USITC Inv. No. 701-TA-___- ___ and 731-TA-___ - ___.
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Total Pages: 895
Investigation

PUBLIC VERSION
Petitioners' Business Proprietary Information removed from Pages 2, 4, 6, 10, 11, Exhibit List, and Exhibits VI-6–10, VI-13, VI-14, VI-17, VI-27.

BEFORE THE
INTERNATIONAL TRADE ADMINISTRATION
UNITED STATES DEPARTMENT OF COMMERCE AND THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

CERTAIN CORROSION-RESISTANT STEEL PRODUCTS FROM AUSTRALIA, BRAZIL, CANADA, MEXICO, THE NETHERLANDS, SOUTH AFRICA, TAIWAN, TURKEY, THE UNITED ARAB EMIRATES, AND THE SOCIALIST REPUBLIC OF VIETNAM

PETITION FOR THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING DUTIES PURSUANT TO SECTIONS 701 AND 731 OF THE TARIFF ACT OF 1930, AS AMENDED

VOLUME VI
INFORMATION RELATING TO THE NETHERLANDS – DUMPING

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September 5, 2024

TABLE OF CONTENTS

September 5, 2024

I. INTRODUCTION

As demonstrated below, producers and exporters from the Netherlands sold, or offered for sale, certain corrosion-resistant steel products ("CORE") in the United States at less than fair value. Petitioners Nucor Corporation, Steel Dynamics, Inc., United States Steel Corporation, Wheeling-Nippon Steel, Inc., and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO, CLC ("Petitioners") demonstrate that CORE imported from the Netherlands is being sold or offered for sale at less than fair value by comparing the U.S. price with the normal value for such merchandise in accordance with the statute and the regulations and practice of the U.S. Department of Commerce ("Commerce"). Petitioners ultimately calculate an overall dumping margin for the subject merchandise.

Petitioners use export price as the basis for U.S. price because, to the best of Petitioners' knowledge, Dutch producers and/or exporters typically sell CORE to unaffiliated customers in the United States before the date of importation. Petitioners were unable to obtain any suitable quotations or offers for the sale of CORE from the Netherlands. Therefore, as the best information available, Petitioners use official U.S. import statistics to determine U.S. price. This price has been adjusted to account for movement expenses and other expenses incurred in the Netherlands incident to exporting the merchandise to the United States.

Petitioners use constructed value as the basis for normal value because the home market price quotes obtained by Petitioners are significantly below the cost of production, as demonstrated below. Thus, the home market price quotes are not in the ordinary course of trade, and constructed value is the appropriate measure of normal value. Petitioners calculate constructed value by applying the usage rates of a U.S. producer to the unit factor costs in the

Dutch home market for each production input used to manufacture the products in question. In accordance with Section 773(e) of the Tariff Act of 1930, as amended (the "Act"),[1] Petitioners also include manufacturing overhead expense, selling, general, and administrative ("SG&A") expenses, interest expenses, and profit in the constructed value calculation.

Finally, Petitioners calculate dumping margins for the subject merchandise based on comparisons of the ex-factory export price to constructed value. As established below, Commerce should initiate an investigation into sales at less than fair value of CORE from the Netherlands and should impose antidumping duties in an amount equal to the amount by which the normal value exceeds the export price.

II. UNITED STATES PRICE

A. Sales Price

Petitioners attempted to obtain specific offers for the sale of CORE manufactured in the Netherlands and imported into the United States but were unsuccessful in obtaining any suitable offers. As the best information available, Petitioners use official import statistics downloaded from the U.S. International Trade Commission's Dataweb to calculate an average unit value ("AUV") per metric ton ("MT") of CORE imported from the Netherlands under the relevant subheading of the Harmonized Tariff Schedule of the United States ("HTSUS") during the period of investigation ("POI").[2] **Exhibit VI-1** provides the official import statistics for imports of CORE into the United States from the Netherlands. The AUV used as the basis for U.S. price is for an HTSUS subheading representing a significant volume of imports from the Netherlands during the POI and [ ]. The use

[1] *See* 19 U.S.C. § 1677b(e).
[2] The POI is from July 1, 2023 to June 30, 2024.

of AUVs calculated using official import data as the basis for export price is consistent with Commerce's practice.[3]

