

**UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.**

In the Matter of

**CERTAIN CARBON AND ALLOY
STEEL PRODUCTS**

Docket No. 337-TA-_____

COMPLAINT UNDER SECTION 337 OF THE TARIFF ACT OF 1930, AS AMENDED

Complainant

United States Steel Corporation
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Pittsburgh, PA 15219-2800
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Proposed Respondents

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I. INTRODUCTION

1. Complainant United States Steel Corporation (“U.S. Steel”) respectfully requests that the United States International Trade Commission (“Commission”) institute an investigation into violations of Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, by proposed respondents Hebei Iron and Steel Group Co., Ltd.; Hebei Iron & Steel Group Hengshui Strip Rolling Co., Ltd.; Hebei Iron & Steel (Hong Kong) International Trade Co., Ltd.; Shanghai Baosteel Group Corporation; Baoshan Iron & Steel Co., Ltd.; Baosteel America Inc.; Jiangsu Shagang Group; Jiangsu Shagang International Trade Co., Ltd.; Anshan Iron and Steel Group; Angang Group International Trade Corporation; Angang Group Hong Kong Co. Ltd.; Wuhan Iron and Steel Group Corp.; Wuhan Iron and Steel Co., Ltd.; WISCO America Co., Ltd.; Shougang Group; China Shougang International Trade & Engineering Corporation; Shandong Iron and Steel Group Co. Ltd.; Shandong Iron and Steel Co., Ltd.; Jigang Hong Kong Holdings Co., Ltd.; Jinan Steel International Trade Co., Ltd.; Magang Group Holding Co. Ltd.; Maanshan Iron and Steel Co. Ltd.; Bohai Iron and Steel Group; Tianjin Pipe (Group) Corporation; Tianjin Pipe International Economic & Trading Corporation; TPCO Enterprise, Inc.; TPCO America Corporation; Benxi Steel (Group) Co. Ltd.; Benxi Iron and Steel (Group) International Economic and Trading Co. Ltd.; Hunan Valin Steel Co. Ltd.; Hunan Valin Xiangtan Iron and Steel Co. Ltd. (collectively, “Proposed Manufacturer Respondents”); Tianjin Tiangang Guanye; Wuxi Sunny Xin Rui Science and Technology Co., Ltd.; Taian JNC Industrial Co., Ltd.; EQ Metal (Shanghai) Co., Ltd.; Kunshan Xinbei International Trade Co., Ltd.; Tianjin Xinhai Trade Co., Ltd.; Tianjin Xinlianxin Steel Pipe Co., Ltd.; Tianjin Xinyue Industrial and Trade Co., Ltd.; and Xian Linkun Materials (Steel Pipe Supplies) Co., Ltd. (collectively, “Proposed

Distributor Respondents” and, together with Proposed Manufacturer Respondents, “Proposed Respondents”).

2. Proposed Respondents have imported, sold for importation into the United States, or sold within the United States after importation certain carbon and alloy steel products that violate Section 337 through one or more of the following unfair acts: (1) a conspiracy to fix prices and control output and export volumes, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1; (2) the misappropriation and use of U.S. Steel’s trade secrets; and (3) the false designation of origin or manufacturer, in violation of the Lanham Act, 15 U.S.C. § 1125(a).
3. Proposed Manufacturer Respondents work together to injure U.S. competitors, including U.S. Steel. Through their cartel, the China Iron and Steel Association (“CISA”), Proposed Manufacturer Respondents conspire to control raw material input prices, share cost and capacity information, and regulate production and prices for steel products exported to the United States. Proposed Manufacturer Respondents also share production schedules and time the release of products across multiple companies. This enables them to coordinate exports of new products to flood the U.S. market and destroy competitors.
4. Some of the Proposed Manufacturer Respondents have used valuable trade secrets stolen from U.S. Steel to produce advanced high-strength steel that no Chinese manufacturer had been able to commercialize before the theft. In January 2011, the Chinese government hacked U.S. Steel’s research computers and equipment, stealing proprietary methods for manufacturing these products. Soon thereafter, the Baosteel Respondents began producing and exporting the very highest grades of advanced high-strength steel,

even though they had previously been unable to do so. Chinese imports created with U.S. Steel's stolen trade secrets compete against and undercut U.S. Steel's own products.

5. Proposed Respondents create documentation showing false countries of origin and false manufacturers for Chinese steel products. They also transship them through third countries to disguise their country of origin, circumvent anti-dumping and countervailing duty orders, and deceive steel consumers about the origin of Chinese steel.
6. U.S. Steel has a substantial domestic industry in the steel products at issue and employs more than fifteen thousand steelworkers. Annually, the company can produce up to 17 million tons of steel products at facilities located across the United States. *See* Exhibit 1 at 18. As an integrated manufacturer, the company produces steel from raw iron ore all the way through to finished steel products using confidential and proprietary trade secrets. Proposed Respondents' unfair trade practices have caused substantial injury and threaten further injury to U.S. Steel's domestic industry—from idling mills and finishing facilities to the loss of thousands of American jobs.
7. U.S. Steel seeks a limited exclusion order barring from entry into the United States all unfairly traded Chinese steel products that are manufactured abroad, sold for importation, imported, or sold in the United States after importation by or on behalf of the Proposed Respondents.
8. U.S. Steel further seeks permanent cease and desist orders prohibiting Proposed Respondents from the importation, sale, sale for importation, marketing, advertisement, distribution, offering for sale, use after importation, sale after importation, packaging,

transfer (except for exportation), solicitation of United States agents or distributors, or aiding and abetting other entities in the importation, sale for importation, sale after importation, transfer (except for exportation), or distribution of all unfairly traded Chinese steel products.

9. U.S. Steel further seeks a general exclusion order barring from entry into the United States all unfairly traded Chinese steel products that are manufactured abroad, sold for importation, imported, or sold in the United States after importation. The Chinese steel industry conspires and acts in concert in an anticompetitive way to set and enforce prices and volumes of steel sold by all Chinese steel manufacturers to the United States. The Chinese steel industry benefits from its government's theft of U.S. Steel's trade secrets. The Proposed Respondents have circumvented anti-dumping and countervailing duty orders through a pattern of falsifying origin documents and transshipping through third countries, making it difficult to identify the source of unfairly traded products. Overall, unfair trade is a routine practice of the Chinese steel industry. To prevent Proposed Respondents from utilizing their myriad methods, affiliates, and surrogates to circumvent limited exclusion orders directed to products of named Respondents, because there has been a pattern of violation of Section 337, and because it is difficult to identify the source of unfairly traded steel products, a general exclusion order is necessary.

II. COMPLAINANT

10. U.S. Steel is the largest American-headquartered integrated steel company in the United States and the fifteenth-largest steel producer in the world. U.S. Steel is incorporated in Delaware and headquartered at U.S. Steel Tower, 600 Grant Street, Pittsburgh, Pennsylvania. *See* Exhibit 1 at 1.

11. Founded in 1901 by merging the Carnegie, National, and Federal Steel companies, along with several others, U.S. Steel has been at the industry's forefront for 115 years. *See* Exhibit 2. U.S. Steel has developed countless innovations benefiting not only the company, but the American public at large.
12. U.S. Steel's role in the U.S. economy and continued existence has been and continues to be critical to national security. U.S. Steel developed the mobile landing strip in World War II to project American airpower whenever and wherever needed. At the same time, it manufactured 90% of the steel needed to produce 21 million helmets. *See* Exhibit 67.
13. U.S. Steel maintains the ability to serve the nation's military and commercial needs. Its tubular products help secure the U.S. energy supply. Its Advanced High-Strength Steel products make American-made cars safer and more fuel efficient. Its broad range of facilities located across multiple states ensure that its products can be quickly delivered throughout the country.
14. U.S. Steel operates facilities throughout the United States, including the Mon Valley Works in Pennsylvania, the Great Lakes Works in Michigan, the Gary Works in Indiana, the Granite City Works in Illinois, and numerous other locations. *See* Exhibit 1 at 30.
15. Integrated steel manufacturing involves multiple complex steps, including extracting iron from ore, producing crude steel using differing chemistries, and rolling and finishing that steel in a variety of ways. U.S. Steel maintains the ability to produce substantial quantities of steel from domestically mined raw iron ore all the way through to finished products. *See* Exhibit 1 at 31-34, 50-51 (discussing U.S. Steel facilities and capabilities).

16. Steel producers increasingly differentiate themselves by creating complex melt chemistries, applying advanced finishing processes, and employing different coatings. These steps yield steel with special properties, such as strength, flexibility, and corrosion resistance. U.S. Steel invests millions of dollars on research and development, and uses the trade secrets that result from this work at sophisticated facilities throughout the United States to offer steel consumers a wide variety of high-quality steel products. *See* Exhibit 58 at ¶ 5.
17. Despite U.S. Steel's efforts to compete fairly, Chinese steel imports have substantially injured and threaten to further injure its domestic industry through concerted price and output maneuvers, theft of U.S. Steel's trade secrets, and by falsifying Chinese steel's country of origin and manufacturer to evade anti-dumping and countervailing duties. U.S. Steel therefore seeks remedial relief against Proposed Respondents' unfair acts.

III. PROPOSED RESPONDENTS

A. Manufacturer Respondents

1. Hebei Respondents

18. Proposed Hebei Respondents are all related companies. Hebei Iron and Steel Group Co., Ltd., also known as Hesteel Group Co. Ltd., is the largest steel producer in China and the third-largest steel producer in the world. *See* Exhibit 3 at 3. Hebei Iron & Steel Group Hengshui Strip Rolling Co., Ltd. is a subsidiary of Hebei Iron and Steel Group Co., Ltd. *See id.* at 2-5. Hebei Iron & Steel (Hong Kong) International Trade Co., Ltd. is a subsidiary of Hebei Iron and Steel Group Co., Ltd. *See id.* at 6.
19. Proposed Respondent Hebei Iron and Steel Group Co., Ltd. has offices at 385 Sports South Avenue, Shijiazhuang City, 050023 Hebei Province, China. *See id.* at 38.

20. Proposed Respondent Hebei Iron & Steel Group Hengshui Strip Rolling Co., Ltd.—which also operates under the name Hesteel Hengstrip—manufactures and markets steel products. Hebei Hengshui has offices at No. 29, Yuhua West Road, Tangcheng District, Hengshui City, 053000 Hebei Province, China. *See id.* at 39-40.
21. Proposed Respondent Hebei Iron & Steel (Hong Kong) International Trade Co., Ltd. trades in steel products. Hebei Hong Kong has offices at Suite 2705, 27th Floor, No. 9 Queen’s Road Central, Hong Kong, China. *See id.* at 41.

2. Baosteel Respondents

22. Proposed Baosteel Respondents are all related companies. Shanghai Baosteel Group Corporation, commonly called Baosteel, is the second-largest steel producer in China and the fourth-largest steel producer in the world. *See id.* at 7. Baoshan Iron & Steel Co., Ltd. is a subsidiary of Shanghai Baosteel Group Corporation. *See id.* at 8. Baosteel America Inc. is a wholly owned subsidiary of Shanghai Baosteel Group Corporation. *See id.* at 9.
23. Proposed Respondent Shanghai Baosteel Group Corporation has headquarters at Baoshan Iron & Steel Building, 370 Pudian, Pudong New Area, 200122 Shanghai, China. *See id.* at 42.
24. Proposed Respondent Baoshan Iron & Steel Co., Ltd. produces iron and steel products. Baoshan Iron & Steel has headquarters at Baosteel Administrative Center, No. 885 Fujin Road, Baoshan District, 201900 Shanghai, China. *See id.* at 43.
25. Proposed Respondent Baosteel America Inc. trades steel products in the markets of North and South America. Baosteel America has headquarters at 85 Chestnut Ridge Road, Montvale, New Jersey 07645. *See id.* at 44.

3. Jiangsu Shagang Respondents

26. Proposed Jiangsu Shagang Respondents are all related companies. Jiangsu Shagang Group, commonly called Shagang Group or Shasteel, is the third-largest steel producer in China and the sixth-largest steel producer in the world. Jiangsu Shagang International Trade Co., Ltd.—which also operates under the name Shagang ITC—is a subsidiary of Jiangsu Shagang Group. *See id.* at 11.
27. Proposed Respondent Jiangsu Shagang Group has headquarters at Yongxin Road, Zhangjiagang, Suzhou City, 215625 Jiangsu Province, China. *See id.* at 45.
28. Proposed Respondent Jiangsu Shagang International Trade Co., Ltd. trades in steel products. Shagang ITC has offices at 4,5/F, Shagang Building, Jinfeng Town, Zhangjiagang, 215625 Jiangsu Province, China. *See id.* at 46.

4. Ansteel Respondents

29. Proposed Ansteel Respondents are all related companies. Proposed Respondent Anshan Iron and Steel Group, commonly called Ansteel, is the fourth-largest steel producer in China and the seventh-largest steel producer in the world. Angang Group International Trade Corporation is a wholly owned subsidiary of Anshan Iron and Steel Group. *See id.* at 12-13. Angang Group Hong Kong Co. Ltd. is a wholly owned subsidiary of Anshan Iron and Steel Group. *See id.* at 14.
30. Proposed Respondent Anshan Iron and Steel Group has headquarters at 77 Dong Shan Street, Tie Dong District, Anshan City, 114009 Liaoning Province, China. *See id.* at 48.
31. Proposed Respondent Angang Group International Trade Corporation exports steel products produced by Ansteel and trades in other steel products. Angang ITC has offices at No. 322 South Zhonghua Road, Tiedong District, 114002 Anshan, Liaoning Province, China. *See id.* at 49.

32. Proposed Respondent Angang Group Hong Kong Co. Ltd. exports steel products. Angang Group Hong Kong has offices at Room 3412-13, 34/F Convention Plaza Officer Tower, 1 Harbour Road, Wanchai, Hong Kong, China. *See id.* at 50.

5. Wuhan / WISCO Respondents

33. Proposed Wuhan / WISCO Respondents are all related companies. Wuhan Iron and Steel Group Corp., commonly called WISCO, is the fifth-largest steel producer in China and the eighth-largest steel producer in the world. Wuhan Iron and Steel Co., Ltd., is a subsidiary of WISCO. *Id.* at 16. WISCO America Co., Ltd. is a wholly owned subsidiary of WISCO. *See id.* at 17.
34. Proposed Respondent Wuhan Iron and Steel Group Corp. has headquarters at Changqian, Qingshan District, 430083 Hubei Province, China. *See id.* at 51.
35. Proposed Respondent Wuhan Iron and Steel Co., Ltd. produces and exports steel products. Wuhan Iron and Steel Co., Ltd. has headquarters at 3 Yangang Road, Qingshan District, Wuhan City, 430083 Hubei Province, China. *See id.* at 51-52.
36. Proposed Respondent WISCO America Co., Ltd. trades iron and steel products in the American market. WISCO America has headquarters at 2006 Birch Street, Suite 300, Newport Beach, CA 92660. *See id.* at 53.

6. Shougang Respondents

37. Proposed Shougang Respondents are all related companies. Shougang Group is the sixth-largest steel producer in China and the tenth-largest steel producer in the world. China Shougang International Trade & Engineering Corporation is a wholly owned subsidiary of Shougang Group. *See id.* at 19.
38. Proposed Respondent Shougang Group has offices at 68 Shijingshan Road, Shijingshan District, 100041 Beijing, China. *See id.* at 54.

39. Proposed Respondent China Shougang International Trade & Engineering Corporation contracts for overseas engineering projects with the assistance of Shougang Group. Shougang International Trade & Engineering has headquarters at 60 North Street, Xizhimen, Haidian District, Beijing, China. *See id.* at 55.

7. Shandong Respondents

40. Proposed Shandong Respondents are all related companies. Shandong Iron and Steel Group Co. Ltd. is the seventh-largest steel producer in China and the twelfth-largest steel producer in the world. Shandong Iron and Steel Co., Ltd. is a subsidiary of Shandong Group. *See id.* at 21. Jigang Hong Kong Holdings Co., Ltd. is a subsidiary of Shandong Group. *See id.* at 22-23. Jinan Steel International Trade Co., Ltd. is a subsidiary of Shandong Group. *See id.* at 24.

41. Proposed Respondent Shandong Group has headquarters at Building 4 Shuntai Square, No. 2000 Shunhua Road, Jinan City, 250101 Shandong Province, China. *See id.* at 56.

42. Proposed Respondent Shandong Iron and Steel Co., Ltd. manufactures and markets iron and steel products. Shandong Iron and Steel has headquarters at 21 Gongye North Road, Licheng District, Jinan City, 250101 Shandong Province, China. *See id.* at 57.

43. Proposed Respondent Jigang Hong Kong Holdings Co., Ltd. trades in steel products. Jigang Hong Kong has offices at Room 4206, 42/F, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong, China. *See id.* at 58.

44. Proposed Respondent Jinan Steel International Trade Co., Ltd. manufactures and markets iron and steel products. Jinan Steel International Trade has offices at 21 Gongye North Road, Licheng District, Jinan City, 250101 Shandong Province, China. *See id.* at 59.

