STEEL WIRE ROPE FROM THE REPUBLIC OF KOREA AND MEXICO

Determinations of the Commission in Investigations Nos. 731–TA–546 and 547 (Preliminary) Under Section 733(a) of the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-546 and 547 (Preliminary)

STEEL WIRE ROPE FROM THE REPUBLIC OF KOREA AND MEXICO

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission unamaniously determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from the Republic of Korea and Mexico of steel wire rope,[2] provided for in subheading 7312.10.90 of the Harmonized Tariff Schedule of the United States, that is alleged to be sold in the United States at less than fair value (LTFV).

Background

On April 9, 1992, a petition was filed with the Commission and the Department of Commerce by the Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of steel wire rope from the Republic of Korea and Mexico. Accordingly, effective April 9, 1992, the Commission instituted antidumping investigations Nos. 731-TA-546 and 547 (Preliminary).

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

[2] The imported steel wire rope covered by these investigations consists of ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made of stainless steel or brass plated wire.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of April 16, 1992 (57 F.R. 13379). The conference was held in Washington, DC, on April 30, 1992, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in these preliminary investigations, we unanimously determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of carbon steel wire rope from the Republic of Korea (Korea) and Mexico that are alleged to be sold at less than fair value (LTFV).

I. The Legal Standard for Preliminary Investigations

The legal standard in preliminary antidumping duty investigations requires the Commission to determine whether, based upon the best information available at the time of the preliminary determinations, there is a reasonable indication of material injury or threat thereof to a domestic industry or material retardation of the establishment of an industry by reason of the imports under investigation.[1]

To reach an affirmative determination, the Commission must find that there is more than a mere possibility of material injury.[2] On the other hand, the Commission will reach a negative injury determination only when "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

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[1] 19 U.S.C. §§ 1673b(a). The issue of whether the establishment of a domestic industry has been materially retarded by reason of the subject imports is not presented in these investigations.

[2] American Lamb v. United States, 785 F.2d 994 (Fed. Cir. 1986).

[3] Id. at 1001.

II. Like Product and Domestic Industry

In determining whether there is a reasonable indication of material injury or threat of material injury to a domestic industry by reason of the subject imports, the Commission must first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[4] In turn, the statute defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[5]

The Department of Commerce (Commerce) has defined the scope of the imported products covered by this investigation as steel wire rope classifiable under HTS subheadings 7312.10.9030, 7312.10.9060 and 7312.10.9090:

> encompass[ing] ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. Excluded from these investigations is stainless steel wire rope, i.e., ropes, cables and cordage other than stranded wire, of stainless steel, not fitted with fittings or made up into articles, which is classifiable under

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[4] 19 U.S.C. § 1677(4)(A).

[5] Id. § 1677(10). The Commission's decision regarding the appropriate like product or products in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis. In determining the like product, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability of the products; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) the use of common manufacturing facilities and production employees; and where appropriate, (6) price.

Harmonized Tariff Schedule (HTS) subheading 7312.10.6000.[6]

While the Commission accepts Commerce's determination as to which imported articles are within the class of merchandise allegedly sold at LTFV, the Commission determines which domestic products are like the ones in the class defined by Commerce.[7] During the past eighteen months, the Commission[8] has addressed the definition of like product in several steel wire rope investigations.[9] In those prior investigations, the Commission defined the like product as all steel wire rope, whether stainless or carbon, basing its determination on a "commonality of production processes, facilities, and employees, producer and customer perceptions, and the overlap in general uses."[10]

Petitioner requested that the like product not include stainless steel

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[6] 57 Fed. Reg. 19280 (May 5, 1992).

[7] Algoma Steel Corp., Ltd. v. United States, 688 F. Supp. 639 (Ct. Int'l Trade 1988), aff'd, 865 F.2d 240 (Fed. Cir. 1989).

[8] Commissioner Crawford, Commissioner Nuzum, and Commissioner Watson did not participate in previous steel wire rope investigations because they were not members of the Commission at the time. ok

[9] Steel Wire Rope from Argentina and Mexico, Inv. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 (Aug. 1991); Steel Wire Rope from India, the People's Republic of China, Taiwan and Thailand, Inv. Nos. 701-TA-305 (Final) and 731-TA-478, 480-482 (Final), USITC Pub. 2442 (Oct. 1991); Steel Wire Rope from Canada, Inv. No. 731-TA-524 (Preliminary), USITC Pub. 2409 (Aug. 1991). We note that in Steel Wire Rope from Argentina, Chile, India, Israel, Mexico, The People's Republic of China, Taiwan, and Thailand, Inv. Nos. 701-TA-305 & 306 (Preliminary) and 731-TA-476-482 (Preliminary), USITC Pub. No. 2343 (Dec. 1990), the scope of imported products included both carbon and stainless steel wire rope and in those investigations the Commission found one like product that included both carbon and stainless steel wire rope. After those preliminary investigations, Commerce amended the scope for purposes of the final investigations to exclude stainless steel wire rope.

[10] Steel Wire Rope from Argentina and Mexico, Inv. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 at 9 (August 1991); see also Steel Wire Rope from Canada, Inv. No. 731-TA-524 (Preliminary), USITC Pub. 2409 at 27 (Aug. 1991).

wire rope and presented certain information regarding the differences between stainless and carbon steel wire rope that was not presented or fully developed in the previous steel wire rope investigations.[11] There are differences between the physical characteristics of carbon and stainless steel wire rope which dictate certain specific differences in end use. However, the two types of steel wire rope may be interchangeable in other uses.[12] Although stainless steel wire rope is sold predominantly as a made-to-order product directly to end users, while the carbon product is sold predominantly through distributors, their channels of distribution do overlap.[13] Because the price of stainless steel wire rope is much higher than that of carbon steel wire

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[11] Petitioner asserts that the raw material used to produce stainless steel wire rope differs from the raw material used to produce carbon steel wire rope in terms of physical appearance, stage of processing, metallurgical content, and physical properties. Petitioner's Post-Conference Brief, at 3-7. Petitioner also states that differences exist in applications and end uses, channels of distribution, and production processes, production facilities, and production-related employees. Id. at 8-17.

Respondents counter that the Commission should find carbon and stainless steel wire rope are like imported carbon steel wire rope. Respondents argue that nothing has changed since the Commission's prior steel wire rope determinations to warrant a different approach in these investigations. See Post-Conference Brief of Respondents Grupo Industrial Camesa, et al., Exhibit 1 (hereinafter Mexican Respondents' Post-Conference Brief); Post-Conference Brief of Wire Rope Importers' Association of America, at 6-8 (hereinafter Importers' Association Post-Conference Brief). Respondents also proffer alleged statements against interest made by petitioner during the preliminary stage of the prior investigations in which petitioner argued for one like product, stainless and carbon steel wire rope. See Mexican Respondents' Post-Conference Brief Exhibit 1; Importers' Association Post-Conference Brief, at 6-8.

[12] Staff Report at A-8 - A-9, A-14. We note that the Commission has not required complete interchangeability to include products in one like product. Steel Wire Rope from Argentina and Mexico, Inv. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 at 9 (Aug. 1991); Industrial Nitrocellulose from Brazil, Japan, People's Republic of China, Republic of Korea, United Kingdom, West Germany, and Yugoslavia, Inv. Nos. 731-TA-439 -445 (Preliminary), USITC Pub. No. 2231 at 6 (Nov. 1989).

[13] Staff Report at A-15, A-22.

rope,[14] purchasers do not view the two types of steel wire rope as practically substitutable in many applications.[15]

Unlike in previous investigations of other steel products, where manufacturing facilities for carbon steel and stainless steel products were separate and distinct, carbon and stainless steel wire rope are manufactured using the same or similar processes, machinery, facilities, and employees.[16] On balance, for purposes of these preliminary determinations, we define the like product as all steel wire rope, whether of stainless or carbon steel.[17] Concomitantly, we determine that the domestic industry consists of the domestic producers of steel wire rope.

Related parties

With respect to the composition of the domestic industry, section 771(4)(B) of the Act permits the Commission in appropriate circumstances to exclude certain domestic producers who are related to exporters or importers of the product under investigation, or who themselves are importers of the products.[18] Although no party has argued for exclusion of a related party, we

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[14] Id. at A-9, A-50, Tables 5, C-1; Staff Conference Transcript at 37; Petition at 23; Petitioners' Brief at 9.

[15] Id. at A-8 - A-9, A-14 - A-15.

[16] Id. at A-9 - A-15.

[17] We will revisit in any final investigation whether to exclude stainless steel wire rope from the like product after the parties have had an opportunity to more completely address the particular issues raised in these investigations.