B. Foreign Inland Freight and Brokerage and Handling

To compute an ex-factory U.S. price, Petitioners make adjustments for foreign inland freight and brokerage and handling. For merchandise produced by Tata Steel Nederland BV ("Tata Netherlands"), a large producer and exporter of CORE in the Netherlands, Petitioners calculate foreign inland freight based on the distance from Tata Netherlands' plant to the Dutch port of export multiplied by the per-unit freight expense. **Exhibit VI-2** contains the estimated distance from Tata Netherlands' plant in Ijmuiden to the nearest port. Petitioners derive the per-unit freight expense in the Netherlands from the World Bank's *Doing Business 2020: Economy Profile – Netherlands* ("*Doing Business Netherlands 2020*"), for which the relevant excerpts are provided in **Exhibit VI-3**. To compute brokerage and handling expenses in the Netherlands, Petitioners use data from Swissport Cargo Services and the Techno Group for the cost of export border compliance and documentary compliance. *See* **Exhibit VI-4**. The resulting calculations of foreign inland freight and brokerage and handling in the Netherlands, as adjusted for inflation, are shown in **Exhibit VI-5**.

C. Calculation of Ex-Factory U.S. Price

Petitioners subtract the calculated expenses for foreign inland freight and foreign brokerage and handling from the U.S. import AUV to arrive at the ex-factory U.S. price. This calculation of the ex-factory U.S. price is provided in **Exhibit VI-6**.

[3] *See*, *e.g., Frozen Warmwater Shrimp from Ecuador and Indonesia: Initiation of Less-Than-Fair-Value Investigations*, 88 Fed. Reg. 81,043, 81,046 (Dep't Commerce Nov. 21, 2023); *Truck and Bus Tires from Thailand: Initiation of Less-Than-Fair-Value Investigation*, 88 Fed. Reg. 77,960, 77,963 (Dep't Commerce Nov. 14, 2023).

III. NORMAL VALUE

A. Home Market Prices

Petitioners retained a market research organization to obtain offers for the sale of CORE in the Netherlands. The market research organization obtained a price quote from Dutch CORE producer Tata Netherlands. The terms of the price quote from Tata Netherlands are provided in **Exhibit VI-7**. The products identified in the price quote had the following specifications and dimensions:

Product	Product Type	Euro Norm Specification/Grade	U.S. Specification/Grade[4]	Dimensions (mm)	
				Thickness	Width
1	Galvanized Steel Sheet in Coil	[ ]	[ ]	[ ]	[ ]
2	Galvanized Steel Sheet in Coil	[ ]	[ ]	[ ]	[ ]
3	Galvanized Steel Sheet in Coil	[ ]	[ ]	[ ]	[ ]

These products are standard products in the industry and [ ]. The price quote was made on [ ]. [ ].[5] No deduction from the quoted home market prices [ ].[6] Petitioners convert the quoted prices to U.S. dollars per MT using the exchange rate for [ ], the day on which

[4] The listed ASTM specification and grade is equivalent to the Euro Norm specification and grade identified in the price quote from Tata Netherlands. *See* **Exhibit VI-8** (Declaration of Tom Lazar of SDI).
[5] **Exhibit VI-9** (Definition of [ ]).
[6] *See* **Exhibit VI-10** (Tata Netherlands [ ]).

the price quote was made. The foreign exchange rate can be found at **Exhibit VI-11**. The resulting ex-factory home market prices are provided at **Exhibit VI-13**.

B. Sales Below Cost

To test whether these home market prices were above Tata Netherlands' cost of production, Petitioners calculate Tata Netherlands' product-specific cost of production for CORE that meets the specifications and dimensions detailed above. Petitioners do not have access to Tata Netherlands' factors of production or usage rates for those factors of production (*i.e.*, the quantities of raw materials consumed, the number of hours of labor required, and the amount of energy consumed). Consequently, Petitioners have relied on the experience of Steel Dynamics, Inc. ("SDI"), a domestic producer of CORE and member of the petitioning industry, and other reasonably available information.[7]