8. Magang / Masteel Respondents

45. Proposed Magang / Masteel Respondents are all related companies. Magang Group Holding Co. Ltd., commonly called Masteel, is the eighth-largest steel producer in China and the seventeenth-largest steel producer in the world. Maanshan Iron and Steel Co. Ltd. is a subsidiary of Magang Group Holding Co. Ltd. *See id.* at 26.
46. Proposed Respondent Magang Group Holding Co. Ltd. has headquarters at 8 Jiuhuaxi Road, Maanshan City, 243003 Anhui Province, China. *See id.* at 60.
47. Proposed Respondent Maanshan Iron and Steel Co. Ltd. manufactures and markets iron and steel products. Maanshan Iron and Steel has headquarters at 8 Jiuhuaxi Road, Maanshan City, 243003 Anhui Province, China. *See id.* at 61.

9. Bohai Respondents

48. Proposed Bohai Respondents are all related companies. Bohai Iron and Steel Group is the ninth-largest steel producer in China and the eighteenth-largest steel producer in the world. Tianjin Pipe (Group) Corporation is a wholly owned subsidiary of Bohai Iron and Steel Group. *See id.* at 28. Tianjin Pipe International Economic & Trading Corporation is a wholly owned subsidiary of Tianjin Pipe (Group) Corporation. *See id.* at 31. TPCO Enterprise, Inc. is a wholly owned subsidiary of Tianjin Pipe International Economic & Trading Corporation. *See id.* at 29-30. TPCO America Corporation is a subsidiary of Tianjin Pipe (Group) Corporation. *See id.* at 32.
49. Proposed Respondent Bohai Iron and Steel Group has headquarters at No. 74 MaChang Road, Heping District, 300050 Tianjin Province, China. *See id.* at 62.
50. Proposed Respondent Tianjin Pipe (Group) Corporation manufactures and markets steel pipe products. Tianjin Pipe Group has headquarters at 396 Jintang Highway, Dongli District, 300301 Tianjin Province, China. *See id.* at 63-64.

51. Proposed Respondent Tianjin Pipe International Economic & Trading Corporation trades in steel pipe products. Tianjin Pipe International has headquarters at 396 Jintang Highway, Dongli District, 300301 Tianjin Province, China. *See id.* at 65.
52. Proposed Respondent TPCO Enterprise, Inc. produces steel pipe. TPCO Enterprise has headquarters at 10700 Richmond Avenue, Suite 302, Houston, Texas 77042. *Id.* at 66.
53. Proposed Respondent TPCO America Corporation produces steel pipe. TPCO America has headquarters at 5431 Highway 35, Gregory, Texas 78359. *See id.* at 67.

10. Benxi Respondents

54. Proposed Benxi Respondents are all related companies. Benxi Steel (Group) Co. Ltd. is the tenth-largest steel producer in China and the twenty-third largest steel producer in the world. Benxi Iron and Steel (Group) International Economic and Trading Co. Ltd. is a subsidiary of Benxi Steel (Group) Co. Ltd. *See id.* at 34.
55. Proposed Respondent Benxi Steel (Group) Co. Ltd. has offices at 16 Renmin Road, Pingshan District, Benxi City, 117000 Liaoning Province, China. *See id.* at 68.
56. Proposed Respondent Benxi Iron and Steel (Group) International Economic and Trading Co. Ltd. trades iron and steel products. Benxi Iron and Steel International has headquarters at 8/F, 9 Dongming Avenue, Pingshan District, Benxi City, 117000 Liaoning Province, China. *See id.* at 69.

11. Hunan Valin Respondents

57. Proposed Hunan Valin Respondents are all related companies. Hunan Valin Steel Co. Ltd. is the eleventh-largest steel producer in China and the twenty-fourth largest steel producer in the world. Hunan Valin Xiangtan Iron and Steel Co. Ltd. is a subsidiary of Hunan Valin Steel Co. Ltd. *See id.* at 36.

58. Proposed Respondent Hunan Valin Steel Co. Ltd. has headquarters at No. 222 House Road, Changsha City, 410004 Hunan Province, China. *See id.* at 70.
59. Proposed Respondent Hunan Valin Xiangtan Iron and Steel Co. Ltd. produces and trades steel products. Hunan Valin Xiangtan has headquarters at Yuetang Road, Yuetang District, Xiangtan City, 411101 Hunan Province, China. *See id.* at 71.

B. Distributor Respondents

60. Proposed Respondent Tianjin Tiangang Guanye Co., Ltd. is a steel distributor with offices at 1-13 Zhufangyuan, Duwang New City, Beichen District, 300400 Tianjin, China. *See id.* at 72. As discussed in Section V.C.3.a, TTG holds itself out as a distributor for Baosteel and Ansteel. As further discussed there, TTG offers to transship products through Thailand and create false origin documents to evade U.S. duties.
61. Proposed Respondent Wuxi Sunny Xin Rui Science and Technology Co., Ltd. is a steel distributor with offices at 21 Shixin Road, Dongbeitang, Xishan District, 214000 Wuxi Province, China. *See id.* at 73. As discussed in Section V.C.3.b, Wuxi Sunny holds itself out as a distributor for Baosteel, Ansteel, and Wuhan. As further discussed there, Wuxi Sunny offers to transship Chinese steel products through Malaysia and create false origin documents to evade U.S. duties.
62. Proposed Respondent Taian JNC Industrial Co., Ltd. is a steel distributor with offices at 666 Nantianmen Street, Hi-Tech Industry Development Zone, Tai'an City, 271000 Shandong Province, China. *See id.* at 74. As discussed in Section V.C.3.c, Taian JNC holds itself out as a distributor for Baosteel, Ansteel, Wuhan, Shandong, and Benxi. As further discussed there, Taian JNC offers to transship Chinese steel products through Malaysia, Singapore, or Hong Kong, and create false origin documents to evade U.S. duties.

63. Proposed Respondent EQ Metal (Shanghai) Co., Ltd. is a steel distributor with offices at Rm. 803, 86 Sibao Road, Sijing Town, Songjiang District, Shanghai, China. *See id.* at 75. As discussed in Section V.C.3.d, EQ Metal holds itself out as a distributor for Baosteel, Jiangsu Shagang, Ansteel, Wuhan, Shougang, Magang, and Benxi. As further discussed there, EQ Metal offers to transship Chinese steel products through Singapore and create false origin documents to evade U.S. duties.
64. Proposed Respondent Kunshan Xinbei International Trade Co., Ltd. is a steel distributor with offices at No. 351, Lvzhou Shanyu, Yushan Town, Suzhou, Jiangsu, China. *See id.* at 76. As discussed in Section V.C.3.e, Kunshan Xinbei holds itself out as a distributor for Baosteel, Wuhan, and Ansteel. As further discussed there, Kunshan Xinbei offers to transship Chinese steel products through Malaysia and create false origin documents to evade U.S. duties.
65. Proposed Respondent Tianjin Xinhai Trade Co., Ltd. is a steel distributor with offices at Floor 11, Tonggang Liye Building, Junliangcheng, Dongli District, 300450 Tianjin, China. *See id.* at 77. As discussed in Section V.C.3.f, Tianjin Xinhai holds itself out as a distributor for Hebei. As further discussed there, Tianjin Xinhai offers to transship Chinese steel products through Malaysia and create false origin documents to evade U.S. duties.
66. Proposed Respondent Tianjin Xinlianxin Steel Pipe Co., Ltd. is a steel distributor with offices at 8 Juhai Road, Jinghai Development Area, 301600 Tianjin, China. *See id.* at 78. As discussed in Section V.C.2.g, Tianjin Xinlianxin holds itself out as a distributor for Baosteel. As further discussed there, Tianjin Xinlianxin offers to transship Chinese steel products through Thailand and create false origin documents to evade U.S. duties.

67. Proposed Respondent Tianjin Xinyue Industrial and Trade Co., Ltd. is a steel distributor with offices at Daquiuzhuang Industrial Area, 301606 Tianjin, China. *See id.* at 79. As discussed in Section V.C.3.h, Tianjin Xinyue holds itself out as a distributor for Baosteel. As further discussed there, Tianjin Xinlianxin offers to transship Chinese steel products through Malaysia and create false origin documents to evade U.S. duties.
68. Proposed Respondent Xian Linkun Materials (Steel Pipe Supplies) Co., Ltd. is a steel distributor with offices at Compound A8, E-Pang Road, Lianhu District, Xi'an City, 710005 Shaanxi Province, China. *See id.* at 80. As discussed in Section V.C.3.i, Xian Linkun holds itself out as a distributor for Baosteel. As further discussed there, Xian Linkun offers to transship Chinese steel products through Indonesia and create false origin documents to evade U.S. duties.

C. Specific Allegations Against the Proposed Respondents

69. Complainant asserts the following causes of action against the following Proposed Respondents:

Respondent Group	Price Fixing	Trade Secrets	False Designation
Hebei Group	X		X
Baosteel Group	X	X	X
Jiangsu Shagang Group	X		X
Ansteel Group	X		X
Wuhan / WISCO Group	X		X
Shougang Group	X		X
Shandong Group	X		X
Magang / Masteel Group	X		X
Bohai Group	X		
Benxi Group	X		X

Hunan Valin Group	X		
Tianjin Tiangang Guanye			X
Wuxi Sunny Xin Rui Science and Technology Co., Ltd.			X
Taian JNC Industrial Co., Ltd.			X
EQ Metal (Shanghai) Co., Ltd.			X
Kunshan Xinbei International Trade Co., Ltd.			X
Tianjin Xinhai Trade Co., Ltd.			X
Tianjin Xinlianxin Steel Pipe Co., Ltd.			X
Tianjin Xinyue Industrial and Trade Co., Ltd.			X
Xian Linkun Materials (Steel Pipe Supplies) Co., Ltd.			X

IV. THE PRODUCTS AT ISSUE

70. As discussed in detail below, Proposed Respondents have engaged in unfair trade practices across their entire range of carbon and alloy steel products, and the product mix exported to the United States changes from time to time. Pursuant to Commission Rule 210.12(a)(12), U.S. Steel identifies all Chinese carbon and alloy steel products as falling within the scope of this Complaint.

V. UNLAWFUL AND UNFAIR ACTS OF RESPONDENTS

A. Conspiring to Fix Prices and Control Output and Export Volumes

71. Proposed Manufacturer Respondents conspire to control raw material inputs, production output, export volumes, and prices, violating at least Section 1 of the Sherman Act, 15 U.S.C. § 1.

72. Through their cartel, the China Iron and Steel Association, Proposed Manufacturer Respondents agree to set prices at levels that undercut their competitors in the United States. *See infra* Section V.A.1 and V.A.2. When prices drop too low to provide

sufficient return, Proposed Manufacturer Respondents jointly restrict production and thereby support the price. *See infra* Section V.A.2. To facilitate their price fixing and output regulation, Proposed Manufacturer Respondents share cost data, production schedules, production volumes, export volumes, and pricing information. *See infra* Section V.A.1. Proposed Respondents also demonstrate irrational coordinated actions, such as simultaneous investments in unneeded production capacity, further confirming their conspiracy. *See infra* Section V.A.3.

73. Under Section 337, the Commission has jurisdiction to exclude articles entering the United States that were manufactured, imported, or sold in connection with a Sherman Act conspiracy. *See, e.g., In re Certain Color Television Receiving Sets*, Inv. No. 337-TA-23, 42 Fed. Reg. 30262, 30262-63 (U.S.I.T.C. June 10, 1977) (finding jurisdiction and entering a consent order barring foreign television manufacturer Respondents from fixing prices, dividing markets, or restricting sales).

1. CISA Members Share Production and Price Information

74. In the late 1990s, many Chinese industry sectors were experiencing price depression brought by intra-industry competition and over-production. These industries formed cartels expressly to “agree not to sell their products below a certain price”:

Many other sectors were also experiencing price deflation in the late 1990s for precisely the same reasons, leading them to complain and call for action to halt the price slides. In many industries, support coalesced around price cartels in which firms would agree not to sell their products below a certain price. Advocates of cartels cited Chinese laws that forbade dumping and permitted ‘industry organizations’ to help firms ‘strengthen price self discipline.’

.....

In late July [1998], firms from multiple industries issued joint written appeals to the State Economic and Trade Commission to

‘standardize market order’ by encouraging trade associations to organize ‘self-discipline prices’ (*ziluji*), that is, price cartels, thereby eliminating what they alternatively called ‘vicious competition’ (*exing jingzheng*) and ‘disorderly competition’ (*wuxu jingzheng*).

Exhibit 4 at 78-79.

75. The Chinese steel industry attempted to impose the same “self-discipline,” but its trade associations were weaker and more fragmented. When forming CISA in 1999, Chinese steelmakers remedied this “deficiency” by giving CISA the express mandate to coordinate prices. *See* Exhibit 4 at 67 (“[T]he goal [in forming CISA] was to . . . have CISA take over as the industry’s chief regulator on all major policy issues, including enterprise restructuring, standard setting, the oversight and coordination of prices and production, and international trade disputes.”); *id.* at 83 (“The creation of the China Iron and Steel Association, which has coordinating prices among its mandate, was supposed to redress this deficiency [of lacking a strong central steel trade association].”).
76. Proposed Manufacturer Respondents—all of whom are CISA members—use CISA to further their price-fixing conspiracy. Membership in CISA “is required for any company that produces over five hundred thousand tons of steel annually.” Exhibit 4 at 67. All the Proposed Manufacturer Respondents produce substantially more than that amount. *See* Exhibit 20.
77. Biographies from CISA’s website demonstrate that representatives from every Proposed Manufacturer Respondent have held leadership positions within CISA. *See* Exhibit 63. The CISA chairmanship rotates among senior executives from the Proposed Manufacturer Respondents. *See* Exhibit 5 (“CISA rotates its chairmanship among four large steel groups—Baosteel, Anshan Steel, Wuhan Steel, and Shougang—with each having two-year tenures.”).

78. CISA members have an open-book policy regarding other CISA members. They share price information, cost information, profit information, and production schedules. Such information is available only to CISA members.
79. For example, CISA members commonly share production schedules, costs, and other financial data. While negotiating new iron ore prices, Rio Tinto came into possession of this information, normally shared only among CISA members: “The miner . . . obtained information containing mills’ production schedules, raw materials costs and other financial data. China Iron & Steel Association (CISA) members have access to a file containing this information[.]” Exhibit 6.
80. CISA officials have confirmed that its members have access to detailed, confidential information about prices and costs that non-members cannot access. For example, in 2011, CISA and Shougang Chairman Zhu Jimin referenced CISA members sharing information about procurement prices and production costs. Exhibit 7 at 2.
81. Even today, CISA continues to share confidential information. In 2015, CISA and Ansteel Chairman Zhang Guangning discussed “coordination” between steel companies and specifically referenced a “purchasing information exchange platform” for sharing data among CISA members. Exhibit 8 at 5.
82. Since 2001, CISA members have met regularly for the express purpose of coordinating prices: “Since 2001, CISA’s ‘price and materials coordination group’ has brought the top ten producers together on a semiannual basis to discuss prices[.]” *See* Exhibit 4 at 223 n.93.
83. True competitors do not share “production schedules,” nor do they “discuss prices.” The Supreme Court and the Courts of Appeals have inferred an unlawful conspiracy under

the Sherman Act when supposed competitors share confidential pricing and production data. *See, e.g., United States v. United States Gypsum Co.*, 438 U.S. 422, 457 (1978) (“[E]xchange of price information among competitors carries with it the added potential for the development of concerted price-fixing arrangements[.]”); *United States v. Container Corp. of America*, 393 U.S. 333, 334-38 (1969) (holding that exchanging price information was sufficient to support a Section 1 Sherman Act claim and stating: “Price is too critical, too sensitive a control to allow it to be used even in an informal manner to restrain competition.”); *In re Flat Glass Antitrust Litig.*, 385 F.3d 350, 369 (3d Cir. 2004) (holding that pricing exchanges among high-level executives constitutes sufficient evidence of collusion to survive summary judgment).

2. CISA Coordinates and Polices Its Members’ Export Sales and Pricing

84. CISA members use shared information to coordinate prices and production. When they fail to do so effectively, CISA reminds them to maintain “self-discipline.” If companies do not comply, the association uses the Chinese government to punish them.
85. When Proposed Manufacturer Respondents succeed in overwhelming the U.S. market and injuring U.S. steelmakers, CISA signals its members to throttle back production, elevating prices for Chinese mills. For example, on November 14, 2012, CISA Vice Chairman Wang Xiaoqi told local media that “steel mills would be able to remain profitable in December only should steel output not increase from current levels.”
Exhibit 9. As the chart in the following section shows, Chinese export prices promptly increased from late 2012 to early 2013, as output was restrained in response to CISA’s directives. *See also* Exhibit 10; Exhibit 11; Exhibit 12; Exhibit 13.

