foreign trade exacerbated by an overwhelming volume of global steel overcapacity.

Mr. Gerard detailed how the American steel manufacturing sector is the world's most advanced, efficient, and environmentally sound. Yet steel production in the United States faces a bleak future.

American manufacturers have already been forced

to reduce production and lay off thousands of steelworkers. That impacts all facets of our economy: our national security, and the countless family members of those who have lost jobs due to the flood of unfairly traded steel imports.

I am here today to discuss the devastating effects that unfairly traded imports of carbon and alloy cut-to-length plate have had on the U.S. industry and its workers.

Steelworker members in the cut-to-length plate industry work at the ArcelorMittal USA Mills in Burns Harbor, Indiana, and in Coatesville, Conshohocken, and in Steelton, Pennsylvania. We used to be able to count ArcelorMittal USA's Gary, Indiana, plate rolling operations in that group as well, but unfortunately the ArcelorMittal USA permanently closed the Gary Mill in May of 2015.

In its notice to the Steelworkers regarding the closure, ArcelorMittal USA cited substantial foreign competition and the recent surge in cut-to-length plate imports as factors leading to this decision.

For our members, retirees, and their families, it is critical that the Commission provide trade relief from dumped and subsidized imports from the 12 subject countries. The U.S. cut-to-length plate industry has faced unfair competition from numerous countries over the years. The Commission first granted relief to the domestic industry in

1978 against cut-to-length plate imports from Japan. And it is a country that is again causing injury to the U.S. industry.

In fact, dumped and subsidized imports of cut-to-length plate from many countries subject to previous orders have once again surged into the U.S. market in recent years. Imports from all 12 countries in this case are taking sales from domestic producers and causing reduced domestic prices in production of cut-to-length plate.

The record in this case shows that employment factors such as number of hours worked, and wages paid to workers involved in the production of cut-to-length plate generally declined over the Period of Investigation, and particularly in 2015.

Fewer jobs and less pay for hard-working Americans impact not just steelworkers and their families, retirees, but their families, retirees, and the entire communities that depend on the success of the workers in the local mills for their survival.

Our Union is committed to fighting for Steelworkers' jobs and retiree benefits, including working with our U.S. producers to safeguard the viability of the industry. But the fight has been increasingly difficult for a while now.

Leaders of six USW Local Unions also testified

before the U.S. Trade Representative and the Department of Commerce earlier this month on their first-hand experience with the steel overcapacity crisis. They spoke about the devastating impact on many large tonnage steel products, including oil country tubular goods, carbon flat-rolled products, and steel wire rod, all of which have been the subject of trade cases in the past couple of years. And I know we are only discussing unfair imports of cut-to-length plate today, but it is clear that without relief the injury will continue.

Declining production cutbacks in capacity utilization which we have seen across the Period of Investigation in this case means further reduced work hours and job insecurity. The recent headlines in newspapers and trade journals have said "steel crisis," and it is really no exaggeration.

The term "crisis" is one we don't use lightly. It scares our membership and, frankly, it is one we would love to avoid. But we are forced to use it to describe what is happening to our members and to the steel industry in the United States as a result of unfair trade.

There is no question that American steelworkers and the producers--and the products we make can fairly compete with imports from any country in the world, but we need help in stopping the injury being caused by the massive

overcapacity, government subsidies, and unfair pricing coming from the 12 subject countries.

On behalf of our Union's members who make cut-to-length plate, and the retirees and communities that depend on them, I urge the Commission to enforce the trade rules and find unfair imports of cut-to-length plate are injuring the U.S. industry and its workers.

And thank you, very much.

STATEMENT OF KATHLEEN CANNON

MS. CANNON: Good morning, Mr. Anderson, and members of the Commission staff. I am Kathleen Cannon of Kelley Drye, representing ArcelorMittal U.S.A. today, and I will conclude our presentation by reviewing the key statutory factors that the Commission must consider in its preliminary analysis in this case.

Well, assuming this works--this isn't going to work from here, Gina--okay. Can you advance [referring to visual presentation]? There we go. Okay. Thanks.

First the domestic like-product. The like-product should be defined to mirror the scope of the case and consist of certain carbon and alloy steel cut-to-length plate.

Previous decisions analyzing carbon cut-to-length plate have recognized that micro alloy plate should be part of the domestic like-product, given the common

characteristics and uses that it shares.

As time has moved on, the plate continuum has further expanded such that the industry now treats carbon and alloy steel cut-to-length plate as comprising a single product range.

You heard Mr. Insetta discuss facts relevant to the Commission's severant factor analysis that support that conclusion. We will provide additional details on that issue in our brief.

The three domestic petitioning companies here account for the vast majority of U.S. production of this product.

Second: Target imports. We have identified 12 countries that are the subject of these trade actions. Of those, two bear specific comment as there are existing orders on both China and Korea.

For Korea, the existing antidumping and countervailing duty orders do not cover alloy plate and exclude Korean producer POSCO. This case covers all of POSCO's production of carbon and alloy plate, as well as alloy plate produced by other Korean producers.

For China, there is an antidumping order on carbon plate but not a countervailing duty order. So the countervailing duty case against China covers all carbon and alloy plate, while the antidumping case covers alloy plate,

a product that has been entering the United States in increasing volume since the order was imposed on carbon plate from China.

Next, cumulation: We urge the Commission to cumulate imports from all 12 countries. The cases were filed on the same day and there is a reasonable overlap in competition among the imports and the U.S. product. Cut-to-length plate from numerous countries has been examined by the Commission in past trade cases, including in a sunset review that took place just six months ago.

The Commission has consistently cumulated the imports, finding the basic factors of fungibility, geographic overlap, common channels of distribution, and simultaneous presence met. The same is true of the subject countries here. The product remains fungible. There is ample overlap in competition. And a cumulative analysis is warranted.

Negligibility: Each of the subject countries also surpasses the statutory negligibility thresholds. Seven countries-- specifically Brazil, China, France, Germany, Italy, Japan, and Korea--each exceed 3 percent of total imports in the most recent 12 months for which data are available. Five countries--Austria, Belgium, South Africa, Taiwan, and Turkey--fall below 3 percent individually but in the aggregate exceed the 7 percent figure set forth in the

statute.

Brazil, a developing country with a slightly higher aggregate negligibility standard for the countervailing duty case only, when aggregated with the other individually negligible countries also surpasses the higher statutory aggregate standard.

Now let's look at the first injury factor: the significance of import volumes. The subject imports are a sizeable presence in the U.S. market. As you see, they accounted for the vast majority of all imports in 2015, over 75 percent.

They also are increasing rapidly. From somewhat less than 600,000 tons in 2013, subject imports more than doubled, a surge of over 100 percent, to reach well over 1 million tons by 2015.

What is particularly disturbing about this import growth is that it is not in response to U.S. demand growth. While there was demand growth in 2014, demand actually dropped in 2015 to a level below that of 2013 for an overall decline in demand over the Period of Investigation.

The import surge over this period, which continued into 2015, was massive, despite the overall contraction in demand. As a result, subject imports grabbed significant market share, and they did so at the direct expense of the U.S. producers.

As their share went up, the U.S. industry share declined on almost a one-for-one basis. Non-subject imports cannot be blamed for the domestic industry's injury. As you see here, non-subject import growth was to a far smaller degree than subject imports.

So how did this subject import growth occur? The same way it did in the prior cut-to-length plate cases, and in the other steel cases that the U.S. producers have been forced to file to combat unfair trade practices: price.

Price is the primary driver of purchasing decisions for cut-to-length plate. In the sunset review the ITC conducted last year on cut-to-length plate, 26 of 28 responding purchasers said that price was very important. And the Commission reached that conclusion, as well.

The questionnaire data are still being compiled but are anecdotal information, including the lost sales and lost revenue allegations, that confirms that subject imports use lower prices that undercut U.S. prices to gain sales and market share.

The pricing effects of the subject imports have been absolutely devastating, as you see in this slide. Domestic prices of cut-to-length plate plunged by over $300 per ton between December 2014 and December 2015. The prices at which the industry was forced to sell plate in late 2015 were the lowest prices they had seen in more than 10 years.

Not since 2004 have prices been this low.

The consequences of these surging volumes of low-priced imports is predictable and brings us to the third statutory factor: impact.

The impact on the domestic industry's trade variables over the Period of Investigation has been debilitating, with significant declines in production, shipments, capacity utilization, workers, and market share, among others.

Financially, the picture is the same, unfortunately. The industry suffered decline in net sales volumes, values, profits, operating income, net income, et cetera. We will provide further details in our brief on the havoc that imports have caused with respect to the financial condition of each of the Petitioners. You also have more specifics in the questionnaire responses.

U.S. producers cannot undertake needed investments when they cannot earn money on their sales. So it becomes a viscous cycle for them to stay competitive. There have already been two plate mill closures during the Period of Investigation, one at Evraz and one at ArcelorMittal U.S.A. Relief is badly needed.

These factors demonstrate that the domestic industry is experiencing material injury by reason of subject imports. And things are only going to get worse if

orders are not imposed.

Two weeks ago the entire steel industry came out in force to testify at a hearing that the U.S. Trade Representative and the Commerce Department conducted on global steel overcapacity. Notably, at the recent OECD meeting China, a major cause of this overcapacity, refused to sign on to a joint statement committing to reduce excess capacity in steel products.

In fact, a recent report indicates that China hit a record high in steel production just last month, with analysts projecting further increases in April and May.

As you see in this chart, the problems of global overcapacity are a major concern in the cut-to-length plate market. Look at the amount of excess capacity of subject producers in 2015 as compared to U.S. demand for plate. And that is all idle capacity. It dwarfs U.S. demand and could completely bury the U.S. market.

The subject countries are export-oriented and have dramatically increased exports over the past two years to all markets. But more and more third-country markets are imposing barriers to entry, as you see in this chart.

All of the target countries are foreclosed from a few markets, and many face barriers in numerous markets. Even those that don't face many barriers themselves are finding their sales displaced as the massive overcapacity of

China and other countries is exported.

The idle capacity that I described earlier will be diverted increasingly to the U.S. market if the United States continues to serve as an unrestrained dumping ground for cut-to-length steel plate.

These facts demonstrate that the domestic industry also faces a real and imminent threat of material injury by reason of subject imports.

Thank you. That concludes our presentation.

MR. ANDERSON: Thank you to all the witnesses, and to counsel for your helpful testimony and your details. And now we would like to turn the time over to our staff for questions.

We will start with our Investigator, Ms. Messer.

MS. MESSER: This is Mary Messer, Office of Investigations.

First off, I want to start with this slide on the third-country barriers. Can you please provide us some specifics for the products that were covered in each of these cases, and the duties in place, whether or not these are ongoing? Some more specifics could be helpful.

MS. CANNON: Sure. But some of that is in the Petition, but, yes, we will be providing in the brief all of the specifics. But those all do apply to cut-to-length plate. They are subject--these are for the subject

products. But we will provide the specifics on what the nature of the remedy is, whether it's a high tariff, or a safeguard, or an antidumping order.

MS. MESSER: Okay, great. Thank you. I appreciate that.

I next want to go to timing. In your slide on imports you have 2013 and 2015 which show an increase. Where does 2014 lie in that? Is it higher, lower? I believe it was slide seven.

MS. CANNON: Right. So--and this is Kathy Cannon, for the record--2014, the absolute volume of imports was somewhat higher than in 2015. But the market share--well, no, I'm sorry, I take that back. The volume of imports was actually even a little bit higher in 2015. So the greatest growth occurred, as I mentioned, between 2014 and--2013 and 2014. The volume did continue to increase a bit in 2015, as well. But what really happened in 2015 was that you saw a decline in demand. And so the market share that the imports grabbed continued to increase significantly into 2015 as well.

So that would be the trend over the three years, if you were to break it up.

MS. MESSER: Okay. And I did hear someone mention that there was a demand softening in 2015. Can you describe for me some of the causes of that?

MS. MOSKALUK: Sure. This is Jeff Moskaluk from SSAB. The softening in demand was just the performance of separate sectors as they were changing over time. And so clearly energy is a key driver for plate applications.

If you think very broadly, it's the exploration, extraction, transportation, storage, all of those applications for oil and gas require steel plate, whether it's the equipment or the vessels for transportation and storage themselves.

The decline from '14 to '15 in that particular segment--so, you know, related to oil and gas--was very significant. And so demand for plate softened, even while we may have seen slightly improved demand in things like construction or some other segments it was nowhere near enough to offset the significant change through the downturn in energy. So in aggregate, the market demand declined.

MS. MESSER: Okay. So can someone then synthesize for me? The opening statement of Respondents indicated that--I though this is what you said--in 2015, the jump in imports was primarily for this X-70 plate, which is I guess is used in the gas pipeline.

So if a decline or the softening in demand is due to this oil and gas segment, why would then we see an import increase in the same time period?

MR. MOSKALUK: Sure. So again, even inside of

energy there may be particular applications that are stable, while others are declining. So it could be--an example would be line pipe could be one. Rail tank cars could be another, where at some point during the period their demand was increasing, and then critically dropped off as there was an oversupply of that particular product, you know, rail tank cars as an example, in the market.

Line pipe, as an example, those are large capital projects. Investments are made in the cycle much earlier than the time period in which the project is executed and delivered. And so decisions for line pipe projects were very well made well ahead of the downturn in oil and gas, capital spent on the projects already underway.

And so the timing may be a little out of place with the actual activity in the market, but the commitment and the spend has already been made well ahead. So it's very difficult sometimes to tie exactly the timing of a commodity price to the activity in that line piping in an example of that particular activity.

MR. WHITEMAN: Some--

MR. MOSKALUK: Some of the line pipe is also--excuse me, Jeff, just one minute?--some of them are tied to il. Some are tied to natural gas. And of course those performed differently over the cycle, as well. So you would see oil declining much more rapidly than perhaps natural

gas, which the pricing was relatively more stable than oil.

MR. WHITEMAN: Jeff Whiteman, Nucor Steel. If I could come back to your original question regarding demand, one of the biggest impacts that we saw on demand was the significant increase in inventories, whether service centers, or distributors, or the end users themselves.

And that was a combination of imports that had come in, either direct or through traders that were actually loaded onto the ports. So there was a big, big impact on demand as a result of the inventory growth throughout the distribution network.

MR. INSETTA: This is Bob Insetta, ArcelorMittal. I just wanted to add, beyond what Jeff and Jeff just talked about, from a demand standpoint, that the mining and heavy equipment industry was also very depressed in 2015, and continues to be depressed.

So that's probably one of the largest demand areas for cut-to-length plate, and it is very, very poor demand right now for those segments. So it's not just energy. There's more to it than just the energy sector.

MS. MESSER: Okay.

MR. SCHAGRIN: And, Ms. Messer, this is Roger Schagrin. Another demand driver that uses a lot of plate is agricultural equipment, in addition to the mining equipment. And you've just seen a big decline in farm incomes related

to the big drop in farm prices worldwide.

And so a company such as Caterpillar and John Deere have been cutting back production significantly in the U.S., and I believe Caterpillar just announced yesterday that they are closing six plants in the United States.

So that is a reflection of what is probably a pretty strong structural cyclical downturn in farm equipment, which is primarily made with cut-to-length plate.

MS. MESSER: So pretty much all sectors except construction, then, have experienced that downturn?

MR. MOSKALUK: Yes, I would say generally if it's a sector that's tied to commodity pricing and commodity pricing has declined, then naturally we see the decline in demand for the end use product as well.

So agriculture, energy, mining, are clearly all very plate-intensive applications and they're also applications that the activity is driven by the price of the commodity. So with the decline in that, the activities decline as well.

MR. SKAGEN: Randy Skagen from Nucor, Ms. Messer. Getting back to your first question about imports in 2015, imports in 2013 were about a million tons, 8-, 900,000 tons. They doubled in 2014. Then they dropped a little bit in 2015, but even without 2014, 2015 imports were still higher than every other year in the past 10 years. So they really

went up in '14. They dropped a little bit in '15. But regardless of where demand is, the problem is the unfairly traded imports. And they came in at such a rate in '14 that that inventory overhang really depressed the domestic market and what was available to sell because people were still using off that inventory that came in the latter part of 2014 and '15.

MS. MESSER: Okay. And the imports from these countries, I just want to check here, are present in all these sectors that we've been talking about?

MR. WHITEMAN: Jeff Whiteman, Nucor Steel. Yes, they would be present in all of the consuming sectors.

MS. MESSER: Okay. Thank you. I want to go now to tie perhaps this trend in imports with the experience of the closures, or any other changes in the operations, layoffs of employees, capacity--I believe, did I hear someone say there was a capacity increase in 2014? Which doesn't--

MR. MOSKALUK: This is Jeff Moskaluk, SSAB. I'll respond to that part. 2014 at the beginning of the year caused us to take a look at the opportunity to expand our operation, which we did, and we had a very good plan that would allow us to do that.

The resulting behavior of the rest of 2014, which included a huge surge of unfairly traded imports, caused us

to shelve that plan. So while we still have the plan, we have no plan to execute on it based on current market conditions.

MS. MESSER: Okay. Thank you. So I understand the Gary, Indiana, plant, and the Claymont closure occurred after the surge in imports. Were there any other changes in the operations of any of the other facilities present here today that you can discuss?

MR. UNRUH: Certainly. Jeff Unruh, ArcelorMittal USA. During the early part of 2015 (microphone malfunction)--I'm sorry. I'll get a little bit closer. Apologies. Jeff Unruh, ArcelorMittal USA.

As we saw demand conditions improving, as we had testified in early 2014, we did add capacity to one of our rolling mills, added a second crew to one of our rolling mills in Burns Harbor, Indiana. Unfortunately, as we saw subject imports surging in late 2014, by late third quarter, early fourth quarter, I don't recall the exact date, we had to take that second crew back off because of the surge of imports.

So we did add some capacity, but we weren't able to go ahead and continue to book orders.

MS. MESSER: And were these layoffs the only layoffs that ArcelorMittal experienced during this time period?

Or--

MR. INSETTA: No, we--this is Bob Insetta, ArcelorMittal--we continued to see some downsizing through '15. And actually we can provide some information in a post-hearing brief, but our mills, as I mentioned in my testimony, are not running anywhere near capacity at the moment.

So in addition to doing what we did, as Jeff described, we also did close our Gary mill in May of 2015. And since then, we have continued to downsize and reduce to meet--to right-size the business.

MS. MESSER: Okay.

MR. MOSKALUK: Ms. Messer, this is Jeff Moskaluk with SSAB. I can comment, as well.

Well for SSAB we didn't announce any layoffs during the period. We reduced compensation based on production and shipments. So we had lower income in salaries for the operators in our mills. We operated at reduced capacity utilization over the period. And through attrition, not through layoff but through attrition, we reduced our workforce by not rehiring to fill positions as we were operating at lower rates.

So, you know, you can see our financial performance in our submission, and you can see that clearly we were operating at lower volumes, as the volume indicates

in our shipments. And so that was the result, or the impact on our particular business. While we may not have announced layoffs, it certainly had an impact on our employees and the rest of the business.

MS. MESSER: Okay--

MR. WHITEMAN: Ms. Messer, Jeff Whiteman, Nucor Steel. I would say very similar activity levels regarding the two plate mills for Nucor Steel. Our capacity utilization was significantly impacted, and many of the capital projects that we had planned for we actually had to shelve because of our financial performance during that time.

MS. MESSER: And any employee effect? Any layoffs or--

MR. WHITEMAN: Along the lines of what Mr. Moskaluk said, we did not lay anyone off. However, their bonus and their salaries were significantly impacted during that time due to the lack of order book.

MS. MESSER: Okay. Thank you.

MR. PRICE: Alan Price, Wiley, Rein. As a number of Commissioners and Commission staff heard at a recent plant tour of a Nucor plant, Nucor has a no-layoff practice. But their compensation of the employees is, throughout the company is based upon performance, from the CEO down to the line worker.

And everyone's performance, everyone's compensation has a direct relationship to tonnage produced and profitability.

So that approximately two-thirds of the income is based upon--for line workers, hourly income is based upon tons produced of prime product.

So lost tonnage means lost income in a very straightforward manner. And that's why you heard Mr. Skagen testify about the 22 percent decline.

With regard to profitability, the profit sharing, which is essentially Nucor puts 10 percent of its pretax profits into profit-sharing. That profit-sharing is reduced, obviously, as there are no profits to be shared. So that has a long-term impact on the employees in terms of retirement ultimately, since that is essentially equivalent in many respects to a 401K type benefit.

So it has numerous short--lost volume has numerous short-term and long-term impacts on the employees.

MS. MESSER: Thank you. That's very helpful.

Are there any other companies that have this "no layoff" policy, other than Nucor?

MR. MOSKALUK: Well it's not a policy. It's our practice to not lay off, and instead we have a large variable compensation that ends up being impacted instead. As well, as I pointed out, we don't replace positions if

we're in a underutilized position, either.

MS. MESSER: Thank you. I would like to move on to the specific exclusions that were in the scope, the very specific ones, the military grade armor plate and the very thick plates--I believe there were seven items. Can you tell us why in particular those exclusions were listed separately? Are there particular countries that are targeted? Companies?

MR. LUBERDA: This is Alan Luberda from Kelley Drye. Those are products that are not being made in the United States. You're right, they're mostly very heavy products.

The grades that were for armor plate, that's something that we've never included in plate cases, to my knowledge. But armor plate, you know, it's only got one customer, basically.

It's the government or somebody building something for the government. So we left that out. It's not, you know, part of the regular commercial product sold out there. But the products that we have in there are all very thick products that are not made by--and specialized products not made in the United States. Some of them would also be made to proprietary specs.

MS. MESSER: Are there particular countries that import these items?

MR. LUBERDA: These can be made in a number of countries. Some of them are made in France. They can be made -- some of them, you know, can be made in China. There are a number of countries that can make these products.

MS. MESSER: Okay. If you will counsel, take a look at the data as it comes in because we collected data for these excluded items, to make sure that what we are getting is what you had anticipated seeing for these items, and in looking at it, how you view that would affect the negligibility issue.

MR. LUBERDA: Yeah. We'll do that for the post hearing.

MS. MESSER: Okay. Thank you very much. On scope, what has -- have you had any reaction from Commerce as to your scope and do you anticipate any changes from this point?

MR. LUBERDA: No. Well, we've had a lot of reaction from Commerce, you know, talked to them continuously over the period. We made some clarifications to the scope language to make it easier to understand and enforce. Obviously, the exclusions are fairly technical and, you know, Customs consults with us as well to make sure that they understand it and can enforce it.

We don't anticipate any other changes to the scope unless there are other issues raised just in terms of

clarification of wording, to make sure that they can properly enforce it. But this is the scope we expect will go forward.

MS. MESSER: Are any of Commerce's technical clarifications going to be affecting our data collection?

MR. LUBERDA: No, no. I mean that was the first thing, you know, I said to the Commerce Department when they asked about certain things. As long -- they said we can make changes for clarifications, but nothing that would change the ITC's collection of data.