[18] 19 U.S.C. § 1677(4)(B); see also Torrington Co. v. United States, Slip Op. 92-49, at 10-11 (Ct. Int'l Trade Apr. 3, 1992). In analyzing whether there are appropriate circumstances for excluding domestic producers who are related parties, the Commission has examined the following:

(1) the competitive position of the related producers vis-a-vis the

(continued...)

have considered whether Bergen Cable Technologies, Bridon American Corp., Loos & Co., Paulsen Wire Rope Corp., Williamsport Wirerope, and Wire Rope Corp. of America should be excluded from the domestic industry as related parties that imported the subject product during the period of investigation.[19]

These firms include major domestic producers, and eliminating their data from consideration in the Commission's determination would skew our analysis of the domestic industry's condition. Their imports from Korea and Mexico are not significant as a percentage of overall imports and are only a small percentage of their overall steel wire rope production.[20] The evidence suggests that these domestic producers imported the subject product to continue to compete and to fill out their production lines or satisfy particular customer specifications.[21] The small quantities of imports by these producers do not appear to reflect attempts to benefit from LTFV

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[18](...continued)
rest of the domestic industry (i.e., whether inclusion or exclusion of the related party will skew the data least for the rest of the industry);
(2) the reasons why the domestic producers have chosen to import the product under investigation -- to benefit from the unfair trade practice, or to enable them to continue production and compete in the domestic market; and
(3) the percentage of domestic production attributable to related producers.
See Steel Wire Rope from Argentina and Mexico, Inv. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 at 11 n. 28 (Aug. 1991); Minivans from Japan, Inv. No. 731-TA-522 (Preliminary), USITC Pub. 2402 at 27 (July 1991). The Court of International Trade has declared that this is a "reasonable approach when viewed in light of the legislative history." Empire Plow v. United States, 675 F. Supp. 1348, 1354 (Ct. Int'l Trade 1987).

[19] See Staff Report at A-46.

[20] See id. at A-25, A-46, Tables 7, 25, 26 (also compare Table 11 data with data on page A-47).

[21] Id. at A-46 - A-47; Mexican Respondents' Post-Conference Brief, at 17-22.

imports. For these reasons, we find that appropriate circumstances do not exist to exclude these domestic producers from the industry as related parties.

III. Condition of the Domestic Industry

In assessing whether there is a reasonable indication that an industry in the United States is materially injured by reason of dumped imports, the Commission is instructed to consider all the "relevant economic factors which have a bearing on the state of the industry in the United States."[22] In undertaking that assessment, we evaluate, among other relevant factors, U.S. consumption, production, shipments, capacity utilization, employment, wages, financial performance, capital investment, and research and development expenses.[23] In each investigation, the Commission considers the particular nature of the industry under investigation[24] in the "context of the business cycle and conditions of competition that are distinctive to the affected industry."[25]

Apparent U.S. consumption decreased by quantity from 194,035 short tons in 1989 to 190,050 short tons in 1990, and decreased further in 1991 to 184,153 short tons, or by 5.1 percent over the period of investigation.[26] In interim (January-March) 1992, consumption (45,334 short tons) was lower than

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[22] 19 U.S.C. § 1677(7)(C)(iii).

[23] See id.

[24] See id.; see also H.R. Rep. 317, 96th Cong., 1st Sess. 36; S. Rep. 249, 96th Cong., 1st Sess. 88.

[25] 19 U.S.C. § 1677(7)(C)(iii).

[26] Staff Report, Table 3.

the same time period of 1991 (49,579 short tons).[27]

Domestic production of steel wire rope increased by 7 percent from 121,849 short tons in 1989 to 129,836 short tons in 1990, and then decreased by 12 percent to 114,779 short tons in 1991. Production declined by 14 percent in January-March 1992 when compared with that same period in 1991.[28]

Capacity remained virtually the same throughout the period of investigation.[29] Consequently, capacity utilization increased from 52 percent in 1989 to 56 percent in 1990, and declined to 50 percent in 1991. Capacity utilization also declined from 56 percent in interim 1991 to 48 percent in interim 1992.[30]

The quantity and value of domestic producers' U.S. shipments of steel wire rope declined by about 1 percent from 1989 to 1991.[31] From January-March 1991 to January-March 1992, the quantity of such shipments fell by 7 percent while the value of such shipments increased by nearly 3 percent.[32] The average unit value of domestic producers' U.S. shipments fluctuated upward from 1989 to 1991 and increased by 10 percent from January-March 1991 to January-March 1992.[33] The quantity and value of reported U.S. producers'

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[27] Id.

[28] Id. at A-23, Table 4.

[29] Id. at A-23 - A-24, Table 4.

[30] Id.

[31] Id. at A-24, Table 5.

[32] Id.

[33] Id.

exports of steel wire rope increased between 1989 and 1991.[34]

Domestic producers' yearend inventories of steel wire rope decreased steadily from 1989 to 1991, and were lower again at the end of March 1992.[35] However, as a share of U.S. producers' total production, inventories of steel wire rope fluctuated between 37 percent and 45 percent throughout the period for which data were collected.[36]

The average number of production and related workers producing steel wire rope fell by 2 percent from 1989 to 1991.[37] The number of hours worked by such workers increased by 4 percent from 1989 to 1990 but declined by 3 percent from 1990 to 1991. U.S. producers' unit labor costs for steel wire rope rose steadily throughout the period of investigation, increasing by 14 percent from 1989 to 1991 and by 15 percent from January-March 1991 to January-March 1992. Productivity rose 2 percent from 1989 to 1990, declined by 9 percent from 1990 to 1991, and declined further from January-March 1991 to January-March 1992.[38]

From 1989 to 1990, net sales increased and cost of goods sold decreased, resulting in an increase in gross profits.[39] However, selling, general, and administrative (SG&A) expenses increased by $7.7 million.[40] Thus, operating

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[34] Id. at A-24, Table 5.

[35] Id. at A-25, Table 6.

[36] Id.

[37] Id. at A-27, Table 8.

[38] Id.

[39] Id. at A-29, Table 10.

[40] Id. at A-29.

income remained flat at a little over $12 million.

The domestic industry's financial performance deteriorated sharply in 1991. Net sales decreased 9 percent from 1990 to $215.7 million in 1991. Even though the per-ton sales value increased slightly, the per-ton cost of sales increased more. The resulting decrease in the per-ton gross profit margin, along with the drop in the sales volume, caused a $10 million decrease in gross profits.[41] Even though SG&A expenses decreased about $3 million on an absolute basis, they increased slightly on a per-ton basis. Therefore, operating income decreased 56 percent, and the 1990 net income became a net loss in 1991.

In January-March 1992, net sales were down by $3.4 million in comparison to levels in the same period of 1991. The per-ton profit margin was down as an increase in per-ton sales value was more than offset by an increase in per-ton cost of sales. As a result of these decreasing gross profits, operating income declined.[42] Return on assets also decreased consistently throughout the investigation period.[43] [44]

IV. Cumulation

The Commission must cumulatively assess the volume and effect of imports from two or more countries subject to investigation if such imports compete

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[41] Id. at A-29.

[42] Id. At A-33.

[43] Id. at A-36, Table 16.

[44] Chairman Newquist and Commissioner Rohr note that no single factor is dispositive in analyzing the condition of the domestic industry and, based on the declines in production, capacity utilization, net sales, operating income, and employment during 1991, and further declines in the interim 1992 period, find there is a reasonable indication that this industry is experiencing material injury.

with one another and with the like product of the domestic industry in the U.S. market.[45] The Commission has cumulated imports from more than one country in cases in which imports satisfy the following three criteria: (1) they compete with other imported products and with the like domestic product;[46] (2) they are marketed within a reasonably coincident period; and (3) they are subject to investigation.[47]

The Mexican and Korean respondents separately argue that imports of steel wire rope from their respective countries do not compete with the domestic product. However, the record establishes that the subject imports do compete with the domestic product.[48] Further, the representative of one

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[45] 19 U.S.C. § 1677(7)(C)(iv).

[46] In assessing whether imports compete with each other and with the domestic like product, the Commission generally has considered:

> (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
> (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;
> (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
> (4) whether the imports are simultaneously present in the market.

See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd sub nom., Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988). While no single factor is determinative, and the list of factors is not exclusive, these factors provide us with a framework for determining whether the imports compete with each other and with the domestic like product. Only a "reasonable overlap" of competition is required. See Wieland Werke, AG v. United States, 718 F.Supp. 50, 52 (Ct. Int'l Trade 1989); Granges Metallverken AB v. United States, 716 F.Supp. 17, 21-22 (Ct. Int'l Trade 1989).

[47] Sweaters Wholly or in Chief Weight of Manmade Fibers From Hong Kong, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-448-450 (Final), USITC Pub. 2312 at 35-38 (Sept. 1990).

[48] Staff Report, at A-58.

Mexican respondent admitted that his company's products compete with the Korean products.[49] The evidence suggests that the subject imports and domestic product are interchangeable, particularly with regard to some uses.[50]

U.S. producers sell steel wire rope nationwide and about one-half of U.S. importers sell nationwide.[51] Therefore, there is a geographical overlap between sales of subject imports and the U.S. product. Imports from Mexico and Korea and the U.S. product also appear to be sold through the same channels of distribution (e.g., many sales are through distributors/service centers rather than to end users).[52] Indeed, there is evidence to suggest that imports from various sources are commingled by distributors after importation into the United States.[53] Moreover, imports from Korea and Mexico were being sold continuously in the U.S. market throughout the period of investigation. Based on this evidence, we determine that the imports from Korea and Mexico compete with each other and the domestic product.