SDI's production process is similar to the production processes of Dutch producers and is, therefore, representative for purposes of this petition.[8] The usage rates for the various raw materials and other factors used to produce CORE would be comparable for producers in the United States and the Netherlands. SDI's usage rates for the direct materials, labor, and energy used to produce the CORE products with the specifications and dimensions detailed above are set forth in **Exhibit VI-14**. The usage rates do not vary significantly from month to month and thus provide a reasonable basis for calculating usage rates for the POI.[9]

To calculate costs of production for the CORE products for which Petitioners received home market prices, Petitioners multiply SDI's usage rates by the unit factor costs in the Dutch

[7] All data supplied by SDI for use in this petition were derived from records prepared by SDI personnel in the ordinary course of business. **Exhibit VI-14** contains a declaration executed by Jeff Rickman of SDI, who provided the data utilized in the calculation of normal value.
[8] *See* **Exhibit VI-14** (Declaration of Jeff Rickman of SDI).
[9] *See id.*

home market for each input used to manufacture those products. Petitioners also include manufacturing overhead, SG&A expenses, and interest expenses in the calculation of the cost of production. For cost data that were reported in euros (EUR), values were converted to U.S. dollars using the average exchange rate during the POI.[10]

1. Direct Materials

Petitioners value the unit factor costs for direct materials based on Dutch import statistics from Global Trade Atlas ("GTA").[11] Petitioners exclude from such import data the following: (1) imports from an unidentified source; (2) imports from nonmarket economy countries (*i.e.*, Armenia, Azerbaijan, Belarus, China, Georgia, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, and Vietnam); and (3) imports from countries that maintain broadly-available, non-industry specific export subsidies (*i.e.*, India, Indonesia, South Korea, and Thailand). Petitioners multiply each direct material unit factor cost by the usage rate for the corresponding input material to derive the factor cost of that input.[12]

a. Cold Rolled Coil

Cold-rolled steel coil is the primary substrate material used in the production of CORE. To value cold-rolled coil, Petitioners use a per kilogram value of Dutch imports under the Harmonized System ("HS") subheadings 7209.18 for Product 1, 7209.17 for Product 2, and 7209.16 for Product 3 [

].[13] The resulting unit factor costs for cold-rolled coil are $0.89 per kilogram,

[10] *See* **Exhibit VI-11** (Exchange Rate Data).
[11] *See* **Exhibit VI-15** (Netherlands GTA Import Data, July 2023-June 2024).
[12] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).
[13] *See* **Exhibit VI-16** (World Customs Organization, Harmonized System Nomenclature, Chapters 72 and 79).

$0.86 per kilogram, and $0.91 per kilogram, respectively.[14] To calculate the total cost of the cold-rolled coil used in the production of each of the CORE products in question, Petitioners multiply the cold-rolled coil unit factor cost by the amount of cold-rolled coil used by SDI to produce CORE that meets the specifications and dimensions detailed above.[15]

b. Steel Scrap

Steel scrap is generated as the cold-rolled steel input is prepared for coating, and its recovery represents an offset to the cost of production. Petitioners value steel scrap using Dutch imports under HS subheading 7204.41 ("Ferrous waste and scrap; remelting scrap ingots of iron or steel – Other waste and scrap: Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings, whether or not in bundles").[16] The unit factor cost for steel scrap is $0.65 per kilogram.[17] To calculate the total offset to the cost of production, Petitioners multiply the steel scrap unit factor cost by the amount of steel scrap generated by SDI in the CORE production process.[18]

c. Zinc

To produce CORE, the cold-rolled steel input passes through a coating bath where it is immersed in molten metal. A molten layer of the coating metal adheres to both sides of the product. Zinc is used in the coating for galvanized sheet, the type of CORE for which Petitioners obtained home market price quotes. Petitioners value zinc using Dutch imports under HS

[14] *See* **Exhibit VI-15** (Netherlands GTA Import Data, July 2023-June 2024). The unit factor cost for HS subheading 7209.18 excludes imports under 8-digit HS subheading 7209.18.99 because the unit value for imports under HS subheading 7209.18.99 is aberrational. Indeed, the unit value for HS subheading 7209.18.99 is less than half of the other unit values for cold-rolled steel coil and is even significantly lower than the unit value for steel scrap.
[15] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).
[16] *See* **Exhibit VI-16** (World Customs Organization, Harmonized System Nomenclature, Chapters 72 and 79).
[17] *See* **Exhibit VI-15** (Netherlands GTA Import Data, July 2023-June 2024).
[18] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).