MS. MESSER: Thank you for that.

MR. LUBERDA: Okay. Commerce will go through a process of scope comments, you know, after you're done with your investigation. And so there might be something for the final. I don't know, because I don't know what comments will be raised by others. I mean obviously we heard the -- Mr. Horgan say that they want a separate like product for X-70. We expect that to stay within the scope.

So going forward, I think you can -- you should not anticipate there will be any changes in the data that you have collected for purposes of analysis for the prelim.

MS. MESSER: All right, thank you. I want to turn to your April 25th submission on the Brazil negligibility issue. There was a sentence in there that -- it was on the last page. It said "The Commission may also

consider responses to the U.S. importers' questionnaires in analyzing the negligibility issue to adjust official import data, and I'm particularly interested in what you had in mind with that sentence, what type of adjustment from our import data would be made to address the negligibility issue, keeping in mind that we did not ask in our questionnaire for the particular one year time period just prior to the filing of the petition.

MS. CANNON: Right. Kathy Cannon. We basically qualify when we tell the Commerce Department that we're relying on statistics, recognizing that you all do an independent data-gathering and that sometimes you're looking at, you know, exclusions or other issues. So it was really just a recognition that there might be further analysis by the Commission, but not specifically in anticipation that there would be something that would change it.

We often say that when we're trying to work with Commerce, because we know that there are additional information that you gather sometimes in these cases that change things a bit. So we want to let them know that the HTS numbers are not necessarily definitive in all cases.

MS. MESSER: Okay, thank you. I just don't want to be blindsided by anything that I wasn't thinking of. Okay. So in the petition, you said the scope has been updated from past proceedings to include the alloy, to

reflect changes in steelmaking processes and products, and to address the issues of circumvention. The circumvention I get.

Can you briefly elaborate on what steel-making processes and products have changed, such that the scope needed to be updated?

MR. INSETTA: Yeah. This is Bob Insetta, ArcelorMittal. I would say, first of all we did touch on, as you mentioned, the circumvention issue and some of the alloy plate that's coming in we believe is related to that. From a big picture standpoint, we have seen that alloy is now more broadly produced generally speaking globally, and alloy being produced in the same melt shops, same rolling mills and the same facilities globally.

Lines are being very much a choice as to what all plate producers will produce. So therefore we've seen a shift, a very aggressive shift in pricing on alloy plate coming into the United States, to the point where we had to address the situation. The alloy imports have always been there to a degree, but this shift has been so dramatic that we felt at this point we had to address it.

So from a process standpoint, I think the main idea would be there are more alloy producers globally now than there were, and that is affecting us as they shift their volume. It may even be in countries that have orders

on them today like carbon, now are shifting in this continuum up to higher value steel, including alloy plate.

MR. MOSKALUK: Jeff Moskaluk, SSAB. To add to what Mr. Insetta said, and I think he's correct, there's another component to add in and that is that for not all applications but for many applications, alloy plate and now carbon plate is in a continuum or a spectrum of options in design.

And so where mild carbon, the strength of a mild carbon steel can get up -- with today's technology can get very high and very close to the low end of alloy, and then at that point the customer makes a weight to cost ratio determination on whether they want a high strength, low alloy mild carbon steel, or they would move up the continuum into alloy.

And so it becomes very indifferent to the customer if they can calculate the weight to price ratio and decide whether I move up to alloy, because the alloy is inexpensive or I move down to mild carbon because that's my better choice on price. So there is some indifferentiation in the top end and bottom end of the product range.

MS. MESSER: Okay, thank you, and I just want to clarify that -- did you want to go ahead and add something?

MR. INSETTA: Yes if I may. This is Bob Insetta, ArcelorMittal. Just another comment on this

continuum idea between carbon and alloy. We've already stated, I think a couple of times, that the channels of distribution are virtually the same, whether it's through service centers or distributors for carbon or alloy and everywhere along the continuum, or direct to end users.

As an example, a big heavy piece of machinery like a mining shovel. A mining shovel will consume tremendous amounts of plate, and the continuum in that mining shovel, depending upon the design criteria that Mr. Moskaluk mentioned, will be mild carbon steel, just A-36 perhaps, through high strength low alloy steels, into heat-treated carbon steels and moving up through the continuum to alloy steels, and in many cases very heavy nickel-bearing plate that's also an alloy steel that quenched and tempered.

So when you look at this continuum, it is virtually the same market that these products are consuming, whether it's through a distributor, service center or directly to the OEM.

MS. MESSER: Okay, thank you. I just want to make sure I'm reading this correctly. So the steel-making processes that have changed are not the actual production process. The production process has remained the same for steel. It's --

MR. INSETTA: Bob Insetta. Yes, yeah. The

process is the same.

MS. MESSER: Okay, all right. That's what was confusing to me in the petition that said to reflect changes in steel-making processes.

MR. SKAGEN: Randy Skagen from Nucor. I think it's important to know that all of the carbon steel and alloy steel is basically made on the same equipment at the same plants. So when we talk about a continuum, when there's pricing in the market, when it affects carbon, it also affects alloy in the general sense.

So as the market goes down, when imports come flooding in, all parts of that market go down. It's similar to when you see gas pricing at the pump. When you see unleaded regular gas go up, using the super's going up with it, and when the other starts coming down, the super comes down with it. Very similar.

MS. MESSER: Thank you.

MR. WHITEMAN: Yeah, just to continue, Jeff Whiteman, Nucor. Just a continuation of what Mr. Skagen had indicated, that the gaps between those prices become shortened because of the availability of those products. They're made essentially th same way and a number of different people provide that product. So if we see the increase in imports on the as-rolled product, it will impact the pricing significantly on the alloy grades as

well.

MR. PRICE: And just to add something to this, I've got the most recent quarterly Q and A from POSCO's first quarter public statements, and in response to a question about the tough pricing situation regarding long term contracts, there's "ship bolters," who are the plate consumers in Korea, "are asking for price cuts under difficult situations. Regarding the negotiations which are being delayed, we expect to reach agreement shortly as the gap between commodity prices and high end prices is shortened or reduced."

So the two are interacting throughout the product chain, and they interact here, they interact globally. It's not unique.

MS. MESSER: All right, thank you. I'm done with my questions. I want to thank you for traveling to come to present testimony today.

MR. ANDERSON: Thank you Ms. Messer. Now we'll turn the microphone over to Ms. Carlson.

MS. CARLSON: Good morning. I'd like to echo my colleague and thank you all for being here today. I just wanted to do a quick follow-up to Ms. Messer's first question regarding the list of third country barriers. Ms. Cannon, can you also just provide the order year, if that was not already provided in the petition just as you provide

more information, that would be very helpful.

MS. CANNON: Certainly. We're happy to do that.

MS. CARLSON: Thank you. I next want to turn to something Mr. Horgan mentioned in his opening statement, which was that the imported cut-to-length plate is highly interchangeable with the length plate produced here. However, in the respondent's opening statement, it seemed to disagree with this.

So are there instances when cut-to-length plate that is imported is not interchangeable with the domestic cut-to-length plate, or worded another way is there a part of the U.S. market that requires the subject imports, because U.S. producers do not manufacture those products?

MR. INSETTA: Yeah. This is Bob Insetta, ArcelorMittal. I guess I would start to answer that by saying broadly speaking, the U.S. industry can compete with fairly traded imports across the entire spectrum of plate products. There have been exclusions that you've seen that really relate to some of those products that we can't produce, as was mentioned earlier.

Beyond that, there may be small parts of the market that, you know, if I were to estimate what that might be, it may be one percent or less of the market that could have products that we either don't produce or, at the same time, choose not to produce because prices are so low as

related to the imported prices for the same product.

So I think overall, the preponderance of the data says that we can make virtually everything. There may be some products that we can't, but it's a very, very small percentage. And that would go for not only the mills that are represented here, but there are other mills in the U.S. that add to that capability that are not here today.

So overall the domestic industry can produce virtually everything. Perhaps there are a few products that we can't.

MR. WHITEMAN: Ms. Carlson, Jeff Whiteman, Nucor Steel. I would echo what Mr. Insetta said. While there's some steel-producing companies here today that may not be able to make certain products, the industry as a whole is more than capable of handling the vast majority of those products. So as Mr. Insetta indicated, it might represent an extremely small percentage of product that wouldn't be able to be produced.

MR. ROSENTHAL: Paul Rosenthal, Kelley Drye. When you hear the testimony this afternoon, I do want you to keep what you just heard in context. It's not unusual for respondents to come in and spend most of their time talking about the hole and forgetting the donut. They're going to focus on those very few products where they might argue the U.S. industry has less capability, but the vast majority of

the products and the vast majority of the imports that we're talking about are products that are produced in the United States in large quantities and the capabilities of the U.S. producers are vast. So I just want you to keep that in mind when you hear the testimony this afternoon.

MR. MOSKALUK: This is Jeff Moskaluk with SSAB, and as an example, I think you mentioned in the opening statement, we make many of the grades that will be mentioned, line pipe grades and our experience is that it is the price that is the largest impediment when we're quoting against imported line pipe. It is a less about qualifying our mill. We've done a number of things on our quality and production for those products to make ourselves available to the market, but we're unable to be effective based on the price competition.

MS. CARLSON: Okay, thank you. That was very helpful. Mr. Moskaluk, I know earlier you were talking about how I think in 2014 you increased capacity, which is while --

MR. MOSKALUK: We studied it.

MS. CARLSON: So I guess I'm just wondering in general, have there been any recent changes to the industry such as new technology that was developed or you're thinking about developing?

MR. MOSKALUK: You know, I think in many cases

those are kind of proprietary positions for each company. But I would say in a very general context, you know, each company in each of their individual steel mills is constantly tweaking their capabilities and their production, which may or may not require big capital investments.

But I would think it's the nature of the business that we're always looking for continuous improvement. So I don't know if that answers your question, but at a very high level, there is no doubt we're always looking to be the best supplier available in the market.

What I'm telling you is the ability to do that with large capital investment is completely absent from our business model. We cannot afford to put that kind of money into development of either our production practices or manufacturing given the circumstance of the market with unfairly traded products.

MS. CARLSON: Okay, and I know -- go ahead.

MR. UNRUH: I'm sorry Ms. Carlson. Jeff Unruh with ArcelorMittal USA. As all of the producers here, we're constantly looking for growth opportunities, new markets that we aren't serving perhaps, this less than one percent area where we currently don't have either production capabilities. So we're constantly looking at those things.

But those investments are always made in the scope of the return that it provides to each individual

organization. ArcelorMittal is moving forward with some investments. We can get into it a little bit more in our post-hearing brief, that specifically identify X-70 line pipe and some of the investments we're making to expand our capabilities there. And again, we'll go into more of that in our post-hearing brief.

MR. SKAGEN: I think it's important to note -- Randy Skagen from Nucor. It's important to note that in Mr. Whiteman's testimony talked about the investment that Nucor made in our normalizing line, and due to the unfairly traded imports, the capacity utilization on that line now is really bad because of the pricing coming in on that product.

MS. CARLSON: Okay, and feel free to include any additional information in the post-conference brief. So I'm just wondering, just so I better understand, would you characterized a certain portion of the U.S. industry as a commodity product as opposed to value-added plate?

MR. MOSKALUK: Oh excuse me, Jeff Moskaluk, SSAB. I don't think -- again, it's a continuum that requires different finishing to the product. The steel is manufactured in the same melt shop. It comes off the same caster and goes through the same rolling mill, whether it's A-36 which is at one end of the continuum or whether it's, you know, some of the highest abrasion steels or high strength quench and temper steels, which is at the other.

It's the finishing that starts changing the value add, because you're putting in additional cost post rolling to get the properties and the characteristics of a quench and temper or something else. So but at the front end, in the melt shop and in the caster, I would suggest that the operator and the equipment is relatively indifferent to the grade, because it goes through the same fashion.

So it's just some characteristics of what you add at the liquid stage that changes it and how we finish it. So to break it into two categories isn't quite correct. It's a continuum of one product, which is cut-to-length plate.

MR. INSETTA: This is Bob Insetta, ArcelorMittal. That's -- Jeff's absolutely right. The other thing I would say would be in my opinion, calling any of this product commodity isn't really the right term. Even the lowest grades of plate that are being imported, A-36 for instance, is all has to meet a certain specification.

So it's engineered to some degree and design folks, like Jeff indicated, will decide at which point along this range of products they need to place their materials in order to perform the function that the piece of equipment is designed to do. So you know, the fact is that all of this requires product to be -- to meet a specification, an

engineered specification, whether it's simple carbon steel or fancy quench and tempered alloy steel.

What it really gets down to in the end is price. So and that's why, you know, these unfairly traded imports along this entire range have to be considered.

MR. PRICE: Alan Price, Wiley Rein. I would just add that if you look at the financial performance of the industry and if you look at the lack of profitability over the POI, the industry has lost money at a net level in two out of the three years of the POI, and its performance has been challenged. Making investments which is critical for the industry is increasingly difficult.

MS. CARLSON: Okay, thank you. I think that's the end of my questions.

MR. ANDERSON: Thank you, Ms. Carlson. Now we'll turn the microphone over to our attorney, Mr. St. Charles.

MR. ST. CHARLES: Thank you. I'm Charles St. Charles. Thank you. Thank you for coming today. This has been very helpful and my colleagues have covered the majority of my concerns. I do have one though, Ms. Cannon, regarding your negligibility chart.

In determining negligibility for the countervailing duty context, you add together all of the negligible countries for AD and there are no others for CBD.

Is there any authority or precedent for not simply adding the negligible CBDs making that determination?

MS. CANNON: We looked at this issue very carefully Mr. St. Charles, and there's actually no precedent we could find one way or the other on that issue, of the Commission addressing it. But the plain language of the statutes reads that you will add the countries subject to a dumping case and a subsidy case together when you are considering negligibility.

And so the plain language of the statute basically dictates the aggregation that we have done and proposed here.

MR. ST. CHARLES: Okay. If there's anything you can add on that, that would be -- the lack of precedent makes it of concern to the Commission as well.

MS. CANNON: We'll be happy to address that further in our brief.

MR. ST. CHARLES: And the other, the only other thing that comes to mind is Mr. Horgan made it clear that they intend on the X-70 I believe it is to argue not only for separate like product, and we'd like you to address that to the extent you can, and everyone's indicated that they're prepared to do that.

If you could also -- he said, and listen in the afternoon to the extent to which he's arguing in the

cumulation context that France and Germany should not be cumulated because of the concentration of this particular type of plate coming from France and Germany and the way it competes with the domestic like product.

I'm not sure if he's intending to make that broadly in the present injury context as well as the threat context, but if you could be prepared to address that. I don't need to -- if you want to talk about it now, I'd be glad to hear it in your post-conference briefs, since we have the heads up that that's going to be argued this afternoon.

MS. CANNON: Kathy Cannon. We'll be happy to do that too. I would just note that the argument about certain products being niche products is something the Commission has heard before in cut-to-length plate cases, and has rejected. We went through this in earlier rounds in cut-to-length plate cases, where different companies came forward and argued that they had certain specialized products and therefore should not be cumulated, and the Commission has consistently rejected those arguments finding, as you've heard here, our witnesses attest, that there's a broad spectrum of plate products that all of the countries produce, that really do overlap in the market. But we will provide further details.

MR. ST. CHARLES: Thank you. Yeah, we've all

seen that in quite a few steel cases, where that argument's presented. It doesn't always -- the continuum doesn't always answer everything. Thank you.

MR. SCHAGRIN: Mr. St. Charles, this is Roger Schagrin. You know, if you do this long enough you've seen everything multiple times, so it's always deja vu all over again in steel cases, isn't it? I know you have a lot of experience in this area as well. It's not a reference to your age; it's experience that can even come without aging.

But you know, the Commission actually did this in 1999, which believe it or not 17 years ago was the last new set of plate cases, and the argument then was made by respondents, including Berg Steel Pipe at the time, that X-70 was a separate like product and in particular they said, you know, it was excluded in 1996.

So it was excluded in '96, it was excluded in '91, it was excluded in -- I don't know if X-70 existed in 1978 or not. You know, why can it be included now, and the answer was that SSAB had invested like $2 billion in their new Montpelier plant and could make X-70. Bethlehem had made, which was a predecessor plate mills to ArcelorMittal today, had made significant investments to make X-70.

I can tell you that the amount of investments made between '96 and '99 pale in comparison to the investments made since '99. I mean SSAB built the new

Mobile plant, I believe it was completed in about 2001, which had so many more bells and whistles than the plant they had previously built in Montpelier five years earlier, and there's been tremendous investments throughout this industry.

So the idea that the U.S. plate industry in 2016 would have less ability to make X-70 plate and that the Commission, which decided -- than it had in 1999, that the Commission, which had decided in 1999 that X-70 was not a separate like product, would today accept Mr. Horgan's arguments or any of the other respondents, that today, 17 years later, that X-70 is not the same like product when it's made in the same mills by the same workers with the same processes.

Yes, maybe the users are different, because only producer of line pipe use it. It's not a distributor product. But when you look at all the like product issues and probably on six out of seven you tick the box that it's just like everything else. So obviously we have to address it. We have to spend a lot of time in the post-conference brief. We'll address it probably during rebuttal today after we've heard what they have to say.

But I really think the Commission is going to wind up in the same place that they did 17 years ago.

MR. ST. CHARLES: I work for the Commission and

I try not to predict what it's going to do.

MR. SCHAGRIN: I don't and I try not to predict what it's going to do.

MR. ST. CHARLES: And you do refer to -- I see five or six attorneys here who I've known for thirty years, and we've been through a lot of this stuff together. Thank you. I have no further questions.

MR. ANDERSON: Thank you, Mr. St. Charles. And, now we'll turn it over to our economist.

MR. THOMSEN: Thank you. The first question that I have for the panel plays off of the first question that Ms. Messer had, about the downturns in demand. Being an economist and a numbers guy, I hear downturn, downturn, but I don't really hear the quantification of that downturn.

Could you put some numbers to these downturns that you've said -- is it a 2% downturn, is it a 50% downturn? Makes a rather large difference. And if you want to speak broadly here and have more specific numbers in a post conference brief, that would be fine as well.

MR. SCHAGRIN: Mr. Thomsen, this is Roger Schagrin. You know, I think, obviously that the data from all the HTS's tell us what the imports are. Your questionnaire responses from the industry are going to tell you what industry shipments are, so that's going to equate to consumption numbers.

And so there is a decline in demand that could be in the range of 5% or so, which is still significant. Hundreds of thousands of tons in a market the size of plate, but I think it's best, if in our post conference brief, we do the addition of all the data you have and talk about the actual change in the numbers in our post conference briefs.

MR. THOMSEN: I guess what I'm more interested in is the downstream demand and what's happening in oil and gas, what's happening in heavy machinery, what's happening in all those components that have been having this downturn? And construction, if it's been increasing as well.

MR. PRICE: We'll address those in more detail in our post conference brief. I think it's also important that when you look at demand declines, you also understand that there are significant, and have been significant demand declines in the global markets as well. There have been major pipeline projects that have been cancelled globally, that have had major global effects.

The shipbuilding market, which is not generally a big market in the U.S., and is a giant market in much of the rest of the world. It is in a state of collapse at this point and again, POSCO has admitted that it's such, and so, there is no recovery going on there. The pressures throughout Asia are enormous because of that. The pressures of cancelled Eastern European pipelines into Western Europe

are substantial in this market, so it is not just a U.S. question, so we'll address that on both sides of this equation.

MR. THOMSEN: Great. I look forward to that, Mr. Price, and Mr. Schagrin as well. Now, on to the second topic. The definition of CTL plate encompasses a somewhat broad range of types of steel with the number of types excluded from this scope.

As a number of witnesses have noted this morning, some type of plate are not produced in the United States and are included within the scope. These types may include specialty plate that sells for multiples of the price of a more standard carbon steel plate, as opposed to the ones that have been noted are very price competitive.

Now, how does the importation of these type of plate affect the overall conditions of competition in the broad carbon higher-tonnage CTL plate market? And how should the Commission treat those?

MR. INSETTA: Again, we get back to this idea of continuum, via the melt shops, the rolling mills, the finishing facilities. They are all employed to do the same thing, which is make steel plate. Some of it is lower value, some is very high value.

And the higher value products tend to be smaller markets, which from my perspective, since we compete in that

high value product, the smaller the market, the more devastating it is on our business when those products are being dumped. So we think about alloy and certain parts of alloy, certain markets for alloy may be bigger than others, but the smaller the market, the more difficult it is to compete fairly when those products are being dumped.

MR. ROSENTHAL: I want to make sure that the assumption is that, just because the product is more highly engineered or may have more alloys in it, that the assumption is not that there's any less price competition in that segment of the market.

What the Commission has seen throughout these cases in the past has been, as Ms. Cannon pointed out, that price is a key determiner in who gets the sales. And what happens is that, once you meet this specification for the customer, whether it's for a lower carbon product or a higher price, arguably alloy product.

Once you meet that specification, there are lots of capable suppliers, both foreign and domestic, and there's intense price competition for that customer's business. So I think you have to accept the reality that throughout the continuum of productions, there's price competition at every type of product with every specification.

MR. THOMSEN: And is that the same for products that aren't produced in the United States? I know you said

it's a relatively small amount, I think less than 1% you were noting beforehand.

MR. SCHAGRIN: Yeah, understanding your original question, which you've clarified, the answer is that the products excluded from the scope, which are not made in the United States, the importation of those products don't affect pricing of the 99% of the domestic industry's products that are made in the United States because they are extremely specialized, separate kind of products.

And the fact that they're not made in the United States means that they don't have an impact on the pricing, so I don't think the Commission has to worry, or you have to worry an economist about the volume of the pricing of the products excluded from the scope having an impact on the domestic industry.

MR. MOSKALUK: So just to -- maybe I'm not understanding the question, but I, I'll try -- so if a product that's not made in the U.S. is sold at a significantly higher price, is that your question?

MR. THOMSEN: Correct. It's not made in the United States. It's at a significantly higher price, but it's not -- but it still has, but has not yet been excluded from the scope?

MR. MOSKALUK: It doesn't allow us to raise the price on products that are competing against unfairly dumped

or over-supplied products. And so if there's one outlier that falls in that 1% that has a higher price, it doesn't mean that we could then therefore, somehow drive all of the rest of the pricing up because it is at a higher price.

It's the outlier, because we can't make it, and so business rationale would say, if you have no competition, you should charge a higher price. Or you have less competition or fewer suppliers or less supply. So it doesn't allow the rest of the market to somehow become more buoyant because that one rare item, unicorn, doesn't allow the rest of the herd to then rise up. We are left to compete in an over-supplied and unfairly traded market for the balance. And the price is driven off that, not off the one outlier.

MR. THOMSON: Okay. I was thinking about, just the other, not the 1%, but other alloy products. Since 2013, have you had any customers reject or test and have you reworked or otherwise not accepted first attempt X70 or other alloy plate that you've tried to sell them?