Negligible imports exception

Cumulation is not required with respect to imports from a particular country where such imports are negligible and have no discernable adverse

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[49] Id. at A-46 & n. 45 (referring to Mexican Respondents' Post-Conference Brief, Exhibit 4).

[50] See id. at A-59 - A-61. We note that all steel wire rope sold in the United States must meet certain specification standards according to particular end uses. Id. at A-53.

[51] Id. at A-51. Of the remainder, many importers reported that their sales are concentrated near coastal areas.

[52] Id. at A-22, A-51.

[53] Staff Conference Transcript, at 28, 44-48.

impact on the domestic industry.[54] The Mexican respondents claim that their imports are "negligible." Imports of steel wire rope from Mexico as a share of U.S. apparent consumption were 1.0 percent in 1989, 2.3 percent in 1990, and 1.7 percent in 1991. The market penetration level stood at 3.2 percent in the interim period of 1991, and 0.7 percent in the same period of 1992.[55] Sales transactions involving the imports do not appear to be isolated or sporadic; Mexico exported to the United States continuously throughout the period of investigation.[56]

Based on this evidence, we determine that imports from Mexico are not

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[54] 19 U.S.C. § 1677(7)(C)(v). In determining whether imports are negligible, the Commission shall consider all relevant economic factors including whether:

> (I) the volume and market share of the imports are negligible,
> (II) sales transactions involving the imports are isolated and sporadic, and
> (III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.

Id. § 1677(7)(C)(V). The Commission is directed to apply the exception narrowly and not use it to subvert the purpose and general application of the mandatory cumulation provision of the statute. See H.R. Rep. No. 40, Part 1, 100th Cong., 1st Sess. 130-131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. 621 (1988). Moreover, the Commission is "directed to interpret the negligible import provision in a manner that makes sense in light of the market." Torrington Co. v. United States, Slip Op. 92-49, at 20.

In prior investigations, the Commission has examined, to varying degrees, three factors: the volume and percentage of apparent U.S. consumption of the imports from the country whose imports are asserted to be negligible; whether the imports are continuous or sporadic in nature; and price sensitivity of the product in question. See Coated Groundwood Paper from Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Sweden, and the United Kingdom, Inv. Nos. 731-TA-486-494 (Preliminary) ("Groundwood Paper"), USITC Pub. 2359 at 28, 30-36 (Feb. 1991); see also, e.g., Torrington Co. v. United States, Slip Op. 92-49, at 19 (citing Groundwood Paper, USITC Pub. 2359, at 33-36).

[55] Staff Report, Table 26. The market share of imports of steel wire rope from Korea during the same time periods were much higher: 22.6 percent, 21.7 percent, 27.9 percent, 28.2 percent, and 26.3 percent, respectively. Id.

[56] Id. Tables 3, 7, 23-26.

negligible and, accordingly, we have cumulated these imports with those from Korea.

V. Reasonable Indication of Material Injury by Reason of LTFV Imports

In determining whether there is a reasonable indication of material injury to the domestic industry by reason of the imports under investigation, the statute provides that the Commission consider in each case:

> (I) the volume of imports of the merchandise which is the subject of the investigation,
>
> (II) the effect of imports of that merchandise on prices in the United States for like products, and
>
> (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations in the United States.[57]

In making this determination, the Commission may consider "such other economic factors as are relevant to the determination."[58] Although we may consider information that indicates that injury to the industry is caused by factors other than the LTFV imports, we do not weigh causes.[59] [60]

An important consideration in determining whether LTFV imports are

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[57] 19 U.S.C. § 1677(7)(B)(i).

[58] Id. § 1677(7)(B)(ii).

[59] E.g., Citrosuco Paulista S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988); see also S. Rep. 249, 96th Cong., 1st Sess. 57 (1979); H.R. Rep. 317, 96th Cong., 1st Sess. 46-47 (1979).

[60] Chairman Newquist, Commissioner Rohr, and Commissioner Nuzum further note that the Commission need not determine that imports are the principal or a substantial cause of material injury. Rather, the Commission need only determine whether imports are a contributing cause of material injury. See S. Rep. 249, 96th Cong., 1st Sess. 74-75 (1979); see also Iwatsu Electric Co. v. United States, 758 F. Supp. 1506 (Ct. Int'l Trade 1991); United Engineering & Forging v. United States, 779 F. Supp. 1375 (Ct. Int'l Trade 1991); LMI-La Metalli Industriale, S.p.A. v. United States, 712 F. Supp. 959 (Ct. Int'l Trade 1989).

causing material injury is the degree of substitutability between the subject imports and the domestic like product. In the current investigation, respondents argue that imports are not substitutable for, and therefore do not compete with, the domestic product. However, information gathered by the Commission in this investigation shows that there is significant, though not complete, substitutability among the various products. The vast majority of producers and importers responding to Commission questionnaires reported that quality differences and design or feature differences were not major factors in their purchasing decisions.[61] Similarly, those interviewed in connection with the Commission's investigation into lost sales or revenue allegations indicated that while some purchasers had problems with the quality of some rope or would not use imports in some applications because of liability concerns, there was substantial competition between the domestic and imported products for many uses.[62]

The Act requires the Commission to consider the volume and price effects of the subject imports. The volume of the cumulated imports was essentially unchanged from 1989 to 1990 and increased 19.2 percent by quantity from 1990 to 1991. The subject imports accounted for a steadily increasing share of the U.S. market in terms of quantity, rising from 23.5 percent in 1989 to almost 30 percent in 1991.[63]

As the volume and market share of the subject imports increased from 1989 to 1991, their unit values declined, decreasing from $1,481 per ton in

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[61] Staff Report at A-63.

[62] Id. at A-59 - A-61.

[63] Id. at A-47, Table 26.

1989 to $1,303 per ton in 1990, and to $1,230 in 1991.[64] Furthermore, the unit values of the subject imports were demonstrably below the unit values of all other imports of steel wire rope throughout the period of investigation.[65] While the unit values of the subject imports fell from 1989 to 1991, the unit values of the other imports rose during that period.[66]

In all available price comparisons, the subject imports undersold domestic steel wire rope -- in many instances very substantially.[67] [68]

The volume and price of the subject imports have had an adverse impact on domestic production, capacity utilization, and financial performance.[69] The domestic industry sustained low rates of capacity utilization and declining financial performance and market share in the face of increased subject imports.[70]

There is also evidence of direct adverse affects caused by the volume and prices of the subject imports in the form of lost sales and lost

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[64] Id. Table 23.

[65] Id.

[66] Id.

[67] Id. at A-59, Tables 27-32.

[68] Vice Chairman Brunsdale and Commissioner Crawford note that interpretation of the pricing data indicating underselling may be complicated in these investigations by the importance of transportation expenses in delivered prices, the tendency for importers to sell closer to their U.S. selling locations (Staff Report at A-51 - A-52), and quality differences between the imported and domestic products (Id. at A-53). They therefore find the underselling evidence to be of only limited value.

[69] Id. at A-23 - A-24, Table 4.

[70] See id. at A-23, Table 5.

revenue.[71] With regard to many of the lost sales allegations that the Commission staff were able to confirm, price appeared to be the primary consideration in purchasing the imported product.[72] [73]

For the reasons discussed above, we find that there is a reasonable indication of material injury to the domestic industry by reason of LTFV imports of carbon steel wire rope from Korea and Mexico.[74]

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[71] Id. at A-59.

[72] Id. at A-59 - A-61. For other instances of lost sales, purchasers appeared concerned about quality or collecting on insurance liability or civil liability claims for injuries caused by steel wire rope product liability actions.

[73] Vice Chairman Brunsdale and Commissioner Crawford do not rely on anecdotal evidence showing that competition from imports caused domestic producers to lose particular sales or forced them to reduce their prices in reaching their determinations.

[74] Another factor considered by Vice Chairman Brunsdale is the magnitude of the dumping margin, which provides information on how much below a fair level the import price is. The greater the difference between the actual price of the imports and the fair price level, the more likely it is that the domestic industry is being materially injured by unfair imports. In these preliminary investigations, alleged margins for Korean steel wire rope range from 13.79 percent to 136.72 percent. For the Mexican product, the average alleged margin is 126.69 percent (Staff Report at A-4 - A-5). While the alleged margins are little more than petitioner's claims, they are the best information currently available concerning the level of the dumping and suggest that the price of imported steel wire rope may be significantly below "fair" levels.

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

On April 9, 1992, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (petitioner) alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from the Republic of Korea (hereinafter "Korea") and Mexico of carbon steel wire rope[1] that are allegedly being, or are likely to be, sold in the United States at less than fair value (LTFV). Accordingly, effective April 9, 1992, the Commission instituted investigations Nos. 731-TA-546 and 547 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports.

Notice of the institution of these investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of April 16, 1992 (57 F.R. 13379).[2] The conference was held in Washington, DC, on April 30, 1992.[3] Effective May 5, 1992, Commerce initiated antidumping investigations to determine whether the subject imports are being sold or are likely to be sold in the United States at LTFV. The Commission voted on these investigations on May 20, 1992, and transmitted its determinations to Commerce on May 26, 1992.