subheading 7901.11 ("Unwrought zinc: zinc, not alloyed: containing by weight 99.99% or more of zinc").[19] The unit factor cost for zinc is $2.60 per kilogram.[20] To calculate the total cost of zinc, Petitioners multiply the zinc unit factor cost by the amount of zinc used by SDI to produce CORE that meets the specifications and dimensions detailed above.[21]

d. Other Materials

There are several other input materials used in the production of CORE (*e.g.*, hydrogen, nitrogen, sodium hydroxide).[22] Although these input materials are part of the cost of producing the merchandise at issue, Petitioners have conservatively calculated the cost of production without including these materials.[23]

2. Labor

Petitioners value labor using Dutch manufacturing wage data sourced from the European Union's Eurostat office ("Eurostat").[24] According to these data, the Dutch wage rate for factory workers is equivalent to $49.22 per hour.[25] To calculate the total cost of labor, Petitioners multiply the hourly wage rate by the labor hours expended by SDI to produce CORE that meets the specifications and dimensions detailed above.[26]

[19] *See* **Exhibit VI-16** (World Customs Organization, Harmonized System Nomenclature, Chapters 72 and 79).
[20] *See* **Exhibit VI-15** (Netherlands GTA Import Data, July 2023-June 2024).
[21] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).
[22] *See* **Exhibit VI-14** (Declaration of Jeff Rickman of SDI).
[23] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).
[24] *See* **Exhibit VI-18** (Netherlands Wage Rate Information).
[25] *See* **Exhibit VI-19** (Calculation of Netherlands Labor Rate).
[26] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).

3. Energy

a. Electricity

Petitioners calculate a unit factor cost for electricity based on the average rate for the POI reported by Eurostat.[27] The Dutch electricity price for businesses is equivalent to $209.12 per megawatt-hour.[28] To calculate the total cost of electricity, Petitioners multiply the electricity rate by the amount of electricity consumed by SDI to produce CORE that meets the specifications and dimensions detailed above.[29]

b. Natural Gas

Petitioners calculate a unit factor cost for natural gas based on the rate for the POI as reported by Eurostat.[30] The Dutch natural gas price for businesses is equivalent to $20.88 per dekatherm.[31] To calculate the total cost of natural gas, Petitioners multiply the natural gas rate by the amount of natural gas consumed by SDI to produce CORE that meets the specifications and dimensions detailed above.[32]

4. Overhead, SG&A Expenses, and Interest Expense

Petitioners calculate financial ratios for manufacturing overhead and SG&A expenses from the most recently available financial statements of Tata Netherlands.[33] In accordance with Commerce's practice, Petitioners calculate a net interest expense ratio based on the most recently available financial statements of Tata Netherlands' parent company, Tata Steel Limited, which

[27] *See* **Exhibit VI-20** (Netherlands Electricity Information).
[28] *See* **Exhibit VI-21** (Calculation of Netherlands Electricity Rate).
[29] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).
[30] *See* **Exhibit VI-22** (Netherlands Natural Gas Information).
[31] *See* **Exhibit VI-23** (Calculation of Netherlands Natural Gas Rate).
[32] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).
[33] *See* **Exhibit VI-25** (Tata Netherlands Annual Report 2023).

represents the highest level of consolidation.[34] The calculations of the financial ratios are contained in **Exhibit VI-24**.

5. Comparison of the Home Market Prices to Cost of Production

Petitioners add the factor costs for direct materials, labor, and energy to arrive at the total variable cost of manufacture. To derive the value for manufacturing overhead costs, Petitioners multiply the manufacturing overhead ratio (*i.e.*, 33.33%) by the variable cost of manufacture.[35] Petitioners add the value for manufacturing overhead to the variable cost of manufacture to arrive at the total cost of manufacture. Petitioners calculate SG&A expenses by multiplying the SG&A ratio (*i.e.*, 7.79%) by the total cost of manufacture.[36] Petitioners next calculate an amount for interest expenses by multiplying the interest expense ratio (*i.e.*, 2.86%) by the total cost of manufacture.[37] Petitioners add the values for SG&A expenses and interest expenses to the total cost of manufacture to arrive at the total cost of production.[38]