MR. MOSKALUK: I'll comment on our own experience. I think X70 is a product that is often made with trialing and qualification, and there's a spectrum of qualification. There's the pipe maker, who wants you to qualify to what their equipment can or can't do. And then there's the pipe buyer, who will have certain performance

specifications that they would like, then your facility will be audited.

You'll be asked to hold a tighter range on some things or maybe perhaps tweak your chemistry because it would meet what they like. To say that you get rejected over those things I think is not our experience. What happens is you go into a program of working with the customer and the customer's customer to get a product that they would like for their particular application, so there is a process to it.

And in that process, there are others in the process as well. Pricing is a key driver because the amount of time someone wants to spend with a mill to tweak their practice or qualification I think would be directly related to how economical the price is in the application as well.

And so you may find times where you're just left at the altar in the qualification process because you're unwilling to drop to a price that would then create the economics for them to continue to want to work with you. So the process is driven as much by being available on price as it is by going through the process of qualifying to the specifics of that particular order.

MR. WHITEMAN: I would emphasize that price is the primary factor in making that determination. You have capital intensive mills requiring money to put those

investments in, but the decision is financial. It's a financial decision to make those products and what the pricing, where it's at, it does not make sense.

MR. THOMSEN: Well, hearing that it's a process and knowing that, I'd say that there is a very real cost to time and to investment and getting the new product. You know, I hear that it's a lower price.

It seems like there is -- the flip side of the equation, as a cost, how much it costs you, in order to develop that X70 or the other alloy plates, is that correct? I thought I saw some heads shaking yes?

MR. MOSKALUK: Just so I understand, the question you are asking is, is there a cost to us to go through this process as well?

MR. THOMSEN: Right. Which would eventually affect the price that you're willing to accept for making that X70 or other alloy plate?

MR. MOSKALUK: I would think generally there's, you know, there is a cost associated with that, but we're also committed to be in that market. I think in post hearing, we can mention some other things we've done in our business to make sure we are available and viable as an X70 supplier, so -- but certainly. Anytime you work with any customer to qualify yourself, you're investing in that because you expect to get an order that will pay back for

that upfront investment.

MR. WHITEMAN: Jeff Whiteman, Nucor Steel. Just a continuation of your question. We make X70. We can make X70. We choose not to because where the pricing falls out into, it's not worth the investment and the time on the mill.

MR. SCHAGRIN: You're gonna hear a lot -- we already know from Mr. Horgan's opening, you're gonna hear probably hours of talk this afternoon from the respondents about X70. And I ask you, as an economist, to keep in mind as you hear argument after argument, that the products they're selling in the United States are not made in the United States.

And then say, as your question before went to the minute excluded products, which might make up 1% of U.S. demand, X70 is probably 15 or 20% of U.S. demand. Ask yourself, as an economist, when someone says there are no competitors to me for this product, how high are the prices?

I mean, I just the reports in the last couple of days, the quarterly reports of the pharmaceutical companies. I mean Gilead Sciences, you know, sells a drug for curing hepatitis for $90,000. How can they do that? Well, because they're the only one that makes it.

When I've got an ear infection and I go to get an antibiotic, it costs me $20 because everybody can make an

antibiotic that cures an ear infection. So does the respondents' argument make sense economically, that they don't have any competition. Because if that's the fact, then their prices should be sky-high.

That's what happens when you don't have competition, but they shouldn't be back here in a year. You're not gonna accept their arguments, well, that's Mr. St. Charles, so we can't predict what the Commission would do, but I would hope that the Commission will not accept their arguments about separate like products, separate condition of competition.

But they must assume, if their economic arguments hold any truth, that they won't be back here in a year, because how could commerce possibly find dumping margins against somebody who is selling a product with no competition at sky-high prices. So let's see how it plays out, but intuitively, just using common sense, I just don't think it holds water.

I know, in particular, my client here has put an incredible amount of effort over the last twenty-five years in accessing the X70 market, and I think the same is true of ArcelorMittal and Nucor has spoken about their efforts. So I don't know if they want to add anything now or in the post conference brief, but it's very, very significant demand component for the U.S. cut-to-length plate industry and

that's why we're here to discuss it, and for that matter, it was significant even back in 1999, which is why we included it in the scope then and argued for a year during those cases. Thank you.

MR. UNRUH: Mr. Thomsen, just to add on. As I have testified earlier, X70 and the line pipe industry is a key market for ArcelorMittal USA. Recently, what we've seen is a lack of being able to be price competitive with import offers from POSCO, from Europe, from other Asian mills.

So it has not been, by any stretch, a lack of, or willingness to want to go ahead and supply the market. We're currently supplying the market. We are actively pursuing future business and, as mentioned, there are capital plans underway, which we can get into in more detail in our posthearing brief.

MR. THOMSEN: Okay. Thank you. Once again, I haven't heard a whole lot about, this morning, is about the cost of inputs. We often hear about that in a lot of hearings. How have the prices of inputs into the production process behaved since, let's say, the first half of 2014? I believe that was kind of an earmark time, when people were saying that the market started going south. What happened to the prices of input since that time?

MR. MOSKALUK: I think what you'll find is, as mills were forced to compete with unfairly traded imports,

and our capacity utilization declined. The costs for some of our inputs, which are bought on a monthly -- in our case, it's the scrap market, and bought on a monthly basis. They would decline as well, because there was less pull and less demand on that product.

And so, as there was less demand for the input, because we were operating less, that price declined as well. There are many people who like to draw the conclusion that because the input price went down, our price went down. And nothing further than the truth.

We've seen markets where our price is declining and the input goes up. We've seen markets where the inputs going down, but we are able to raise prices because of market demand, and so it is not a direct one-to-one connection that raw materials go down, prices therefore must go down.

The prices predominantly are driven on the customer's choice and supply and demand. And oversupply will dictate lower prices regardless of input costs. So in our case, our experience is that it's not a direct one-to-one tie. Dropping inputs means dropping prices.

It's typically supply and demand leads to prices and supply and demand on the raw material leads to its price. And quite often, we're not busy, not a lot of demand, and so they will correlate because of that.

MR. WHITEMAN: To add to what Mr. Moskaluk had stated regarding supply and demand, I would further add that just our pricing has fallen faster than the raw material costs that goes into the input of our steel making has.

MR. SKAGEN: In real numbers, Mr. Thomsen, when we talk about anywhere from mid '14 to '15 steel pricing going down $350 to $400, it's safe to say that scrap only went down about half of that. So all of that difference came out of our margins.

MR. UNRUH: The other important factor here is, in a very high-fixed cost business is, operating rates. So while input costs did drop at the utilization rates, the drop in input costs certainly didn't lead to any improved profitability for any of the organizations because utilization rates were nowhere near high enough where we would've just captures the cost-saving benefit.

MR. PRICE: Once again, I'm drawn to POSCO's most recent quarterly statements here. Some interesting things in here. One of which, to start with, in the second half of 2015, prices dropped to an unreasonable level below cash cost. Means they're probably dumping.

But we'll move on to what this agency's concerned about. When they start talking about long-term contracts. They don't talk about raw material costs being the sole factor that drives pricing in the industry. They

talk about the following.

Here's one of their answers to a question. Ship builders are asking for price cuts as they recorded extreme losses in the previous year, demand factor. When we negotiate long-term prices of customers, multiple factors are applied, such as raw material costs, yes, that's one of them. Also the Chinese market situation. That happens to the import source to China.

China into Korea is heavily the Chinese. So their imports are having an effect on their market and their pricing, according to their own statement. And customer operating performance. And those are just some of the factors. So the idea that it's just a raw material cost issue is not correct. And their own company executives basically said so over and over again.

MR. THOMSEN: Okay. And how are these changes in raw material costs captured? Do you use surcharges often? Is it just one surcharge, or is it multiple different surcharges for energy, for different types of alloying agents for scrap, for all the different components that go into making CTL plates?

MR. MOSKALUK: In the spot market, we are expected to, and asked to compete on a net delivered price to the customer and so while we would manage many costs inside that net delivered price, the customer is saying, 'I

can get material for this, this week. What would you like to offer me?'

MR. THOMSEN: Is that mostly how you sell your plate? Or is that --

MR. MOSKALUK: In spot.

MR. THOMSEN: Spot market?

MR. MOSKALUK: Spot is a good healthy percentage of our business. But we also have a decent volume in contract. Contract business can be driven a number of ways. You could have a price that's fixed for a shorter period of time. You can have prices driven by index movement. You could have surcharges or callers or certain mechanism to account for raw material changes.

So there are a number of options, and that ends up being a one-on-one discussion with the customer based on their ability to manage risks and the amount of risks we want to manage on their behalf. So I could characterize that we have a number of options available to use, all of them coming with risk to our business, based on how bullish we feel about input costs, our ability to sustain a number over a period of time, etcetera.

MR. THOMSEN: Anyone else want to answer about their surcharges? ArcelorMittal, you use surcharges?

MR. INSETTA: We have had surcharges for alloys, not scrap, but alloys. But recently those surcharges either

have not been implemented because our competition from imports, prices are so low, we can't get paid for those alloy inputs, so we're more competing just on a price basis without any recognition of the alloys.

The other thing that's happened though is a sign of, kind of how depressed the market is. Number of these alloys are now pricing below our threshold. Where we would actually have an alloy surcharge. So I would say on virtually everything we're selling at the moment, there is no surcharge.

MR. THOMSEN: Okay. Thank you very much. I think that gets to all the major points that I wanted to get to, I pass it along to my next colleague. Thank you very much for showing up today and all your answers.

MR. ANDERSON: Thank you, Mr. Thomsen. And now, Ms. Brinckhaus.

MS. BRINCKHAUS: Thank you. I's also like to join my colleagues in saying thank you all for being here today and traveling to give your testimony. Always very helpful. My colleagues have addressed the majority of my concerns and that, coupled with the fact that the financials are going to be proprietary, we only have a couple questions for you all.

We haven't heard anything about processors today. I know that's a relatively small part of this

industry, but can you provide some background on the role of processors for service centers in the CTL plate industry and do these processors tend to specialize in more standard carbon plate or do they kind of compete across the board?

MR. MOSKALUK: I'll take the first attempt at that. The supply chain is essentially a number of links that are owned, from the producer all the way to, I would suppose, the final person who buys whatever the produced good is, piece of equipment, whatever.

So, services centers, or processors, the term you are using, would exist somewhere in the middle of that chain, and would provide some service that either the mill has determined they don't want to do or they're not capable of doing because of equipment, or the end-user has determined they don't want to invest in the equipment.

In many cases, the end-user may have some of those pieces of equipment, and so really, that rule is somewhat like an accordion. It expands and contracts based on the investment at the mill. The producer side and at the manufacturing side.

So one of the examples we see which in particular, is occurring right now in the Midwest with both agriculture and mining equipment being so heavily focused in the Midwest is that the manufacturer owns many of those pieces of equipment, but at a scale and scope that would not

cover them at full production.

So in a more robust market, the service center exists to take the extra capacity and does things that would exist in-house at the manufacturer, burning plate into shapes, etcetera, forming it. Even in some cases, welding it. As the market declines, as you could imagine, the manufacturer is trying to make sure that they're absorbing all of their overhead costs. They'll bring that in-house and then leave that demand vacant for the processor or service center in the middle.

The other part of your question was, do service centers or processors focus in a particular part of the continuum? I would say they try not to, because if their equipment is capable of doing any part of the continuum, then they would like to be available throughout the whole continuum of products.

If they can burn plate, they'd be happy to burn a 36, they would be happy to burn the most, highest value alloy or heat-treated plate, because from their perspective, they've made the investment in that equipment. They'd like to be as flexible as possible, and so they typically move up and down that continuum based on the customers they pursue and the customer's demand. So it's very fluid.

If that's what you're asking. It is an extremely fluid and sometimes hard to define market, because

what you would think is clearly the role for service center may come in-house to a manufacturer based on the condition of the economy.

MS. BRINCKHAUS: Okay. Thank you. That actually also took care of my next question, so that concludes my questions today. Thank you for being here.

MR. ANDERSON: Thank you, Ms. Brinckhaus. And now, Mr. Giamalva.

MR. GIAMALVA: Good morning. John Giamalva, Office of Industries. I'd just like to echo my colleagues. Thanks for everybody being here. I just have a couple of quick questions, more on the idea of a continuum. In some previous cases, information came out that despite the fact that cut-to-length plate covers a wide variety of thicknesses, that some 80 percent of cut-to-length plate uses in the U.S. were product less than two inches thick.

Is that the case for both carbon steel cut-to-length plate and alloy plate, or is that different for those?

MR. INSETTA: This is Bob Insetta at ArcelorMittal. I'd say that's about right, yeah. We don't know for sure, but it's somewhere in that category, yeah, for both alloy and carbon.

MR. WHITEMAN: Jeff Whiteman from Nucor Steel. I would agree with Mr. Insetta's perspective on that.

MR. MOSKALUK: This is Jeff Moskaluk from SSAB. So to totally bombard you with all of us saying the same thing yes, and in fact one of the things to consider is there are some exceptions that would be rare. But the whole reason for higher strength plates, whether they're quench and tempered or as-rolled is to get the strength up to reduce the amount of weight required.

So you could imagine that those products would exist in the lighter range because they're being designed specifically so customers can take weight out and still retain the strength. So while it happens in the mild carbon grades that the market is predominantly two inches and less, in many of the higher strength grades the whole purpose is to keep the product from needing to be thicker for the same application. So that's why the strength's built into the steel itself.

MR. GIAMALVA: Thank you. The only other question I have was that other information in previous cases was presented on the use of end use distribution of carbon steel cut-to-length plate, you know, the share that went to industrial equipment construction, agricultural equipment and I'd like to find out if you could provide in the post-hearing that same information for both carbon steel plate and alloy plate, to see if they're used for pretty much the same uses.

MR. INSETTA: Yeah. Bob Insetta, ArcelorMittal. We can provide that in the post-hearing brief by market segment, yeah.

MR. GIAMALVA: Thank you. That's the only questions I have.

MR. ANDERSON: Thank you Mr. Giamalva, and now Mr. Corkran.

MR. CORKRAN: Thank you very much, and I want to thank everybody for their participation in this staff conference. The first thing I wanted to look at a little bit was the time line. We heard testimony today that there had been two closures since 2013, and I wanted to make sure I had the timing right on those closures.

For Claymont, it looks like their closure was announced in 2013, October of 2013; is that correct? And if so, is the argument that subject imports were directly or played a role in the closure of that operation?

MS. CANNON: Kathy Cannon for Kelley Drye. Yes, Mr. Corkran, that did happen in late 2013 and we can put an article that was released by Evraz at that time that attributed the closure to import problems on the record in our brief, so that you have information about that directly from what they said at the time they closed the mill.

MR. SCHAGRIN: Mr. Corkran, this is Roger Schagrin. I would just add that while Evraz is not

participating in our panel, they have entered an appearance at the Commission of counsel, and they might be able to, if they're going to submit a post-conference brief, their counsel can be made aware of the question. I actually see his head over there.

So he's probably aware of it now, and maybe they can also add some clarification in the post-conference submission.

MR. CORKRAN: Excellent. That would be very helpful, because I'd really like to get a sense for what the capabilities of that Claymont mill were and what their competitive position was in the marketplace. So I appreciate that.

The other question I had comes much more close to the present right now. So we have the Gary facility closure in May of 2015. Was Gary -- did Gary produce X70 plate or what was its product mix within the ArcelorMittal family?

MR. UNRUH: Certainly. Jeff Unruh with ArcelorMittal. The Gary operation, to try to provide a little bit of clarification, the Gary rolling mill, rolling mill was actually idled in 2008. We had that as available capacity to us. Starting with the Great Recession, the rolling mill was idled.

We continue to operate the heat treating

facilities at the Gary mill, and continue to operate them. But the rolling mill sat idled. In May of 2015, as was noted, the rolling mill was permanently closed, specifically looking to an unfavorable market condition, high levels of imports. It didn't look like we needed to go ahead and continue to spend money to keep that as a potential option operational.

So the heat treating facilities continue to run. The rolling mill had been down since 2008. But it became a decision that we did not need that capacity available and shrink our footprint, if you will. Specifically to X70, no the Gary mill was not rolling X70 when it was operational from late 2007 to early 2008.

MR. CORKRAN: Thank you, that's helpful, and thank you very much for clarifying it. That was a detail that I was missing. In the heat treating operations at Gary, did they -- do they handle X70 plate?

MR. UNRUH: I'm sorry, I apologize. If you could repeat the question please?

MR. CORKRAN: For the X70 plate that ArcelorMittal produces, is any of that heat treated at Gary?

MR. UNRUH: Jeff Unruh, ArcelorMittal. No, it is not.

MR. CORKRAN: Okay. Thank you very much. That clarifies things a lot for me and I really do appreciate it.

A lot of the dramatic increase that is seen in the import data moves from 2013 to 2014 and into 2015. Can you characterize the level of imports in 2013, sort of place them in historical context? Were these actually a fairly low historically, a relatively low level of imports that we're talking about?

MR. WHITEMAN: Mr. Corkran, Jeff Whiteman, Nucor Steel. In 2013, the level of imports were still relatively high in comparison. Once Evraz went out of business, as one of my colleagues said here earlier this morning, we did see some growth potential in our order books. But as that progressed into 2014, the rate of the imports picked back up coming into the market at much higher levels throughout the rest of the year.

MR. MOSKALUK: You know, and of course the -- excuse me. Jeff Moskaluk, SSAB. Mr. Corkran, one of the things that's important is when -- is the timing of the imports, particularly say fourth quarter because on average we could look at '13 and our company used to be headquartered in Regina, Saskatchewan, and a great recruiting tool was to tell someone the average temperature, which is 52 degrees. But try and recruit them in February.

So, you know, the thing with averages is it's really important on the timing. So even as we were moving into '14, we could see -- late in '13 we could see a build

in imports and we certainly saw what was coming at us and understood what it was. I just always like to sort of put trends in their -- fully in their context.

MR. CORKRAN: We've heard statements about the level of import prices in the United States, and U.S. prices in the United States. We've seen comparisons of those prices either as the lowest in the last decade or the lowest since 2014. Can you please make a similar comparison in terms of scrap pricing. How would you compare scrap pricing levels at the end of 2015 over the last decade or since 2004?

MR. MOSKALUK: If it's -- Jeff Moskaluk, SSAB. If it's fine with you, I think that's easier to do post, because I just want to make sure that the number's right. Now off the top of my head, I'm not exactly sure how I would answer that. I'd need to look at it but I'd like to do it that way if it's possible.

MR. CORKRAN: The next question is for Nucor. I wonder if you can give us a little bit of background on the Louisiana DRI facility and that facility's resumption of production, and what that production's impact had on the pricing of scrap.

MR. SKAGEN: Well, that facility is running well. It's running at almost full capacity. It's hard to say what effect that DRI coming into the U.S. market has on

the scrap market, because really scrap market is global in nature.

So we feel it has a positive effect on the scrap market, but we've not been able to quantify what effect it really does have on the market, although we do think that scrap is probably slightly lower in the U.S. because of our DRI facilities. But we can't put a number on it.

MR. CORKRAN: Okay. Thank you, I appreciate that. One of the reasons for my question, it's not a new one, it's come up in the sheet cases as well is that Nucor management discussed their impression of the impact of DRI on scrap pricing, and particularly what it did at the beginning of 2015.

The next question I had was I believe Mr. Schagrin actually may have answered that. The order on Korea, the existing order on Korea does not include -- I'm sorry -- does not exclude X70. Am I correct in that?

MR. SCHAGRIN: You are correct in that, Mr. Corkran.

MR. CORKRAN: And that is because since the 1999 case, that's been a part of the scope of the order?

MR. SCHAGRIN: That's correct.

MR. CORKRAN: Okay, thank you. I was wondering if I could get some additional elaboration on the statement that ArcelorMittal was looking to expand its capabilities in

X70 plate. Is there more that you can say publicly about that?

MR. UNRUH: I think I've said as much as we're comfortable saying publicly. I'm happy to address it in more detail in post-hearing.

MR. CORKRAN: Okay. I thought that might be the case, but I would still extend the opportunity.

MR. MOSKALUK: Mr. Corkran, Jeff Moskaluk. Also, I mean I think every company may want to do this, but it would be post-hearing. But we'll give information regarding our X70 and any investment or whatever.

MR. CORKRAN: Thank you, and thank you for reminding me, because one of the baseline questions I actually wanted to ask is for the three major producers that we have here today, can you please tell me have you sold X70 plate since 2013? Straight up yes or no.

MR. MOSKALUK: Jeff Moskaluk, yes.

MR. WHITEMAN: Jeff Whiteman, Nucor. No, we have not.

MR. UNRUH: Jeff Unruh, ArcelorMittal, yes.

MR. CORKRAN: Thank you very much. I appreciate that. X70 plate is being raised in this proceeding. It is also a consideration in the hot-rolled steel investigation. So this is a more basic question. What are the technical challenges involved in producing X70 plate?

MR. MOSKALUK: Jeff Moskaluk, SSAB. You're really going to stretch me now, because I am not a metallurgist, but I'll give it my best shot. X70 plate is a plate that is thermo-mechanically manufactured, which means you have to hit specific temperatures off the mill and then it has to cool at a certain rate, which usually requires accelerated cooling. Anybody who's a metallurgist in the room, please put your hand up and help me.

But it requires that you invest in the equipment to do the accelerated cooling, it requires that your metallurgists can compose a chemistry and the temperature range that you can hit the finished properties. So that is the challenge in making it is you need the metallurgical knowledge in certain equipment that allows you to manufacture X70, which we have that capability.

MR. UNRUH: Jeff Unruh, ArcelorMittal USA. The only other point to add is Mr. Moskaluk really focused his answer, rightfully so, on the rolling mill operation. But it is equally important to have a very, very good high quality slab and good practices in your steelmaking facilities, to be able to feed the mill with high quality input.

MR. SCHAGRIN: Mr. Corkran, this is Roger Schagrin and in my previous discussion with Mr. St. Charles, where I was talking about the previous plate cases, I forgot

to mention in terms of the Commission precedent on X70, because it's not the same like product but it's in at least the same family of flat-rolled steel.

But as you noted, the Commission did look at this at the preliminary phase of the hot-rolled investigations, where claims were made that the U.S. industry didn't produce X70 coiled plate, and I think the Commission preliminarily found that the U.S. industry, which would also include here SSAB and ArcelorMittal as producers of coiled X70, I think you preliminarily found that the industry did, and that those arguments that the U.S. industry wasn't capable of producing those products in the hot-rolled case were not given credence at the preliminary phase of your hot-rolled investigation.

MR. SKAGEN: Randy Skagen from Nucor. I think it's important to note that X70 is not some super-sophisticated product. It's rolled the same way that everything else is. We roll many products that require just as much attention to detail. So it's not a special product for us. The reason that we don't make it is strictly because it's very expensive to produce it in today's market pricing.