PREVIOUS AND RELATED INVESTIGATIONS

Steel wire rope has been the subject of numerous Commission investigations since the early 1970s (table 1). Most recently, the Commission conducted eight antidumping and countervailing duty investigations in 1991.

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[1] As defined by Commerce, the imported steel wire rope covered by these investigations consists of ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. Such steel wire rope is provided for in subheading 7312.10.90 of the Harmonized Tariff Schedule of the United States (HTS). Excluded from these investigations is stainless steel wire rope, i.e., ropes, cables, and cordage other than stranded wire, of stainless steel, not fitted with fittings or made up into articles, which is classifiable under HTS subheading 7312.10.60.

[2] Copies of the Commission's and Commerce's cited Federal Register notices are presented in app. A.

[3] A list of witnesses appearing at the conference is presented in app. B.

Table 1
Steel wire rope: Previous Commission investigations since 1973

Country	Investigation number	Date of issue	USITC report No.	Commission determination
Japan[1]	AD-124	1973	TC 608	Affirmative
Korea[2]	731-TA-112(P)	1982	USITC 1314	Affirmative[3]
Israel	701-TA-306(P)	1990	USITC 2343	Negative
Chile	731-TA-477(P)	1990	USITC 2343	Negative
India	701-TA-305(F)[4]	1991	USITC 2442	Negative
Argentina	731-TA-476(F)[4]	1991	USITC 2410	Negative
Canada	731-TA-524(P)	1991	USITC 2409	Negative
India	731-TA-478(F)[4]	1991	USITC 2442	Negative
China	731-TA-480(F)[4]	1991	USITC 2442	Negative
Mexico	731-TA-479(F)[4]	1991	USITC 2410	Negative
Taiwan	731-TA-481(F)[4]	1991	USITC 2442	Negative
Thailand	731-TA-482(F)[4]	1991	USITC 2442	Negative

[1] Subsequent to a Department of the Treasury (Treasury) finding that imports of steel wire rope from Japan had been sold in the United States at LTFV, the Commission determined that an industry in the United States was being, or was likely to be, injured by reason of those LTFV imports. The antidumping order against Japan is still in effect.

[2] A petition was filed in 1977 regarding imports of steel wire rope from Korea. At that time, Treasury did not find more than de minimis sales at LTFV.

[3] Commerce subsequently failed to find more than de minimis dumping margins and revoked the antidumping order.

[4] The Commission's final negative determination is the subject of an appeal before the Court of International Trade.

Source: Various Commission publications.

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

Korea

The petitioner estimates LTFV margins ranging from 13.79 percent for large diameter (i.e., exceeding 3/8 inch) carbon steel wire rope imported from Korea to 136.72 percent for small diameter (i.e., not exceeding 3/8 inch) carbon steel wire rope imported from the same source.[4] In order to obtain the estimated dumping margin, the petitioner compared the United States price of Korean-made steel wire rope with the foreign market value. United States price was based on the price of Korean steel wire rope sold or offered for sale in the United States to unrelated distributors, adjusted for certain incidental charges. Foreign market value was based on actual prices derived from price lists, adjusted for manufacturers' discounts and other charges.

[4] Petitioner believes that actual LTFV margins may exceed the higher estimate.

Mexico

To obtain the estimated dumping margin for carbon steel wire rope imported from Mexico, the petitioner compared the United States price of carbon steel wire rope with the foreign market value. This comparison yielded an average estimated dumping margin of 126.69 percent.

The United States price was based on the price of the Mexican steel wire rope sold or offered for sale in the United States to unrelated distributors, adjusted to reflect distributor markups, transportation costs, custom duties and fees, and brokerage charges. Foreign market value was based on actual prices derived from manufacturers' price lists, adjusted for distributor discounts, transportation costs paid by the manufacturer, a Mexican value-added tax, and credit terms. In the 1991 investigation, Commerce found the LTFV margin for Mexico to be 45.11 percent.

THE PRODUCTS

Description and Uses

For the purposes of these investigations, "wire rope" consists of ropes, cables,[5] and cordage of iron or steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. The three types of steel wire rope covered by these investigations include:

Bright steel wire rope.--Refers to steel wire rope which is not coated (except for its covering of grease or lubricant) as described below. "Bright" is a term derived from the shiny appearance of the wires left by passage through the drawing dies during manufacture.

Galvanized steel wire rope.--Refers to steel wire rope which is made of zinc-coated (galvanized) carbon steel wire.

Other steel wire rope.--Refers to steel wire rope where the rope or its component parts have been coated with metallic (including base metals such as aluminum or alloys), textile, or plastic materials. Although coated steel wire rope may be either carbon or stainless steel, only that made from carbon steel wire is covered by the investigations.

A wire rope is composed of two basic parts: a central core surrounded in helical fashion by several strands; strands are, in turn, comprised of a central core surrounded helically by several wires (figure 1). The strand

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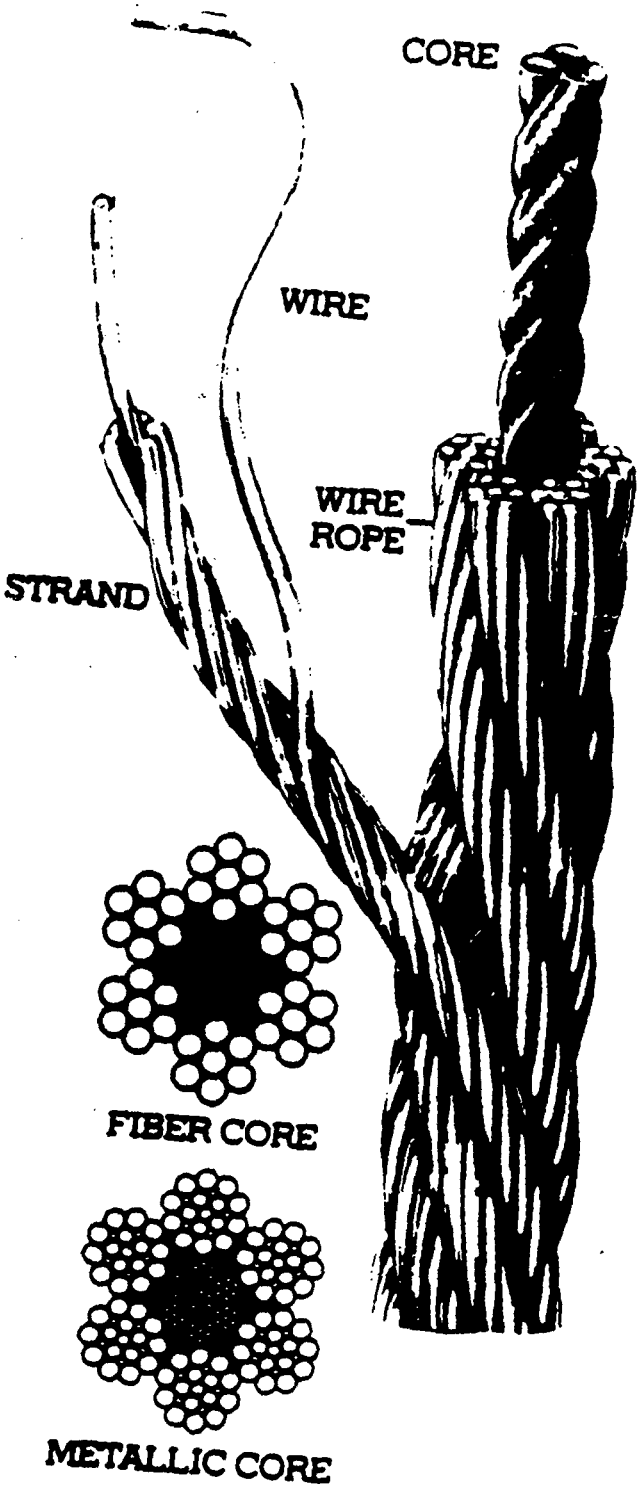
[5] As defined, wire rope includes products referred to by the industry as "cable." For example, aircraft control cable, elevator cable, automotive brake and transmission cable, and bridge suspension cable are wire ropes. The term "cable" also covers most fiber ropes used in the maritime industry and heavy wires used for the transmission of electricity (products not covered by these investigations).

Figure 1.--Steel wire rope: Components



Source: The Rochester Corporation, Wire Rope, p. 4.

used for making wire rope differs from other types of strand and is dedicated to the production of wire rope. Because of the large number of different constructions, estimates of the number of possible types of steel wire rope range up to 2,000.[6]

The design of the strand is the most important determinant of the operating characteristics of a finished rope.[7] During the operation of a wire rope, the main strands and individual wires change position longitudinally with respect to one another; these relative motions tend to distribute and equalize the combined stresses among the component strands and wires as the rope is flexed. The geometric design of the strands is important because the spacing between wires affects the degree of movement of the wires, while giving support and strength to the rope. Hence, the wire rope's resistance to bending fatigue and abrasive wear is directly affected by the design of the strands. The more wires used, for example, the more flexibility and better fatigue resistance the rope will offer; this characteristic might induce a rope maker to increase the number of strands in a rope (i.e., use eight strands rather than six strands) while maintaining the overall weight of the rope the same as a rope with fewer strands. As the number of wires increases, however, so does the tendency of the strand to deform under a crushing load. For abrasive or corrosive applications, large outer wires will outlast small ones, but introduce undesirable side effects in the form of increased stiffness and decreased fatigue resistance. These may be reduced by the substitution of alloy materials (such as stainless steel wire) for the high carbon steels normally used, or the carbon steel may be coated with a protective material such as zinc (i.e., galvanized).