86. CISA’s calls for output cuts frequently invoke the need for “self-discipline.” In a July 2015 speech, CISA and Ansteel Chairman Zhang Guangning emphasized “self-discipline” and criticized members for departures:

We have emphasized the industry self discipline for many years, and worked hard for that, but frankly speaking, the result is not ideal, because everybody hopes that others should be self-disciplinary, while not regulating themselves. Now, if the enterprises want to tide over a difficult time, the most direct and effective way is to control the output; that is to say, it is necessary to seriously comply with the self-discipline rules of this industry: ‘do not deliver the products if not paid, do not produce without a contract and do not produce when the price is less than the cost’.

Exhibit 8 at 7; *see also* Exhibit 14 (“[T]otal annual crude steel production capacity in China is approaching 1 billion tonnes, with mills still expanding CISA officials called on firms to improve ‘self-discipline’.”).

87. When individual mills would not toe the CISA line and comply with its production demands, CISA used the Chinese government to maintain production discipline. For example, in 2009, CISA blamed weak prices on smaller mills’ “‘irrational’ restoration of production,” and advocated “the central government . . . tak[ing] stricter measures to force smaller mills . . . to reduce production.” Exhibit 15. The following year, the government “asked 203 mills to shut their obsolete iron- and steel-making facilities by the end of September, or face tough penalties.” Exhibit 18; *see also* Exhibit 16; Exhibit 17.

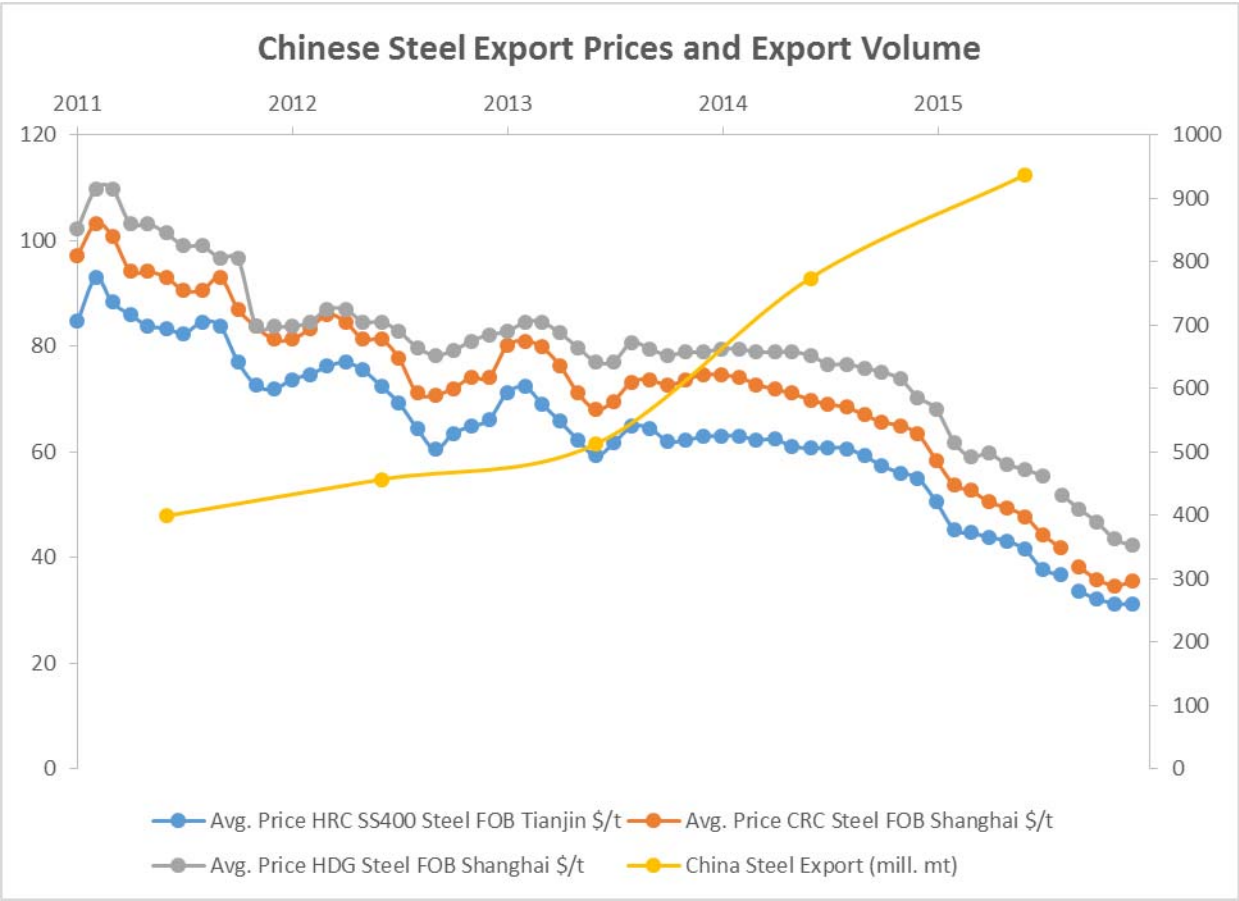
3. CISA Members Demonstrate Irrational Coordinated Action, Confirming Their Conspiracy and Intent to Injure U.S. and Foreign Competitors

88. CISA members demonstrate irrational coordinated action, a well-established hallmark of an antitrust conspiracy. Buoyed by illegal Chinese government subsidies, Proposed Manufacturer Respondents collectively but irrationally invest in unneeded production

capacity. They invest even when steel prices are low and recovery seems unlikely. They also exhibit coordinated action, simultaneously entering and expanding into mature markets. They use their combined strength to destroy U.S. and other foreign competitors.

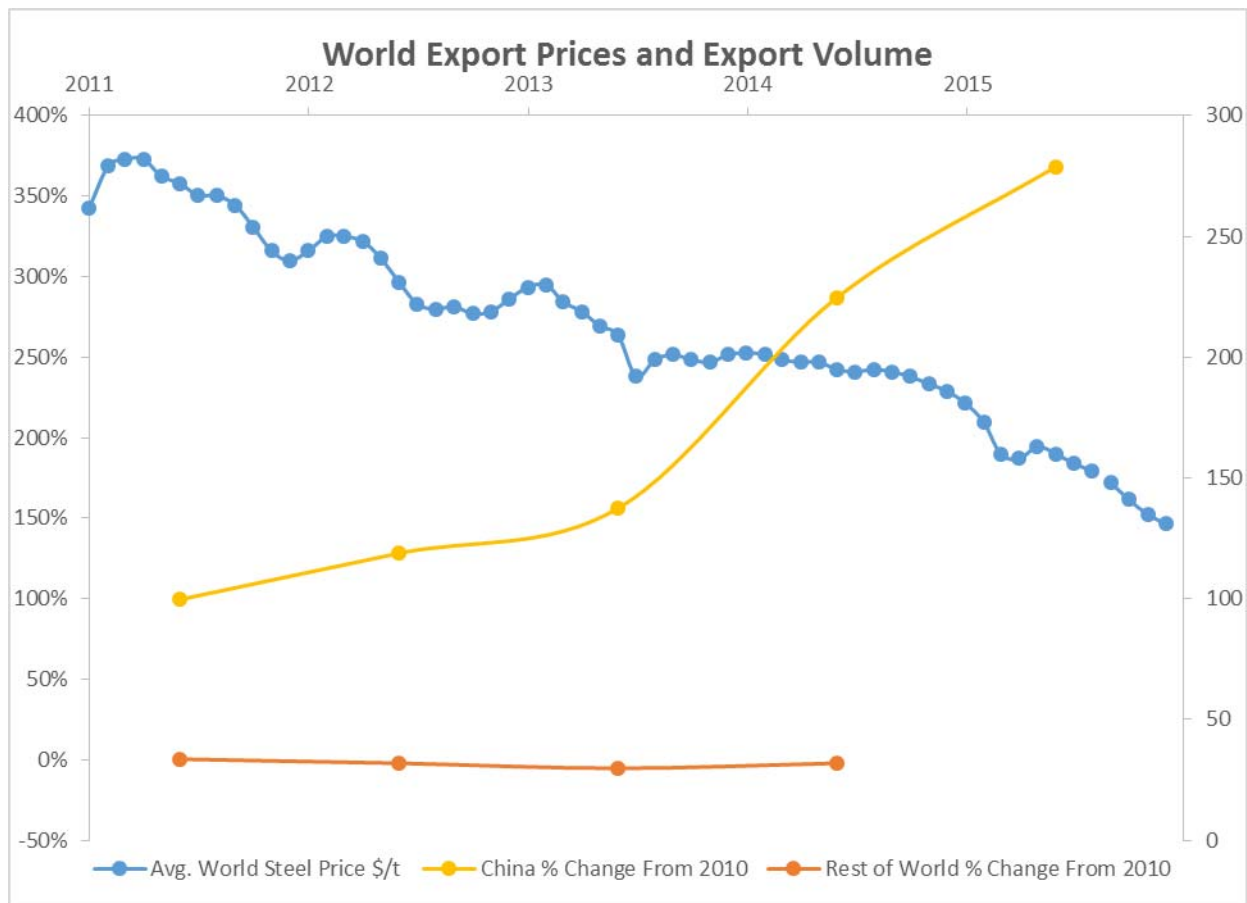
89. Due to subsidies, even when CISA chose to support prices, Proposed Manufacturer Respondents' prices remained below those in the U.S. market. The Commission determined that Chinese manufacturers significantly undercut domestic hot-rolled steel and OCTG prices. It later determined that Chinese manufacturers would likely resume underpricing should the orders be lifted. *See* Pub. 4445, *Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine*, Inv. Nos. 701-TA-405 et al. (U.S.I.T.C. Jan. 2014), at 43; Pub. 4532, *Oil Country Tubular Goods From China*, Inv. Nos. 701-TA-463 and 731-TA-1159 (U.S.I.T.C. May 2015), at 15. As the Commerce Department has determined, Chinese manufacturers routinely sell their products at less than fair value. *See* 66 Fed. Reg. 59561 (Nov. 29, 2001) (hot-rolled); 79 Fed. Reg. 7425 (Feb. 7, 2014) (hot-rolled continuation); 75 Fed. Reg. 28551 (May 21, 2010) (OCTG); 80 Fed. Reg. 28224 (May 18, 2015) (OCTG continuation); 81 Fed. Reg. 75 (Jan. 4, 2016) (corrosion-resistant preliminary determination); 81 Fed. Reg. 11751 (Mar. 7, 2016) (cold-rolled preliminary determination).
90. Despite substantial price declines, unprofitable periods, and acknowledged overcapacity, Proposed Manufacturer Respondents continue to build new plants and export more steel, further adding to the steel glut in both the global and U.S. markets. For example, the following chart shows export prices for three different types of Chinese steel. Despite a

substantial and prolonged price decline across all three indexes, exports continue to increase due to irrationally expanded capacity:



See Exhibit 19.

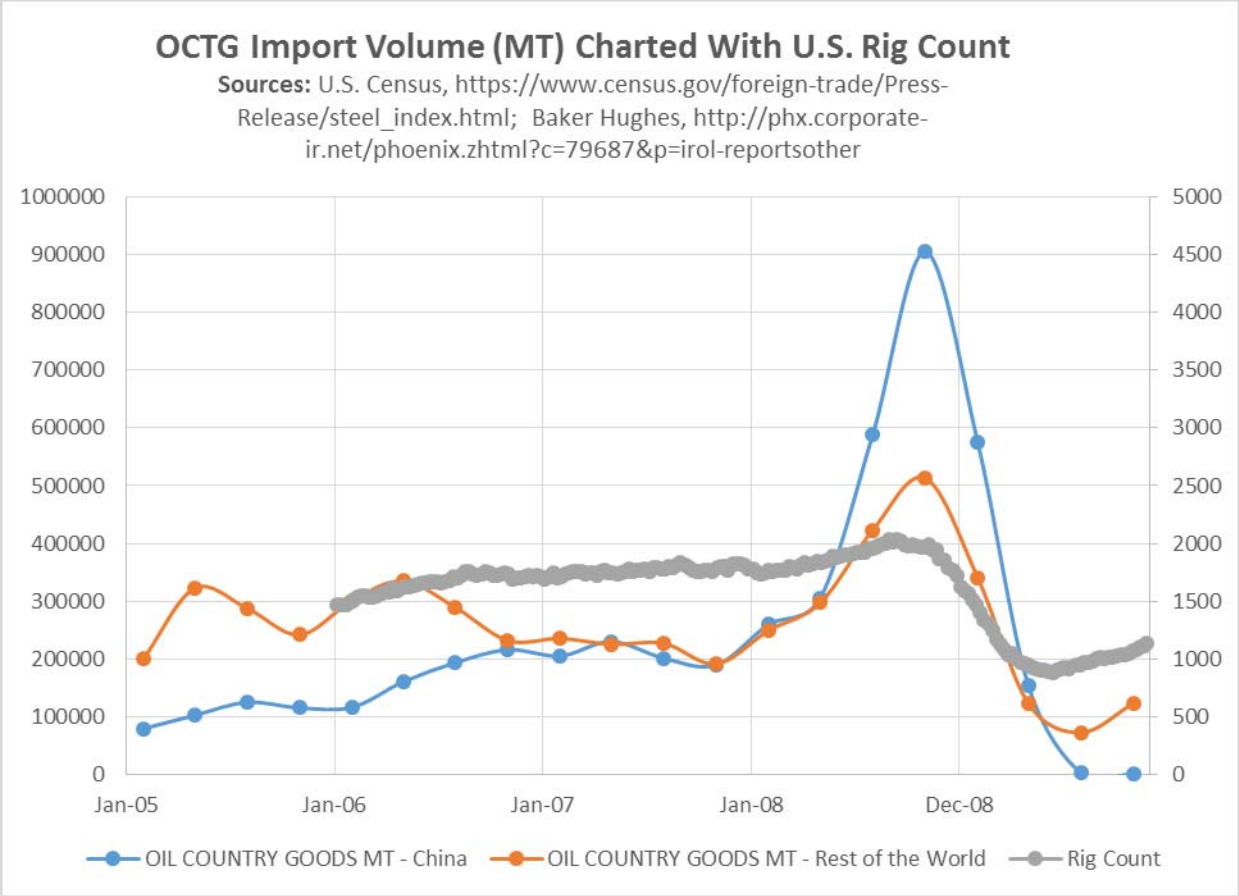
91. This comparison proves especially stark in relation to the rational behavior demonstrated by other steel exporters faced with a global price decline. While exports from Chinese manufacturers increased nearly 400%, exports from the rest of the world remained flat:



See Exhibit 19 (rest-of-world export data from 2015 not yet available).

92. These statistics demonstrate coordinated action by Proposed Manufacturer Respondents. China’s export volume could not have reached the current level through any single company acting alone. From 2011 to 2015, China’s steel exports increased by approximately 65 million metric tons. See Exhibit 19. That increase significantly exceeds the total capacity for any individual Proposed Manufacturer Respondent. See Exhibit 20.
93. As another example, from Q4 2007 to Q4 2008, Chinese oil-country tubular goods (OCTG) exports to the United States more than quadrupled, suggesting that Chinese OCTG manufacturers simultaneously ramped up capacity and production to overwhelm U.S. industry. This change was unusual for at least two reasons: First, it showed

substantial coordinated movement across the Chinese industry, despite the 18-month lead time required to stand up new OCTG capacity. Second, it vastly exceeded the modest growth in OCTG consumption, which better aligned with the relatively small increase in non-Chinese OCTG exports:



94. The chart above shows U.S. OCTG imports from China and the rest of the world, alongside OCTG consumption as measured by rig count. Rig count provides a proxy for OCTG demand and allows us to see how Chinese manufacturers and other global manufacturers reacted to a relatively modest increase in demand.¹ Chinese manufacturers’ exports to the United States vastly exceeded the market’s demand. This

¹ The Commission previously used rig count to measure OCTG consumption when it renewed the antidumping orders against Chinese OCTG. *See Oil Country Tubular Goods from China*, Inv. Nos. 701-TA-463 and 731-TA-1159, Pub. No. 4532, at 11 (May 2015).

suggests that they stockpiled inventory far beyond what the market demanded or expected to demand, and then used it in a massive coordinated move to destroy the U.S. market.