When you look at the cost of alloys and the cost of production, every time you roll or melt something that has higher specifications, there's more of a chance not

meeting them. So you end up having losses and you have to recover those losses with the sales price. So it's not really any more special than other products we make. We can make it.

Generally, because of the price coming into the country of that product, we just choose not to make it.

MR. CORKRAN: Can I ask you to elaborate on that statement a little bit though? I mean has Nucor ever produced X70? To your knowledge, has Nucor ever produced X70 plate? I mean this is -- you're not describing a situation that is particular to 2015 to 2013 through 2015. Just in general, has this situation ever been different for Nucor?

MR. SKAGEN: Oh we -- Randy Skagen from Nucor again. Yes, we've sold X70, much of it out of Tuscaloosa and a lot of it out of Hertford County when the economics were right. It's just they're not there right now.

MR. WHITEMAN: Mr. Corkran, Nucor Steel Hertford County, and we have made X70 in the past and as Mr. Skagen had said, and as I had alluded to earlier, we made a decision based on purely financial reasons to really stop making it, based on the competitive environment that was there. But we have the ability to produce that product.

MR. CORKRAN: Thank you very much. That was very helpful. I think now that exhausts my questions, but I

do very much appreciate all the panel's participation this morning. It's been very helpful. Thank you.

MR. ANDERSON: Thank you Mr. Corkran, and I will visually scan my colleagues to see if they have any follow-up questions. You've done an excellent job of answering all of their touch questions. I did want to just wrap up with a question about inventories.

I heard quite a bit of testimony about inventories as an indicator of injury or threat of injury. So I first wanted to ask, given the comments about the downturn or softening I think was the language used in 2015, can any of the parties comment on to perhaps how much of the inventory overhang is related to the downturn just generally in demand?

MR. MOSKALUK: This is Jeff Moskaluk, SSAB. That's -- it's difficult, because the downturn in demand was occurring at the same time that we were still seeing an import surge. So to say that inventory was completely the result of a decline in demand, I think it was a combination of the two obviously.

We saw, you know, industry statistics for MSCI, where we saw their inventory grow in 2014, and we believe that was clearly the option to pursue lower-priced dumped imports or unfairly traded imports to purchase and put in their inventories.

And then anecdotally I can tell you we have a facility in the Port of Houston, and our people drive by the Port to get to our facility and they drive by stacks and stacks and piles of plate. So just anecdotally and visually, our own people would continue to see the piles get higher as we move from '14 into the beginning of '15 so --

And that's a phantom inventory that doesn't necessarily get reported, because it's not in the MSCI data. It's not in the mill data, but it's there. So that one's very hard to track. But anecdotally, we know exactly what was going on because we would see it every day going to our plant.

MR. WHITEMAN: Mr. Anderson, Jeff Whiteman, Nucor Steel. I think we could clearly see in 2014, at least at the distribution level, that the inventory levels got extremely high and throughout 2015, while there was some relief on those inventory levels, that two year period inventories were extremely high in comparison to what we have seen in previous years at the distribution level.

MR. SKAGEN: Randy Skagen from Nucor. If you look at 2013, it's a baseline. Probably a million and a half tons of extra imports came in '14 and '15 in a six million ton market. So that would tell you about 25 percent of the loss of demand is because of the inventory overbuild.

So if I was going to say an 80-20, 90-10, I

would say of the demand versus the inventory, 80 to 90 percent is the inventory overhang. Ten to twenty percent would be the lessening in demand.

MR. ANDERSON: Okay. Thank you very much. That's very helpful. Just to kind of round out the questioning on inventories, is there then anything that's changed in the nature of inventories and in the way you market and hold your inventories and hold your inventories and sell your inventories from this current Period of Investigation compared to other investigations that we've had on this product?

I guess what I'm looking at is what Mr. Skagen said was very helpful. But if either now or in your post-conference brief, we'll be getting those inventory data from the questionnaires. But if there's anything you can shed a light on, is there some kind of drastic change or difference in inventory periods. You've seen the surge in imports in previous cases versus this POI.

MR. SCHAGRIN: Mr. Anderson, we'll take a look at the previous cases and address that in our post-conference brief. To my knowledge, as you say, the changes are, in terms of various investigations before the Commission is generally imports surging, and they're going into inventories.

To my knowledge, it's no different today than it

was in earlier investigations, that the domestic industry doesn't produce as manufacturers in order to hold their own inventory.

They only produce against orders from either end users or service centers. It's not a product where the domestic industry produces lots of plates and stacks up their own inventory. But we'll take a look at that and elucidate further in the post-conference brief.

MR. ROSENTHAL: Mr. Anderson, Paul Rosenthal from Kelley Drye. I just want to make sure that we are answering the question you're asking, and that is whether changes in policies or approaches to inventory by the domestic industry, or were the facts about the inventories in this particular case different than in the past?

MR. ANDERSON: More the first, in the sense has anything changed in the marketplace and the business practices on how inventories are used, or how products are kept in inventory that changed from previous cases.

MR. ROSENTHAL: Thank you.

MR. WHITEMAN: Mr. Anderson, Jeff Whiteman. Just one further comment to that. I think what we have seen is that the industry is going to a much shorter lead time, JIT or just in time, and the expectations of the mills based on some of those inventory levels that we have seen, imports at the ports or excess inventory at the service center

level.

But as a whole to the mills, what it's really come back to is much more of a shorter lead time, just in time expectation for delivery.

MR. ANDERSON: Okay, thank you all. That's very helpful. With that, I would on behalf of my colleagues here thank you very much for your testimony and for being here today. It's been very helpful helping us understand the record and getting information on the record and understanding factors in the industry.

We are finishing a little bit earlier than we anticipated, but I think if the parties are still willing, we'll take a 30 minute recess, and we'll start with the second panel. So again, thank you very much.

(Whereupon, at 12:15 p.m., a recess was taken, to reconvene at 12:15 p.m. the same day.)

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

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

MR. ANDERSON: Good afternoon. Mr. Horgan please proceed and welcome to the panel.

MR. HORGAN: Thank you. We're going to begin with Ingo RIEMER the President and CEO of Berg Steel Pipe Corporation.

STATEMENT OF INGO RIEMER

MR. RIEMER: Good afternoon. I'm Ingo Riemer President and CEO of Berg Steel Pipe Corporation and the Berg Group which is 100 owned by Europipe GmbH. Europipe is a 50/50 joint venture between IBE der Dillinger Huttenwerke and Salzgitter Mannesmann. Dillinger produces cut-to-length plate in France and Germany, Salzgitter produces cut-to-length plate in Germany.

Berg specializes in production of large diameter steel pipes for oil and gas pipelines. Berg manufactures steel pipes in Panama City, FL since 1980 and through Berg's Spiral Pipe Corporation in Mobile, Alabama since 2009. Our mill in Panama City has the capacity of about 350,000 tons per year and uses plates as raw material. Our mill in Mobile has a capacity of about 200,000 tons per year and uses hot-rolled coil as raw material.

On both locations together we currently employ around 700 people. Berg imports a lot of plate manufactured

for specific pipeline projects and consumed by Berg. None of Berg's plate imports are commodities and none of the plates are sold into the commercial plate market. Ninety-six percent of Berg's imports of plate during the Period of Investigation consisted of API X-70 plate, customized for specific pipeline projects. This value is 100 percent for our project imports for the next year for our orders already brokered.

In light of some disasters, pipeline failures, steel requirements for pipeline projects have increased during the past decade as a result of more rigorous pipeline safety regulations. In 2009, the Pipeline and Hazardous Material Safety Administration, PHMSA, issued new guidelines for pipeline safety. These new requirements were primarily addressed through customers' stricter project specifications and were gradually implemented throughout the supply chain, first the pipe makers and then to the steel producers.

That was a game-changer for the API Industry, not only for the technical requirements themselves but mainly for the fact that pipeline operators demanded transparency and direct involvement in decisions related to steel sourcing. Most U.S. domestic mills have not kept pace with this development and have difficulties complying with the current quality requirements for steel plates used in pipelines. Nearly all of our business is obtained by

bidding for large-scale, long-term oil and gas pipeline projects.

On average, we manufacture pipes for about 20 to 30 orders a year and out of those only 2-3 represent 80 to 90 percent of our total annual production. The bidding process requires us to disclose who will supply the plate we intend to use to produce the pipe for each project. Pipeline operators, our customers, will not place large orders with a pipe company unless they know who the plate supplier is and are convinced that the plate supplier is reliable in terms of quality and delivery.

They also transfer a huge liability on the pipe producer in terms of reimbursements and penalties for any damage or cost resulting from delivering pipe that is not meeting the specification or liquidative damages for delivering late. In case the plate is the reason for damage the pipeline operator incurs then the pipe producer is fully liable whereas its chances to get reimbursed accordingly by the plate producer is very low as their liabilities are typically limited only to the replacement of defective plate. The only way for the pipe producer to manage that tremendous risk is to be very careful in choosing the right plate supplier.

Because of the growing emphasis that our customers of X-70 plate place on quality and reliability,

Berg has found that it must source only from trusted and reliable sources. Burk's German and French plate suppliers and ultimate shareholders are constantly dedicated to the high-quality X-70 project business and able to commit to supply large guaranteed volumes of plate of consistent high quality even when other plate market segments are equally or more attractive.

U.S. Domestic plate producers are not as dedicated to the X-70 business and follow a more opportunistic approach switching between different commodity plate products, EG plate for rail town cars in recent years, based on highest short term margins instead of maintaining stable and reliable long-term supply chain in a very challenging non-commodity product segment like X-70.

In the Period of Investigation, Berg was able to win bids on some large X-70 projects such as Rover for Energy Transfer which has been Berg's largest order ever and Spectra's Sable Trail, Florida's Southeast Connector; Berg's third largest order ever. Because Berg was able to partner with French and German plate producers who were willing and able to commit to such large long-term projects and acceptable to all pipe customers.

Until 2011 Berg sourced its X-70 plate predominantly through U.S. Domestic suppliers. However, none of the Petitioners could participate in recent large

projects because Nucor is limited to plate widths for pipes with a max diameter of 36 inch and in lower API and wall thicknesses. This is not sufficient for almost all of our orders, in particular not enough for our X-70 projects. Over the Period of Investigation 98 percent of our orders were outside the product range of Nucor and even 100 percent in 2015.

SSAB is limited to plate widths for pipes with a diameter of 36 inch max and a wall thickness of 0.75 inch max. Over the Period of Investigation, for 82 percent of our orders, SSAB was not an option either due to product range limitations which is 56 percent or due to customer preference primarily due to previous quality performance issues which represents 26 percent. Some of the quality issues are related to the type of process SSAB is using.

In general, for high end API products the strip-based electric arc fullness and stucco mill rolling technology used by SSAB has many disadvantages resulting in higher risk for quality issues, lower production efficiency and higher costs compared to the iron ore based blast furnaces and plate rolling technology used by the German and French plate producers.

Finally, ArcelorMittal for most of the projects has been the only domestic plate producer that is not excluded because of dimensional limitations. But Berg has

had several and serious quality issues with their plate, particularly on an X-70 project in 2010 resulting in a huge loss of profit and reputation. Given this negative experience, we have been unable to take the risk with ArcelorMittal on any subsequent large X-70 project. ArcelorMittal has not tried to restore confidence and gain back the X-70 plate business with Berg.

As we summarize in our questionnaire response, the Petitioners simply are not qualified to participate in large-scale, long-term X-70 projects either due to their product range limitations, their process capabilities all because they have shown to Berg and our customers' evidence of inconsistent quality, typically steel cleanliness, mechanical strengths, toughness, service quality. This has nothing to do with alleged dumping.

If Berg is cut off from its trusted plate suppliers by an antidumping duty order, our customers will abandon Berg and will seek foreign pipe producers who have access to qualified plate. This will certainly hurt Berg and could jeopardize its existence but it won't help the Petitioners. We are always looking for qualified plate suppliers to try them on smaller-scale projects. We have used Domestic Suppliers in the past and would use them again also for larger challenging X-70 projects if the level of consistency of their plate quality is acceptable to us and

our pipe customers.

That requires time and long-term dedication of the plate producers to the X-70 business no matter how opportunities for other plate products develop. Berg's core value is integrity beyond compliance. We will never compromise on matters of pipeline safety and reliability. Thank you for your attention and additional details and supportive documentation can be found in our questionnaire response or in the post-conference brief and if you have any other questions I am happy to answer them.

MR. HORGAN: Now we're going to hear from Bob Moore Vice President of Salzgitter Mannesmann International U.S.A.

STATEMENT OF BOB MOORE

MR. MOORE: Good afternoon. My name is Bob Moore. I'm Vice President of Salzgitter Mannesmann International U.S.A., Inc. I have 40 years of experience in selling cut-to-length plate and other carbon, allow and stainless steel products. I've worked with Salzgitter for more than 15 years. I sell steel products from Salzgitter's mills in Germany and other unrelated mills, both foreign and domestic.

We perform trade facilitation for U.S. Domestic mills, distributors and industrial seal consumers. By trade facilitation, I mean making the sale as well as arranging

financing, logistical support, inventory control and other supply chain services. We have at times been a formal agent and/or facilitator for all of the Petitioners in this case. Salzgitter Mannesmann International U.S.A. Headquarters is in Texas. Our ultimate parent is Salzgitter AG based in Germany. The Salzgitter Group has multiple steel and pipe mills in a global distribution network.

Our mills in Germany include an integrated flat-rolled mill, a structural section mill, several tube mills and two mills that produce cut-to-length plate; one located in Wilheim and one located in Ilsenberg. We produce some of the most sophisticated types of plate such as wear-resistant plate, cryogenic pressure vessel plate and offshore plate grades.

Our 2015 crude steel production was only 6.7 million tons. We are ranked around number 60 in the World Steel Association list of global steel producers. We are a niche plate producer. You have already heard that about 90 percent of imports of cut-to-length plate from Germany are in X-70. My testimony will focus on the other plate products imported from Germany. Like X-70, the plate products make up the remaining 10 percent of imports from Germany and compete only on a limited extent or not at all with U.S. made plate.

These plate products fit into three categories.

First, 9 percent nickel-alloy plate. Second, offshore structural plate, and third pressure vessel plate in certain widths, thicknesses and grades that are not produced by two out of the three Petitioners. I will describe each of these categories. First, 9 percent nickel plate, nickel allow plate is a pressure vessel quality plate that meets ASTM A553 Standard. It is the material of choice for the construction of liquified natural gas storage and process tanks because it can withstand LNG's cryogenic properties.

Our mill in Ilsenberg is one of only 5 mills in the world that is approved by the major U.S. Companies that are qualified to fabricate LNG and related gas process and storage vessels. The only mill in the United States that is theoretically able to produce this product is ArcelorMittal. However ArcelorMittal is not actively supplying this product according to our customers. This product was not available from the U.S. Producers during the Period of Investigation.

Imports of 9 percent nickel alloy plate represent about 5 percent of cut-to-length plate imports from Germany. When combined with X-70, the two products account for about 95% of total imports from Germany. So virtually no imports from Germany compete with domestically produced cut-to-length plate.

Second, another product imported from Germany is offshore structural plate. This plate I'm referring to

meets API 2H, 2W and 2Y plate norms. It is used as a structural plate in offshore platforms and structures such as drilling rigs and other ancillary equipment for offshore rigs and offshore wind towers. It provides additional strength to resist impact, corrosion and fatigue. Given the extreme operating environments for offshore structures and the attendant liabilities, engineering, procurement, construction and fabrication companies exercise a rigid vendor qualification process. U.S. Producers cannot produce advanced grades of offshore plate in the API 2W and 2Y categories. Our mills easily pass the highest standards of qualification for the offshore industry in all of these grades.

Finally, imports from our mills in Germany include plate produced to widths, thicknesses and grades outside the production capabilities of Nucor and SSAB. Nucor and SASB each have two rolling mills and the maximum width that they can roll is between 120 and 125 inches. Our Ilsenberg mill can produce widths up to 137 inches and thicknesses up to 6.89 inches with a maximum individual plate weight of about 28 metric tons. Our Wilheim mill can produce widths up to 185 inches with a maximum thickness of 3.15 inches and a maximum plate weight of about 15 metric tons.

Of the U.S. mills only ArcelorMittal can produce

plate in widths and grades of comparable specifications and even though ArcelorMittal has the capability to produce plate in these widths and grades, it has refused to sell to certain U.S. Customers. Another mill, JSW has the capability to produce plate in these widths and grades but has quality issues that preclude it from supplying many of the customers supplied from our German Mills.

For these reasons there is limited competition between U.S. produced plate and at least 95 percent of imports from Germany when you consider X-70 plate and 9 percent nickel alloy plate. This percentage is even higher when you take into account offshore structural plate, certain pressure vessel grades and sizes and the U.S. Industry's inability or unwillingness to produce certain grades or to sell to particular customers.

Under these circumstances, imports of cut-to-length plate from Germany serve an important role in the United States the Domestic Producers either cannot or will not fill. Thank you. That concludes my direct testimony. I look forward to responding to any questions you may have.

STATEMENT OF WALTER EMSLANDER

MR. EMSLANDER: Good afternoon. For the record, my name is Walter Emslander. I am the lead commodity manager for steel at the Manitowoc Company Incorporated with

manufacturing facilities in Manitowoc, Wisconsin and Shady Grove, Pennsylvania. Manitowoc designs, builds and markets crawler and mobile cranes worldwide under the Manitowoc Grove and National brands.

We consume approximately 2000 tons of cut-to-length plate a year. Where we can, we source from U.S. Producers and suppliers of the product. Where we must, we secure offshore supply to ensure the quality specifications and performance attributes we need to remain competitive in the global marketplace. I am here to tell you today about general material needs and our experience as far as sourcing material in the U.S. Market.

The global crane business is very competitive so we need to continually differentiate ourselves from the competition by designing high performance reliable cranes. To do so we design for higher weight loads with minimal footprints. To be competitive domestically and globally we need to take advantage of what the marketplace has to offer to accomplish these requirements. For us, the equation is not controlled by price. It is controlled by ensuring specifications, quality and consistent supply necessary to produce a superior product used in highly critical situations.

Simply put, Manitowoc has to go overseas for the quality and performance characteristics of the

higher-strength materials we need to build our cranes. We require a competitive metallurgical morphology that achieves high yield strength with good elongation as well as low sharpy-notch impact strength for cold weather environments with low carbon equivalent for weldability.

We must ensure specific quality and processing attributes of the material resource in order to minimize internal rework costs of inconsistent product. As it stands, there are only a few U.S. mills that are capable of meeting some but not all of our needs. They do not have a broad enough product offering, meaning grades and sizes which we need to produce our cranes.

These mills include Nucor's Hartford County Mill, ArcelorMittal's Burn Harbor and Coatesville facilities however each has their limitations. With respect to Nucor, they can produce up to 120 to 130 KSI yield strength plate with quality and processing attributes we need but not all in the full size-range we need particularly in the thinner and thicker sizes. With respect to ArcelorMittal, we have not been able to obtain consistent product in terms of specification, quality and processing attributes we need to build our cranes.

As a result, we only purchase ArcelorMittal material where it is subject to minimal additional processing. I would also like to note that while we place

orders with SSAB, these specifications are not produced by SSAB in the United States as they have not yet qualified that mill for our product needs. Hence, orders are forwarded to SSAB's facilities in Europe.

What this all means is that even after sourcing what we can from U.S. Mills, we still must purchase a substantial number of tons of cut-to-length plate from offshore including Japan. The offshore product provides the largest coverage that meets our needs with consistent quality and performance characteristics and hence receives the largest share of our business of all the mills we utilize.

So again, our experience in the market is that material sourcing is about availability and total cost of ownership which ranges well beyond price and factors in things like end-product performance requirements, material quality and consistency affects production operations and the extent to which a mill can meet all of our needs.

If our production is slowed in order to accommodate less desirable characteristics or we have to outright reject product, we lose our competitiveness. Those are common business sense facts that illustrate from Manitowoc's perspective how a globally competitive company must operate and why we need access to material beyond what the U.S. Industry can supply but it now seeks to restrain.

That concludes my remarks and I welcome any questions you may have.

STATEMENT OF DAVID NECESSARY

MR. NECESSARY: Good afternoon again. For the record, my name is Dave Necessary and I'm the material sourcing manager at Link-Belt cranes in Lexington, Kentucky. Like Manitowoc, Link-Belt Cranes is also in the business of producing and marketing cranes worldwide. We employ around 700 people. We focus on producing the most critical component of the Link-Belt crane, the large steel boom that is responsible for lifting.

The boom is what makes a crane a crane. Our operation consumes over three thousand tons of cut-to-length plate a year. If you are in the crane business, you are on a constant quest for improving the performance and characteristics of that boom. The capacity to lift heavier objects than your competitors is a key marketing tool. What we have found over a number of years of sourcing material is that the U.S. mills find it difficult to compete with offshore mills in the terms of specification, quality and specificity across a range of products that we require.

I must say I'm a bit frustrated by this whole process. Let me illustrate that frustration. Around August 2009, ArcelorMittal approached us with a proposal to sell us material. We had a meeting in Lexington where they toured

our facilities, reviewed our quality specifications on surface and flatness and they left us with a promise that they'd be back with quotes on our specifications and requirements.

The next time we heard from them was in November of 2015 with new offers to quote us on material, setting aside the reality that it takes 6 months to a year to qualify material we wonder why ArcelorMittal never approached us before this time. They still have not provided us with follow up on quotes, not just price but whether they can make the product or not.

Then there is SSAB in Alabama. Link-Belt has been purchasing cut-to-length plate from that mill since April of 2012. We have a history of high reject rates and rework costs out of that facility based on shape and surface problems. Between April 2012 and the end of 2014 we were essentially on a permanent program with SSAB where they had to reimburse us for each ton of steel they shipped to cover costs associated with remedying the surface defects.

In 2015 SSAB informed us that it believed its surface quality met our specifications and it would no longer reimburse us to fix those surface problems. The surface quality, although improved, still does not meet our specifications and we continue to incur costs associated with fixing those defects. We also continue to reject SSAB

product from their Alabama location. What we know is that not all SSAB product is equal.

SSAB's cut-to-length plate comes from three different mills in the U.S. Alabama, Finland and Sweden. They market that under the name STRENX which SSAB mills are fundamentally different and in my opinion do not produce identical product. The foreign material is superior. Our personnel can distinguish the Alabama and the foreign material on the floor of our warehouse simply by a visual inspection.

Given continuous quality problems we have to look for other options including offshore from suppliers in Japan and other countries. We would prefer to source locally, that is why we've stuck with SSAB as long as we have despite the problems but why should we incur the costs based on the vendor's inability to meet our specifications? We require high tensile strength steel with superior flatness, surface, formability and welding qualities. This our global competitors use and this is what we have to use to be competitive. If we cannot get this material, we will lose. Every boom in the global crane market and the big mobile cranes is made with foreign material with the only exception is the booms that we have fabricated from the SSAB material with the problems that I have just discussed.