The core at the center of a wire rope keeps the rope round and the strands properly spaced within the design standards and length of lay. The core is generally composed of one or more steel wires, but it may be a steel wire rope (called an independent wire-rope core (IWRC)), a steel wire strand (wire strand core (WSC)), or may be composed of a fiber material (fiber core (FC)). The choice of core is influenced by end use and considerations of flexibility, resilience, and toughness. Fiber cores may be composed of synthetic materials such as polypropylene, nylon, or rayon, or vegetable materials, such as manila, hemp, or sisal. The IWRC possesses greater resistance to crushing but is less flexible than the FC rope. The WSC rope is the least flexible, but possesses a high load-bearing capacity.

Specific working characteristics of steel wire rope may be enhanced by changing the number of wires or strands, altering the shape of the rope's surfaces through the use of coatings to the rope or its component parts, or by changing the grade of steel or material used to fabricate the rope. Such modifications are more common on carbon steel wire rope than on ropes comprised of stainless steels.

Coatings to the rope, to its strands, or to its wires increase performance characteristics by inhibiting outside agents from contaminating the rope's lubricant and by reducing abrasion to the rope and to strands

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[6] Transcript of the Commission's multicountry preliminary conference, Nov. 27, 1990, testimony of Mr. Salanski, Executive Vice President of Wire Rope Corp. of America, pp. 68-69.

[7] The Rochester Corp., Wire Rope, (company brochure of March 1987), p. 5.

within the rope. Such coatings may be of zinc, usually to all wires in a rope, or the coating may be of plastic (usually a polypropylene, but also vinyl or nylon are used). Plastic coatings may be extruded around the core, the strands, or the finished rope; the process is termed "plastic impregnation" when it refers to a complete covering of all component strands and wires within a rope.

PRODUCT CHARACTERISTICS AND USES

Wire rope is considered by the industry to be a "machine" that is used for applications which require mechanical force to be transmitted. All of the various types of steel wire rope have specific characteristics associated with their construction, type of steel or material, or their coating. Wire rope forms much of the rigging[8] (static and dynamic applications) on earth-moving and materials-handling equipment in industries such as mining, quarrying, construction, logging, and fishing. Wire rope is used for aircraft control cables, elevator hoist cables, and in the petroleum and natural gas industries for drilling and well servicing.[9] There are more limited applications for coated and alloy ropes in the food industry, in light-duty industry, in the home, and on farms. Specific operating characteristics of the rope help determine its end use; for example, there may be different forms of wire rope on the same machine.

A coating ot zinc or plastic, or the use of a stainless steel, imparts a greater resistance to corrosion or temperature changes and a longer useful life than that possessed by "bright" steel wire rope. Considerations of cost over the life of the article and the ability to coat are two factors; for example, heavily greased thick carbon steel wire ropes (without other coating) are used in mooring gas and petroleum drilling rigs in the North Sea. The choice of coating is often made with respect to the rope's use. For example, rigging on port cranes and other lifting equipment is usually comprised of galvanized steel wire rope. Galvanized steel wire rope is further protected against corrosion in a marine environment by plastic coating or plastic impregnation for use in oceanographic survey equipment and mooring buoys; there is reportedly some use of 3-inch thick kevlar plastic-coated cables for ship mooring lines.[10] Most commercial and light aircraft use galvanized steel wire rope for the control cables.

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[8] "Rigging" denotes hoist lines, boom lines and pendants, trip lines, draglines, holding and closing lines, swing lines, bow and stern lines, conveyor lines, and winch lines on power shovels, excavators, clamshells and cranes, dredges, hoists, conveyors, winches, and other equipment.

[9] See The Rochester Corp., Wire Rope, pp. 12-14, for a list of application recommendations for specific types of equipment.

[10] The extent to which kevlar has replaced steel in these specific applications is unknown. Kevlar is a proprietary product of E.I. DuPont de Nemours, but is stranded and formed outside that company; it apparently lacks good abrasion resistance, but possesses a higher tensile strength and lighter weight for the same length than does steel. (Staff interview with engineering personnel at *** on May 6, 1992).

Stainless steel wire ropes, whether coated with a plastic or not, are primarily used in marine and aircraft applications: for example, they are used to form the lifelines and rigging on yachts. On most military jets and certain civilian jet aircraft, stainless steel coated with polypropylene is used for the control cables (although galvanized steel wire rope apparently accounts for the bulk of use on commercial airliners and civilian aircraft). Because of its nonmagnetic properties, stainless steel is also used in proximity to radar and compass units and for minesweeping.[11]

INDUSTRY SPECIFICATIONS

Wire rope is produced to one of several standards established by a number of government or independent groups. The standards typically specify the materials to be used, finish, core, mechanical properties (such as tensile strength), fabrication, lay, dimensions, and weight of products. For example, the American Petroleum Institute (API) has established certain standards for wire rope used in oil field applications (termed the API-9A) and the U.S. Bureau of Mines has likewise established certain minimum standards for wire rope in underground mines. The Federal specification, RR-W-410D, written for procurement by agencies of the Federal Government, is reportedly used in the industry as a basic standard. Procurement standards also exist for the U.S. military for specific end-use applications in aircraft controls, the most common of which are MIL-W-5425, MIL-W-1511, and MIL-83420. "Aircraft cable" was a military procurement standard, but the term has become a generic standard for applications using galvanized and stainless steel wire rope in diameters of 1/6 to 3/8 inch. Standards were established by other bodies as well, such as the American Society of Mechanical Engineers, which established standards for the ropes used in ski lifts and elevators. Many of these standards have been adopted by the fishing, mining, oil and gas, and construction equipment industries abroad.

Wire rope sold in the United States meets at least one of the standards listed above. A review of company literature indicates that producers, whether domestic or foreign, state they are able to meet the standards imposed by Fed. Spec. RR-W-410D or API-9A or the MIL specifications listed above, and in several cases have certificates from the applicable testing bodies (e.g., API or Lloyd's) attesting to the quality of the producer's wire rope for specific applications.

The Manufacturing Process

The basic principles of wire making and rope forming have remained relatively unchanged for several decades, except for certain advances in coating techniques. There have been incremental improvements in methods for handling, cleaning, coating, or lubricating the rod from which the wire is made, and in heat treating and finishing the wire. Changes in the production process also focus on making it faster and more continuous (i.e., reducing the number of discrete steps at which the rod, wire, strand, and rope must be

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[11] Staff interview with engineering personnel at *** and *** on May 6, 1992.

manipulated), automating controls and measurement techniques, and reducing the environmental hazards posed by such steps as lead patenting and the handling of acids and lubricants.

The manufacturing process for steel wire rope consists of three major steps: (1) drawing rod into wire, (2) stranding wire, and (3) closing strands into rope. The stages in the process are described below, and figure 2 presents a schematic diagram of the process and machinery involved.

DRAWING ROD INTO WIRE

Carbon steel wire rod is subjected to a specialized heat treatment process termed "patenting,"[12] cleaned, coated, and reduced to a smaller diameter through a series of dies to wire.[13] Depending upon the amount of reduction during drawing (termed the draft), the wire may also undergo patenting and re-drawing to a smaller diameter.

Hot-rolled carbon steel wire rod is first passed through gas-fired patenting furnaces to improve ductility and to provide for a uniform grain structure. The rod is heated to about 2,000 degrees Fahrenheit, which is above its "critical" temperature, then quickly cooled by being quenched in a bath of molten lead or salt to achieve a desired grain structure of fine pearlite and mechanical properties of high ductility and high tensile strength.[14] After scale or other surface deposits are cleaned from the rod in either a bath of acid or through abrasive techniques, the rod is washed in water, and a coating of lime, borax, or phosphate is baked on. This provides the rod with a protective layer and serves as a carrier for the lubricant for the first draw.

The patented and cleaned rod is then cold-drawn through a series of wire-forming tungsten carbide dies that reduce its diameter to between approximately 0.009 inch and 0.250 inch, and the wire is then wound on air-cooled or water-cooled wire drawing blocks. The cold-drawing process reshapes the steel grain into a fibrous structure and improves tensile strength. However, cold-drawing produces an isothermic reaction that disturbs the grain structure and may necessitate further heat treatment, quenching, cleaning, and coating.