95. Chinese manufacturers only relented when the wider economy crashed in 2008. In 2009, before the Chinese manufacturers could resume their attack, the Commerce Department imposed anti-dumping duties against them. Since then, they have made every effort to circumvent those duties, as explained below.
96. Trade journals and other reporting confirm Proposed Manufacturer Respondents' irrational investments. For example, on November 19, 2012, CISA vice chairman Wang Xiaoqi acknowledged that "[t]he worsening overcapacity problem was the key reason behind 'low steel prices and strong iron ore prices,'" but the article quoting him also noted that "crude steel capacity should continue to increase in the following years" with new projects. Exhibit 21.
97. As recently as three weeks ago, on April 6, 2016, Business Insider reported that, despite "record low" steel prices and acknowledged overcapacity, Baosteel still planned to "increase output by 20% in 2016." Exhibit 22; *see also* Exhibit 23; Exhibit 24; Exhibit 25; Exhibit 26; Exhibit 27; Exhibit 28; Exhibit 29; Exhibit 30; Exhibit 31; Exhibit 32; and Exhibit 33.
98. Both large-scale statistics and specific examples illustrate Proposed Manufacturer Respondents' economically irrational and parallel decisions in violation of Section 1 of the Sherman Act. When companies simultaneously make economically irrational moves, their behavior points to collusion. *See In re Text Messaging Antitrust Litig.*, 630 F.3d 622, 627 (7th Cir. 2010) ("Parallel behavior of a sort anomalous in a competitive market

is thus a symptom of price fixing[.]”); *Todd v. Exxon Corp.*, 275 F.3d 191, 198 (2d Cir. 2001) (“[A] horizontal price-fixing agreement may be inferred on the basis of conscious parallelism, when such interdependent conduct is accompanied by circumstantial evidence and plus factors such as defendants’ use of facilitating practices.”).

99. Proposed Manufacturer Respondents share information that genuine competitors would keep private. They coordinate economically irrational moves. They openly control prices and production, while wielding the Chinese state as a weapon against dissenters. Conspiracies to restrain competition are a *per se* violation of the Sherman Act because they inevitably destroy competition.

B. Misappropriating U.S. Steel’s Trade Secrets

100. Former National Security Agency director General Keith Alexander has called trade secret theft through cybercrime “the greatest transfer of wealth in history.” Exhibit 34. With support from the Chinese government, Proposed Manufacturer Respondents stole valuable trade secrets from U.S. Steel and incorporated them into products that are exported and sold in the United States. Throughout 2010, the Chinese government subjected U.S. Steel to cyber attacks intended to aid China’s state-owned steel enterprises. In an unprecedented move, a U.S. grand jury later indicted specifically identified Chinese government hackers for these attacks. In 2011, Chinese government hackers again stole valuable trade secrets and Proposed Manufacturer Respondents began making products they had not previously commercialized.

1. U.S. Steel Developed and Maintained Advanced High-Strength Steel Trade Secrets

101. U.S. Steel has developed proprietary and confidential trade secrets to manufacture Advanced High-Strength Steel (“AHSS”). These trade secrets enable U.S. Steel to efficiently produce high-end steel grades.
102. These steels are used heavily in the automotive industry because of their strength, light weight, flexibility, and corrosion resistance. AHSS is also expanding beyond automotive uses into industries like agriculture and heavy machinery.
103. Trade secrets involved in creating AHSS steel include: (a) the particular chemistry for both the steel and its coating; (b) the critical temperatures for heating, cooling, and coating the steel; (c) the hold times for each temperature; and (d) the capabilities and layout of the intended production line, which will affect how quickly a steel heats and cools and how well it maintains a steady temperature.
104. In January 2011, a Chinese cyber attack stole several gigabytes of U.S. Steel’s trade secret research data on Dual-Phase 590, 780, and 980, among other trade secrets.

a. U.S. Steel’s Processes to Manufacture Advanced High-Strength Steel Are Valuable Trade Secrets

105. AHSS ranks among U.S. Steel’s most demanding products. It needs strength, so it can resist impact and improve safety. It needs flexibility, so an automaker can bend and shape it. It needs to be light, so an automaker does not sacrifice fuel efficiency by using it. It needs corrosion-resistance. Finally, any visible surface needs to be completely smooth, able to take a flawless paint finish. The automotive market for AHSS continues to expand as more automakers use it for more parts in their vehicles.
106. U.S. Steel has spent millions of dollars on R&D over more than a decade to develop and improve AHSS’ capabilities. *See* Exhibit 58 at ¶ 5. Using different chemistries, along

with different processes for manufacturing and coating the steel, U.S. Steel has developed stronger, more flexible, more sustainable steel, all while improving safety performance.

107. U.S. Steel protects its trade secrets with both legal and technological safeguards. Employees and manufacturing partners sign non-disclosure agreements. A firewall and other measures guard the network as a whole. For confidential directories and files—including the highly sensitive files taken here—U.S. Steel restricts access to employees whose positions require it.

b. Proposed Manufacturer Respondents Had Motive to Misappropriate U.S. Steel’s Trade Secrets

108. In late 2010 and early 2011, U.S. Steel was perfecting several advanced high-strength steels called Dual-Phase 590, 780, and 980 steels. The different numbers refer to increasing strength levels, with 980 able to withstand 980 megapascals of force, equivalent to 142,137 pounds per square inch. U.S. Steel had commercialized all three products several years prior, but continued to refine the resulting products and its production methods. A physical sample of U.S. Steel’s 980 MPa AHSS steel is submitted as Physical Exhibit P1 pursuant to 19 C.F.R. 210.12(b). A sample of the accused products is not currently available.
109. The industry recognizes dual-phase steel as particularly well-suited to automotive applications: “The autobody structure must protect the passenger compartment in the event of a crash; significant impact energy much be dissipated in less than 100 milliseconds before it reaches the occupants. The front and rear crumple zones require steel grades and structures that can absorb this crash energy, making DP steels ideal candidates for automotive parts. . . . DP steels also can be found in such applications as

front and rear longitudinal rails, rockers, pillars, pillar reinforcements, roof rails, and cross members.” Exhibit 35.

110. Proposed Manufacturer Respondents were under significant pressure to meet automakers’ demand for high-strength steel, including exacting standards for quality and consistency. In September 2010, Proposed Manufacturer Respondents Baosteel, Shougang, and Ansteel were all attempting to develop AHSS: “Shanghai-based Baosteel signed a cooperation agreement with Shanghai Automotive Industry Company (SAIC) on 20 September to research and develop new auto steel products to help reduce the weight of vehicles. . . . Major Chinese mills including Shougang Iron & Steel (Shougang) and Anshan Iron & Steel (Angang) are also developing high-strength auto steel in a bid to meet automakers’ demands.” Exhibit 36.
111. Proposed Manufacturer Respondents stood to benefit if they could commercialize the strongest grades of advanced high-strength steel. China’s domestic automotive market was poised for rapid expansion. In October 2010, Booz & Company senior advisor Bill Russo predicted Chinese auto production would jump from 13.64 million vehicles in 2009 to 17 million vehicles in 2010, and that it was “just hitting the rapid growth phase,” which would see more than 150 million vehicles on the road by 2020. Exhibit 37.
112. But Proposed Manufacturer Respondents were unable to satisfy automakers’ demands. On December 18, 2009, trade publication Steel Business Briefing noted: “[M]ost Chinese [Hot-Dipped Galvanized] products are mid- and low-end, which cannot be used in the auto or white goods sectors but only in the construction and manufacturing sectors[.]” Exhibit 38. Proposed Manufacturer Respondents were working to improve

their capabilities in the 2010-11 timeframe. By January 2011, they had not yet been able to commercially produce Dual-Phase 980.

113. Even for the lower grades of AHSS, Chinese steel manufacturers were slow to deliver due to manufacturing difficulties. In May 2009, trade publication Steel Business Briefing reported that some Chinese automakers were switching to Japanese steel in response to delays: “Japanese producers are delivering to Chinese auto producers in three weeks compared with large Chinese producers such as Baosteel that typically need up to two months to deliver similar material.” Exhibit 39.
114. In addition, automakers continued to seek enhanced properties for mid-grades like Dual-Phase 590 and 780. Automakers wanted better responses to bending, flanging, hole punching, and weldability. While Chinese manufacturers had shown some ability to produce basic products in these grades, methods for enhancing these advanced steels would prove invaluable.

2. The Chinese Government Stole U.S. Steel’s Trade Secrets for the Chinese Steel Industry

115. In January 2011, a cyber attack targeted Eduardo Silva, a well-known senior researcher in AHSS at U.S. Steel. This attack followed the pattern of previous attacks that the Chinese government conducted to benefit their state-owned companies. The attack circumvented the technological safeguards U.S. Steel uses to protect its trade secrets, and stole several gigabytes of valuable research data on advanced steels, including Dual-Phase 590, 780, and 980. Forensic analysis of the malware identified the Internet addresses it contacted to exfiltrate U.S. Steel’s trade secrets, and those Internet addresses have been linked to Chinese hackers.

116. The January 2011 attack used methods similar to a 2010 attack against U.S. Steel's network, when Chinese government hackers stole other sensitive data, including data related to ongoing Title VII investigations. A grand jury concluded that Chinese military personnel perpetrated that attack. *See* Exhibit 40 (Indictment, D.E. 3, *USA v. Dong*, No. 14-118 (W.D. Pa. May 1, 2014)). The FBI determined that the Chinese government "blatantly sought to use cyber espionage to obtain economic advantage for its state-owned industries[.]" Exhibit 41 The criminal case against those personnel remains pending. All of those indicted remain in China, fugitives from justice.
117. The January 2011 cyber attack used Ed Silva's company computer to infiltrate the U.S. Steel network. *See* Exhibit 64 at 1-2 (describing attack timeline). From there, the attacker targeted files for the hot-dip simulator on which U.S. Steel had developed and improved production techniques for its Dual-Phase 590, 780, and 980 product lines. U.S. Steel performed a forensic analysis after the attack and determined that the attacker took a specific directory containing hot-dip simulator research, including files on AHSS research. *See* Exhibit 64 at 3-49 (listing directories).
118. To facilitate the theft of U.S. Steel's confidential files, the January 2011 malware contacted an Internet domain linked to a Chinese hacker group. U.S. Steel's forensic analysis determined that the malware contacted a specific Internet address as part of its process for extracting the files. *See* Exhibit 64 at 2. Independent sources have linked that Internet address to a Chinese hacker group designated APT6. *See* Exhibit 65.
119. Virtually all the Proposed Manufacturer Respondents are state-owned industries. *See* Exhibit 68 at 6-8. All the Proposed Manufacturer Respondents share confidential information through CISA. *See supra* Section V.A.1. U.S. Steel expects discovery to

reveal that the Chinese government disseminated U.S. Steel's trade secrets to the Proposed Manufacturer Respondents, enabling them to manufacture AHSS that competes with U.S. Steel's products.

120. These stolen trade secrets would significantly shorten the time Proposed Manufacturer Respondents needed to develop and bring to market steels they then lacked the ability to manufacture, like Dual-Phase 980. These trade secrets would also help Proposed Manufacturer Respondents enhance the physical properties and production yield for existing products like Dual-Phase 590 and 780.

3. Following the Data Theft From U.S. Steel, At Least Proposed Respondent Baosteel Used U.S. Steel's Trade Secrets to Manufacture Products in China and Export Those Products to the United States

121. Only after the Chinese government breached U.S. Steel's secure servers and stole trade secrets were the Proposed Manufacturer Respondents able to commercialize 980 Dual-Phase steel. *See* Exhibit 58 at ¶ 4.
122. Baosteel's current product catalog lists Dual-Phase steels ranging from 450 to 1180. *See* Exhibit 42 at 2.
123. U.S. Steel worked for more than a decade to develop its current offering of Dual-Phase products, which range from 590 to 1180. *See* Exhibit 58 at ¶ 5; Exhibit 43.
124. Baosteel commercialized ultra high-strength steel—which includes Dual-Phase 980—no later than 2013. Baosteel therefore developed AHSS within a short period of time following the January 2011 breach, compared to the more than a decade required for U.S. Steel to develop its AHSS products. Advanced high-strength steels with a tensile strength over 780 MPa are called “ultra high-strength steels.” *See* Exhibit 66 (“Steels with yield strength levels in excess of 550 MPa are generally referred to as AHSS. These steels are also sometimes called ‘ultrahigh-strength steels’ for tensile strengths

exceeding 780 MPa.”). Since 2013, Baosteel has directly shipped ultra high-strength steel to the United States, causing and threatening to cause substantial injury to U.S. Steel’s domestic industry. *See* Exhibit 44.

125. U.S. Steel expects discovery to reveal that additional Respondents have used U.S. Steel’s trade secrets to manufacture and export AHSS or other products to the United States.

C. Falsifying the Origin of Chinese Steel

126. For years, the Commerce Department has imposed anti-dumping and countervailing duty orders on Chinese steel imports. Proposed Respondents evade these lawful orders. They submit false documents and transship products through other countries to disguise the steel’s country of origin and manufacturing mill from U.S. Customs and to deceive domestic steel consumers. These constitute unfair acts in violation of the Lanham Act, 15 U.S.C. § 1125(a)(1).

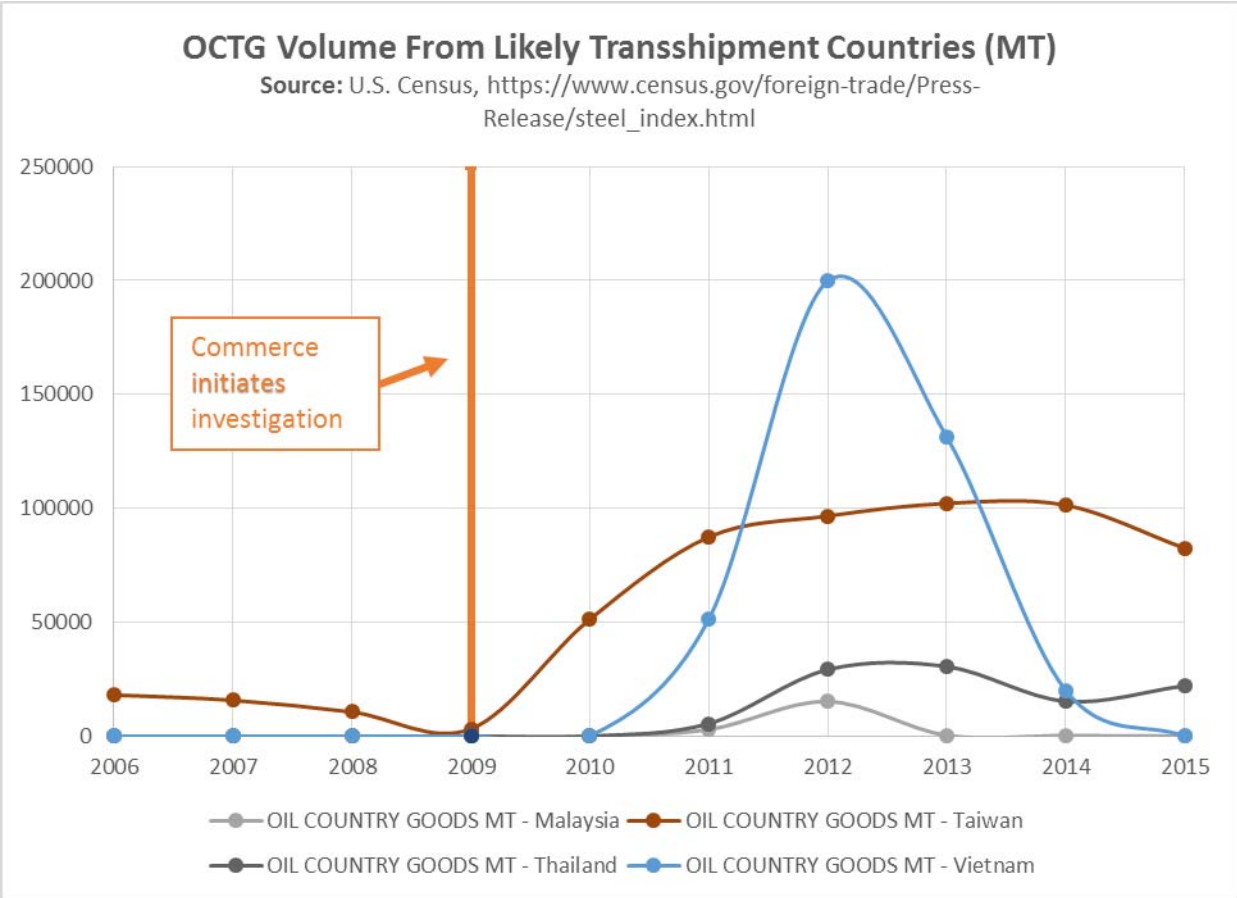
1. The Commerce Department Has Imposed Duties Against Many Types of Chinese Steel Products

127. The Commerce Department has imposed anti-dumping and countervailing duties or deposits on many types of Chinese steel, including hot-rolled, cold-rolled, corrosion-resistant, and OCTG steel products.²

² *See* 66 Fed. Reg. 59561 (Nov. 29, 2001) (hot-rolled); 75 Fed. Reg. 28551 (May 21, 2010) (OCTG); 79 Fed. Reg. 7425 (Feb. 7, 2014) (hot-rolled continuation); 80 Fed. Reg. 28224 (May 18, 2015) (OCTG continuation); 80 Fed. Reg. 68843 (Nov. 6, 2015) (corrosion-resistant preliminary countervailing duty determination); 80 Fed. Reg. 79558 (Dec. 22, 2015) (cold-rolled preliminary countervailing duty determination); 81 Fed. Reg. 75 (Jan. 4, 2016) (corrosion-resistant preliminary antidumping determination); 81 Fed. Reg. 11751 (Mar. 7, 2016) (cold-rolled preliminary antidumping determination).