The bottom line is that some U.S. mills can meet

our tensile strength and specifications but they cannot provide the total package. Let me close by saying that U.S. Industry is making a big mistake. We buy steel from the U.S. Industry but if the U.S. Industry threatens our supply chain for steel they cannot supply they may lose Link-Belt Cranes in Lexington, Kentucky and 700 jobs. Our operation is not permanent. We have to be competitive on a global basis and if it makes more sense to build booms and cranes in a different country, including back in Japan where other major components of our cranes are built, it will happen. Thank you for your time and I welcome your questions.

STATEMENT OF GORDON AUBUCHON

MR. AuBUCHON: Good afternoon. My name is Gordon AuBuchon. I am the Executive Vice President for Steel Warehouse Company. We are a specialty carbon steel coil and plate service center with 12 Steel Warehouse and 8 subsidiary steel processing locations throughout the United States, Mexico, and Brazil.

We handle more than 1 million tons of cut-to-length plate a year, including both domestic and foreign product. More than 75 percent of the material we supply to the market is domestic, and the remainder is primarily from Western Europe and Japan.

We source offshore those products which are difficult or impossible to source within the United States.

Among other sectors, we are a leading supplier to the crane industry in the United States.

We also supply Caterpillar, Case New Holland, John Deere Corporation, Terex, Navistar, and a list of others. We were founded in 1947. We employ 2,500 people in our steel sector.

As part of my presentation, I want to play some specifics on the testimony you heard from Link-Belt and Manitowoc. Steel Warehouse supplies both of these companies a substantial amount of their material.

I would agree that the U.S. industry simply does not or cannot meet current demand in the crane market. Let me discuss two specifications for the U.S. to supply globally competitive material using Japanese product to illustrate.

Starting with JFE 780LE High Tin. This is a 100,000 min yield plate product. Arguments can be made that this is just another variety of ASTM 514 because of a similar yield point. While A-514 is made within the U.S., it is not produced with the significantly improved features of JFE 780LE.

First, JFE 780LE is produced via the HOP, heat-treat online process, which integrates an electric-powered induction clamshell to achieve ostinizing temperature. This integration of the thermal mechanics into

the plate rolling results in better process control, better surface, and improved flatness.

JFE has the only HOP line in the world. The resulting feature improvements are not simply cosmetic. They improve structural performance and facilitate the fabrication process.

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

Now let me talk about JFE's HYD-960LE and HYD-1100LE. Respectively, these products are 140,000 and 160,000 min yield plate products. These products dominate the makeup of the materials consumed in the telescoping boom market.

While ArcelorMittal USA has produced some product in that range, it has been rejected by the crane producers as unsuitable for crane booms. I would point out that SSAB enjoys a significant global position within the 960 and 1100 global market, but only by way of the Scandinavian assets, not through their U.S. capabilities.

We handle SSAB product at the Steel Warehouse from those European and Scandinavian assets. SSAB Alabama, however, has not been able to move beyond the equivalent of a 130,000 KSI, and then only with limited and problematic

success as reported today by the crane producers.

Moreover, 130 KSI material is being made obsolete by 140 KSI and above. Above 130 KSI I am not aware of any U.S. mill actively marketing that specification who are able to produce it within acceptable tolerances for the U.S.

We in part make up a big portion of that one percent the mills spoke about. The reality is that 100 percent of large telescoping crane booms worldwide are produced from non-U.S. material because of the limitations of the U.S. producers.

The gap in U.S. steel making technology is even greater in these 960 and 1100 grades than in the aforementioned 760LE. The improvements available from foreign mills include improved flatness, surface, size range, CEQ, and notably a vast improvement in elongation.

JFE presently leads the globe in the improvement of elongation for these grades. It is a key element in boom design and performance.

SSAB Europe used to have the best guarantee on elongation, posting 7 percent that remains in their publications today. JFE now provides a 12 percent elongation guarantee, nearly twice that of the SSAB number. And that's the SSAB Europe number.

The U.S. mills simply aren't in this game. Crane boom designs evolve. They are driven by the latest steel

improvements. To be globally competitive, crane producers need access to these leading edge products. U.S. mills are not in a position to service that need.

To close, cut-to-length plate tends to have more specialized, demanding applications than other carbon flat-rolled products. Not all mills have the equipment or desire to fill all or even a portion of the required specifications. Some simply prefer to stick to higher volume, lower-spec products. It is easier. I get that. In my experience, offshore mills in Japan and elsewhere show greater willingness and desire to meet and even promote new specifications that require more work, engineering, and service to make viable.

This case threatens that flow of material and the many U.S. consumers that require it that cannot obtain it from U.S. mills.

Thank you for the time. I welcome all questions.

STATEMENT OF SUKH-HEE YOON

MR. SUKH-HEE YOON: Good afternoon, Mr. Anderson, and Commission members. I am Sukh-Hee Yoon. I am a Manager with the International Trade Affairs Group of POSCO. First of all, thank you for giving us the opportunity to present our opinion regarding Korean investigation.

POSCO is the only supplier of CTL plates not subject to the existing antidumping and countervailing duty

orders on plate from Korea.

POSCO has focused on producing high-quality value-added products to demanding specs. POSCO only produces discrete plate from slab in a universal plate mill and does not produce cut-to-length plate from hot-rolled coil.

The advantages of discrete plate over CTL plate are superior flatness tolerance and greater size range in terms of greater width and maximum thickness. POSCO's state-of-the-art production facilities feature advance production technology such as automatic gauge control, accelerated cooling, hot leveling, et cetera, to achieve superior quality with respect to dimension, toughness, surface quality, et cetera.

POSCO's advanced production process allows it to produce high strength plates without using large amounts of alloying elements. This is important because alloys can increase strength but also reduce weldability compared to plate made with smaller quantities of alloying elements. POSCO has undertaken the necessary investments to achieve these quality issues.

As a global leader in high-quality CTL plate production, POSCO has developed long-term supply relationships with its customers around the world.

For example, one of POSCO's U.S. customers is a

global manufacturer with operations in several countries, not just the United States. POSCO has invested time and resources in developing plate for that customer's unique specs and establishing an efficient logistics plan to ensure timely and stable supply to its operations around the world. Our exports to this U.S. customer are based on a long-term, global strategic relationship, not on short-term price considerations.

POSCO's strategy for the U.S. CTL plate market has also been to focus on specific products and market sectors experiencing healthy demand that are not served, or have been poorly served by the domestic industry.

To understand demand trends for plate, it is very important to distinguish between particular end-use markets. Demand trends in the key end-use markets have been very different over the period of 2013 to 2015.

For example, demand for renewable energy projects such as wind towers was very strong and demand for large diameter line pipe and shipbuilding was strong in 2015 when demand for oil and gas dropped, taking with it demand in many related sectors. Particularly in 2015, POSCO's exports were concentrated in these strong demand sectors.

Just like French and German exporters, POSCO supplies producers of large-diameter pipe that require high quality specs of plate for their production process--

specifically, API grade X70 or above. Large-diameter line pipe is used in major oil and gas pipeline projects. Because of the liability issues involved, pipeline operators require that their suppliers produce line pipe that meets exacting specs for tensile strength and other properties, and that they use CTL plate from recognized suppliers who have a strong track record.

The domestic CTL plate industry offers only limited capacity to supply X70 grade plate. Nucor does not produce X70 at all. SSAB's maximum width for X70 plate is only 36 inches, meaning it is unsuitable for the large pipelines up to 42 inches in diameter that are a significant segment of the market.

Both SSAB and ArcelorMittal have difficulty producing X70 plate for high quality specs in thicknesses of 0.650 inch and above.

POSCO, in contrast, can produce plate used for line pipe up to 42 inches in outside diameter and can produce thicknesses of 0.650 inch and above for high quality specs.

None of the petitioning domestic producers can produce API X70 grade CTL plate with low-temperature toughness--meaning able to withstand an average temperature of below minus 30 Celsius--particularly in the thicker plate ranges.

Low-temperature toughness plates are required for above-ground pipelines in Alaska, or in the northern region of the United States. POSCO meanwhile can produce low-temperature toughness X70 plate even for thick plates.

In addition to the large-diameter line pipe market, POSCO also supplies plates for shipbuilding. Here again, POSCO offers advantages over domestic suppliers.

SSAB does not produce shipbuilding plate, so the only domestic suppliers are Nucor and ArcelorMittal. POSCO has DNV-GL certification, which is increasingly required by ship builders, while ArcelorMittal does not.

POSCO is also able to offer plate that is primed to prevent against corrosion. Domestic suppliers generally do not have that capability, meaning that ship builders must install their own plate priming capacity if they are going to use domestic suppliers.

Corrosion protection is very important in this market segment in which straightness and other surface properties are critical. We will provide additional details concerning this segment in our post-conference brief.

POSCO has also been supplying the wind towers producers, a growing segment of demand.

In conclusion, POSCO's customers in the U.S. market, particularly in the large-diameter line pipe and ship building segments, which have experienced strong demand

in 2015, have turned to us because POSCO has been able to reliably supply high-quality products that the domestic producers have difficulty providing, and because POSCO offers superior delivery and customer service.

I'll be glad to answer any questions. Thank you.

STATEMENT OF JULIE C. MENDOZA

MS. MENDOZA: Julie Mendoza from Morris Manning & Martin, representing POSCO.

So the testimony that you've heard this afternoon from our witnesses raises a very key issue in this case. And that is, that the sectors of demand for plate in the United States during this particular Period of Investigation experience very different demand trends. And in fact, as we'll show and discuss in our post-hearing brief, two thousands--those demand trends for certain sectors of the plate market in 2015 explains subject import volumes from the producers that you've just heard from.

Large-diameter line pipe was very--U.S. producers agreed, was very strong. It's not always clear exactly why, given the oil and gas declines generally why large-diameter line pipe did so well. It seems to be a combination of the fact that they had these long-term contracts. But our clients also tell us, the ones who use both plate and coil for the large-diameter, that in fact their market looks very positive going forward and has through the entirety of 2015

and into 2016.

As Mr. Yoon just explained, wind towers, renewable energy sector, very big, very growing sector, high-tech sector, one that POSCO serves. Even ship building in the United States, although it's a smaller industry than it was previously, our clients tell us also that that sector has been quite strong, or remained pretty steady through 2015 in demanded product.

So I think that, you know, as the U.S. industry said, there are some sectors, the more commodity sectors, where the U.S. industry suffered a big downturn in demand in 2015. I think all the parties agree on that. And a great deal of it was in fact due to the precipitous drop in oil and gas prices. They testified to that, as well. And we certainly agree with that.

So if you think about it, 2015 from a demand point of view for those particular sectors was very different and very bad. And so one would not be surprised to see a decline in volumes, or a decline in prices. But something else very significant happened. And that is, that scrap prices fell dramatically. And while I've heard the U.S. industry repeatedly deny the effect of raw material prices on flat-rolled steel, I think the corrosion-resistant purchaser questionnaires are going to put that issue to bed. But for now I would just say that, you know, I think you can

expect that raw material places, particularly scrap in 2015, played a big role in the decline in pricing.

So the good news is that--and it's something we didn't hear anything about this morning--is that demand, even in these more commodity sectors, has actually come back. In fact, SSAB is reporting that since December of 2015 there's actually been six price increases by the domestic industry.

We have heard that one of the most important sectors, construction, that the American Institute of Architects, a source the Commission often uses, is predicting an 8 percent increase in construction for 2016.

So what's happened is that really this case is about 2015, and a combination of very weak demand in the sectors that they're focused on, and falling scrap prices, and now what we have is a turnaround. Because not only is demand turning around, but scrap prices are going back up again.

Now I understand the U.S. industry would say that that had nothing to do with their price increases, but of course I don't buy it. And in fact the reports are that they have been able to push through these, I guess some people say as many as six different price increases since December due, they say in the publications, to scrap prices, and suggest that this small downturn in U.S. producer demand

in some of their sectors has in fact turned around and now they're performing quite strongly.

MR. LEBOW: The testimony on behalf of the Austrian producer voestalpine, will be given by Kai Bauer, the president of the voestalpine USA Corp, by way of a Q and A with Bill Silverman. Mr. Silverman?

MR. SILVERMAN: Please identify yourself for the record, Mr. Bauer.

MR. BAUER: My name of Kai Bauer, and I'm the president of voestalpine USA Corporation.

MR. SILVERMAN: Talk a little louder, I think.

MR. BAUER: Okay. Hello.

MR. SILVERMAN: How long have you been selling CTL plate in the U.S.?

MR. BAUER: voestalpine has been selling cut-to-length plate to the U.S. for about 20 years.

MR. SILVERMAN: Tell us a little bit about the company itself.

MR. BAUER: To give a snapshot about voestalpine, voestalpine Steel is a small Austrian steel technology group. We are based in a city called Linz in Austria. We produce amongst other products about seven to eight hundred thousand tons of carbon plate a year, and last year about 1-1/2 percent of that was shipped to the United States.

We consider ourselves technology leader in most of the segments in which we operate. We have to be profitable. We invested more than $10 billion the last ten years in our technology, as well as into our environmental applications. So we have to make money in order to keep up the investments, to keep our technological edge as a small player. To give a picture about the U.S., we operate from a small sales office in Houston. We have got two salesman there who are responsible for the plate sales in North America.

95 percent of the product goes to Houston. We deal with a customer base of less than ten customers. Last year probably like more like five or six or long-term partners. We don't produce any stock at our mill in Austria. We don't keep any stock in the U.S., and every customer order is made to order according to the stringent requirements of our client.

MR. SILVERMAN: What is the product range you sell in the U.S.?

MR. BAUER: In the U.S., we mainly focus on high grade TMTP grades that are used for offshore applications. We do that together with large offshore fabricators who will themselves deliver to big OEMs like BP, Shell, Chevron, etcetera. A lot of the grades we deliver, we actually develop them with those companies over the last years, and

are not available in the U.S. market.

An example would be an API2W60 with various supplements in 60ksi, a product which cannot be produced in the U.S. We do not produce nor do we offer commodities, nor do we sell them in the U.S. I'm not just saying that.

Like the impression earlier was we were just saying that. All our customers, and we've submitted various testimonies, will confirm that and I think for the Commission to find out what the U.S. producers can actually produce, just ask the customers in the market. They will tell you.

MR. SILVERMAN: Do you compete with Nucor, SSAB or ArcelorMittal?

MR. BAUER: I would say very rarely. We don't feel them very much, as we predominantly focus on products that cannot be produced in the U.S. or only to a limited extent because of specification grades as I mentioned. So to answer your question no, we don't feel them that much.

MR. SILVERMAN: Do you compete with imports from Belgium?

MR. BAUER: No.

MR. SILVERMAN: Do you compete with imports from Brazil?

MR. BAUER: No, we don't.

MR. SILVERMAN: Do you compete with imports from

China?

MR. BAUER: No, we haven't.

MR. SILVERMAN: Do you compete with imports from France?

MR. BAUER: No.

MR. SILVERMAN: Italy?

MR. BAUER: No.

MR. SILVERMAN: Taiwan?

MR. BAUER: No.

MR. SILVERMAN: Turkey?

MR. BAUER: No.

MR. SILVERMAN: South Africa?

MR. BAUER: No.

MR. SILVERMAN: How about Germany, Japan and Korea?

MR. BAUER: Well in theory yes, especially when it comes to offshore applications, because some of the mills in those countries can produce similar quality than we do. But in reality over the last few years, we haven't because prices were so low that we had to walk away, but especially when it comes to our colleagues from Asia.

In the questionnaire we also submitted testimonies that confirm that, that we had to walk away because we wouldn't be making money with it. That's what we are in the business for.

MR. SILVERMAN: So you've mentioned turning down offers, that you walked away?

MR. BAUER: Yeah.

MR. SILVERMAN: In 2013, how often did that happen?

MR. BAUER: Well in '13, it happened still quite a bit I would say, maybe 30 to 35 times where we were asked if we could deliver. But we had to turn them down because we cannot follow the price line, and it was subsequently less in '14. I would say it was maybe 25 or 30 times. In '15, they got the message. As I said, it's not that many anyway, in the meantime they've stopped calling because they know we will not take part in this.

MR. SILVERMAN: Is that why your imports have declined sharply in the last three years?

MR. BAUER: Well, that's the main reason for it. Just for the record, our imports to the U.S. from the plate mill in Austria dropped by 80 percent, eight-zero over the last two years, and because we just refuse to sell at the prices that others are offering. Full stop. So we had to walk away from that.

MR. SILVERMAN: We've heard a lot of discussion in the earlier session about pricing and under-selling. Do you succeed in the U.S. market -- this declining volume to a narrow market sector, do you succeed by under-selling?

MR. BAUER: Well, I can say with an open heart that we don't undersell. It isn't even part of our vocabulary. The mill wouldn't let us undersell. You can ask any of our customers. We are always the most expensive one or one of the most expensive ones. So no.

MR. SILVERMAN: What does your order book look like for the next six months or so?

MR. BAUER: Well, the order book looks pretty horrific, if I may use that term. It's flat. There's not much in the pipeline. The mill in Austria is at full capacity. It doesn't look that the oil and gas industry is going to experience an upswing in the future. Next week is the big OTC conference in Houston, which will probably confirm that.

But even if it will, we are full, which is a nice problem to have. But with regards to the U.S. market, that gives our two sales people not much to sell going forward.

MR. SILVERMAN: Did you recently obtain a big project in Europe?

MR. BAUER: Oh, I thought I mentioned that. Two-three weeks ago we booked the largest pipeline order ever in the company's history of more than 400,000 tons to a gas pipeline in Eastern Europe at the Baltic Sea, which we will start production this August, which will keep us busy

for the next couple of years.

So we over here will only be able to sell material that hit the right spec and is paid for at the right price, and if people are prepared to wait for five-six months for the material, they might get some. That might sound arrogant, but it is like that. We are turning people down at the moment.

MR. SILVERMAN: Now you have facilities in Germany and Brazil. Can they produce, substitute for your product or vice-versa?

MR. BAUER: The facility, the heavy plate mill in Linz in Austria is the only heavy plate mill in the voestalpine Group, and no other facility either in Austria or anywhere else in the world for that matter can produce that. So it's not interchangeable.

MR. SILVERMAN: If Japan, Korea and German imports were reduced in the marketplace, would your mill come back?

MR. BAUER: Well theoretically we could, if the market would be prepared to pay voestalpine prices. But in reality, like I just said, even if the market would pick up we would struggle, because the mill is full, especially when it comes to offshore applications.

MR. SILVERMAN: I've been here for many cases Mr. Bauer, and I'm recalling many times that lawyers for the

domestic industry would say well if you're withdrawing from the market, why did you hire lawyers and come to Washington to testify, you know?

MR. BAUER: I think that's a good point.

MR. SILVERMAN: I'm sure they're thinking that right now.

MR. BAUER: I mean listening to everything this morning, we could actually say you know what? We've lost 80 percent already. Why don't you just pack it in and sell it elsewhere, which would be an easy thing to do. But we have long term relationships with customers and some of the things I heard earlier match exactly what we do.

We have developed some of these grades together with them over the years, and it would be irresponsible just to pack that all in just because someone is blaming us for something that we don't think we are doing, and that's why we are taking the opportunity and hopefully to reinstall some common sense in the whole matter.

I mean just if I may, I just made some notes earlier. The thing that I don't understand, if we -- if you look at us, we've got two salespeople that sell plate in the U.S. to less than ten customers. We have a mill that's fully booked. We offer products that for the most part are not available in the U.S. We've lost 80 percent of our business the last two years. We've got one plate mill in

Austria.

We can't produce stock. We can't move it to somewhere else. So I would like to know who feels threatened by us and who can accuse us of having damaged anything? That's what I hope the Commission will find out the next two or three weeks, because me, my team and our customers have no idea where this reasoning is coming from.

MR. SILVERMAN: What's the time check, because I know we had some break there for the microphone thing.

MR. BISHOP: You have six minutes remaining.

MR. SILVERMAN: Okay. Let me just -- let me just come back to some considerations for cumulation, that show additional reasons why Austria should not be cumulated. If you look at the data in the petition, one thing is clear. Imports from Austria are down by almost 80 percent. The volume is down. That's not true for any other country.

The AUV for Austria is up. It's over $1,000 a ton according to the petition. Ten of the other countries cannot say that. One is constant. As Mr. Bauer has said, in the face of lower prices, did he undersell? No. He withdrew from the market, the opposite of underselling.

There can't be any causal link when you withdraw and you refuse to drop your prices, and that pattern of selling is different from many of the other suppliers, another reason why cumulation is inappropriate.

We heard a new legal theory today about causation. It's called the donut theory. The idea is that respondents just come in and talk about small sectors and it's the hole in the donut. It's not really what's going on in the market. Well for Austria, we're all in the hole. Very narrow product range, two salespeople, five, six, seven customers in a market of -- an enormous volume market.

MR. BAUER: Six million.

MR. SILVERMAN: Six million tons. We sell a very, very small portion with two salesmen. That's the hole. We're in the hole. So we have no real competitive overlap with the other ten countries and with the domestic industry. So you might ask yourself well why is Austria in. If the imports are down, the prices are up, the market share is minuscule, they're operating at full capacity and the answer is arithmetic, simple arithmetic.

Anybody who looks at the petition data will see that to get to the seven percent on the negligibility test, you've got to find somebody to get over the seven percent. That's not a good reason.

I don't think that is part of the statutory purpose, especially when we're in the hole. That is to say, we have no similar pattern of trade with the other countries and we don't have any reasonable overlap of competition with the domestic industry. Thank you.

MS. MENDOZA: Julie Mendoza, Morris Manning Martin. I'd just like to make one final comment that I forgot to make, which was that while we support the idea of a separate like product for X70, our argument is broader than that and deals with the issue of attenuated competition on these many market segments.

So wind towers and renewable energy, X70. I mean what we're really saying here is that you have to look very carefully at each end user market and where the demand was, and what imports were coming in to serve that particular demand, because if imports are coming in exclusively into a demand, a very high demand sector like X70, obviously it's not having the same effect as it would in a declining demand situation.

So I think if the Commission decides to go to a final, it would be extremely important to collect data, both sales data and pricing data on those particular market segments. Thank you.

STATEMENT OF JEFFREY M. WINTON

MR. WINTON: I am Jeff Winton on behalf of the Taiwanese producers, whose time has been eaten up by my colleagues on the dias here. But I will try to speak quickly and hopefully finish within the time available. We didn't hear much about Taiwan today, not from the Petitioners. I think Mr. Silverman mentioned us briefly to

say that we didn't compete with them.

It's not surprising we haven't heard about Taiwan, because after all imports from Taiwan are negligible. But more importantly, I think, at least for discussion, that you heard a lot of things about what the foreign producers have generally, and none of those things you heard really apply to Taiwan.

For example, I heard Ms. Cannon say these are -- foreign producers are all export oriented. Well, if you look at the Taiwanese, you find that more than 90 percent of their sales are to Taiwanese customers. This is a domestically focused industry.