The wire for galvanized strand or rope can be coated either at an intermediate stage and then drawn to finished diameter or after it has reached the desired diameter. Companies making carbon steel wire rope tend to

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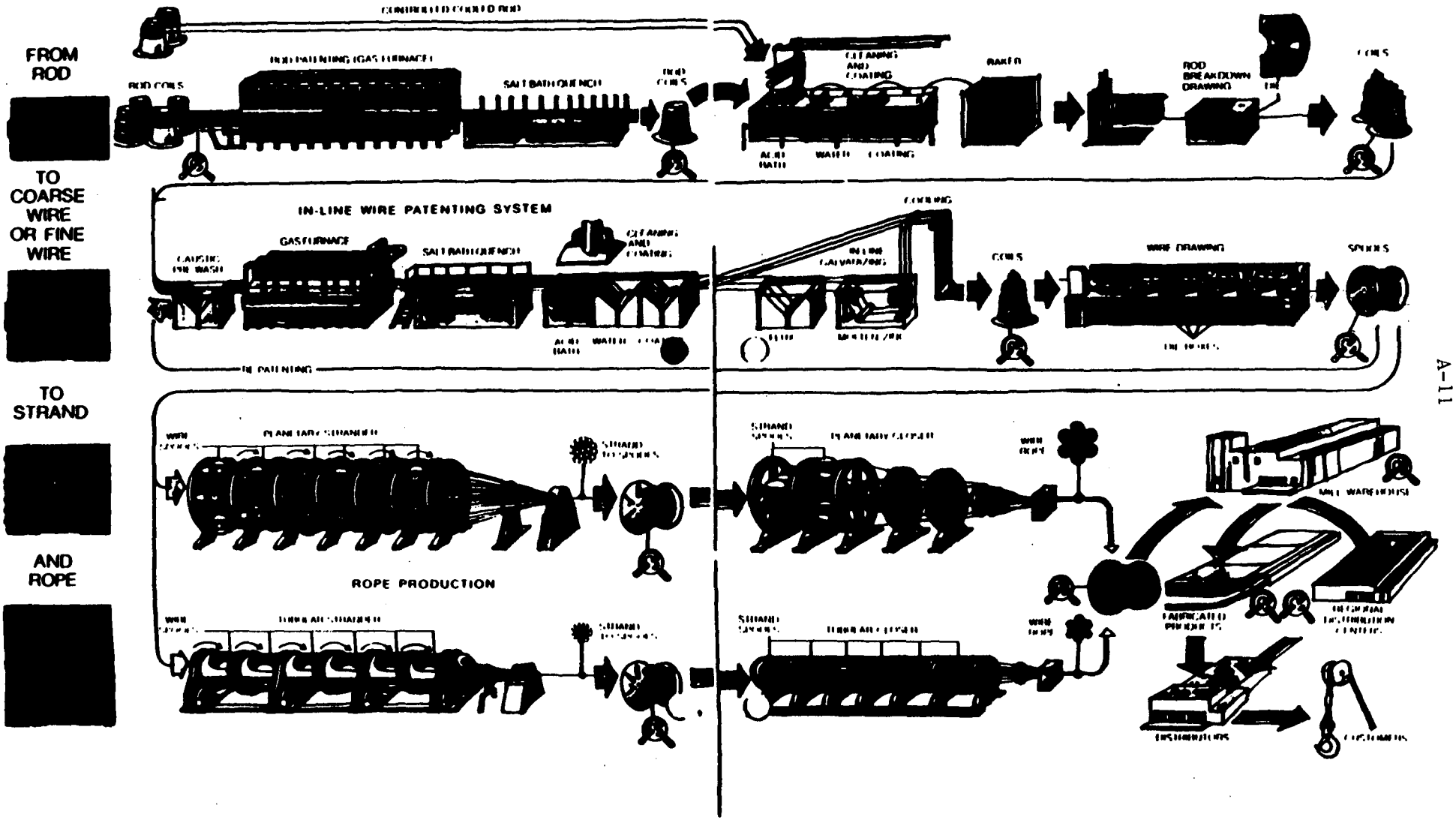
[12] "Patenting" is a special heat treatment used only on medium- and high-carbon steel (i.e., steel with a carbon content above 0.40 percent, and usually with a carbon content of between 0.60 and 0.80 percent). The metal is heated well above the upper critical temperature followed by a rapid cooling. See Association of Iron and Steel Engineers, The Making, Shaping and Treating of Steel, (Pittsburgh, PA: Herbick & Held, 1985), p. 992; also, American Iron and Steel Institute, Wire and Rods, Carbon Steel, Mar. 1984, p. 47.

[13] Not all manufacturers draw rod into wire, although a majority do.

[14] The Making, Shaping and Treating of Steel, p. 999.

Figure 2.--Steel wire rope: Fully integrated manufacturing process



Source: Wire Rope Corporation of America, "Wire Rope Manufacturing," p. 2-3.

purchase the rod and perform the operations listed above, but on galvanized wire rope, they are apparently split between those purchasing rod and those purchasing galvanized wire.

Stainless steel wire rod and wire are used as the input materials to produce stainless steel wire rope. Stainless steel is a low-carbon steel alloy that includes significant amounts of nickel and chrome. When stainless steel rod is used, it must be heat-treated differently than the high-carbon steel rod described earlier. That process is termed "annealing," and involves heating the material to near or below the critical temperature. Since stainless steel is harder, the dies used to draw wire must be harder than those used to draw carbon steels, and the lubricants that are used also differ. Most of the companies producing stainless steel wire rope purchase the wire already drawn to finished size rather than drawing it from rod.[15] In addition, there is additional testing for quality control and to ensure that the stainless steel wire is not comingled with carbon steel wire.[16]

STRANDING WIRE

Strands are formed in a single operation from individual wires laid about a core so that all wires in the strand can move in unison to distribute load and bending stresses equally. This is achieved with "tubular" or "planetary" stranding machines (figure 2). Tubular stranders are faster than planetary stranders although planetary stranders are capable of handling a larger number of wires and achieve a heavier weight strand than tubular stranders. Regardless of whether a tubular or planetary strander is used, strand used for making wire rope is generally lubricated as the wires move into the stranding die. This lubrication is necessary to enable the wires and the strands to move freely in the wire rope as well as to protect the strand. After emerging from the stranding die, strand is frequently "postformed," a process that involves passing the strand through a series of straightening rollers in order to remove excessive twist. At this point, the strand may be die-formed or coated.

According to industry officials, several differences between stranding carbon and stainless steels exist: set-up times are longer for stainless and some special machinery preparation is required to change or remove lubricants and to remove contaminants, especially where the machinery is used interchangeably.[17] Also, because stainless steel is harder, the machinery must be operated at a slower running speed, and the wire-preforming and strand post-forming heads are harder than with carbon steels.[18] Petitioners indicate that workers receive specialized training to enable them to handle the

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[15] Petitioner's postconference brief, May 6, 1992, p. 4. Also, staff interviews with engineering personnel at *** and *** on May 6, 1992.

[16] Petitioner's postconference brief, p. 13.

[17] Questionnaire response of *** p. 12. Moreover, the largest single combination producer of stainless steel and carbon steel wire ropes, ***. (Petition, p. 22; and petitioner's postconference brief, p. 14).

[18] Staff interviews with engineering personnel at ***, ***, and *** on May 5 and May 6, 1992.

specialized production techniques and problems that arise in producing stainless steel wire ropes.[19]

CLOSING INTO ROPE

The final operation, called "closing," is accomplished on a tubular or planetary closer, operating in a manner similar to tubular or planetary stranders. The difference between the strander and the closer is that a preforming head, which imparts a helical shape to the strands, is positioned in front of the closing die. Preforming the strands reduces stress and results in longer service life. Spools or bobbins of strand are placed in cradles in the closer to dispense simultaneously all strands of a sufficient length needed to make a single rope without a splice. The closing die presses the strands together, forming the rope.

With respect to stainless steel rope, many of the differences at the closing stage are the same or similar as at the stage of forming strand: operating speeds are slower, harder and different closing heads and guide bars are required, and machinery preparation to change or remove lubricants and remove contaminants is necessary.

COMPARISON OF ~~MANUFACTURING PROCESSES~~

In general, little difference appears to exist between the production processes in domestic facilities and those abroad.[20] This is reflective of a mature industry and attributable to the diffusion of process technology, techniques, and equipment on a world-wide basis, the similarity of engineering requirements for specific end uses, product liability concerns, and the commonality of design or procurement standards. However, certain processes, including certain types of coating processes, are considered proprietary.

Carbon Steel and Stainless Steel Wire Rope

There are two basic types of steel wire rope--carbon and stainless. Carbon steel wire rope can be either bright or galvanized. Galvanized wire rope is bright wire rope which is coated with zinc. Stainless steel wire rope is made from stainless steel. In the 1991 multicountry investigations, the Commission found that carbon steel wire rope and stainless steel wire rope consituted one like product.[21] In these investigations, the petitioner argues that carbon steel wire rope and stainless steel wire rope are two distinct

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[19] Petitioner's postconference brief, p. 17.

[20] No information is provided in the petition on the manufacturing process in Korea, although staff interviews with the domestic industry indicate that there is little difference from the process used in the United States.