2. U.S. Imports From Transshipment Locations Increase in Response to Title VII Investigations of Chinese Steel Without a Correlating Increase in Local Manufacturing Capacity

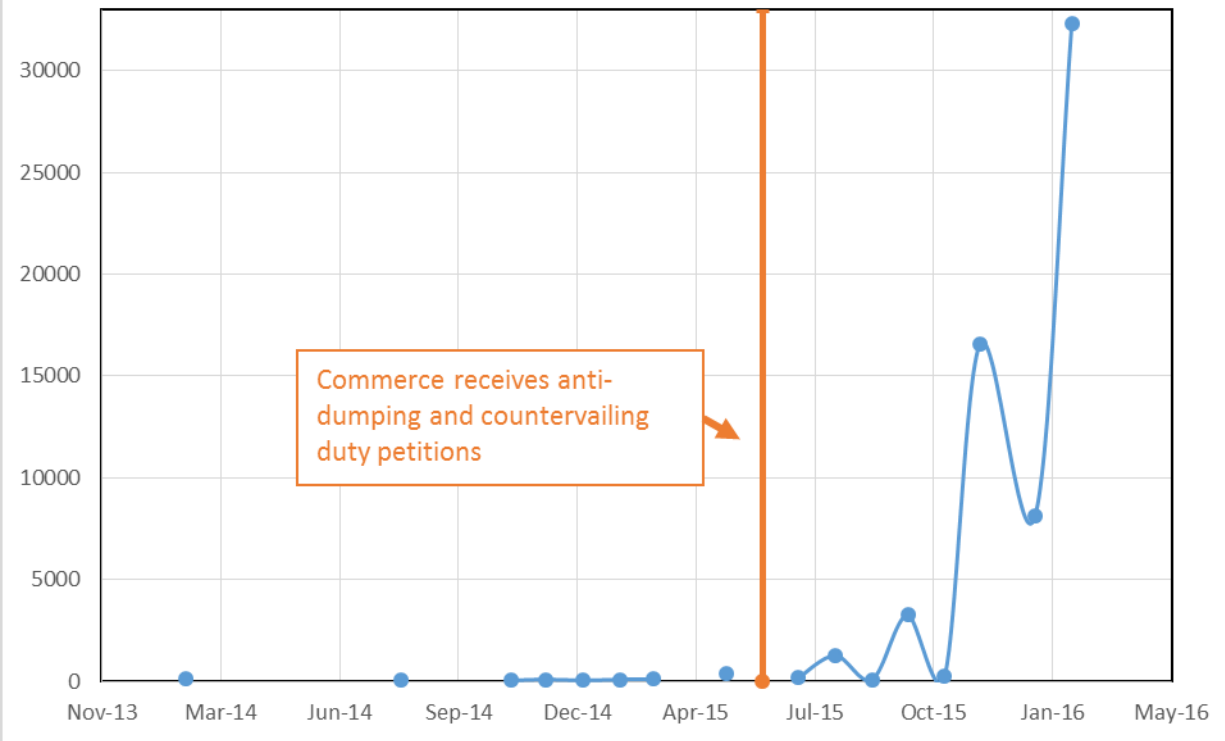
128. Import records suggest that Chinese manufacturers and distributors transship significant volumes to the United States to disguise the origin of Chinese steel.
129. After the Commerce Department initiated countervailing duty and anti-dumping investigations in 2009, OCTG shipment volumes from Malaysia, Thailand, Taiwan, and Vietnam began to increase over historical norms. Commerce initiated countervailing duty and anti-dumping investigations on May 5, 2009. *See* 74 Fed. Reg. 20678 (countervailing duty); 74 Fed. Reg. 20671 (anti-dumping). In 2009, out of Malaysia, Thailand, Taiwan, and Vietnam, not a single country shipped more than 5,000 metric tons to the United States. But in 2010, Taiwan's volume jumped to 50,000 metric tons. Vietnam, Thailand, and Malaysia all spiked in 2011 and 2012, with Vietnam peaking at 200,000 metric tons in 2012:



130. Similarly, corrosion-resistant steel imports from Vietnam spiked after Commerce began considering duties on Chinese steel. Commerce received countervailing duty and anti-dumping petitions on June 3, 2015. *See* 80 Fed. Reg. 37223 (June 30, 2015). In the year and a half before Commerce initiated the investigation, Vietnam had shipped less than 1,000 metric tons of hot-dipped galvanized corrosion-resistant steel to the United States. Since that time, Vietnam’s exports increased 60-fold:

Monthly Hot-Dipped Galvanized Imports From Vietnam (MT)

Source: U.S. Census, https://www.census.gov/foreign-trade/Press-Release/steel_index.html



131. The same happened with cold-rolled steel. Commerce received petitions on July 28, 2015. *See* 80 Fed. Reg. 51206 (Aug. 24, 2015) (countervailing duty); 80 Fed. Reg. 51198 (Aug. 24, 2015). In the six months following those petitions, cold-rolled exports from Vietnam went from virtually flat to more than 35,000 metric tons per month:



132. In each case, U.S. Steel is not aware of significant increases in local manufacturing capacity that could account for these countries’ changing export volumes.

3. Proposed Distributor Respondents Create False Origin Documents and Transship Chinese Steel

133. With the help of Proposed Distributor Respondents, Proposed Manufacturer Respondents transship steel products to the United States to disguise their origin. Indeed, in response to inquiries from prospective customers, each Proposed Distributor Respondent offered to transship products through other countries and provide false origin documents as if this were a regular way of doing business. These traders claimed a relationship with Proposed Manufacturer Respondents. Many provided mill

certificates—industry-standard documents establishing steel’s origin—to confirm such a relationship.

a. Tianjin Tiangang Guanye Falsifies Origin for Baosteel and Ansteel

134. Proposed Respondent Tianjin Tiangang Guanye Co., Ltd. (“TTG”) holds itself out as a distributor for Baosteel and Ansteel, among other Chinese steel manufacturers. *See* Exhibit 46 at 15, 25, 34, 35. On March 11, 2016, a prospective customer (“Prospect 1”) contacted TTG expressing an interest in purchasing cold-rolled steel products. When Prospect 1 expressed concern about the cost of U.S. duties, TTG’s representative offered to use “entrepot trade”—*i.e.*, “we can delivery [sic] the goods to Laem Chabang Port Thailand. Transfer from Thailand to the United States.” With this offer to use “entrepot trade”, TTG’s representative attached a revised quotation reflecting “From Leam chabang[, Thailand] to [Port] Elizabeth[, New Jersey] sea freight.” *Id.* at 5, 7, 33.
135. When Prospect 1 sought clarification on how TTG’s proposed “entrepot trade” transaction would work, TTG’s representative explained:

We export the goods to Thailand. when the goods arrive thailand, our agent will receive the goods. and they will export the goods to you with their company name. **(Goods made in china from us)** And there is no special handle from yourside. our agent will handle CIF Port Elizabeth for you. so it is same import procedures from china. only different point, the goods delivery port from **Laem Chabang Port Thailand. but goods from us made in china.**

Id. at 5 (emphasis in original).

136. When Prospect 1 sought further clarification, TTG’s representative explained that “the Bill of Lading will show loaded in Thailand. but we will provide the origin MTC [*i.e.*, mill test certificate] (Made in China) via email.” *Id.* at 4. When Prospect 1 asked for a sample mill test certificate as “assurance from [TTG] that the steel in [sic] from a named

actual quality steel mill,” TTG’s representative responded by indicating that it had attached a mill test certificate for “Baosteel.” *Id.* at 15. That attached mill test certificate listed “Baoshan Iron & Steel Co., Ltd.” as the origin mill. *Id.* at 25.

137. After Prospect 1 appeared to have ended the conversation, TTG’s representative sent a follow-up inquiry, asking about Prospect 1’s reaction to the sample mill test certificate sent earlier. When Prospect 1 expressed concern about how old the sample mill test certificate was, TTG’s representative provided a bill of lading and certificate of origin for aluminum alloy wheels transshipped via Thailand. *Id.* at 13-14. In the accompanying email, TTG’s representative stated:

Please kindly find attachment of Thai B/L and CO. we will export the goods to Thailand. and goods from Thailand to USA through our thailand agent. so goods orig[i]n China, we just av[oi]d anti-dumping duty through entrepot trade method.

Id. at 2.

138. Thus, Proposed Respondents TTG, Baosteel, and Ansteel evade U.S. duties by falsely identifying the country of origin for their products.

b. Wuxi Sunny Falsifies Origin for Baosteel, Ansteel, and Wuhan

139. Proposed Respondent Wuxi Sunny Xin Rui Science and Technology Co., Ltd. holds itself out as a distributor for Baosteel, Ansteel, and Wuhan, among other Chinese steel manufacturers. *See* Exhibit 47 at 10, 17, 21, 22. On March 16, 2016, Prospect 1 contacted Wuxi Sunny expressing an interest in purchasing cold-rolled steel products. When Prospect 1 expressed concern about U.S. duties, Wuxi Sunny’s representative explained that “we can do Entrepot Trade and it can avoid anti-dumping duties.” *Id.* at 4.
140. When Prospect 1 sought clarification on how Wuxi Sunny’s proposed “entrepot trade” transaction would work, Wuxi Sunny’s representative explained:

We can Entrepot Trade to aviod [sic] Anti-dumping duty. For example transport the steel from China to Malaysia, and then transport the steel to USA. Before shippment [sic] to Malaysia, I will take the steel photos to you in Bonded Area China. So you You [sic] know the number and time of the container. When you receive the goods, compared. At the same time , Products exported to Malaysia related documents issued to you.

Id. at 3 (emphasis in original).

141. When Prospect 1 asked for documentation showing that the steel was made by reputable Chinese mills, Wuxi Sunny's representative attached a sample mill test certificate that indicated "Baoshan Iron & Steel Co., Ltd." as the origin mill. Wuxi Sunny's representative also attached a revised quotation that indicated an "Entrepot trede [sic] fee." *Id.* at 9.
142. During a conversation conducted through Skype messenger, Wuxi Sunny's representative confirmed that Wuxi Sunny was also "authorized" to sell "Anshan, and Wuhan" products. *Id.* at 21.
143. Thus, Wuxi Sunny, Baosteel, Ansteel, and Wuhan evade U.S. duties by falsely identifying the country of origin for their products.

c. Taian JNC Falsifies Origin for Shandong, Wuhan, Baosteel, Ansteel, and Benxi

144. Proposed Respondent Taian JNC Industrial Co., Ltd. holds itself out as a distributor for Shandong, Wuhan, Baosteel, Ansteel, and Benxi, among other Chinese steel manufacturers. *See* Exhibit 48 at 4, 24, 36, 48. On March 16, 2016, Prospect 1 contacted Taian JNC expressing an interest in purchasing cold-rolled steel products. When Prospect 1 expressed concern about U.S. duties, Taian JNC's representative suggested "export by transit port." *Id.* at 8.

145. When Prospect 1 sought clarification on how Taian JNC's proposed "transit port" transaction would work, Taian JNC's representative explained:

The ship will transfer the goods through the third party(country) port, i.e. transit port, which will not be collected anti-dumping tax from the America. So this will help u more. The forwarder we found for u is trustworthy and we had coperated many times. So pls do not worry.

Id. at 7.

146. When Prospect 1 asked for clarification on the country through which the Chinese steel would transit, Taian JNC's representative explained: "There are three countries for steel to transit through, Malaysia, Singapore, and HongKong, and we choose Malaysia or Singapore, which seems better for you as safe & less cost." *Id.* at 6.

147. On March 31, 2016, Taian JNC's representative sent an email with "good news!" Taian JNC's representative confirmed that "JiGang Mill" could produce the requested cold-rolled steel. *Id.* at 37. Jigang is the common name for Jinan Iron & Steel Group Corporation, which is a subsidiary of Proposed Respondent Shandong Group. Taian JNC's representative stated that Jigang "had exported many times and quality is also high." Taian JNC's representative attached a mill test certificate listing "Shandong I&S Co., Lit. Jinan Company" as the origin mill. *Id.* at 36.

148. On April 4, 2016, Taian JNC's representative sought clarification from Prospect 1, asking "[w]hich MTC you need, the true one (China Mill provide) or fa[l]se one (the transit port country provide)." After Prospect 1 confirmed that he wanted "the true CO, and the true MTC along with a copy of the false MTC," Taian JNC's representative sent Prospect 1 copies of a bill of lading and certificate of origin for textiles transshipped via Malaysia. *Id.* at 21, 22.

149. When Prospect 1 inquired why Taian JNC would only supply steel from “JIGANG and not any of the others[,]” Taian JNC’s representative responded that “its quality is same with others and price is almost same.” *Id.* at 4.

150. After Prospect 1 expressed concern that “steel coil . . . is very different” from textiles, Taian JNC’s representative assured Prospect 1 that the transit trade process for textiles was identical to that for cold-rolled steel:

Textiles and Cold Rolled Steel are all products which would be collected higher anti-dumping duties from the America, their transit trade process flow are same. CO and BL of similar steel shipment maybe have no suitable one for the moment. However, the transit trade freight forwarder with much experience and with most safety and accurate will not let us down as we had cooperated many times.

Id. at 2.

151. Taian JNC’s representative also stated that “JIGANG MILL called me today” regarding the terms of the order, further demonstrating that Taian JNC regularly coordinates its sales with Jigang and therefore the Shandong Group. *Id.*

152. Thus, Proposed Respondents Taian JNC, Shandong, Wuhan, Baosteel, Ansteel, and Benxi evade U.S. duties by falsely identifying the country of origin for their products.

d. EQ Metal Falsifies Origin for Baosteel, Jiangsu Shagang, Ansteel, Wuhan, Shougang, Magang, and Benxi

153. Proposed Respondent EQ Metal (Shanghai) Co., Ltd. holds itself out as a distributor for Baosteel, Jiangsu Shagang, Ansteel, Wuhan, Shougang, Magang, and Benxi, among other Chinese steel manufacturers. *See* Exhibit 49 at 5, 13-15. On March 18, 2016, Prospect 1 contacted EQ Metal expressing interest in purchasing hot-rolled steel products. When Prospect 1 expressed concern about U.S. duties, EQ Metal’s representative asked Prospect 1 if he would “consider Transit Trade”—*i.e.*, “we export

to other country (eg: Singapore, Vitnam [sic]etc), then from other country ship to your country [sic].” *Id.* at 6.

154. When Prospect 1 sought to clarify how EQ Metal’s “Transit Trade” transaction would work, EQ Metal’s representative explained that two options existed:

1. Ship to Singapore, donot download the goods, the agent give us Forwarder BL (BL show Loading Port is Singapore)
 2. Ship to Singapore , load the goods, change another vessel .ship to USA . (this cost is high)
- Pls confirm if the first way will be ok with your USA Customs Clearance ?
If your customs clearance no problem, suggest use first way ,it is cheaper .

Id. at 4.

155. EQ Metal’s representative assured Prospect 1 that he would receive steel from manufacturers like “Baogang,” “Angang,” “Bengang,” and “Rizhao.” *Id.* at 4, 5. EQ Metal therefore touts its relationship with Respondent Ansteel.

156. In addition, when Prospect 1 asked for documentation identifying the manufacturer, EQ Metal’s representative attached a sample mill test certificate that identified Jiangsu Shagang as the origin mill. *Id.* at 13.

157. Thus, Proposed Respondents EQ Metal, Baosteel, Jiangsu Shagang, Ansteel, Wuhan, Shougang, Magang, and Benxi evade U.S. duties by falsely identifying the country of origin for their products.

e. Kunshan Xinbei Falsifies Origin for Baosteel, Wuhan, and Ansteel

158. Proposed Respondent Kunshan Xinbei International Trade Co., Ltd.³ holds itself out as a distributor for Baosteel, Wuhan, Ansteel, among other Chinese steel manufacturers. *See* Exhibit 50 at 2, 11. On March 25, 2016, Prospect 1 contacted Kunshan Xinbei, expressing an interest in purchasing corrosion-resistant steel products. When Prospect 1 asked for assurances that the steel Kunshan Xinbei stocked was in fact from reputable Chinese mills such as “WISCO, Baosteel, Ansteel, JISCO, and TISCO[,]” Kunshan Xinbei’s representative noted that “We provide prodcuts [sic] mostly from Baosteel,” but assured Prospect 1 that “we can make the order in terms of customer's requirements.” *Id.* at 11.
159. When Prospect 1 expressed concern about U.S. duties, Kunshan Xinbei’s representative explained that “if we transit in Malaysia and use their certificate of origin and B/L, then we can avoid the anti-dumping duty.” *Id.* at 7.
160. When Prospect 1 asked for representative copies of the Malaysian bill of lading and certificate of origin, Kunshan Xinbei’s representative provided assurances about the documentation:

We will give your [sic] Chinese factory MTC. We can scan the MTC to e-mail you or directly express you the original. Please don't worry about it.