You heard that there's lots of excess capacity among the foreign producers. Well, if you look at the Taiwanese, and it's in our questionnaire responses and it's proprietary and there's some complications in the calculations, which we were discussing on the phone. But there's not much capacity there, especially compared to the size of the U.S. market, and there's for one of the producers technical limitations on what they can produce. The capacity just isn't there.

To the extent that there is capacity, again as I mentioned, this is a domestically focused industry. They're looking to supply Taiwan first. They have no ability to materially affect the U.S. market.

Now having said that, I think my clients do agree that there is a problem of dumped imports causing injury to the domestic industry. But it's not this case. It's a case they brought in Taiwan against imports affecting the Taiwanese market, imports from Brazil, China, Korea, India, Indonesia and Ukraine.

They just won the affirmative preliminary injury determination from the Taiwanese equivalent of the ITC, which is called the International Trade Commission I think in Chinese. That was last week on April 21st, and the Taiwanese authorities found that dumped imports had increased and that prices in Taiwan had dropped in a way that was harming the Taiwanese industry.

I should say that the amount of imports that are necessary to harm the Taiwanese are kind of a drop in the bucket compared to the much larger U.S. industry, U.S. market. But it was big for our clients and we're hoping for relief from this case.

So but in the theory that you heard this morning, you know, we have increased competition in Taiwan, dumped competition in Taiwan, and you would expect from what Ms. Cannon and her colleagues said, that we would react by increasing our exports to the United States.

But if you look at the data, that's not what you see. The import statistics show imports from Taiwan were

lower in 2015 than in 2014, much lower, and the import statistics in fact are a lagging indicator, because to ship things from Taiwan to the United States takes time. If you look at the export data, you will see an even sharper drop-off in exports from Taiwan.

So you have here producers focused on the Taiwanese market, focused on defending the Taiwanese market and being responsible in terms of where they -- how they react to increased competition in their market is not to flood the U.S. market as we heard they would, but instead to follow the legal process in Taiwan to get relief.

They expect the relief, you know, the time frames are statutory and hopefully that will come quickly. So I agree with something Mr. Silverman said which is, you know, why are we in the case? It's just arithmetic, like the Austrians. We were bigger importers than Austria and so we helped get over seven percent.

For total imports, viewed alone, Taiwan is not the problem here. We understand the statutory formula for calculating negligibility, and I think we all recognize, especially Mr. Silverman and I, that this formula has perverse incentives, that to get over seven percent it sometimes means lumping in people who really shouldn't be part of the case.

And you know, I don't want to tell the

Petitioners how to do their job. I did notice that they left out some countries who are much bigger players in the U.S. market than we are, countries like Canada and Mexico, which are six or seven times larger exporters to the United States than Taiwan is, and I assume that this exclusion is that the U.S. producers recognize that some foreign producers are victims, not perpetrators of unfair trade, and I think that's how we should see the Taiwanese, and I think that's how they should see the Taiwanese.

I would encourage them to think about whether they really want to punish a country like Taiwan, which is really being a responsible participant in the global market. If they don't share that wisdom and if imports from Taiwan are found somehow not to be negligible for purposes of present material injury, I think it's clear that the Commission should exercise its discretion not to cumulate for purposes of threat.

The import trends are different. There are limitations on what the Taiwanese producers can produce, which we will address in our post-conference brief, and the expectation has to be that future exports from Taiwan are going to decrease, not increase, especially as the actions that we're taking against unfair imports in Taiwan begin to take effect. Thank you very much.

MR. BISHOP: Mr. Chairman, we will now hear from

an additional witness in opposition to the imposition of anti-dumping and countervailing duty orders, Dr. Neal Seymour, contract manager for Liebherr Mining Equipment, Newport News Company.

STATEMENT OF NEAL H. SEYMOUR, PH.D.

DR. SEYMOUR: My name is Neal Seymour, and I am the Contracts Manager for Liebherr Mining and Construction Equipment, which is an OEM end user of imported CTL plate. We would like to thank the Commission for allowing us the opportunity to present this relevant information before this conference.

Our company is an American designer and manufacturer of gigantic 650 ton mining trucks, which are commonly called ultra-class mining haul trucks. These trucks are chiefly fabricated with the CTL plate being investigated. Our truck factory is located in Virginia, and we have been manufacturing on the site since 1970.

There are typically 946 of our company's employees working in the United States in production, sales and support of our large trucks. Additionally, we have several subcontract fabricators in the United States employing 240 employees, who supply fabricated CTL plate parts for our trucks.

These employee jobs are directly affected by the petition determination. Our trucks are highly engineered

and the type of CTL plate being investigated is critical to the design, function and performance of these vehicles. We can only obtain the specialized plate from foreign suppliers at this time.

A Virginia manufacturing operation typically requires the annual purchase of thousands of tons of the specialized CTL plate. Our company sells into a highly competitive global market. Our only production facility for these trucks is in the United States. Our United States production is not only sold domestically, but is exported to numerous countries around the world.

The reason we can be a successful seller and exporter of these huge trucks is by being able to source competitively. We are in a world market with competition measured on a global basis. We are one of only three ultra-class mining haul truck manufacturers in the United States, and this product technology was itself originally developed in the United States.

However, there are 14 ultra-class mining haul truck manufacturers in countries other than the United States. The majority of these are located in the People's Republic of China and former Soviet block countries. These could definitely have a distinct cost advantage due to their ability to globally source the CTL plate in question.

We believe that without the competitive pricing

which comes from both domestic and global sourcing of CTL plate, our company and its ability to manufacture and competitively sell in the domestic and world market will be materially injured.

We believe that the imposition of petitioned anti-dumping and countervailing duties on CTL plate will create an unbalanced supply market, which has the potential to put in jeopardy almost 1,200 jobs directly related to our manufacture of ultra-class mining trucks here in the United States.

The CTL plate competitive pricing does not only affect a few domestic steel producers. It materially affects all those U.S. manufacturing operations which rely on a competitive supply chain for the CTL plate. Competitive pricing which comes from a true global price has allowed our company to continue to employ people here in the United States to make finished goods to compete in a world market.

Therefore, we oppose the imposition of anti-dumping and countervailing duties on the CTL product, and pray that the Commission and the investigators take the information presented today at this conference into account in their final determination of this matter. Again, thank you for this opportunity to present this information to the conference.

MR. BISHOP: Mr. Chairman, that concludes direct testimony from this panel.

MR. ANDERSON: I want to thank all the witnesses for your direct testimony, and thank you for being here today. Some of you have traveled very far to be with us today in D.C., so thank you. It's been very helpful and we'd like to move into the opportunity for staff to follow up with some questions, and we'll start with our investigator, Ms. Messer.

MS. MESSER: Thank you. Mary Messer, Office of Investigations. I first off want to apologize if I jump around quite a bit. I do have a few questions, not a whole lot, but I apologize in advance for that. I do appreciate you and also want to echo what Mr. Anderson said. Thank you for coming and presenting your story.

I also want to thank Ms. Mendoza for answering a lot of my questions on the market sectors. I appreciate that. If you could, and I invite the other counsel to address this as well, any specifics you have on data when it comes to the softening of demand like Petitioners characterized it, and the effect in each of the different market sectors, that would be very helpful for us.

MS. MENDOZA: We'd be happy to do that.

MS. MESSER: Or if you'd like to address it now, feel free. I don't -- please feel free. I don't want to

put anybody on the spot with data at this point but I guess Mr. Bauer, also in your post-conference brief, or Mr. Silverman, if you could give us some specifics, some documentation on this pipeline project that is going to keep your firm busy, you said, for the next couple of years?

MR. BAUER: Yeah sure we will do that, but it's also -- it's been a public press release. It's public knowledge. But we will supply that.

MS. MESSER: Okay, and anything that you have on that with specific data would be helpful for us. And you also mentioned that you said that here in the U.S., that you refuse to sell at prices that others are offering. Can you tell us specifically who those others are? Are they others that are involved in this case?

MR. BAUER: Well, there's quite a few. The way it normally works, a couple of years ago when we were still delivering 50,000 tons, like I said most of that material will go into high end application into the offshore business down in the Gulf of Mexico. We don't compete with any local producers in that area. There are some mills like the mills from Japan and Korea, also some in Germany, that can produce similar goods.

But as the market turned down, demand went down considerably. The pricing, I'll call it war started, and the little demand that there was and still is now, everybody

jumps on it like vultures, and you'd be surprised what some people are prepared to do. We cannot do that. We have got clear earning margins which are set by the mill in Austria.

If we can reach them and we have capacity, we can sell it, and if we don't, we can't and it's as simple as that. We have had numerous examples where our customers approach us, because they would like to buy from us because they know our material is often superior to others. They know that we are consistent with it, that the surface quality is good, that the properties of certification is outstanding.

On the other occasion you think about it, because sometimes when it's a quantity of 1,000 tons, which is a lot these days, and you know, we have to deliver something as well.

So you go back to the mill and say hey, there's an opportunity. We could sell 1,000 tons. What's the price? X. Maybe we have a little play but that's it. That's where the ball stops and on most occasions, on all occasions, the last 18 months we had to walk away.

That's why we've lost 80 percent. We could have compensated if we would have gone down the same route as others, and whatever you call it, dump or sell for cheaper prices. But we are not allowed and we cannot afford to do that because we are constantly investing and someone has to

pay for that.

MR. SILVERMAN: I just want to add that in response to the questionnaire, we've given emails and other types of communication, where companies have come to him and said will you sell to us, and he says I won't take that price. Specific examples with dates, quantities and companies. It's in the record.

MS. MESSER: Okay. So was there a statement that prices others were asking from your firm or maybe I misunderstood. I thought you said that you refused to sell at prices that other companies were offering.

MR. BAUER: Yeah, that's correct.

MS. MESSER: So you said that you don't compete with the U.S., you don't compete with any of the other subject countries other than Germany, Japan and Korea.

MR. BAUER: On the normal market, where prices are on the level, like what the American colleagues are telling us, we compete. But the last two-three years for us, we were not competing because the prices that customers can buy the material from are too low, and we cannot offer that. So we'll lose the sale.

In the other applications, where the playing field is quite narrow, i.e. high end offshore applications, that just didn't happen because the market has collapsed.

MR. SILVERMAN: In the materials that were

attached to the questionnaire responses, you'll see the sequence, where a purchaser will come to him and say we'd like you to bid, it's $10. He'll say I won't do that or they'll say someone else is offering $9, I'm making up the number of course, will you match this other source and he just walks away. I will not match these other people. So it's in the sequence --

MR. BAUER: I think that what Mr. Silverman is talking about is very specific. I think it was last year, and I think it's a very good example, and you can read the whole correspondence, where one of our few customer approaches us and they want to buy 1,000 tons again, which is a nice figure these days and everyone can confirm that. So I will play.

Sales guy goes back to the mill and presents the case to them, and they come back with a price. The customer comes back and says you know what? We cannot buy for that price for you, because X is offering this price. So the sales guy goes back and says this is what they're offering.

Then there's a reply from the mill. It is all in writing saying this is our earning benchmark right now. It would be a wrong signal to the market if we would sell cheap, and therefore we have to decline it full stop.

Even though we've only sold 9,000 tons in total, we decline 1,000 tons, which is ten percent of our annual

sales right now, and that has happened on numerous occasions.

MR. SILVERMAN: And his testimony --

MS. MENDOZA: I'd just like to say one thing on this. And I mean we'll also discuss this offshore platform market, okay. But my understanding of this discussion is that it was preceded by there are no U.S. producers who can supply this particular product, and I think we'd like to give some additional information, you know, regarding that, because I think this case is about competition of the U.S. producers.

MR. BAUER: Just one comment regarding that. Obviously, there are products where we do overlap to some extent, and if you cut out the classic offshore business when it comes to line pipe, when it comes to very critical exploration conditions, very deep, very cold, there's not much happening right now.

If you talk about pressure vessel grades, a product like 560 and Grade 70, which is the daily bread and butter of a service center, which can also be produced in the U.S., most of the U.S. mills cannot produce necessarily the width or the thickness that we can produce, and you can ask our customers, that they do not produce the same service quality or they don't certify like we do.

They would like to buy from us, but the problem

now is that demand is down so low and others are prepared to give that stuff away, to use that term, and we can't do it, and that's why we can't sell it. It's as simple as that.

MR. SILVERMAN: I think the point is when you refuse to bid or you withdraw from the market, that is not a reasonable overlap in competition. I've worked on a number of cases. I've never seen anything like this pattern of pricing. The fact is, when you withdraw from the market, there's no reasonable overlap of competition.

MS. MESSER: Okay, thank you. Can you once again, I didn't write this down very well. It looks like I didn't hear very well, the exact product that you make? You said it was a high grade --

MR. BAUER: The one in the beginning, the offshore grades?

MS. MESSER: Right.

MR. BAUER: An API 2W60 with various supplements as 11, for example.

MR. SILVERMAN: Go slowly.

MR. BAUER: Did you get that?

MS. MESSER: I got it, thank you.

MR. BAUER: In 60 KSI and we are preapproved for this product by all the main players, and it cannot be produced and that's what our customers tell us. I'm only saying what they are telling me. They would love to buy it

in the U.S., even though they don't need much of it right now because there is not much offshore business going on.

But if there is, they cannot, and that's why they have to source it either from us or any other importer. Same situation, what the gentlemen were talking about earlier, yeah.

MS. MESSER: Thank you. I think I'd like to move on to Mr. AuBuchon, Steel Warehouse.

MR. ANDERSON: Okay.

MS. MESSER: Okay, thank you. Quickly, can you describe for us the processes that Steel Warehouse performs?

MR. ANDERSON: Yes. Yes, I can. We're the leading heavy gauge coil processor and high strength plate processor in the U.S. We run hydrochloric pickling plants, we run multiple temper mills, we run lasers, plasmas. We break into three primary divisions, Steel Warehouse being the flat roll and plate processing; a lock joint tube division making tubular goods with four locations; and our SFI divisions, making full fabrications from burn bin weld machine paint.

MS. MESSER: Okay, thank you. And your testimony -- thank you for providing the written copy. It makes it a lot easier to take notes. Your large telescoping crane booms. How much of the U.S. market is accounted for by that product that you described?

MR. ANDERSON: Large telescoping boom crane manufacturing is a very small percent of what we broadly categorize as yellow goods. By volume, we do significantly more with the Case New Hollands, the Caterpillars. But they don't require these specific grades that I spoke about in my presentation. The crane boom people really drive the advancement of metallurgy on the high strength side.

MS. MESSER: Okay. So do the other products that you handle also require or these high requirements that the U.S. industry?

MR. ANDERSON: These are the very top of the ladder, these particular three specifications I spoke about. Much of the other material that we bring in and well in advance of a million tons a year, is not of this grade.

MS. MESSER: And it can be provided by the domestic industry?

MR. ANDERSON: Yes, and as I shared, most of our material, better than 75 percent, comes from the domestic producers.

MS. MESSER: Okay, thank you.

MR. ANDERSON: But these grades simply aren't available from the domestic producers, from the domestic locations.

MS. MESSER: Okay.

MR. McCULLOUGH: Ms. Messer?

MS. MESSER: Yes.

MR. McCULLOUGH: Is this -- okay, we're on. I'm Matt McCullough with Curtis Mallet. I wanted to sort of frame some of this presentation you heard from the three gentlemen here, because obviously it's somewhat remarkable you heard very similar things this morning as you heard this afternoon.

First, and if you can see that there are grades that they don't produce, either they cannot or will not produce. I think they'll be some argument what it is they do and don't do. But on top of that, you've also heard that there are -- there are different segments in the market and they're driven by different demand. They're served by different specifications and different mills are involved in each one of those segments, and you need to look to see which mills are serving what specifications in those segments.

I think our point here today, and we're giving you an example of some products that aren't produced by the U.S. mills, and there is a history of that. We've seen, when you look at the cut-to-length plate going back in time, there have always been product exclusions. Product development has occurred over time and it's a moving target.

But the product continues to develop and there are new specifications, and what we're trying to tell the

Commission is that, you know, it tends to be offshore mills that lead on these specifications. We heard from the domestic industry well this is really small, right? It's the one percent or less than one percent of the U.S. market.

I think part of our point is is when you look at these high tensile steels, if you look at X70, if you look at some of these other products that are not made, some of the offshore applications, as a component of subject imports, which is what the Commission is examining, it's actually quite large, large enough that it does change the magnitude of the volumes, when you look in the aggregate, or when you look at the individual company suppliers, and it changes the trends.

High tensile is just one example of that, and that's why we wanted to present this today.

MS. MESSER: Okay, thank you. Of course I would welcome any data that you could provide in a post conference brief, to show us exactly how much all these specific products that you're claiming the U.S. industry cannot produce account.

MR. McCULLOUGH: We could certainly provide details on the volumes that we're speaking about by these grades.

MS. MESSER: Okay, thank you. That would be very helpful.

MS. MENDOZA: I would note that the U.S. industry, Julie Mendoza, mentioned that the large diameter line pipe market, they were estimated it at about 20 percent of the market. So that wasn't the one percent, I guess, that they were talking about.

MS. MESSER: Okay, all right. Thank you.

MR. PLANERT: Sorry. Will Planert with Morris Manning. Just one brief additional point. I don't think that this point is limited, the attenuated competition point is just limited to what they "can't produce." You know, we heard this morning, Nucor says "Oh yeah, sure. We can produce X70. We chose not to."

If you're a large diameter line pipe producer or a pipeline customer, the fact that there are people out there with theoretical capabilities to produce products doesn't help you any. The issue is, you know, do you have product that's qualified? Are you bidding? Are you ready to supply? We heard the witness from Berg talk about the incredible liability issues that they face.

So I think it's understandable that just because a U.S. producer claims to have a theoretical ability to produce a certain product, that doesn't mean that as a practical matter they are competing in that segment of the market.

MR. RIEMER: I would like to add to that

comment. Ingo Riemer, Berg Pipe. So the gentleman of Nucor this morning said that they choose not to produce X70, and that it is a commodity as other products. What commodity distinguished from a very challenging product like X70 is also how difficult it is to produce and how consistent you are in the quality and in the performance.

So he mentioned that it was too expensive, not economic to produce and that the risk to actually not meet the requirements, that was his words, is too high. That is exactly the reason why that is not a commodity. We have to depend on a consistent and constant quality not only on one or two plates. We have -- we do tests heat-wise, and if you say there's 50 plates coming out of one heat, you have to rely that all 50 plates are actually within the very tight tolerances of an X70 specification.

And you cannot accept that there might be one or two plates that do not meet specification. It could slip through the production and the quality control in the pipe mill, since it's not feasible to test every segment of a plate. You would destroy the product.

So you have to rely on the consistency of the production, and that is challenging and that is not a commodity. That's why American producers chose not to go that route. They know also that the customers on this X70 product are very picky, because of our liability that is

behind that.

Their clause and the terms that they push through, because they have the negotiation power, they just accept to replace defect plates. I mean we are liable for any consequential damage that results out of a burst of a pipeline, and that is we cannot fool with that reliability. That's what the producers accept as liability is exactly what they do for commodity plate.

If a shuffle, that was an example that was brought up this morning, if shuffle is malfunctioning, okay, they will replace the shuffle and the plate for this reshuffle. If a pipeline bursts, they still only honor to replace the defect plate for that, and the rest of reliability is with us pipe producer.

So by no means an X70 is a commodity product. An X70 is just the headline of variety of customized, specified product. It is -- you cannot take a recipe out of your drawer and say okay, I have not done X70 for the past two years, but now I will do 100,000 tons. This is not possible. You have to be consistent producing this product.

The treasurer of those companies who are able to do that is the data that they collected over a long period of time, with a lot of different customer specifications that is not straight API, which varies the API X70 and based on those data, they know how the interaction between the

different properties, strengths, toughness, cleanliness of steel, the widths, the thickness, that interacts and they have experienced how they have to manage the chemistry and the rolling temperature and the rolling procedure to actually meet all of those tight tolerances.

We cannot afford to have only maybe 90 percent of the production okay. We need 100 percent.

MS. MESSER: So how long would it take for a company then to qualify? You said that you can't just do it to a recipe and overnight produce what you require. How long would it take for you to qualify to produce them?

MR. RIEMER: It requires a trustful relationship that you build up over longer period of time, and it's difficult to say it's in terms of months or years. But we start with smaller scale projects, where we place and we have placed and do place small X70, straight X70 specifications, not the challenging ones of the large project that our main business is, and we see how they develop.

We give them test quantities and scrutinize their production. We audit them. We transform that into pipe. Their properties change. When you convert the plate into pipe, the properties change and we need to get experience how the properties of that specific customer, of that specific plate suppliers translates into our pipe

properties, because that is finally what our customers are interested in.

So we will start with smaller quantities and we see whether the producer is willing to be transparent. They need to give us also a heads up if some irregularity in his process, if the statistical process control reveals that something is out of the normal distribution. We need to get this information heads up and we need to exchange this data very closely, and that requires a lot of trust because some suppliers would rather cover things up if they have issues and not make the customer aware of that.

We need this trust with a supplier to offer a product to our customer that says we guarantee that this pipe is safe. Also it was mentioned this morning by Roger Schagrin that nothing has changed since '99. 2009, PHMSA came up with very rigorous guidelines that changed the entire game.

They made basically clear that the steel for a pipeline is not a commodity, and they even made the pipeline operator liable for checking to make sure that even the steel produced, the casted steel meets very tight specifications. So that is proof enough that this is a product of high consequential, of a high consequence if it fails, and so it is not, cannot be seen as a commodity.

So 2009, that guideline changed everything. We

have -- we are required and our customers are required to pose the right questions and to scrutinize the production, plate production to get full transparency on what some of our suppliers think that is their proprietary information, and they don't want to share cooling temperatures, rolling parameters. But the PHMSA required that and our customers require that.

MS. MESSER: That 2009 requirement then, was that a factor in your 2010 -- you said you had a quality issue with an AcelorMittal product?

MR. RIEMER: It was not only a quality issue. It was a major claim that a pipeline blew up in the Heidel test. You cannot have that. This is the final test in the field before it actually is filled with gas, and if you have in the body material, not in the weld or so, in the body material a major failure, that is the -- that is a very heavy and serious incident.

MS. MESSER: Did you attempt to requalify or did they attempt to become requalified with you during this time period we're looking at now, the 2013-2015 time frame?

MR. RIEMER: Of course we immediately disqualified them, and deleted them from our approved manufacturers list. We were kind of waiting that they try to restore confidence, and we were waiting in vain. In 2014 we approached them, because we were relying on them since we

needed a supplier that -- and Arcelor was the only one capable of supplying wider plate than 36 inch, and some of our customers require larger pipes and Arcelor was the only option.

We had to go and say would you actually -- we would like to requalify you. This is not the way it's supposed to be. It's the other way around. We were forced to, because we had to go and ask for this -- for this favor, that they actually supply us again.