[21] See Steel Wire Rope From Argentina and Mexico, USITC Pub. 2410, p. 11; Steel Wire Rope From India, the People's Republic of China, Tawian, and Thailand, USITC Pub. 2442, p. 5; Steel Wire Rope From Argentina, Chile, Israel, Mexico, the People's Republic of China, Taiwan, and Thailand, USITC Pub. 2343, p. 9; and Steel Wire Rope From Canada, USITC Pub. 2409, pp. 7 and 8.

like products based on (1) differences in metallurgical content and physical properties, (2) different end-use applications, (3) separate channels of distribution, (4) different production processes, and (5) the utilization of different production facilities and equipment, and employees.[22]

In general, respondents argue that the Commission's traditional like-product analysis and established precedent require that stainless steel wire rope be included within the like product definition. In light of the Commission's like-product determination in 1991, the body of this report generally presents aggregate information on carbon and stainless steel wire rope. Separate data on carbon steel wire rope are presented in appendix C.

Producer questionnaire respondents were asked to comment regarding the differences and similarities in the physical characteristics and uses of steel wire rope. The responses of firms that produce either carbon and stainless steel wire rope or simply stainless steel wire rope on the differences and similarities in manufacturing processes and differences in physical characteristics and uses are presented below:[23]

Firm	Comments
***.....	"Carbon steel wire rope has higher breaking strength than stainless steel. Stainless steel is less corrosive. Labor and machinery is interchangeable between the two products."
***.....	"Cost of stainless wire rope materials, labor and manufacturing processes are greater than carbon steel cables. Some machinery & equipment are interchangeable between the two types."
***.....	"Processing and properties of stainless steel wire (emphasis added) are significantly different from carbon steel wire. Our comments are related to strand and rope manufacture. Stranding and closing machinery is similar, but it is not recommended that the equipment be used interchangeably. Special tooling required for stainless steel wire rope. Manufacture of stainless steel rope requires more skill than carbon steel rope."
***.....	"Carbon and stainless are very interchangeable, use the same equipment and same labor."
***.....	"*** produces very limited quantities of stainless steel wire rope. Inputs are different (stainless steel wire or rod vs. high carbon wire or rod).

[22] Petitioner's postconference brief, pp. 2-16.

[23] See Steel Wire Rope From Argentina and Mexico, USITC Pub. 2410, at pp. A-22-26; also see Steel Wire Rope From India, the People's Republic of China, Taiwan, and Thailand, USITC Pub. 2442, p. A-5.

Stainless wire is 'harder' and requires more set up time and a slower running speed. Machinery may only be interchanged from carbon to stainless after an extensive and time consuming cleaning operation to remove carbon steel contaminants."

***..... Uses: "Aircraft, automotive, medical, and fitness equipment." (Refers to stainless steel wire rope.)

***..... "Carbon steel has greater breaking strength--both have flexibility - stainless steel is more heat corrosive resistent than carbon steel."

***..... Physical characteristics: "Standard grades of stainless steel generally will not achieve the strength levels of carbon steel wire rope. Stainless steel wire rope generally used where the rope is exposed to corrosive conditions or temperatures which would be detrimental to plain carbon steel." Uses: "Some examples of stainless steel applications are marine atmospheres, alkaline or acidic environments found in chemical processing or food processing applications. Carbon steel wire rope is not used for these applications."

***..... Physical characteristics: "Stainless has better corrosion and higher temperature strength." Uses: "Generally speaking can substitute stainless for carbon; but can't substitute carbon for stainless."

***..... Physical characteristics: "Stainless steel has better resistance to corrosion." Uses: "Stainless steel wire rope is required for marine applications requiring applications requiring exposure to weather over an extended period of time. Carbon steel wire rope is not used for these applications."

Interchangeability

Imported steel wire rope may be considered interchangeable with domestic product within certain limitations that render certain imports not suitable for high-risk applications (that is, when human life is at risk) and in some product niches where there may be little or no competition between imports and the domestically-produced steel wire rope. Further, imports into the U.S. market are often commingled and sold interchangeably,[24] and imports flow through the same channels of distribution as do the domestic products; namely, through producer-

[24] Testimony of Mr. Howard Schloss, conference transcript, p. 97.

related and operated warehouses, non-related distributors, warehousing arrangements, consigned stock arrangements, and, in some cases, through the marketing channels of U.S. producers.

U.S. Tariff Treatment

Imports of steel wire rope subject to these investigations are provided for in subheading 7312.10.90 of the Harmonized Tariff Schedule of the United States (HTS). The column 1-general (most-favored-nation) rate of duty for steel wire rope, applicable also to imports from Korea and Mexico, is 4.0 percent ad valorem. Duty-free entry under the Generalized System of Preferences was withdrawn from Mexico in July 1990.

VOLUNTARY RESTRAINT AGREEMENTS

Import restrictions on certain steel products subject to import limitations under Voluntary Restraint Agreements (VRAs) negotiated with 19 foreign governments (including Korea and Mexico) and the European Community expired on March 31, 1992.[25] The VRA program was an outgrowth of earlier trade measures from the period of 1969-84, although these arrangements covered flat-rolled products, pipe and tube, and wire rod for the most part. Export restraints were pursued under the VRA program to allow the U.S. steel industry's capacity utilization rates to improve and the industry to restructure in response to the structural crisis and to become competitive with foreign producers. Foreign suppliers were provided partial protection from U.S. unfair trade laws and more than 100 trade cases were suspended.[26] The VRA program was expanded in 1984 and 1985, but generally covered those countries and products subject to antidumping and countervailing duty complaints at the time.

Many suppliers of steel wire rope were subject to either market share limits or agreements limiting import quantities. Wire rope was often included in the broader category of wire and wire products within the VRAs; the specifically mentioned import limits under the agreements ranged from a low of 0.676 percent (about 1,115 short tons) of apparent U.S. consumption (ADC)[27] for Brazil to a high of about 57,500 metric tons for Korea.[28] Most of the VRAs included with the subject goods

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[25] The restraint limits discussed in this section are more accurately defined as export limits, as the countries under agreement control their shipments of exports in lieu of U.S. import quotas.

[26] For discussions of the VRA program, see Hearings before the Subcommittee on Trade, Committee on Ways and Means House of Representatives, Steel Import Stabilization Extension Act and Other Proposals Related to the Steel Voluntary Restraint Agreement Program, June 13, 15, 26, and Aug. 1, 1989.

[27] Apparent U.S. consumption was forecast quarterly by Data Resources Inc., Lexington, MA, under contract to Commerce; adjustments to the previous period's forecast and quota were made in subsequent periods.

[28] Based on the October 1990 forecast of apparent U.S. consumption of arrangement products subject to export licensing during the final period of Jan. 1, 1991 through Mar. 31, 1992.

any imports of wire rope fitted with fittings or wire rope that is plated with brass. The first VRA signed covered the period from October 1, 1984, through September 30, 1989 (VRA I), and the second VRA covered the period from October 1, 1989, through March 31, 1992 (VRA II).

Korea

Regarding Korea, steel wire rope was a separate category under both the initial (October 1, 1989-December 31, 1990) and final (January 1, 1991-March 31, 1992) periods. The Korean export ceiling was 57,500 metric tons in each VRA period. This export ceiling included carbon, galvanized and stainless steel wire ropes, including those fitted with fittings. According to data based on export certificates, imports from Korea were 88.25 percent of the VRA in October 1, 1989-December 31, 1990.

Mexico

Regarding Mexico, steel wire rope was included in the category "all wire and wire products." Under VRA I, there were no separate subcategories. Hence the limit that applied to imports of steel wire rope was the same as that for the overall category--namely, 0.45 percent of ADC of wire and wire products. The U.S. government tried to break out a new subcategory for wire rope in 1986 but did not convince the Mexican negotiators to do so, and "suppression limits" (regarded as targets and not enforced by Commerce)[29] were agreed to by both sides. The suppression limits were not exceeded during 1987 or 1988, but were exceeded during 1989. Under VRA II, there is a separate category: the import limits were set at 2.54 percent and 2.94 percent of ADC for the initial period and final period, respectively. The adjusted initial period export ceiling was 4,343 metric tons. The adjusted export ceiling for the final period was 8,126 metric tons.[30] According to data based on export certificates, the restraint level was binding on Mexico during the initial period.

THE U.S. MARKET

U.S. Producers

Forty firms were sent producers' questionnaires, including the 8 firms listed in the petition. Table 2 presents the major known

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[29] Technically, VRAs were "enforced" by the exporting countries, but Commerce could object to the lack of compliance and threaten quotas which would have legal force.

[30] DRI forecasts dated October 1990 and December 1991.

Table 2
Steel wire rope: Current U.S. producers, location of production facility, position on the petition, and share of production in 1991

Firm	Location	Position on petition[1]	Share of U.S production in 1991 Carbon	Stainless	Total
Bergen Cable Technologies.....	Lodi, NJ	***[2]	***	***	***
Bridon American.....	Exeter, PA	Petitioner	***	(3)	***
Carolina Steel & Wire Corp.....	Lexington, SC	***[2]	***	***	***
Loos & Co.....	Pomfret, CT	***	***	(4)	***
Macwhyte Co. &.....	Kenosha, WI Sedalia, MO	Petitioner	***	***	***
Paulsen Wire Rope.....	Sunbury, PA	Petitioner	***	(3)	***
Penn Wire Rope/ Strandflex[5].....	Oriskany, NY	***	***	(3)	***
The Rochester Corp....	Culpeper, VA	Petitioner	***	(3)	***
Williamsport Wire-rope Works.....	Williamsport, PA	Petitioner	***	(3)	***
Wire & Cable Specialties.....	West Chester, PA	***	(4)	(4)	(4)
Wire Rope Corp. of America.....	St. Joseph, MO Kansas City, MO	Petitioner	***	***	***
Total.....			***	***	***

[1] Seven firms that do not produce steel wire rope, but are suppliers to the industry, sent letters to the Commission expressing support for the petition. These include ***.
[2] ***.
[3] ***.
[4] ***.
[5] Penn Wire Rope of Williamsport, PA, consolidated operations with the Strandflex Division of Maryland Specialty Wire on Jan. 1, 1990.