Once if you make the order, when we export the products, we will give you both Chinese and Malaysian copies of B/L and C/O.

Id. at 4.

³ Kunshan Xinbei also conducts business under the name “Chinebec International.” *See* Exhibit 50 at 10 (“Kunshan Xinbei and Chinebec International, the same company, different calling.”).

161. When Prospect 1 asked for copies of documents from a “similar shipment of steel that moved using transit trade,” Kunshan Xinbei’s representative provided a bill of lading, a certificate of origin, a certificate of marine insurance, a packing list, and an invoice used for a shipment made via Port Klang, Malaysia, as well as a Chinese mill test certificate from a shipment “we used to do.” *Id.* at 3, 14-19.
162. When Prospect 1 requested a copy of an actual mill test certificate “from the steel mill where the steel will be made,” Kunshan Xinbei’s representative attached a mill test certificate that she represented “is from Baosteel.” *Id.* at 2, 14.
163. Thus, Proposed Respondents Kunshan Xinbei, Baosteel, Wuhan, and Ansteel evade U.S. duties by falsely identifying the country of origin for their products.

f. Tianjin Xinhai Falsifies Origin for Hebei

164. Proposed Respondent Tianjin Xinhai Trade Co., Ltd. holds itself out as a distributor for Hebei. *See* Exhibit 51 at 13-16. On March 15, 2016, a prospective customer (“Prospect 2”) contacted Tianjin Xinhai expressing an interest in purchasing both hot-rolled and cold-rolled steel products. When Prospect 2 asked for documentation showing that the steel Tianjin Xinhai stocked was in fact from reputable Chinese mills, Tianjin Xinhai’s representative provided two mill test certificates for A36 hot-rolled steel from Hebei. *Id.* at 13-16.
165. When Prospect 2 expressed concern about U.S. duties, Tianjin Xinhai’s representative explained, during a Skype conversation on March 30, 2016, how transshipment through Malaysia would work. To assure Prospect 2 of the steel’s provenance, Tianjin Xinhai’s representative stated that “Malasia’s [sic] Company will provide complete documents to you.” Tianjin Xinhai’s representative further explained that the true mill test certificate could be “sen[t] to you separately.” Before the conversation ended, Tianjin Xinhai’s

representative stated “Tomorrow I will send a mail to explain more detail about Third countries entrepot trade.” *Id.* at 11-12.

166. On March 31, 2016, Tianjin Xinhai’s representative sent an email clarifying the terms of their “Entrepot trade” transaction:

1.The cargoes is ship from China Tianjin Ports to Malaysia Port Klang----- Transloading at Klang port----ship the cargoes from Klang port to USA LA port.

2.And about the payment, you should pay the deposit and balance to the Malaysia company's account, then Malaysia account transfer the money to our China account.

3.Malaysia company will do all the documents with you ,include:

1).Certifate of origin.

2).Invocie

3).Packing list

4).Bill of Loading

4.About the Entrepot trade fees, include : transloading fees, Port charges and documentation fees, it is about \$80/Ton. (Validity : end of April 2016)

5.About the risk ,what documents should provide when the US Customs Clearance?

Please check the Exaple of CO and Bill of Loading from MAL(In the attachment), and make sure if it is no issue when clearance?

6.About the MTC which I have send to you, is the MTC(Chemical composition and physical properties) ok for you?

And About the MTC , It is no problems,we can provide for you separately.

Id. at 2. This email included a bill of lading issued in Penang for a shipment from Port Klang, Malaysia to Oakland, CA. *Id.* at 10. This email also included a certificate of origin issued in Malaysia that included a declaration that all the listed goods were produced in Malaysia for export to the United States. *Id.* at 9.

167. Thus, Proposed Respondents Tianjin Xinhai and Hebei evade U.S. duties by falsely identifying the country of origin for their products.

g. Tianjin Xinlianxin Steel Pipe Falsifies Origin for Baosteel

168. Proposed Respondent Tianjin Xinlianxin Steel Pipe Co., Ltd. holds itself out as a distributor for Baosteel. *See* Exhibit 52 at 11. On March 17, 2016, a prospective customer (“Prospect 3”) contacted Tianjin Xinlianxin expressing an interest in purchasing OCTG steel products. When Prospect 3 expressed concern about U.S. duties, Tianjin Xinlianxin’s representative stated that she would “make a transit shipment [sic] from Thailand.” *Id.* at 6.
169. When Prospect 3 sought clarification on what the shipping documentation would show, Tianjin Xinlianxin’s representative stated, “if we transit from Thailand [sic] we will issue the CO [*i.e.*, certificate of origin] from Thailand.” *Id.* at 11. Tianjin Xinlianxin’s representative attached two documents. One document described the process for “TRANSSHIPMENT VIA MALAYSIA.” The other document showed a certificate of origin for OCTG from Port Klang, Malaysia to Varna, Bulgaria. *Id.* at 29-31. The first document noted “THE 9 YEAR’S EXPERIENCE FOR ARRANGING TRANSSHIPMENT AT MALAYSIA TO MAKE YOU CONFIDENT!” *Id.* at 31.
170. When Prospect 3 asked for documentation that would show that the OCTG Tianjin Xinlianxin stocked was in fact made in China, Tianjin Xinlianxin’s representative stated that Tianjin Xinlianxin would “supply you the casing is from Bao Steel.” Tianjin Xinlianxin’s representative attached five “photos of Bao Steel products” as reference. *Id.* at 11, 19-23.
171. Tianjin Xinlianxin’s representative also offered to have Prospect 3 “go to Bao Steel factory [to] inspect the goods.” *Id.* at 11.
172. Tianjin Xinlianxin’s representative explained that transit trade through Malaysia no longer made sense due to the “very rigorous inspection” and that, instead, “best is do the

transit in thailand.” *Id.* at 11. To that end, Tianjin Xinlianxin’s representative explained the process again:

the goods ready for shipment → loading the ship → the goods reach to thailand → clear customs in thailand → use the trail car thake [sic] the goods and to change the container → make customs declaration → book the space and loading the ship → the goods ship to final destination → everything is finshed [sic]. we will offer thailand CO and thailand MTC, according to your demand.

Id. at 11-12. After some more discussion, Tianjin Xinlianxin’s representative stated that “we also can do the transit trad[e] in malaysia.” Eventually, Tianjin Xinlianxin’s representative offered three quotations for “1. transit in malaysia,” “2. transit in taiwan,” and “3. transit in thailand.” *Id.* at 2-3.

173. Thus, Proposed Respondents Tianjin Xinlianxin and Baosteel evade U.S. duties by falsely identifying the country of origin for their products.

h. Tianjin Xinyue Falsifies Origin for Baosteel

174. Proposed Respondent Tianjin Xinyue Industrial and Trade Co., Ltd. holds itself out as a distributor for Baosteel. *See* Exhibit 53 at 2, 5. On March 17, 2016, Prospect 3 contacted Tianjin Xinyue expressing an interest in purchasing OCTG steel products. When Prospect 3 expressed concern about U.S. duties, Tianjin Xinyue’s representative proposed “re-export from Hongkong or Malaysia . . . without anti dumping in USA.” *Id.* at 9. Tianjin Xinyue’s representative explained the “re-exporting” process:

We load the casings from China mainland, and deliver to port Klang, Malaysia. Then our agent will reloaded the casing into new containers, to transport to H[o]uston. Meanwhile, they will change the documents in the name of one exporting company in Malaysia. Also they will issue the certificate of origin to certify the casings are from Malaysia origin. Thus, there will no high anti dumping duty for the customer.

Id. at 8.

175. When Prospect 3 asked for documentation showing that the OCTG Tianjin Xinyue stocked was produced by a reputable Chinese mill, Tianjin Xinyue’s representative stated that the “OCTG is produced by Bao Steel. So the client could rest assured of the quality.” *Id.* at 5.
176. Tianjin Xinyue’s representative also represented that “if the client want, we could arrange the visit to Bao steel.” *Id.* at 5.
177. When Prospect 3 expressed his continuing concerns over the re-exporting process, Tianjin Xinyue’s representative attempted to assuage those concerns by noting Tianjin Xinyue’s past successes re-exporting via Malaysia:

- 1.. As our experience, there are few re-exporting cases from Malaysia checked by American Custom.
- 2.. Though American Custom selected to inspect the goods. American Custom will verify the truth and all the information with the Malaysian Chamber of Commerce. Then Malaysia Chamber of Commerce will tell them the truth, which is that the casings are exported to America from Malaysia, through one Malaysian company. The only original of the goods that American Custom could source is Malaysia.

Id. at 2-3.

178. When Prospect 3 told Tianjin Xinyue’s representative that he could not proceed with the order, Tianjin Xinyue’s representative touted the quality of its products: “As you know, the quality of Bao steel is the best.” *Id.* at 2.
179. Thus, Proposed Respondents Tianjin Xinyue and Baosteel evade U.S. duties by falsely identifying the country of origin for their products.

i. Xian Linkun Falsifies Origin for Baosteel

180. Proposed Respondent Xian Linkun Materials (Steel Pipe Supplies) Co., Ltd. holds itself out as a distributor for Baosteel. *See* Exhibit 54 at 3, 10, 11. On March 25, 2016, Prospect 3 contacted Xian Linkun expressing an interest in purchasing OCTG steel products. When Prospect 3 expressed concern about U.S. duties, Xian Linkun’s representative proposed a variety of alternatives to “avoid the anti-dumping [sic] tax,” including: “1. China originl [sic] Baosteel mill export to Indonesia first, change Indonesia C/O and re-export to USA” and “Baosteel Thailand mill export to Indonesia change C/O and export to USA.” *Id.* at 10.
181. Thus, Xian Linkun and Baosteel evade U.S. duties by falsely identifying the country of origin for their products.

4. Proposed Respondents Intend for Their False Origin Designations to Deceive Customs and U.S. Consumers

182. Proposed Respondents intend for their falsely designated products’ origin to cause confusion, mistake, or deception in violation of the Lanham Act, 15 U.S.C. § 1125(a). In fact, deceiving Customs officials was the entire point. Otherwise, Proposed Respondents could not successfully evade U.S. duties. Although deceiving Customs is their principal goal, Proposed Respondents also deceive U.S. consumers with their false origin and mill labeling practice.
183. Each Proposed Distributor Respondent knew that falsely designating the products’ origin would likely cause Customs officials to believe that the products did not originate in China. In fact, as each conversation establishes, deceiving Customs officials to evade U.S. duties was the goal. Each Distributor Respondent offered surreptitious routing and false documents specifically to deceive.

184. Proposed Distributor Respondents were broadly willing to engage in transshipping and falsifying documents. Mill certificates provided by Proposed Distributor Respondents demonstrate that they regularly do business with Proposed Manufacturer Respondents. Moreover, statistics suggest that transshipping occurs on a large scale across multiple countries. *See supra* Section V.C.2. U.S. Steel therefore believes that discovery will demonstrate that Proposed Manufacturer Respondents encourage and participate in false labeling.
185. Proposed Respondents' unfair acts not only deceive Customs, but also deceive and endanger American consumers who purchase falsely-described steel products with false mill certificates. As described below, these deceptive trade practices cause substantial injury to U.S. Steel.

VI. SPECIFIC INSTANCES OF UNFAIR IMPORTATION

186. Respondents have sold for importation, imported, or sold after importation Chinese steel products into the United States.

A. Unfair Importation by Proposed Manufacturer Respondents

187. Proposed Hebei Respondents have imported a variety of steel products into the United States. For example, on December 10, 2014, Hebei Iron and Steel imported 65 coils of steel. On July 26, 2015, Hebei Hengshui imported 11 coils of steel. On August 9, 2015, Hebei Hong Kong imported 149 metric tons of steel. *See Exhibit 55.*
188. Proposed Baosteel Respondents have imported a variety of steel products into the United States. For example, on March 18, 2016, Shanghai Baosteel imported 5 coils of steel. On March 22, 2016, Shanghai Baosteel imported 8 coils of steel. On April 3, 2016, Baosteel America imported 11 coils of steel. *See Exhibit 55.* Baosteel has shipped at least 387 metric tons of ultra high-strength steel to the United States. *See Exhibit 44.*

189. Proposed Jiangsu Shagang Respondents have imported a variety of steel products into the United States. For example, on July 30, 2015, Shagang ITC imported 52 coils of steel. On September 17, 2015, Shagang ITC imported 30 coils of steel. *See* Exhibit 55.
190. Proposed Ansteel Respondents have imported a variety of steel products into the United States. For example, on August 31, 2015, Angang ITC imported 46 coils of steel. On September 25, 2015, Angang ITC imported 59 coils of steel. Also on September 25, 2015, Angang Group Hong Kong imported 37 coils of steel. *See* Exhibit 55.
191. Proposed Wuhan Respondents have imported a variety of steel products into the United States. For example, on November 12, 2014, Wuhan Iron and Steel imported 3 coils of hot-dip galvanized steel. On May 8, 2015, WISCO America imported 40 coils of steel. On March 31, 2016, WISCO America imported 41 coils of steel. *See* Exhibit 55.
192. Proposed Shougang Respondents have imported a variety of steel products into the United States. For example, on May 13, 2015, Shougang International Trade & Engineering imported 44 coils of steel and 35 coils of steel. *See* Exhibit 55.
193. Proposed Shandong Respondents have imported a variety of steel products into the United States. For example, on April 9, 2015, Jinan Steel International Trade imported 86 pieces of steel. On February 10, 2016, Jigang Hong Kong imported 125 pieces of steel. *See* Exhibit 55.
194. Proposed Magang Respondents have imported a variety of steel products into the United States. For example, on May 27, 2015, Maanshan Iron and Steel imported 110 coils of steel. On June 1, 2015, Maanshan Iron and Steel imported 14 packages of steel. *See* Exhibit 55.

195. Proposed Bohai Respondents have imported a variety of steel products into the United States. For example, on February 20, 2016, Tianjin Pipe International and TPCO America imported 72 bundles of steel casing. On March 24, 2016, Tianjin Pipe International and TPCO Enterprise imported 40 bundles of steel tubing. *See* Exhibit 55.
196. Proposed Benxi Respondents have imported a variety of steel products into the United States. For example, on September 17, 2015, Benxi Iron and Steel International imported 65 coils of steel. On September 25, 2015, Benxi Iron and Steel International imported 138 coils of steel. *See* Exhibit 55.
197. Proposed Hunan Valin Respondents have imported a variety of steel products into the United States. For example, on March 14, 2015, Hunan Valin Xiangtan imported 539 pieces of steel. On December 29, 2015, Hunan Valin Xiangtan imported 670 pieces of steel. *See* Exhibit 55.

B. Unfair Importation by Proposed Distributor Respondents

198. Proposed Respondent Wuxi Sunny Xin Rui Science and Technology Co., Ltd. has imported a variety of steel products into the United States. For example, on January 30, 2016, Wuxi Sunny imported 2100 kilograms of steel. *See* Exhibit 56.
199. Proposed Respondent Taian JNC Industrial Co., Ltd. has imported a variety of steel products into the United States. For example, on April 16, 2015, Taian JNC imported 12 coils of steel. *See* Exhibit 56.
200. Proposed Respondent Tianjin Xinyue Industrial and Trade Co., Ltd. has imported a variety of steel products into the United States. On July 8, 2015, Tianjin Xinyue imported 550 pieces of steel pipe. *See* Exhibit 56.

201. Proposed Respondent Xian Linkun Materials (Steel Pipe Supplies) Co., Ltd. has imported a variety of steel products into the United States. For example, on June 22, 2015, Xian Linkun imported 3 packages of steel tube. *See* Exhibit 56.
202. All the Proposed Distributor Respondents have shown familiarity with the process for shipping to the United States and have offered to ship products to the United States. In addition, they have offered to conceal or falsify product origins. Based on these facts, it is likely that Proposed Distributor Respondents have sold Chinese carbon and alloy steel products for importation to the United States, even where a specific importer is currently unknown.