Based on the methodology discussed above, Petitioners calculate the total cost of production for the CORE products in question to be [

].[39] The costs of production exceed the ex-factory home market prices of [

[34] *See, e.g., Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Affirmative Final Determination of Critical Circumstances, in Part*, 77 Fed. Reg. 63,791 (Dep't Commerce Oct. 17, 2012), and accompanying Issues and Decision Memorandum at Comment 35 (ACCESS barcode 3100595-01). *See also* **Exhibit VI-26** (Tata Steel Limited Annual Report 2023).
[35] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value); *see also* **Exhibit VI-24** (Calculation of Financial Ratios).
[36] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value); *see also* **Exhibit VI-24** (Calculation of Financial Ratios).
[37] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value); *see also* **Exhibit VI-24** (Calculation of Financial Ratios).
[38] **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).
[39] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value).

].[40] Therefore, the home market prices are not in the ordinary course of trade, and Petitioners base normal value on constructed value.

C. Constructed Value

Constructed value was calculated by adding an amount for profit to the total cost of production. To derive a value for profit, Petitioners multiply the profit ratio from Tata Netherlands' financial statements (*i.e.*, 6.47%) by the total cost of production.[41] Petitioners add the value for profit to the total cost of production to arrive at the constructed value of the subject merchandise. The calculation of normal value based on constructed value is provided at **Exhibit VI-17**.

IV. DUMPING MARGINS

The dumping margins, based on comparisons of the U.S. prices and constructed values, are shown in **Exhibit VI-27**. These comparisons result in dumping margins ranging from **12.8%** to **20.6%**, with an average dumping margin of **15.6%**.

V. INJURY TO THE DOMESTIC INDUSTRY

Petitioners allege that less-than-fair-value imports of CORE from the Netherlands have caused, are causing, and are threatening to cause material injury to the domestic industry. The factual information in support of this allegation is provided in Volume I of this petition.

VI. CONCLUSION AND REQUEST FOR INVESTIGATION

Based on the information in this petition, Petitioners request that Commerce initiate an antidumping duty investigation of CORE from the Netherlands.

[40] *See* **Exhibit VI-13** (Calculation of Ex-Factory Home Market Prices).
[41] *See* **Exhibit VI-17** (Calculation of Cost of Production and Constructed Value); *see also* **Exhibit X-24** (Calculation of Financial Ratios).

TABLE OF EXHIBITS

Exhibit	Description	Public/BPI
VI-1	U.S. CORE Imports from the Netherlands	Public
VI-2	Distance from Factory to Port	Public
VI-3	World Bank Group, *Doing Business 2020: Economy Profile – Netherlands*	Public
VI-4	Netherlands Brokerage and Handling Information	Public
VI-5	Calculation of Foreign Inland Freight and Brokerage and Handling	Public
VI-6	Calculation of Ex-Factory U.S. Price	BPI
VI-7	Foreign Market Researcher Declaration	BPI
VI-8	Declaration of Tom Lazar of Steel Dynamics, Inc.	BPI
VI-9	Definition of [ ]	BPI
VI-10	Tata Netherlands [ ]	BPI
VI-11	Exchange Rate	Public
VI-12	Netherlands Consumer Price Index Information	Public
VI-13	Calculation of Ex-Factory Home Market Prices	BPI
VI-14	Declaration of Jeff Rickman of Steel Dynamics, Inc.	BPI
VI-15	Netherlands GTA Import Data, July 2023-June 2024	Public
VI-16	World Customs Organization Harmonized System Nomenclature, Chapters 72 and 79	Public
VI-17	Calculation of Cost of Production and Constructed Value	BPI
VI-18	Netherlands Wage Rate Information	Public
VI-19	Calculation of Netherlands Labor Rate	Public
VI-20	Netherlands Electricity Information	Public
VI-21	Calculation of Netherlands Electricity Rate	Public
VI-22	Netherlands Natural Gas Information	Public
VI-23	Calculation of Netherlands Natural Gas Rate	Public
VI-24	Calculation of Financial Ratios	Public
VI-25	Tata Netherlands Annual Report 2023-24	Public
VI-26	Tata Limited Annual Report 2023-24	Public
VI-27	Calculation of Dumping Margins	BPI