That shows you also the market power that they have. I mean they can dictate the terms and the liabilities that they are accepting, and what product they are offering and what not. That is disappointing and yeah.

MS. MESSER: Okay, thank you very much. On the X70 product, I'm sure that you'll be anticipating this question to address in your post-conference brief, the domestic like product factors that the Commission normally looks at, and then finally also in your post-conference submission, if you will give us a listing of the third country import relief proceedings, any specifics you have that.

The timing, the product, the actual level of relief, and thank you Mr. Winton for that information that you had given in your testimony on Taiwan information. But if you can give us specifics on the timing and the actual

ruling, that would be helpful, and I have no further questions.

MR. ANDERSON: Okay, thank you Ms. Messer, and now Ms. Carlson.

MS. CARLSON: Good afternoon. Thank you also from me for everyone for being here today. So I anted to first circle back to the discussion this morning about the Petitioners were saying how there's huge excess global capacity. I know Mr. Bauer, Mr. Silverman, you talked about this in your testimony, and Mr. Winton you talked about this also. Does anyone else want to respond to this allegation that there's excess?

MR. MOORE: My name is Bob Moore. I'd like to comment on that, because we -- we share something in common with our friends from Austria. So we, as I mentioned in my presentation, we have two plate mills. Our Ilzenberg has an annual capacity, a theoretical capacity of about 800,000 tons a year. Our SMGB, which is our Mulheim plate mill, has a theoretical capacity of about 700,000 tons a year.

Our Ilzenberg mill focuses primarily on what we would call specialty plate things, for the most part other than X70 plate. That mill has the capability of producing over 300 different grades of plate. I mentioned in my presentation that we are a niche supplier.

We have an extremely diverse customer base

including downstream customers with our own distribution network in Europe and here in the United States. So our order book for that mill typically stays very, very full throughout just about any and every business cycle, including the current cycle.

The SMGB mill feeds both Europe pipe and Germany, also in the town of Mulheim, as well as my colleagues here at Berg Steel pipe. That mill can produce quite a number of different grades, but it is -- it does an exceptional job and was built with the intention of producing plate for line pipe production.

So as to available capacity going forward, Mr. Riemer has already indicated about the level of business that they have and their orders stacked up waiting for them to take on those orders. My friend from Austria mentioned a large pipeline project in Europe. Our group also shares in that project and we've been awarded close to a million tons of that project. Our group does not have excess capacity now, nor will we at any time in the immediate future.

Thank you.

MR. MCCULLOUGH: If you look at the data for the Japanese producers, I think they will speak confidently that they are responsible players in the global steel market and the data bears that out. They have very high capacity utilization rates and they are responsible exporters and

they serve many markets, not just the United States. The U.S. is actually a very small portion of the market base that they serve.

MS. MENDOZA: Yes, I would just reiterate, in terms of POSCO, I mean there are two, I mean obviously you have our foreign questionnaire you can see how small the U.S. is, that the total -- I mean when you have a producer like POSCO that has contracts with companies to supply them all over the world.

I mean as they were making their point, some of their largest customers that are located in the U.S., they actually have global contracts with them, that they negotiate for pricing, regardless of which market they ship to, and then they just charge different freight costs depending on where the delivery is.

But I think, obviously, markets go up, markets go down. And that has to be something that you plan for, and I think one of the -- part of our presentation is saying that POSCO's been very good at trying to focus on some high-demand areas that now are growing, like, renewable energy, wind towers, and that's not just in the U.S., but internationally.

So I think that, you know, to be an effective international player like POSCO is, you have to be able to live through downturns by focusing on the new demand.

MS. CARLSON: Thank you. So I also want to ask something Mr. Bauer has said also. For foreign producers here who are exporting and selling custom length plate in the United States. To what extent are you competing with other subject country imports? Or feel free to address this --

MR. HORGAN: Could you repeat that question, please?

MS. CARLSON: I'm wondering, for the foreign producers who are exporting and selling to the United States, to what extent are you competing with other subject country imports?

MR. HORGAN: Let me respond first, because I think it brings up something Mr. Schagrin said today, about, well, if there is no competition for X70, why don't they raise the price to the moon? Why not sell it for $2,000 and be done?

Well, there are competitors out in the real world. Obviously, our German mills compete with POSCO, with the Japanese, in the same line pipe products. And also you have the situation where Berg steel pipe, they import and use all that X70, so they compete with pipe producers from all over the world.

And it's kind of surprising that Mr. Schagrin would recognize it, since he represents the U.S. pipe

industry. So there are limits. There are competitors out there, both at plate level and at the pipe level that restrain prices.

MS. MENDOZA: I would just add that, you know, this is sort of our fundamental point, which is, you've got very different end-user markets, and if you want to analyze competition, you want to analyze demand, you really have to separate it out and look at that. I mean the fact that he said in X70, he focusing on X70, X70 is a separate product, and yes, he has certain competitors in that particular product.

And even if you don't do a like product analysis, which we believe you should, it is still the case that you -- when you talk about competition, you're talking about competition in some very different sectors and you've heard today, you know, one U.S. producer can make it, or two can, or -- you know, only this particular client can make it. And I think that that diversification is something that's critical to this case.

MR. RIEMER: The competition is not on the plate side, it's on the pipe side. If we can't get the supply of our trusted and reliable sources, then we will not get the business at all, and it will benefit the foreign pipe producers that have access to the quality plate. And the pipe and the steel will make its way into the U.S. anyway.

This will not help the petitioners and it will not help us, so we currently see already the damage since we have bids out there for projects that our pipelines that are going to be built in 2017 or produced in 2017, but are currently, decided on.

And we have to inform our customers that we have to withdraw our bid because we are not able to secure, with this trade case, it could be that we are limited to U.S. supply and we cannot offer this product. So we are out of the race for those projects. The foreign pipe mills will prevail and they will ship those pipes into this country.

MS. CARLSON: Thank you. So something that hasn't come up yet is, what is the role of currency and how does that affect your business in the United States, if it does affect it at all?

MS. MENDOZA: Sounds like we'll need to save that one for the post-hearing brief.

MS. CARLSON: No problem. So my next question is, I guess more for the European producers here. Are U.S. standards different from production standards in the European Union, and if so, do end-users generally mix these standards? And, unlike many of you, I'm fairly new to the industry, so forgive me if this is a basic question.

MR. MOORE: I'll start off and then I'll lateral the ball to my friend from Austria here. So there are

similarities between generic -- but not all -- (mic problem). Sorry, is this not working?

There are some similarities between some, but not all U.S.'s specifications. And so there's definitely overlap and in certain cases, some of the European specifications are actually tighter. It may be in terms of tolerance. It may be in terms of testing. So it's actually not at all uncommon for U.S. customers to order CO2 at a US ASTM grade, but actually specify testing to European Norm grades.

MR. BAUER: I can answer that. We come across that as well. There are producers in the U.S. who are from Europe, and some of the material that they utilize in their product is according to European standards. The product goes back to Europe, the finished product, so they have to source material in the U.S. that is conformed with various European standards, and the Americans cannot produce that.

And that applies to -- when I heard the testimonies earlier from the gentleman from Manitowoc or from Liebherr, which are both large customers of ours in Europe, and they can confirm that. And another quick question to these gentlemen would be, because they are customers of ours, I think they would confirm that the reason why they buy from us in Europe is mostly because we are the cheapest in the world or any other market. Thank

you.

MS. CARLSON: Okay. Thank you. And I have no further questions.

MR. ANDERSON: Thank you, Ms. Carlson. And now we'll turn the time over to our attorney, Mr. St. Charles.

MR. ST. CHARLES: Hello and welcome and thank you for your testimony. We had already received a petition from the domestic industry. We hadn't heard from you. So it's a pleasure and very helpful. Very briefly, I don't really have a question, just a suggestion. Ms. Mendoza did point out that one of the issues is causation, or is there an overlap -- are there limitations to the competition such that the determination should be negative? Which is one issue.

The cumulation is another issue. And there are four factors that we look at -- all of your lawyers know what those four factors are. You don't have to waste your time if you're not able to argue those four factors credibly. So no one has committed here to doing that. If you do do it, please think about what your goal is. Is your goal to get a negative determination generally, or is there genuinely no reasonable overlap with competition? Which is not a terribly stringent standard.

Finally, more likely and more frequently argued to the Commission, is that the conditions of competition are

different. And I'm hearing a lot of that, both between country -- subject imports from one country and subject imports from another country. And the subject imports versus the domestic like product. That's relevant to the threat context, as all of your lawyers will know, to determine if there is a country, subject imports from a country, where the Commission decides, can decide it's not going to exercise its discretion to cumulate.

So we do have several issues and I'm only asking that you make it clear in your post conference briefs which point you're trying to make, instead of muddling them all together.

MR. HORGAN: I think we'll be trying to make all three points. It is kind of a cascading effect if you don't separate the like product, then you still going to think about cumulation, if you decide to cumulate, you still got to think about attenuated competition.

MR. ST. CHARLES: You can make all of them.

MR. HORGAN: Also, on the seriousness of the argument, I think what Mr. Schagrin left out was, the last time the Commission made a decision on cumulation, respecting plate from France, they decided not to cumulate in the Sunset Review, based on what was going on in the X70 market. So that's the last decision that this Commission made on cumulation, regarding X70. So there has been a lot

of change since 2000 and back into the '70s. And it's changed again, with the --

MR. ST. CHARLES: Sure. And my point is not necessarily a substantive one. We've had a very spirited discussion by all of the countries represented here, subject imports from countries represented here. And I just want to be clear -- which of -- I've read so many briefs over the years and I get these -- and I'm supposed to summarize for the Commission what's being argued. And I hear a potential muddle.

Argue like product, cumulation, cumulation for threat, and material injury/causation. They're all great arguments and they all can be made or not made. I just wish -- make sure that you're separating them out and deciding where your pages are best utilized. That's my only point. I could say it again, but I will -- thank you.

MR. SILVERMAN: I promise you we will not muddle. I took that course in law school.

MR. ST. CHARLES: I didn't mean to you. We've been in a few cases and you never muddle.

MR. SILVERMAN: Thank you.

MR. ST. CHARLES: Thank you. I have no further questions.

MR. ANDERSON: Okay. Thank you, Mr. St. Charles. And now we'll turn it over to our -- Mr. Thomsen.

MR. THOMSEN: Let me reflect the same gratitude that my colleagues have for you that have traveled so far. I mean, whether it's over from K Street or whether it is all the way across the country or another country. All the way over here, we really appreciate your testimony and getting to hear this side of the case, and especially for the purchasers that are here as well. I'm always very appreciative to hear from them, not just the importers.

And speaking of the purchasers, we've heard a lot of different types of CTL plate that the domestic producers cannot and/or will not make. And I'm trying to nail down, you know, what exactly those specifications are so, we've heard some of them in the testimony, but I'm sure that may or may not be the entirety of what they cannot make.

So if there was a way for you to compile those specifications which they cannot make or which you have difficulty with getting them to do, I think that would be very helpful for the Commission to know, so that's just a request. If you would like to say any here, specifically, that's fine as well. I don't know if that would be helpful for the petitioners to know what you believe they can't make or not, but either here or in the post conference brief, that would be helpful.

And sort of in a similar manner, not just the

types of plates that they can't make, but specifically some of the problems that they have -- we've heard a lot about X70 plate because it occupies a relatively larger share of the plate market. What are the specific problems that the U.S. producers have in supplying the X70 plate? I believe, Mr. Horgan, you had mentioned that in your opening, that they have problems, but knowing exactly what those difficulties are would also be helpful.

MR. HORGAN: That's true. We did provide some specifics in our questionnaire response that we filed on behalf of Berg. We are certainly compiling more information that we'll submit in our post conference brief. But we didn't want to embarrass anybody at the conference. So that's why we haven't been too specific about these problems, but we have pictures.

MR. THOMSEN: That's fine and very diplomatic. Okay, another thing that was mentioned here, only by Ms. Mendoza so far, was about the recent price increases in there and if there's something that you could place on the record that show those, to give a little more heft, a little more weight to your argument, that would be very helpful to know.

Is it widespread, is it from more than one source? It is just one source. Where can we find these price increases?

MS. MENDOZA: We would be happy to do that. I mean, it probably makes a lot of sense to us, the U.S. producers, as well, because -- I mean we can get newspaper articles or go on their websites or whatever, but you know, they would have to direct information. I mean our understanding, from SBB is that there have been six. The latest one was April 21st by Nucor.

MR. THOMSEN: Okay, and I guess I would make that request to the domestic producers for any price changes that you have, whether they be decreases or increases post POI, post 2015. Please place those, either directly on the record or within your post conference brief.

MS. MENDOZA: Also there was a price increase in December of 2015. That's our understanding.

MR. THOMSEN: Thank you. I had touched on scrap prices and input prices earlier in here. And I guess I would like to open up the same question to the panel here. What's been happening basically since 2014, that was their time frame, to the scrap prices relative to the cut-to-length prices? We, I think we heard that there may have been a $150 decrease in scrap prices, but a $300 decrease in plate prices. Is that what you have also seen in the market?

MR. AUBUCHON: As a steel service center, we've seen those kind of a swings, you know, prices fell

dramatically over the last twelve months, and they've risen quite considerably in the last few. What else was there to your question, so I can be more specific?

MR. THOMSEN: I guess the characterization was, CTL plate prices may have dropped $300, but scrap prices were only a $150 decrease. Are those ballpark figures or is that just an example --

MR. AUBUCHON: Those are ballpark figures. You know, they're different based on the steel technology and has a greater impact on the electric arc furnace people than the BOF, whenever scrap moves, of course. But they're ballpark numbers, and there is a link. Just not the same link for the two different technologies that are employed.

MR. THOMSEN: Okay.

MS. MENDOZA: We'd be happy to provide that for the post hearing. I mean, our argument, I think, is not that you can say, oh, scrap declined by a $150, so that accounts for the entire price decline. Because don't forget. We had a very poor demand situation in some of those end-user markets. So, but we'd be happy to provide, you know, a series on price and iron ore pricing as well -- on scrap and iron ore pricing as well.

MR. THOMSEN: Okay.

MR. AUBUCHON: I would even add that scrap plays a decreasing role as the sophistication of the steel grade

goes up. As alloys are added and the thermomechanical practices are tweaked, then the number simply moves up and scrap is less of a factor in either technology case.

MR. THOMSEN: And alloy agents as well. How have their prices been moving in the last --

MR. AUBUCHON: They've been falling over the last couple of years. You know, nickel, chrome, molybdenum, you know they're all commodities that are easy to track and then they've got a downward trend.

MR. THOMSEN: Okay. One of the other questions that I guess I have is, is price a more important factor for carbon steel plate in the marketplace than for alloy plate? And there -- is it -- do you see more price competition in the lower grades than in the higher grades?

MR. AUBUCHON: Considerably more competition in the lower grades than in the higher grades. And these highest grades, when it becomes what's next, and there's a change in design, the playing field if very, very limited. A mill or a couple of mills will come out with a product and there really isn't much price negotiation. It's simply the best product there and the manufacturers of this unique vehicles like to tell us telescoping boom cranes need that product.

As it matures, and it will do so in a couple of years or three years, then we'll see more competition.

Almost invariably though, foreign competition. It's just an unfortunate reality that these grades to be so limited in quantity, it's just not profitable for our U.S. domestics to focus on.

MR. THOMSEN: Okay. And as a steel service center, as providing those services, do you also deal with the alloy grades?

MR. AUBUCHON: Yes, we do. Carbon alloy grades. We're not involved in the stainlesses, aluminums and such, but carbon alloy grades.

MR. THOMSEN: Okay. And do you sell the X70 grade?

MR. AUBUCHON: We do not. We are not API guys, but we're very familiar with the X70 marketplace and it's had significant effect on helping the mills become more capable of making better structural grades, but X70 is not our category, even though metallurgically we watch it very closely.

MR. THOMSON: Okay. Thank you for that.

MR. MOORE: Excuse me. May I address that last question?

MR. THOMSEN: Absolutely, Mr. Moore.

MR. MOORE: So I understood part of your question to be, is there a differentiation and availability in pricing in alloy grades versus carbon -- did I paraphrase

that correctly?

MR. THOMSEN: More or less. I'm trying to see the importance of price competition between the carbon seal grades and in alloy grades.

MR. MOORE: Okay, I would assert that there's both in availability, as I've stated in my presentation, as well as pricing, so this chart, which we're gonna make part of our post-hearing brief, is from a U.S. steel service center that specializes in plate. Those red lines are representing the products that this service center cannot buy from the domestic mills, regardless of price.

The other side of that, there are both alloy and carbon grades on this. So the alloy does make a difference. I think one of the petitioners made the comment earlier today to the effect that the lines were blurred price-wise between carbon and alloys. And that may be in his company's case. We don't find that to be true in our company's case. Alloys have a cost. Our business is to recover that cost and a little bit extra. Thank you.

MR. EMSLANDER: With regard to the pricing on alloy and carbon, our primary concern is not the pricing as much as the performance. We are looking for the properties and we're looking for a surface, we're looking for processing, eliminating processing problems.

We're looking for consistency of the product

because we're making cranes, lifting with them, a lot of liabilities, just like the line piping, so our main desire is to find partners in this steel industry that we can partner with to give us those products and, as I mentioned earlier, we're very limited in the U.S. to do that.

I've had this role with Manitowoc for four years and in four years, all we've gotten was lip service from the U.S. mills to enter into that market. They argued this morning about not having the profitability to get into or to expand in capital because of the pricing issues.

I think what they're missing is the -- they're missing the boat that the offshore mills have invested and created some of these markets. There's a lot of benefits that we're seeing out of the higher alloy, highest ranked materials in terms of lightness, in terms of -- for instance, amphibious vessels to get better efficiencies and whatnot.

So I think the European mills have seen the opportunities. They are investing and marketing the product rather than looking for opportunities to get into a market once. Once the tonnage is big enough to make it worth your while. So I think they're willing to invest in their future, and we don't really see that here in the U.S. But there are exceptions, as I mentioned this morning during my testimony. Thank you.

MR. AUBUCHON: I would add to Walter's comment, that it's not just as simple as alloys. The thermomechanics involved are a major factor, particularly as they try to take an alloy grade and reduce the alloy content, thereby lowering their CEQ, they're able to get similar properties at some locations.

Very few global locations and really none in the States, with much improved thermomechanics and the investment factors in these thermomechanics are just incredible. You know, these are billions of dollars of investments to be able to make these products as lean as possible. I'd like to see it in the States, we just don't have it yet

MR. THOMSEN: Thank you. And since my colleagues have already hit the other questions that I had wanted to ask, I will turn my time over to the next member of our team.

MS. BRINCKHAUS: I have no questions today, but I do want to also say thank you for being here. It's very helpful.

MR. ANDERSON: Mr. Giamalva, your turn.

MR. GIAMALVA: I have just have a, I guess, one question that -- most of the questions I have had have already been answered, but and I think, um, this is just a follow up on what Mr. Emslander was talking about just a

minute ago, but the petitioners is more in describe the qualification process a little differently than you described it, that if there was enough profit motive in there, if the price was good enough, that they could qualify because they go back and forth in order to qualify the product.

Would the purchasers that are here today talk to that and describe, if you can in public, your qualification process and whether or not that's true that you go back and forth with the supplier in order to get them qualified.

MR. NECESSARY: The steel that we purchase of this high-strength steel, we actually make the booms that go out for the cranes, and we kind of kiddingly say that there is stupid weight and there's smart weight. And the smart weight is, is that the stronger you can go out, the lighter you can out with that, the more powerful you can, you have an advantage over your competitors.

So you want to reach out as far as you can and go as high as you can, and lift as much as you can. And so that practice takes a lot of time for us to go through, and we spent thirty million dollars to invest in our company in Lexington, Kentucky, to make booms, and we find out that some people, you can make the product, but the surfaces is almost as different as this table versus the carpet, because they can't get that right.

Or they be able to get it almost all right, but it's not flat enough, so that when we bend those booms, we're bending that steel around, it's not touching, because those booms are fifty, sixty, seventy foot long and therefore they have to be flat so that we can weld them all the way down through there.

So it's a very, very long continuous time that it takes to do that. And I think that the U.S. mills are a little bit like, years ago when I came to a company and they said you're gonna love a guy named -- and I hate to say his name, I'll just say him Tony -- said you're gonna love Tony because Tony's got twenty years of purchasing experience. He's gonna be a great asset for you.

And I quickly found out that Tony didn't have twenty years of purchasing experience, he had one year twenty times. And I'm worried that the U.S. mills are just about like Tony. Is it because they've been around so long, they think they've got more experience than what they really have. You know, when we looked at the mills that are outside of the U.S., it appears to me that they are trying to seek out the next technology way before I ask that question. That's what I find in those.

MR. NECESSARY: Oh, and he said "How long's it take me to qualify someone?" We've never qualified anybody In less than nine months. And most of the time it's a

couple of years.

MR. RIEMER: Ingo Riemer with Berg Pipe. I would like to add in. So what does it take to actually increase a business with the domestic steel industry? And we have a good example how it could work. And so we have a second mill that is using not plate but hot-rolled coil. And that mill uses also X-70 coil.

And Arcelor-Mittal did a very smart move and bought a high-end hot-rolling facility in Mobile and invested a lot of time and effort to increase the knowledge. And this is the number one hot-strip mill in the entire North America.,

So we teamed up with them in terms of exchanging and building a relationship, maintaining a relationship, exchanging data on producing X-70. And that paid off. We have a mutual trust of each other, and we have established a very good supply customer relationship with reliable X-70 quality.

So when the case come on the hot-rolled coil, I was not concerned at all because there is suppliers, top suppliers in the U.S. with Calvert that can supply that. And that is a way the industry should go.

They need to invest in high-end equipment and bring the knowledge to the people, and then seek for partnerships to actually build up a relationship and

maintain high-quality production. That is what we have done. That is my recommendation to the steel industry.

Why that is not in the plate side, I don't know. But they try to use their old equipment that is outdated and not, not meeting our needs, and try to use that equipment further on for products that they are not capable of doing. The requirements have increased, and their equipment is not keeping pace with those requirements.

That is the sad truth. And one comment also to Jeff Moskaluk from SSAB this morning. He mentioned that he is not aware of any customer that actually has problems with their X-70. We just have convinced one of our customers--of our customers, to actually give SSAB a second chance.

So we urged them to consider them because they are also--they are influencing our decision or influence, and they are actually approving our decision on the steel suppliers, and SSAB was not. So we urged them to let's give them a chance. We want to work with them. They are domestic. We want to try.

They allegedly have invested. They have improved. We want to try. So we convinced the customer to actually make an audit with them. So we took the customer and made an audit there, scrutinized their capabilities, and the customer said, okay, let's give them a try. And for a small quantity.

This is yet to be produced, but we placed this order before all this happened here. That discussion was in January, February, and we placed the order then. And that is our initiative to actually bring, as I say, the trust back to our customers to a supplier here in the U.S.

But based on this old equipment, it is really difficult to predict their likelihood, whether they can make then the large projects.