VII. CLASSIFICATION OF THE ACCUSED PRODUCTS UNDER THE HARMONIZED TARIFF SCHEDULE

A. Price- and Output-Fixing Products

203. The Accused Products related to U.S. Steel's antitrust claims are classified under at least the following items of the Harmonized Tariff Schedule of the United States: 7208.10.15, 7208.10.30, 7208.10.60, 7208.25.30, 7208.25.60, 7208.26.00, 7208.27.00, 7208.36.00, 7208.37.00, 7208.38.00, 7208.39.00, 7208.40.30, 7208.40.60, 7208.51.00, 7208.52.00, 7208.53.00, 7208.54.00, 7208.90.00, 7209.15.00, 7209.16.00, 7209.17.00, 7209.18.15, 7209.18.25, 7209.18.60, 7209.25.00, 7209.26.00, 7209.27.00, 7209.28.00, 7209.90.00, 7210.11.00, 7210.12.00, 7210.20.00, 7210.30.00, 7210.41.00, 7210.49.00, 7210.50.00, 7210.61.00, 7210.69.00, 7210.70.30, 7210.70.60, 7210.90.10, 7210.90.60, 7210.90.90, 7211.13.00, 7211.14.00, 7211.19.15, 7211.19.20, 7211.19.30, 7211.19.45, 7211.19.60, 7211.19.75, 7211.23.15, 7211.23.20, 7211.23.30, 7211.23.45, 7211.23.60, 7211.29.20, 7211.29.45, 7211.29.60, 7211.90.00, 7212.10.00, 7212.20.00, 7212.30.10, 7212.30.30, 7212.30.50, 7212.40.10, 7212.40.50, 7212.50.00, 7212.60.00, 7219.11.00, 7219.12.00,

7219.13.00, 7219.14.00, 7219.21.00, 7219.22.00, 7219.23.00, 7219.24.00, 7219.31.00, 7219.32.00, 7219.33.00, 7219.34.00, 7219.35.00, 7219.90.00, 7225.11.00, 7225.19.00, 7225.30.11, 7225.30.30, 7225.30.51, 7225.30.70, 7225.40.11, 7225.40.30, 7225.40.51, 7225.40.70, 7225.50.11, 7225.50.60, 7225.50.70, 7225.50.80, 7225.91.00, 7225.92.00, 7225.99.00, 7226.11.10, 7226.11.90, 7226.19.10, 7226.19.90, 7226.20.00, 7226.91.05, 7226.91.15, 7226.91.25, 7226.91.50, 7226.91.70, 7226.91.80, 7226.92.10, 7226.92.30, 7226.92.50, 7226.92.70, 7226.92.80, 7226.99.01, 7304.19.10, 7304.19.50, 7304.23.30, 7304.23.60, 7304.29.10, 7304.29.20, 7304.29.31, 7304.29.41, 7304.29.50, 7304.29.61, 7304.31.30, 7304.31.60, 7304.39.00, 7304.41.30, 7304.41.60, 7304.49.00, 7304.51.10, 7304.51.50, 7304.59.10, 7304.59.20, 7304.59.60, 7304.59.80, 7304.90.10, 7304.90.30, 7304.90.50, 7304.90.70, 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, 7305.19.50, 7305.20.20, 7305.20.40, 7305.20.60, 7305.20.80, 7305.31.20, 7305.31.40, 7305.31.60, 7305.39.10, 7305.39.50, 7305.90.10, 7305.90.50, 7306.19.10, 7306.19.51, 7306.29.10, 7306.29.20, 7306.29.31, 7306.29.41, 7306.29.60, 7306.29.81, 7306.30.10, 7306.30.30, 7306.30.50, 7306.50.10, 7306.50.30, 7306.50.50, 7306.61.10, 7306.61.30, 7306.61.50, 7306.61.70, 7306.69.10, 7306.69.30, 7306.69.50, 7306.69.70, 7306.90.10, and 7306.90.50.

B. Trade Secret Products

204. The Accused Products relating to U.S. Steel's trade secrets claims are classified under at least the following items of the Harmonized Tariff Schedule of the United States:

7208.25.30, 7208.26.00, 7208.27.00, 7208.36.00, 7208.37.00, 7208.38.00, 7208.39.00, 7208.51.00, 7209.16.00, 7209.17.00, 7209.18.15, 7210.30.00, 7210.49.00, 7211.14.00, 7211.19.15, 7211.19.45, and 7211.23.15.

C. False Labeling Products

205. The subset of the Accused Products consisting of hot-rolled steel flat products is classified under at least the following items of the Harmonized Tariff Schedule of the United States: 7208.10.15, 7208.10.30, 7208.10.60, 7208.25.30, 7208.25.60, 7208.26.00, 7208.27.00, 7208.36.00, 7208.37.00, 7208.38.00, 7208.39.00, 7208.40.60, 7208.53.00, 7208.54.00, 7208.90.00, 7211.14.00, 7211.19.15, 7211.19.20, 7211.19.30, 7211.19.45, 7211.19.60, 7211.19.75, 7225.11.00, 7225.19.00, 7225.30.30, 7225.30.70, 7225.40.70, 7225.99.00, 7226.11.10, 7226.11.90, 7226.19.10, 7226.19.90, 7226.91.50, 7226.91.70, 7226.91.80, 7210.70.30, 7210.90.90, 7211.14.00, 7212.40.10, 7212.40.50, and 7212.50.00. *See* 66 Fed. Reg. 59561 (Nov. 29, 2001).
206. The subset of the Accused Products consisting of cold-rolled steel flat products is classified under at least the following items of the Harmonized Tariff Schedule of the United States: 7209.15.00, 7209.16.00, 7209.17.00, 7209.18.15, 7209.18.25, 7209.18.60, 7209.25.00, 7209.26.00, 7209.27.00, 7209.28.00, 7209.90.00, 7210.70.30, 7211.23.15, 7211.23.20, 7211.23.30, 7211.23.45, 7211.23.60, 7211.29.20, 7211.29.45, 7211.29.60, 7211.90.00, 7212.40.10, 7212.40.50, 7225.50.60, 7225.50.80, 7225.99.00, 7226.92.50, 7226.92.70, 7226.92.80, 7210.90.90, 7212.50.00, 7215.10.00, 7215.50.00, 7215.90.50, 7217.10.10, 7217.10.20, 7217.10.30, 7217.10.70, 7217.90.10, 7217.90.50, 7225.19.00, 7226.19.10, 7226.19.90, 7226.99.01, 7228.50.50, 7228.60.80, and 7229.90.10. *See* 80 Fed. Reg. 79561 (Dec. 22, 2015); 81 Fed. Reg. 11754 (Mar. 7, 2016).
207. The subset of the Accused Products consisting of corrosion-resistant steel products is classified under at least the following items of the Harmonized Tariff Schedule of the United States: 7210.30.00, 7210.41.00, 7210.49.00, 7210.61.00, 7210.69.00,

7210.70.60, 7210.70.60, 7210.90.60, 7210.90.90, 7212.20.00, 7212.30.10, 7212.30.30, 7212.30.50, 7212.40.10, 7212.40.50, 7212.50.00, 7212.60.00, 7210.90.10, 7215.90.10, 7215.90.30, 7215.90.50, 7217.20.15, 7217.30.15, 7217.90.10, 7217.90.50, 7217.90.50, 7225.91.00, 7225.92.00, 7225.99.00, 7226.99.01, 7228.60.60, 7228.60.80, and 7229.90.10. *See* 80 Fed. Reg. 68845 (Nov. 6, 2015); 81 Fed. Reg. 77 (Jan. 4, 2016).

208. The subset of the Accused Products consisting of oil-country tubular goods is classified under at least the following items of the Harmonized Tariff Schedule of the United States: 7304.29.10, 7304.29.20, 7304.29.31, 7304.29.41, 7304.29.50, 7304.29.61, 7304.39.00, 7304.59.60, 7304.59.80, 7305.20.20, 7305.20.40, 7305.20.60, 7305.20.80, 7306.29.10, 7306.29.20, 7306.29.31, 7306.29.41, 7306.29.60, and 7306.29.81. *See* 80 Fed. Reg. 28224 (May 18, 2015).
209. These classifications are exemplary in nature and not intended to restrict the scope of any exclusion order or other remedy ordered by the Commission.

VIII. RELATED LITIGATION

210. The unfair acts asserted here, or the subject matter thereof, have not been the subject of any previous litigation in any domestic or foreign court or administrative agency. However, the steel products subject to this Complaint have been subject to anti-dumping and countervailing duty investigations, as follows:
211. On December 4, 2000, the Commerce Department initiated an anti-dumping investigation, case number A-570-865, regarding hot-rolled carbon steel flat products from China. *See* 65 Fed. Reg. 77568 (Dec. 12, 2000). The Commerce Department issued an anti-dumping order on November 20, 2001. *See* 66 Fed. Reg. 59561 (Nov. 29, 2001). That anti-dumping order was continued in 2007 and again in 2014. *See* 72 Fed. Reg. 73316 (Dec. 27, 2007); 79 Fed. Reg. 7425 (Feb. 7, 2014).

212. On April 28, 2009, the Commerce Department initiated an anti-dumping investigation, case number A-570-943, regarding certain oil-country tubular goods from China. *See* 74 Fed. Reg. 20671 (May 5, 2009). The Commerce Department and the Commission issued an anti-dumping order on May 19, 2010. *See* 75 Fed. Reg. 28551 (May 21, 2010). That anti-dumping duty was continued in 2015. *See* 80 Fed. Reg. 28224 (May 18, 2015).
213. On April 28, 2009, the Commerce Department initiated a countervailing duty investigation, case number C-570-944, regarding certain oil-country tubular goods from China. *See* 74 Fed. Reg. 20678 (May 5, 2009). The Commerce Department issued a countervailing duty order on January 15, 2010. *See* 75 Fed. Reg. 3203 (January 20, 2010). That countervailing duty order was continued in 2015. *See* 80 Fed. Reg. 28224 (May 18, 2015).
214. On June 23, 2015, the Commerce Department initiated an anti-dumping investigation, case number A-570-026, regarding corrosion-resistant steel products from China. *See* 80 Fed. Reg. 37228 (June 30, 2015). On December 21, 2015, Commerce made a preliminary determination that corrosion-resistant steel products from China were being or likely to be sold in the United States at less than fair value. *See* 81 Fed. Reg. 75 (Jan. 4, 2016). That investigation remains ongoing.
215. On June 23, 2015, the Commerce Department initiated a countervailing duty investigation, case number C-570-027, regarding corrosion-resistant steel products from China. *See* 80 Fed. Reg. 37223 (June 30, 2015). On November 2, 2015, Commerce made a preliminary determination that the Chinese government was providing countervailable subsidies to producers and exporters of certain corrosion-resistant steel

products from China. *See* 80 Fed. Reg. 68843 (Nov. 6, 2015). That investigation remains ongoing.

216. On August 17, 2015, the Commerce Department initiated an anti-dumping investigation, case number A-570-029, regarding cold-rolled steel flat products from China. *See* 80 Fed. Reg. 51198 (Aug. 24, 2015). On February 29, 2016, Commerce made a preliminary determination that certain cold-rolled steel flat products from China were being or likely to be sold in the United States at less than fair value. *See* 81 Fed. Reg. 11751 (Mar. 7, 2016). That investigation remains ongoing.

217. On August 17, 2015, the Commerce Department initiated a countervailing duty investigation, case number C-570-030, regarding cold-rolled steel flat products from China. *See* 80 Fed. Reg. 51206 (Aug. 24, 2015). On December 15, 2015, Commerce made a preliminary determination that the Chinese government was providing countervailable subsidies to producers and exporters of cold-rolled steel flat products from China. *See* 80 Fed. Reg. 79558 (Dec. 22, 2015). That investigation remains ongoing.

IX. INJURY TO THE DOMESTIC INDUSTRY

218. Chinese steel manufacturers' unfair collusion, theft and use of trade secrets, and false labeling of origin or manufacture have caused substantial injury to U.S. Steel's domestic industry, resulting in financial losses, job losses, production declines, market share declines, and other negative effects. Chinese manufacturers also retain the excess capacity to threaten further substantial injury to U.S. Steel's domestic industry.⁴

⁴ Chinese manufacturers exported more than 112.4 million metric tons of steel worldwide in 2015. Exhibit 57. According to U.S. Census data, at least 2 million tons were exported to the United States. Due to Chinese manufacturers' transshipment fraud, however, this figure substantially understates Chinese imports to the United States.

A. U.S. Steel's Domestic Industry

1. Domestic Steel Production and Employment of Steelworkers

219. U.S. Steel maintains a substantial domestic industry in the United States, despite having to close plants and release employees due to Proposed Respondents' unfair acts.
220. As of December 31, 2015, U.S. Steel had approximately 21,000 employees in North America. In 2015, U.S. Steel's domestic operations produced approximately 11 million tons of flat-rolled and tubular products. *See* Exhibit 58 at ¶ 13.

2. Domestic Advanced High-Strength Steel Production and Employment of Steelworkers

221. U.S. Steel likewise maintains a substantial domestic industry in the United States that produces advanced high-strength steel.
222. U.S. Steel currently employs a number of workers in the United States relating to production of advanced high-strength steel. In 2015, U.S. Steel produced a substantial quantity of advanced high-strength steel. *See* Exhibit 58 at ¶ 5.

B. Injury and Threat of Injury Caused by Unfair Imports

1. Lost Customers, Sales, and Profits

223. Imports of unfairly traded Chinese steel to the United States have caused U.S. Steel to lose customers, sales, and profits. As a result, U.S. Steel has had to scale back domestic production and release American workers. *See* Exhibit 58 at ¶¶ 13-20 (Declaration of U.S. Steel Senior Vice-President Douglas Matthews).
224. U.S. Steel's domestic sales revenues in flat-rolled and tubular products declined from \$14.344 billion in 2013 to \$9.191 billion in 2015:

Net Sales by Segment

	2015	2014	2013
<i>(Dollars in millions, excluding intersegment sales)</i>			
Fiat-Rolled	\$ 8,293	\$ 11,708	\$ 11,572
USSE	2,323	2,891	2,941
Tubular	898	2,772	2,772
Total sales from reportable segments	11,514	17,371	17,285
Other Businesses	60	136	139
Net sales	\$ 11,574	\$ 17,507	\$ 17,424

Exhibit 1 at 68; Exhibit 58 at ¶ 13.

225. U.S. Steel's domestic sales volume declined from 16.401 million tons in 2013 to 11.188 million tons in 2015. *See* Exhibit 1 at 21; Exhibit 58 at ¶ 13.
226. Despite very significant cost-cutting initiatives, U.S. Steel recognized \$1.5 billion in losses for 2015. *See* Exhibit 59; Exhibit 58 at ¶ 13.

2. Import Volume, Market Penetration, and Resulting Loss of Market Share

227. Official Census Bureau statistics on Chinese imports show that China imported more than 5 million tons of steel to the United States in 2014 and 2015. However, Chinese manufacturers' transshipment fraud suggests that those statistics dramatically understate the problem.
228. China's worldwide steel exports far outpace any other country. In 2014, China exported 92.9 million metric tons, more than twice the next largest exporter:

Rank	Total Exports	Mt
1	China	92.9
2	Japan	41.3
3	European Union (28) ⁽¹⁾	37.1
4	South Korea	31.9
5	Russia	27.0
6	Germany ⁽²⁾	24.8
7	Ukraine	21.5
8	Italy ⁽²⁾	17.3
9	Turkey	16.2
10	France ⁽²⁾	14.9
11	Belgium ⁽²⁾	14.2
12	Taiwan, China	12.1
13	United States	12.0
14	India	10.4
15	Brazil	9.8
16	Netherlands ⁽²⁾	9.7
17	Spain ⁽²⁾	9.7
18	United Kingdom ⁽²⁾	8.6
19	Austria ⁽²⁾	7.3
20	Canada	6.2

Rank	Net Exports (exports - imports)	Mt
1	China	78.0
2	Japan	34.6
3	Russia	21.3
4	Ukraine	20.3
5	South Korea	9.5
6	Brazil	5.8
7	European Union (28) ⁽¹⁾	4.7
8	Austria ⁽²⁾	3.5
9	Belgium ⁽²⁾	3.4
10	Taiwan, China	3.2
11	Turkey	2.8
12	Netherlands ⁽²⁾	2.8
13	Slovakia ⁽²⁾	2.4
14	Luxembourg	1.8
15	Spain ⁽²⁾	1.6

Exhibit 60 at 27.

229. In 2015, Chinese steel exports grew to more than 112.4 million metric tons worldwide. Exhibit 57.

230. China nonetheless retains overwhelming capacity to increase exports. China claims to be reducing its steel industry's overcapacity. But a Chinese official recently admitted that even with those cuts, capacity will exceed domestic consumption by 400 million tons. Given that China currently exports approximately 112 million tons per year, Chinese manufacturers retain the capacity to increase exports by at least 250%. Exhibit 61.

231. U.S. Steel has lost substantial market share to Chinese imports. Exhibit 58 at ¶ 8.

3. Decreased Production and Employment

232. U.S. Steel has had to reduce production capacity and head count to cope with China's unfair trade practices. See Exhibit 58 ¶¶ 8-20.