On the coil side, it worked out well with AcelorMittal in Calvert. On the plate side, I'm really concerned and that's why I'm here today. We are talking about the existence of our company if we are shut off from our reliable source.

So 700 people of our company is at jeopardy.

MR. SEYMOUR: This is Neal Seymour with Liebherr Mining Equipment. To answer your little question, our largest trucks weigh about 1,400,000 pounds. So they need some very special steel and plate in them.

They are currently operating in minus 82 degrees Fahrenheit weather to 135 degree weather. It is very difficult to find such specialized plate. In fact, we cannot find it within the United States. We are sourcing a great deal of our plate from Japan because they're the only people who can actually make this level of plate requiring the strength that we need.

For instance, uranium ore, some of the heaviest ore in the world, is thrown into the truck from a height of 35 feet. Imagine that done 26 hours a day, because our trucks have 26-hour fuel tanks. They operate daily. So it is very difficult to actually get people in a niche product to be able to give plate to us that will meet those specifications.

MR. EMSLANDER: To finally answer your question, sir--Walter Emslander. You had asked me how long to qualify. What I can tell you, just like my colleague, he mentioned once we have the grade from the mills, the testing that we do, thereafter it takes a minimum of nine months to a year to test and to qualify that material. That's once we have the grade.

We do all kinds of testing. We do formability testing. We do folding tests. We do welding tests. We do pull tests on the welds to make sure that everything is to satisfaction and to our specifications.

We also test to failure, okay? We're building cranes. We need to do that. As far as the product development, we are working with both Japan as well as the Europeans to push the envelopes on the cranes.

Those developments typically take several years, okay, once you have the commitment to partner with you.

MR. MOORE: This is Bob Moore with Salzgitter. I

would like to inject something into the question of qualification. And with that, you cannot leave out the subject of disqualification.

So I mentioned in my presentation that we do a lot of business with the domestic mills. We do business with all three of the Petitioner mills. So on the subject of qualification, the domestic petitioners have given to you in their presentation all three stating we're all using the same, basically the same melt shops, the same rolling mills, the same casting equipment here in the United States and abroad.

As a generic statement, that's relatively accurate. But that's where it stops. There are huge differences. So I would like to actually give you an anecdote of our business with the domestic mills--not with our mill in Germany--and I'll come back to the German part of that in a minute.

So in my career I've had the great opportunity to visit a lot of mills around the world, including domestic mills, including several mills, both Nucor plate mills, one of the SSAB plate mills, none of the ArcelorMittal plate mills so far. Maybe I'll get an invitation.

So it is my understanding with respect to ArcelorMittal's Burns Harbor Mill, and the Petitioner may comment and correct me on this, but it's my understanding

that the Burns Harbor Mill is effectively a twin sister in terms of the rolling mill to JSW Steel USA Baytown, Texas.

My company is a major slab supplier to JSW. We also have an offtake agreement with them for plate. So the point about qualification and the point about the Petitioner's comments that all mills are effectively the same, they are not. So I want to address a particular industry here in the United States, which is the rail tank car business.

ArcelorMittal Burns Harbor is one of the top suppliers of wide-plate--when I say "wide plate," I'm talking about plate that typically in this case runs from about 138 inches to about 152 inches wide. It is a pressure-vessel grade of plate that is used to form the domed heads of the end of rail tank cars.

JSW Baytown does exactly the same thing. There are three major manufacturers or fabricators of rail tank cars in the United States. There are a few smaller ones, but there are three major ones that have got facilities both here in the United States and in Mexico.

Because of the same PHMSA regulations that my colleague has referenced earlier, these rail car manufacturers have got extremely stringent vendor qualification processes that they have go to through.

So if we now look at JSW Baytown and Burns

Harbor, and assuming that they are basically the same mills as Petitioners have alleged that all mills are the same, the bones of those mills may be the same. However, we've supplied well over 100,000 tons of slabs into JSW over the last several years. We have taken out of that mill well over 100,000 tons of plate for this one specific application with rail car heads both here in the United States and in Mexico.

JSW has failed in their quality. So quality is the big issue. It's not a price issue; it is a quality issue. It's not an availability issue; it is a quality issue. So hee we have mills that are the same. They've gone through the same rigorous qualification processes from this specific end use, which is an end use where liability is of great concern. We all read the newspapers. We all know there have been loss of lives here in the United States and Canada because of rail car accidents involving tank cars.

So the point of all of that is, there is also a disqualification of that. So if these mills were all the same and the product is all the same, ArcelorMittal to this day I believe is still probably one of the largest, if not the largest, producer and supplier of that particular product for that particular application, JSW is out. Same mill. JSW, by the way, does not have a melt shop. That's

why they purchase slabs.

Their primary source of slabs for that particular application happens to be ArcelorMittal's mill in Lazaro Cardenas, Mexico. In fact, it is the only qualified slab source they have for that purpose. We supply slabs to them, but not for that particular purpose.

The point of all that is, their qualification and quality does matter, and it makes a huge difference. And it can make--it's a life and death difference in some cases.

So the point to your question of how long does it take? So our mills in Germany have looked at this application. We've backed away from it, not because we have any concerns about quality, we can do this in our sleep, absolutely not a problem. We've made similar products in Germany for similar applications with zero problem. We've backed away from it because of price reasons. The price set by the U.S. mills in the market is far lower than we would care to participate in.

Thank you.

MR. GIAMALVA: Well actually I think Mr. Moore got at the second part of my question, which was, if I heard correctly, the Petitioners this morning said that the qualification process sometimes comes down to money. It comes down to the price. If the price is right, you can afford to go back and forth with a customer and get the

qualification that you need to get.

Whereas, if the price is too low, that the mill can't afford to spend the time to get the qualification that they need. Is that the case in your various products?

MR. NECESSARY: No. I can simply say, no. We do not talk--this is Dave Necessary--we do not even talk price with anybody while we're going through that qualification process. And so the pricing is at the very end of ours when we're trying to qualify product, and we have never since in the 10 years we've had that equipment in there, have we ever brought anybody in and talked price in the beginning whatsoever.

But we've had many people who have failed to provide us the quality product that we want. So pricing is not the issue with us whatsoever.

MR. PLANERT: This is Will Planert from Morris Manning. I think the other thing that we heard today, particularly I think with regard to the X-70, is that it's not just strictly a qualification process. It's really, when you're talking about these big pipelines, you're really talking about having a supplier that's going to partner with you, that's going to make a long-term commitment to work with you, to develop the knowledge, to share information that they may not routinely share with other customers. So it's those kinds of factors that go into it.

It's not just, geeze, how much am I willing to spend to get through a nine-month qualification process. It's am I really serious about being in this business, about partnering with this customer, and working with them to get them what they need. And I think what we've heard is that for various reasons the domestic producers have chosen not to do so.

And that may be perfectly rational, given their overall business model, but, you know, I think it's important that we're not necessarily saying that these guys are bad suppliers, or whatever. What we're saying is they don't necessarily choose to really compete in some of these very specific sectors where we are seeing the import growth.

MR. EMSLANDER: I agree with both of my colleagues. Walter Emslander. I agree with both of my colleagues here. What we are looking for in Manitowoc is long-term partnerships so that we can usually be successful in product development, look for the next product to bring to the marketplace to build futures together.

So we're looking for partnerships, number one. Yes, we've pushed the envelopes on the materials to get to that point. But pricing is the last thing we're looking at.

MR. HORGAN: If I can just add, I think what Mr. Necessary said--this is Kevin Horgan talking--is key. It is the timing. You can't go into the bidding process with an

uncertified or unqualified supplier. You've got to start the bidding process for a big, long-term project, he's got to already be qualified. You can't win the bid unless you've got a qualified supplier.

So for them to say, well, if you give us our price we will invest the money and get qualified, that's too late. You don't have a contract until they're already qualified. And then you go into the bidding process. So they've got to make the up-front investment. If they're not willing to do that, then they're not going to be able to compete in that market. And that's where they are now.

MR. GIAMALVA: I have no further questions.

MR. ANDERSON: Thanks, Mr. Giamalva. Are there any further questions from the staff?

(No response.)

MR. ANDERSON: Okay, I just want to follow up with a couple of items. And I want to echo Ms. Messer's request to have in the post-conference brief just more detail on the size of the X-70 market, and more details on some of the special applications that we've heard, particularly in these markets. I think we heard renewable energy. We heard ship building. And I think we heard obviously in the crane business and the line pipe business.

So what accounts for the total--how much those account for the total, separately or individually or

collectively for the total market in the U.S. That would be helpful.

Another follow-up question is: Is it possible to either quantify or estimate in the post-conference brief the total U.S. market for the product that has been put forward by Petitioners? How much of that is X-70? Particularly during the POI. And has that fluctuated during the POI?

And then a couple of other last questions.

Mr. Yoon, thank you for your testimony. I did have a question. Near the end of your testimony you talked about superior delivery and customer service for your customers and for your plate product.

Could you elaborate a little bit more on that? And is that something that U.S. producers expect? And do you charge a price premium for that superior delivery and customer service?

MR. YOON: I can provide the information through the post-conference brief. But for us to deliver our product just-in-time to our customer through our global logistics system. And the others we can give data through the post-conference brief. Thank you.

MR. ANDERSON: Thank you, very much. I look forward to that, and thank you.

And then, Mr. Seymour, I appreciated your testimony. I just wanted to clarify, either now or in your

post-conference brief, could you give us specifics on what grade, or what specific CTL product you've been referring to as being highly specialized that you're using?

MR. SEYMOUR: We have several different grades, but LFE-780LE is used very heavily in our trucks.

MR. ANDERSON: Okay. And if you, either now or in the post-conference brief that's confidential or proprietary, have you during the period 2013 to 2015, had any product from U.S. suppliers? Or if you've had any discussions about their ability to make or provide you with that product?

MR. SEYMOUR: We have had all of our plate imported during that timeframe. And we have not had talks because we have gone through prequalifications over the last probably 15 years with U.S. mills, because it takes between one-and-three-quarters and two years, where there has been a lot of work to try to qualify with welding tests, elongation tests, the cryogenic tests required, and the only ones that could actually satisfy those specifications for our trucks were mills outside the United States.

MR. ANDERSON: Okay, thank you. And I realize that you're not with counsel here today, but if there's any way you could estimate those specific products and what share they account for of the overall CTL plate market, just even an estimate, either now or in the post-conference

brief, that would be very helpful.

MR. SEYMOUR: Alright. Thank you.

MR. ANDERSON: And with that, I want to thank everybody on this panel, counsel and witnesses, for your testimony and answering our questions. Again, thank you very much for your time in traveling here to be with us today.

And at this point, we will transition to closing arguments. So we will let--if we could clear the table and let counsel come forward with their closing arguments.

CLOSING REMARKS OF ROGER B. SCHAGRIN

MR. SCHAGRIN: Thank you very much. Roger Schagrin, closing argument on behalf of the Petitioners. Let me start with the two broadest arguments and issues of contention in this investigation. I'll dispense very quickly with like product.

While the Respondents have insinuated that there's a like product as X70, when the Commission looks at the like product factors that you look at, same machinery, same workers, same production facilities, same production processes, everything other than specific end use, because X70 has a specific end use in pipelines, just as some other products are made for specific end uses, you're just going to find there are no like product arguments as X70. So we dispose of that quickly.

Now what the Respondents finally got to today was using the magic words before this Commission for causation is attenuated competition. What they're essentially saying is we had a million tons of subject imports, and they didn't compete with the domestic industry because competition's attenuated.

They say look at where our tons are focused. We're focused on the line pipe market, and the domestic industry doesn't serve that. We're focused on the wind tower market and the domestic industry doesn't serve that. We're focused on the rail car manufacturers and the domestic industry doesn't serve that.

Well, it's a great argument to make if it were true. But you're going to find out, because you're going to focus on this for the final investigation, that it's just not true, and that is that it may be, and we'll see, that there's a few hundred tons of super-specialized material made by the Japanese to some incredible 160,000 psi spec that's used in the furthest part away of the boom, that the domestic industry doesn't make.

It's possible that there's attenuated competition for a few hundred tons in the crane and boom market. But for the large diameter line pipe market? I mean we have been down this road before. There is some advantage to the fact that I may be the only Petitioners'

counsel that did both the '96 and '99 plate cases.

So I sat in this room in 1999 when another president of Berg Steel Pipe, testified to the Commission, I'll just paraphrase, I may be old but I don't remember things word for word, so I'll give you the general tenor, that if the Commission didn't exclude X70, that it was going to put Berg out of business.

Well, the Commission didn't and included X70 in that whole large group of 1999 trade cases, and then you heard the current president of Berg say "You know, for the last decade, we used primarily domestic product." So Berg went on, which I think is a great thing and prospered since the '99 plate cases, and in fact invested another several hundred million dollars in another large diameter pipe mill in Mobile, Alabama, which just happened to be very close to the SSAB mill in Mobile, Alabama, which is a great mill, and the now ArcelorMittal mill in Calvert, Alabama, and you heard him say, we have no problems with coiled plate.

Remember, this is where we get to August, because I think I heard from the same lawyers that I heard from today, Ms. Mendoza said you know, the pipe guys can't get X70 coil plate. Well you probably just heard from the biggest user of that product in the United States. We have no problem with that.

I would tell you it's the same company

ArcelorMittal, whose witnesses said we want to sell X70 plate. We're investing in X70 plate. Yes, we all know. I do work with PHMSA too. We all know that PHMSA changed rules in 2009. It's not just the pipe guys who know that. The steel guys know it too. The steel guys know all about PHMSA. This is their business.

Then you hear well, the other reason that the competition is attenuated is, you know, we need a lot of plate for these pipelines, and these domestic guys, they don't want big orders. Are you kidding me? The steel guys are just like everybody else in business. They love big orders. They don't have to make as many changes at the mill as they're running things. I mean I can tell you, you'll always hear this, the steel guys love the pipe guys, and the pipe guys love big orders because they don't have to do mill changeovers.

So it's kind of ridiculous to say oh, they might want to sell us 10,000 tons but they wouldn't want to sell us 100,000 tons. Look at the capacity utilization in this industry. Not only in 2015, but even 2014 and tell me if the mills making X70 plate in the United States didn't want several hundred thousand ton orders?

No. Let's look at what's right, and you're going to find the same thing when it comes to wind towers. There's people in the domestic industry, they just love the

wind tower guys and they work with them, and they work with them on design. So it's -- like I said, this is why we have preliminaries and you'll hear the data, and we have finals and you figure out all these issues.

Because to just come in here and say, without any credibility, that the U.S. industry isn't interested in many of the largest segments of the U.S. market for plate, it just doesn't hold water. So what's really going on? The reason that you all, and unfortunately we all, instead of enjoying our elderly years are doing this instead, I'm not talking about you Charles, but are doing this instead of that, is that there's a steel crisis going on in the world.

That's why we just had a meeting with 400 people in Brussels last week. There's a steel crisis, and the result of that is in the EU, where a number of these foreign suppliers are located, they're doing miserably. And you know, SSAB and ArcelorMittal, their parents are in the EU. They're probably two of the four largest plate producers in the EU, and they're getting killed over there.

So why is all this material that Berg used to buy in the U.S. coming over from the EU? Because in the EU, the market's a disaster, and why is that? Because thanks to the Russian sanctions, they basically disallowed some of the major pipelines that were going to happen. Berg's parent Europipe closed probably the largest el-saw mill in the

world in Dunkirk, France because they're not going to have those orders anymore.

So they've got to find a way to use their steel capacity by selling to their related party. But the question is, if they trade fairly, you know, God bless them. We don't impose dumping duties against folks who don't dump. But it's not a matter of we should close steel mills here and not in Europe, because somebody says well, they're a related party. I shouldn't have to close my mill. Let me send it to the U.S.

The U.S. mills just ask for the opportunity to compete fairly for these orders and they can qualify their products. What I really worry about, because mills have to make investments to improve their -- not only their productivity but to reach all these changes that are going on in the marketplace.

Right now, the U.S. industry, like industries around the world, they're getting starved for capital. In fact, as you'll see from this record, the U.S. industry is unable to meet their interest expenses out of cash flow right now. So unfortunately, the parent companies of two of the three Petitioners, ArcelorMittal and SSAB within the last three months, they had to do share rights offerings to their current shareholders to raise new equity to make bond payments, because they can't go back to the credit market

and roll over bonds.

That's how bad things are, you know, and when you're in that kind of situation, then you can't invest and it's because the Chinese are pounding the world markets, and as I said, you know, as I started my rebuttal, you know, voestalpine's representative could have been on the domestic industry panel today.

Voestalpine said, just as the domestic industry is saying, the problem is the people they're trying to compete with in the U.S. market were selling at ridiculous prices that they didn't want to compete with. Well you know, for the U.S. industry, for whom this is our market, you heard in the testimony this morning that Nucor, ArcelorMittal, SSAB, they had to make the same choices starting in mid-2014. Do they lower their prices to compete with these ridiculous prices here, or do they just tell their employees you're going to have no work at all. We'll just shut the mills down completely, and they chose something in between.

They cut their prices tremendously. You're going to see that. They cut their prices so much more than their input costs fell, which put them in a horrible financial situation, one that they're trying to dig their way out of. You're going to see as you get information that they're not realizing these price increase announcements.

It's one thing to announce a price increase; another thing to realize it, and they're not covering their increased costs because they haven't got relief yet from these unfairly traded products.

So this is essentially a textbook injury case, and faced with what you have under the normal analysis by the Commission, that we have a huge increase in imports. You have every single indicator for the domestic industry falling over the POI. Normally you say "thank you." We spent our few hours at the preliminary staff conference and we go on to Commerce.

But the Respondents come in and say you can't blame us because all the imports are attenuated competition. I have every belief that if you make an affirmative prelim, that when we get back here for the final, you're going to find out that that argument doesn't hold water. So we urge you to make an affirmative determination here. This industry desperately needs relief, and I thank you for your time today. Thank you.

MR. ANDERSON: Thank you, Mr. Schagrin.

CLOSING REMARKS OF JULIE MENDOZA

MS. MENDOZA: Julie Mendoza, Morris, Manning and Martin. So I'm confident that the Commission will collect the data, and that the data will in fact show what we're suggesting. It seems that one of the essential problems the

domestic industry faces is that they don't think that anything has changed since 1999.

I think what we heard this morning, actually from both panels, is that the world and the plate markets are very different places. Certainly at no point did we suggest that because of attenuated competition, there's no effect from imports on any product. That's not what we're saying, and I don't think that's the legal standard. As far as I know, it's still -- competition in the U.S. market still isn't illegal.

But you know, the fact of the matter is that when you have a diversity of products and a diversity of needs, the question becomes to what extent are imports having a direct effect on the domestic producers. What we're suggesting is that because there is such a diversification of products, that at the end because they experience such diverse demand trends over the Period of Investigation, that in order to understand those import patterns you really have to look at where imports were going.

One of the things that I think all of the Respondents are going to do is not only try to quantify how much those products are in the U.S. market, but how much of the imports by POSCO and these other producers were actually going to serve those segments of the market, because I think

that is the flip side of it and that's equally important, is saying how big those segments are.

It's how -- what percentage of what portion of your imports actually went into serving those particular market segments that were actually quite healthy and experiencing strong demand and strong pricing, and with that I'll turn it over.

CLOSING REMARKS OF KEVIN HORGAN

MR. HORGAN: Thank you, Julie. This is Kevin Horgan talking, and I just wanted -- Julie was kind enough to share a little bit of her time so I could talk about this X70. I think I would suggest that Mr. Schagrin start listening to his own witnesses, because he stood up here and said oh, don't think about this like product argument. Same equipment, same workers, no big deal.

His witnesses testified that you need special equipment to make X70. You have to know how to do this thermo-mechanical cooling, this slow cooling process. You need that know-how. You need special quality plate. These are all his witnesses talking. So you need a special quality slab to produce X70. So that's just his witnesses talking.

So then you get into the fact that as far as basic specs go, Ingo Riemer testified that 70 percent of his business was over 42 inch pipe. Two of the domestic

petitioners cannot produce plate for that pipe. Only one of them can. Only one producer in the whole United States can produce plate that can be used 42 inch diameter pipe.

And, as Ingo testified, they had a catastrophic failure with that supplier, ArcelorMittal, and that's what broke the partnership. They did use domestic producers. They didn't walk away from them because of price. They had a catastrophic failure and it broke the trust that they had.

That's what you need to participate in this market. They've talked about the risk, the liability, the new regulations, all destined or all dedicated to providing safety. Then you hear the Petitioners come up here and say well, once you hit the specs, and this is a quote, "quality is a given."

Well I say that's the problem, because quality is not a given. If you've learned one thing today, in a high risk, high potential for damage environment, quality is not a given. It takes time to earn. You heard several witnesses testify it takes years to qualify, to satisfy some of these projects or these applications, whether you're falling off a 300 foot crane or you have a pipeline blowing up or you have an offshore rig disaster, as we've had, or if you have a train disaster.

Quality is not a given. So when these witnesses come up and testify, as Ingo Riemer did that look, we have

to be careful. We need a reliable supplier, someone who's going to dedicate the time and the effort and the money needed to be qualified so we have a partner to go in and win a successful bid, that's what they need, and that's what ArcelorMittal is not giving them.

He said they did try. They approached ArcelorMittal to get them requalified in 2014, and that did not go anywhere. So when the Petitioners get up here and say we can do everything for everybody, that's kind of like me saying yeah, I can play basketball. That doesn't mean anyone's going to give me a contract to play in the NBA, because I'm not qualified.

Right now, they're not qualified and until they invest, they're not going to be able to serve that market.

MS. MENDOZA: Thank you very much. That concludes our presentation.

MR. ANDERSON: Thank you very much. On behalf of the Commission and staff, I would like to thank all our witnesses and counsel today for helping us gain a better understanding of the conditions of competition and the product for CTL plate.

Before concluding, let me just put out a couple of key dates for the investigation. The deadline for submission of corrections to the transcript and for submission of post-conference briefs is Wednesday, May 4th.

If briefs contain business proprietary information, a public version is due the next day on Thursday, May 5th.

The Commission has tentatively scheduled its vote on these investigations for Friday, May 20th, and it will report its determinations to the Secretary of Commerce on Monday, May 23rd. Then finally Commission's opinions will be issued on Monday, May 31st. With that again, I thank you all for coming, and this conference is adjourned.

(Whereupon, at 3:03 p.m., the conference was adjourned.)

CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Certain Carbon and Alloy Steel Cut-to-Length Plate from Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, Korea, South Africa, Taiwan, and Turkey

INVESTIGATION NOS.: 701-TA-559-561 and 731-TA-1317-1328

HEARING DATE: 4-29-16

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: 4-29-16

SIGNED: Mark A. Jagan

Signature of the Contractor or the Authorized Contractor's Representative

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceedings of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker identification and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceedings.

SIGNED: Gregory Johnson

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceedings.

SIGNED: Gaynell Catherine