233. For example, in 2015, U.S. Steel shut down its blast furnace in Fairfield, Alabama, ending more than 100 years of steelmaking in Fairfield. The company released approximately 1,100 workers. That closing reduced the company's total steel production capacity by 2.4 million tons. As a result of that shutdown and the shutdown of associated flat-rolling operations, the company recorded a \$91 million loss. *See* Exhibit 58 at ¶ 15; Exhibit 1 at 79; Exhibit 62.
234. In 2015, U.S. Steel shut down coke operations at its Gary Works in Gary, Indiana, ending more than a century of coke making there. The company released approximately 300 workers. Production decreases in 2014 and the ultimate shutdown in 2015 reduced U.S. Steel's cokemaking capacity by approximately 1 million tons. As a result of that shutdown, U.S. Steel recorded a \$153 million loss. *See* Exhibit 58 at ¶ 16; Exhibit 1 at 79.
235. In 2015, U.S. Steel idled its Keetac taconite plant in Keewatin, Minnesota. The company released approximately 300 workers. *See* Exhibit 58 at ¶ 17.
236. In 2016, U.S. Steel idled its tubular operations in Alabama, Texas, and Ohio. The company released approximately 650 workers. *See* Exhibit 58 at ¶ 18; Exhibit 62.
237. Between 2015 and 2016, U.S. Steel idled steelmaking operations in Granite City, Illinois. The company released approximately 2,000 workers. *See* Exhibit 58 at ¶ 19.
238. In April 2016, U.S. Steel made broad reductions in its workforce cutting across many different operations. U.S. Steel eliminated more than 25% of non-union positions. *See* Exhibit 58 at ¶ 20.

4. Underpricing and Ability to Further Increase Exports

239. Chinese manufacturers continually and systematically underprice the U.S. market. The Commission determined that Chinese manufacturers significantly underpriced domestic

hot-rolled steel and OCTG. Upon review, the Commission determined that Chinese manufacturers would likely resume underpricing should the orders be lifted. *See* Pub. 4445, *Hot-Rolled Steel Products From China, India, Indonesia, Taiwan, Thailand, and Ukraine*, Inv. Nos. 701-TA-405 et al. (U.S.I.T.C. Jan. 2014), at 43 (“We . . . conclude that there will likely be significant price underselling should the orders under review be revoked.”); Pub. 4532, *Oil Country Tubular Goods From China*, Inv. Nos. 701-TA-463 and 731-TA-1159 (U.S.I.T.C. May 2015), at 15 (“[W]e find that, if the antidumping and countervailing duty orders were revoked, subject imports would likely undersell the domestic like product to gain market share, as they did during the POI.”). In addition, Commerce has made preliminary determinations that Chinese manufacturers sell corrosion-resistant and cold-rolled steel in the United States below fair value. *See* 81 Fed. Reg. 75 (Jan. 4, 2016) (corrosion-resistant); 81 Fed. Reg. 11751 (Mar. 7, 2016) (cold-rolled).

240. Due to their collusive pricing and success at falsifying documents to evade duties, Chinese manufacturers have been able to flood the U.S. market with cheap steel products, causing U.S. Steel substantial monetary losses, significant layoffs and production cuts, reduced market share, and other substantial injury. As noted above, Chinese manufacturers retain the excess capacity to multiply that dumping at least threefold, threatening substantial injury to U.S. Steel’s domestic industry.

C. Injury Relating to the Price- and Output-Fixing Cause of Action

241. Proposed Manufacturer Respondents fix prices and output across their entire product range. U.S. Steel competes with Proposed Manufacturer Respondents across its entire product range. For this reason, all the injuries discussed above apply to U.S. Steel’s

antitrust cause of action, including the substantial decline in sales revenue, U.S. Steel’s multibillion-dollar losses, and its substantial layoffs and reductions in capacity.

D. Injury Relating to the Trade Secret Cause of Action

242. In 2015, U.S. Steel produced substantial quantities of advanced high-strength steel. U.S. Steel received significant revenue from those products. Exhibit 58 at ¶ 5. Due to the projected growth rate for advanced high-strength steel, Chinese imports using U.S. Steel’s trade secrets pose a substantial threat to U.S. Steel’s domestic industry in AHSS.
243. The auto industry’s use of dual-phase steels is expected to grow significantly:

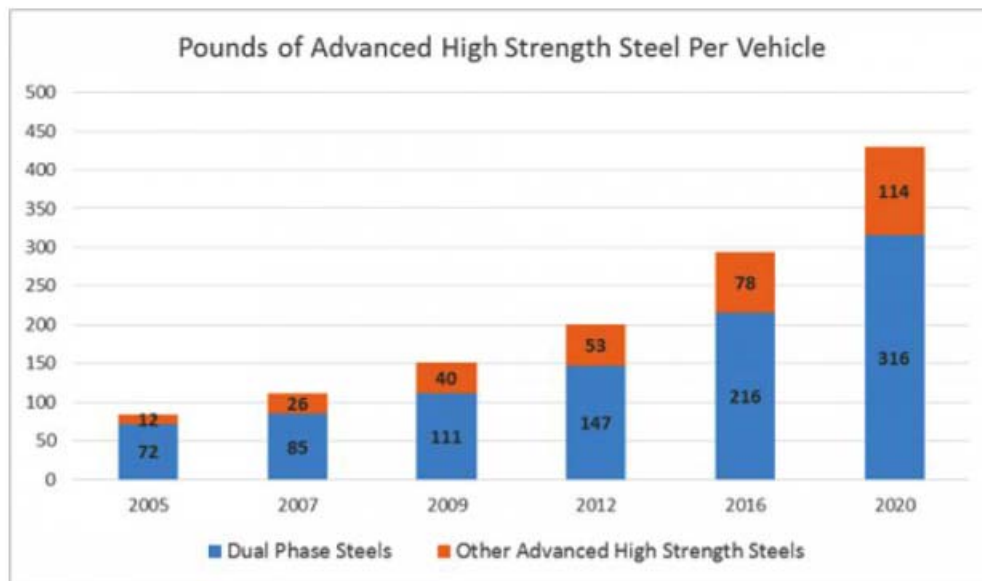


Exhibit 35.

244. Until Chinese manufacturers misappropriated U.S. Steel’s trade secrets in 2011, Chinese AHSS was not a competitive threat to U.S. Steel’s domestic industry. However, Chinese AHSS has recently targeted American automotive manufacturing plants in Mexico, costing U.S. Steel lost sales and lowering market prices. *See* Exhibit 58.
245. Chinese AHSS has begun to enter the U.S. automotive steel market with U.S. imports. Based on Chinese manufacturers’ past behavior in other steel market segments like

OCTG, U.S. Steel's domestic industry faces an imminent threat of substantial injury if Chinese AHSS incorporating U.S. Steel's trade secrets are permitted to be imported into the United States. The resulting lost sales and depressed prices would devastate U.S. Steel's domestic industry in AHSS, including the steelworkers who depend on U.S. Steel's continued production and sales of AHSS. *See* Exhibit 58.

E. Injury Relating to the False Designation of Origin Cause of Action

246. U.S. Steel is injured when dumped and subsidized hot-rolled steel, cold-rolled steel, oil country tubular goods, and corrosion-resistant steel evade remedial tariffs imposed by the Commerce Department. U.S. Steel is further injured when steel consumers purchase Chinese steel believing it to be from another country or mill. All the injuries discussed above apply to this cause of action, including the substantial decline in sales revenue, U.S. Steel's multibillion dollar losses, and its substantial layoffs and reductions in capacity.
247. Individual statistics for the product categories covered by the evaded anti-dumping and countervailing duty orders support U.S. Steel's material injury:
- In 2013, U.S. Steel's domestic operations shipped 5.028 million tons of hot-rolled sheets. In 2015, U.S. Steel shipped 3.283 million tons of hot-rolled sheets, which represents a decline of 35%. Exhibit 1 at 21. U.S. Steel's net sales in the flat-rolled segment dropped from \$11.572 billion to \$8.293 billion, a decline of 28%. Exhibit 1 at 68. At the same time, foreign hot-rolled sheet imports surged by 30% from 2.70 million metric tons to 3.51 million metric tons.
 - In 2013, U.S. Steel's domestic operations shipped 4.347 million tons of cold-rolled sheets. In 2015, U.S. Steel shipped 3.507 million tons of cold-rolled sheets, which

represents a decline of 19%. Exhibit 1 at 21. U.S. Steel's net sales in the flat-rolled segment dropped from \$11.572 billion to \$8.293 billion, a decline of 28%. Exhibit 1 at 68. At the same time, foreign cold-rolled sheet imports surged by 70% from 1.43 million metric tons to 2.43 million metric tons.

- In 2013, U.S. Steel's domestic operations shipped 3.599 million tons of coated sheets. In 2015, U.S. Steel shipped 2.511 million tons of coated sheets, which represents a decline of 30%. Exhibit 1 at 21. U.S. Steel's net sales in the flat-rolled segment dropped from \$11.572 billion to \$8.293 billion, a decline of 28%. Exhibit 1 at 68. At the same time, foreign hot-dipped galvanized imports surged by 62% from 1.88 million metric tons to 3.04 million metric tons.
- In 2013, U.S. Steel's domestic operations shipped 1.370 million tons of oil country tubular goods. In 2015, U.S. Steel shipped 345,000 tons of oil country tubular goods, which represents a decline of 75%. Exhibit 1 at 21. U.S. Steel's net sales in the tubular segment dropped from \$2.772 billion to \$898 million, a decline of 68%. Exhibit 1 at 68.

248. The Commission determined that subsidized and below-fair-value Chinese steel products harm U.S. manufacturers. Proposed Distributor Respondents demonstrate intimate knowledge regarding transshipment procedures and document falsification. *See supra* Section V.C.3. Statistics suggest that evasion is widespread and begins immediately after the Commerce Department imposes duties. *See supra* Section V.C.2. U.S. Steel expects that discovery will demonstrate that Proposed Respondents routinely evade imposed duties, and therefore cause the original substantial harm those duties were meant to prevent.

X. GENERAL EXCLUSION ORDER

249. A general exclusion order is necessary to prevent circumvention of an order limited to the Proposed Respondents and due to the widespread pattern of violation of Section 337 described above. The Chinese steel industry has engaged in a pattern of refusing to cooperate in trade investigations, including failing to respond to Commerce questionnaires, hacking Petitioners' counsel, and falsifying documents and transshipping steel through third countries to disguise the steel's origin and evade lawful duties. The Proposed Respondents are collectively engaged in a cartel whose price and output decisions are imposed upon the entire Chinese industry. The trade secrets stolen by the Chinese government may be distributed to all Chinese manufacturers through CISA. This pattern of intentional violation can only be disrupted through a general exclusion order.

A. Chinese Steel Manufacturers Fail to Cooperate in U.S. Anti-Dumping and Countervailing Duty Investigations

250. Chinese manufacturers collectively refuse to participate in Title VII investigations. When Commerce imposes duties, they evade them. They are therefore likely to evade a limited exclusion order.
251. No Proposed Respondents cooperated in Commerce's cold-rolled countervailing duty investigation. Proposed Respondents Ansteel and Benxi specifically refused to cooperate. *See* 80 Fed. Reg. 79558, 79559 (Dec. 22, 2015) (“[W]e applied facts otherwise available with an adverse inference to assign countervailable subsidy rates for respondents Angang Hong Kong, Benxi Iron & Steel, and non-cooperative exporter Qian’an Golden Point.”).

252. No Proposed Respondents cooperated in Commerce’s cold-rolled anti-dumping investigation. Proposed Respondents Ansteel, Baosteel, Benxi, Hebei, Masteel, Shougang, and WISCO received questionnaires from Commerce, but refused to cooperate. *See* Quantity and Value Questionnaire, Inv. No. A-570-029 (Dep’t Commerce Sept. 8, 2015) (sent to the aforementioned companies); 81 Fed. Reg. 11751, 11752 (Mar. 7, 2016) (“[B]ecause respondents failed to cooperate by not acting to the best of their ability to respond to the Department’s requests for information, we drew an adverse inference in selecting a rate from among the facts otherwise available.”).
253. No Proposed Respondents cooperated in Commerce’s corrosion-resistant countervailing duty investigation. Proposed Respondents Ansteel and Baosteel received a questionnaire from Commerce, but refused to cooperate. *See* Preliminary Decision Memorandum, Inv. No. C-570-027, at 3 (Dep’t Commerce Nov. 3, 2015) (“Angang did not respond to the Department’s questionnaires Baoshan notified the Department that it would not be responding to the Initial Questionnaire.”).
254. No Proposed Respondents cooperated in Commerce’s corrosion-resistant anti-dumping investigation. Proposed Respondents Hebei and Baosteel received a questionnaire from Commerce, but refused to cooperate. *See* Preliminary Decision Memorandum, Inv. No. A-570-026, at 3-4 (Dep’t Commerce Dec 22, 2015) (“Tangshan [Hebei] informed the Department that it would not be participating in this investigation. . . . Baoshan informed the Department that it would not participate in this investigation.”).
255. No Proposed Respondents cooperated in Commerce’s OCTG review. Proposed Respondent Bohai (through subsidiary Tianjin Pipe) and manufacturer Jiangsu Changbao received a questionnaire from Commerce, but refused to cooperate. *See*

Preliminary Decision Memorandum, Inv. No. A-570-943, at 4 (Dep’t Commerce Apr. 16, 2015) (“[T]he Department sent questionnaires to Tianjin Pipe (Group) Co. . . . and Jiangsu Changbao Steel Tube Co., Ltd., . . . the mandatory respondents in the underlying investigation. . . . Neither party responded to the questionnaire.”).

256. Respondents’ reluctance to participate in investigations points to an unwillingness to open their books and records to inspection. It suggests that even should they choose to participate here, they may withhold certain books or records necessary to identify potential U.S. importers and importation routes.
257. As discussed in Section V.C above, Proposed Respondents have a widespread pattern of circumventing existing anti-dumping and countervailing duties orders through falsification of records and transshipment through third countries. In addition, in 2010, U.S. Senator Ron Wyden released a report showing widespread duty circumvention by Chinese industry, including the steel industry. *See* Exhibit 45.

B. CISA Imposes Price and Output Controls on the Entire Chinese Steel Industry

258. Proposed Respondents collectively engage in a cartel that imposes its price and output decisions on the entire Chinese steel industry. As noted in Section V.A.2 above, CISA uses the threat of state action to police the hundreds of Chinese steel producers, ensuring that its anticompetitive strategy of targeting U.S. Steel’s domestic industry is effective.

C. U.S. Steel’s Trade Secrets Were Stolen for the Benefit of the Entire Chinese Steel Industry

259. The Chinese Government’s first hack of U.S. Steel was to obtain privileged and confidential information regarding U.S. Steel’s strategy in ongoing trade investigations. This hack—like the second breach of U.S. Steel’s trade secrets for manufacturing AHSS—was done for the benefit of the entire Chinese steel industry, which shares

information through CISA. Thus, it is likely that many more Chinese steel manufacturers are using U.S. Steel's trade secrets to develop their own AHSS products.

XI. RELIEF REQUESTED

260. Complainant respectfully requests that the Commission:

(a) Institute an investigation pursuant to Section 337 of the Tariff Act of 1930, as amended, with respect to Proposed Respondents' violations of that section arising from the importation into the United States, sale for importation, and/or the sale within the United States after importation of certain Chinese carbon and alloy steel products.

(b) (i) Schedule and conduct a hearing pursuant to Section 337(c) for the purposes of receiving evidence and hearing argument concerning whether there has been a violation of Section 337, and (ii) following the hearing, determine that there have been violations of Section 337.

(c) Issue a permanent limited exclusion order pursuant to Section 337(d) barring from entry into the United States unfairly traded Chinese carbon and alloy steel products that are manufactured abroad, sold for importation, imported, or sold in the United States after importation by or on behalf of the Proposed Respondents.

(d) Issue permanent cease and desist orders pursuant to Section 337(f) prohibiting Proposed Respondents, their subsidiaries, related companies, and agents from conducting any of the following activities in the United States: importing, selling, marketing, advertising, distributing, offering for sale, transferring (except for exportation), soliciting United States agents or distributors, or aiding and abetting other entities in the importation, sale for importation, sale after importation, transfer (except for exportation), or distribution of unfairly traded Chinese carbon and alloy steel products.

(e) Issue a permanent general exclusion order pursuant to Section 337(i) barring from entry into the United States unfairly traded Chinese carbon and alloy steel products that are manufactured abroad, sold for importation, imported, or sold in the United States after importation.

(f) Impose a bond upon importation of unfairly traded Chinese carbon and alloy steel products during the 60-day Presidential review period pursuant to Section 337(j).

(g) Issue such other and further relief as the Commission deems just and proper under the law, based on the facts determined by the investigation and the authority of the Commission.

Dated: April 26, 2016

Respectfully submitted,



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Counsel for Complainant

UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

In the Matter of

CERTAIN CARBON AND ALLOY
STEEL PRODUCTS

Docket No. 337-TA- _____

VERIFICATION OF COMPLAINT

I, Douglas R. Matthews, am Senior Vice President of Industrial, Service Center and Mining Solutions for United States Steel Corporation, and am authorized to execute this verification on behalf of Complainant United States Steel Corporation. I have read the Complaint and am aware of its contents. To the best of my knowledge, information, and belief and based upon a reasonable inquiry under the circumstances, I hereby certify that:

1. The allegations contained in the Complaint are well grounded in fact and have evidentiary support, or are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery;
2. The claims and other legal contentions set forth in the Complaint are warranted by existing laws or by a good faith, non-frivolous argument for extension, modification, or reversal of existing law, or by the establishment of new law; and
3. The Complaint is not being filed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

Dated: April 25, 2016



Douglas R. Matthews