Note.--Totals may not add due to rounding.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

producers of steel wire rope, the locations of their plants, positions on the petition, and shares of 1991 total production of steel wire rope (including stainless).

PREVIOUS MANUFACTURERS

To one degree or another, the industry in the United States has restructured and/or rationalized its operations, during and before the period for which data were collected in these investigations, with integrated steel producers leaving the market to independent producers. The current status of firms that were steel wire rope manufacturers is described below:

Firm	Comment
Armco, Inc.....	Closed its facility effective 3/31/88. All production facilities/inventories sold/leased to Wire Rope Corp. as of 4/14/88.
Bethlehem Steel Corp. Wire Rope Div.....	Permanently closed in April 1989. Williamsport commenced operations in June 1989 at a much reduced operating level.
Carolina Industries Inc.....	No longer produces steel wire rope.
Pennsylvania Wire Rope Corp.....	Ceased market production of stainless steel wire rope at its Williamsport, PA, facility in December 1989, and is now consolidated with its parent Strandflex, producing steel wire rope in Oriskany, NY.
Universal Wire Products.....	Sold the *** to Wire Rope Corp. in September 1987, ***.

U.S. Importers

In these investigations, the Commission relied upon information provided in the petition and by counsel for the Wire Rope Importers' Association in identifying importers of steel wire rope from Korea and Mexico. This information was verified against files provided by the U.S. Customs Service. As a result, Commission questionnaires were sent to approximately 68 firms believed to import steel wire rope from the subject countries. Importers' questionnaires were also sent to the 40 firms that were sent producers' questionnaires. In general, the principal importers in the United States of steel wire rope from the subject countries are U.S. distributors, while smaller importers tend to be end users.

Apparent U.S. Consumption

Data on apparent U.S. consumption of steel wire rope are presented in table 3 and are composed of the sum of U.S. shipments (domestic shipments and company transfers) of U.S.-produced steel wire rope by U.S. producers, as reported in response to the Commission's questionnaires, and imports of steel wire rope as reported in official import statistics.[31]

Apparent U.S. consumption of steel wire rope (including stainless) declined steadily during the period for which data were collected. Apparent U.S. consumption decreased from 194,035 short tons in 1989 to 184,153 short tons in 1991, a decrease of 5 percent. From January-March 1991 to January-March 1992, apparent U.S. consumption fell by nearly 9 percent, decreasing from 49,579 short tons in January-March 1991 to 45,334 short tons in January-March 1992.

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[31] Because of the practice of commingling, some U.S. importers find it virtually impossible to identify their U.S. shipments of imported steel wire rope by its originating country. Therefore, because of the inability of U.S. importers to reliably report shipments of imports by country of origin, offical import statistics are relied upon.

Table 3
Steel wire rope (including stainless): U.S. producers' shipments, U.S. imports for consumption, and apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Quantity (short tons)				
U.S. shipments of U.S.-produced product	111,223	117,670	109,751	28,948	26,968
Imports:					
Korea	45,083	42,769	53,016	14,330	12,415
Mexico	2,416	4,475	3,112	1,577	338
Subtotal	47,499	47,244	56,128	15,907	12,753
Other	35,313	25,136	18,274	4,724	5,613
Total imports	82,812	72,380	74,402	20,631	18,366
Apparent U.S. consumption	194,035	190,050	184,153	49,579	45,334
	As a share of the quantity of apparent consumption (percent)				
U.S. shipments of U.S.-produced product	57.3	61.9	59.6	58.4	59.5
Imports:					
Korea	23.2	22.5	28.8	28.9	27.4
Mexico	1.2	2.3	1.7	3.2	0.7
Subtotal	24.5	24.9	30.5	32.1	28.1
Other	18.2	13.2	9.9	9.5	12.4
Total imports	42.7	38.1	40.4	41.6	40.5
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0

Note.--Because of rounding figures may not add to totals shown.

Source: Shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports compiled from official statistics of the U.S. Department of Commerce.

Channels of Distribution

Information gathered from questionnaire responses in these investigations indicates that the major channel of distribution for steel wire rope for both U.S. producers and importers is distributors/service centers. The following tabulation provides the shares of shipments of steel wire rope by channels of distribution for both U.S. producers and U.S. importers (in percent) in 1991:

Item	Distributors/ Service centers	End users
U.S. producers.....	72.0[1]	28.0
U.S. imports of steel wire rope from:		
Korea.....	88.9	11.1
Mexico.....	***	***

[1] Shipments to related distributors/service centers accounted for approximately *** percent of this channel of trade.

The channels of distribution for stainless steel wire rope and carbon steel wire rope are believed to be significantly different. Stainless steel wire rope is believed to be a made-to-order product, with most shipments going directly to the end-user customer.

CONSIDERATION OF ALLEGED MATERIAL INJURY

The information in this section of the report was compiled from responses to questionnaires of the U.S. International Trade Commission. With two exceptions, firms providing questionnaire responses in these investigations are identical to the firms providing questionnaire responses in the Commission's final multicountry investigations.[32] The 11 producers that provided questionnaire responses are believed to account for virtually all U.S. production of carbon steel wire rope and an estimated *** percent of U.S. shipments of U.S.-produced stainless steel wire rope.

The information that follows is based on the total steel wire rope (including stainless) operations of U.S. producers. Information provided by producers on their carbon steel wire rope operations is presented separately in appendix C.

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[32] *** did not respond to the Commission's questionnaire in these investigations. *** wire rope facility ***. ***. Based on its 1991 questionnaire response, *** reported production of stainless steel wire rope represented *** percent of total reported stainless steel production. It produces no carbon steel wire rope. According to ***, President of the firm, the company's *** (telephone conversation with *** on Apr. 16, 1992).

U.S. Production, Capacity, and Capacity Utilization

The U.S. industry producing steel wire rope has undergone some structural changes since the periods covered by these and the 1991 multicountry investigations. The nature of these changes, however, has resulted more in a greater concentration of production assets among existing firms than in a net loss of production capability. The effect of this reshuffling of assets has caused minimal disruption to the U.S. steel wire rope industry, as shown in the data that follow.

Data on reported U.S. production, end-of-period capacity, and capacity utilization in connection with operations on steel wire rope are presented in table 4.[33] Production of all steel wire rope increased from 121,849 short tons in 1989 to 129,836 short tons in 1990, or by 7 percent, and then decreased to 114,779 short tons in 1991, or by 12 percent, with trends partially explained by the cessation of production at Bethlehem's facility subsequent to its purchase by Williamsport in 1989. Production also turned downward by 14 percent during January-March 1992, compared with that in the same period in 1991.

Table 4
Steel wire rope (including stainless): U.S. capacity, production, and capacity utilization, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
Capacity[1] (short tons) . . .	230,585	229,775	229,775	57,466	57,518
Production (short tons) . . .	121,849	129,836	114,779	32,083	27,601
Capacity utilization (percent)	51.7	56.3	49.7	55.6	47.6

[1] Capacity was generally reported for a 3-shift operation, averaging 126 hours per week, 50 weeks per year.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. producers' capacity to produce steel wire rope (including stainless) declined by less than one-half of 1 percent from 1989 to 1990, falling from 230,585 short tons to 229,775 short tons. U.S. producers' capacity remained unchanged in 1991 and rose only slightly from January-March 1991 to January-March 1992. Reported capacity exceeded apparent consumption in all years and periods. U.S. producers' capacity utilization for all steel

[33] Data include stainless steel wire rope operations since capacity is calculated for equipment capable of producing all steel wire rope.

wire rope fluctuated during 1989-91, increasing from 52 percent in 1989 to 56 percent in 1990 and declining to 50 percent in 1991. From January-March 1991 to January-March 1992, U.S. producers experienced a decline in their operating rate, as capacity utilization declined from 56 percent in the interim 1991 period to 48 percent in the interim 1992 period.

Stainless steel wire rope accounted for a very minor share of U.S. producers' overall steel wire rope production capacity and production. U.S. producers' stainless steel wire rope capacity averaged about *** percent of U.S. producers' total steel wire rope capacity over the period for which data were collected in these investigations. At the same time, U.S. producers' production of stainless steel wire rope accounted for less than *** percent of total steel wire rope production over the same period.

U.S. Producers' Shipments

U.S. SHIPMENTS

The quantity and value of U.S. producers' U.S. shipments of steel wire rope declined irregularly by about 1 percent from 1989 to 1991 (table 5). From January-March 1991 to January-March 1992, the quantity of U.S. producers' U.S. shipments fell by 7 percent, whereas the value of such shipments increased by nearly 3 percent. The average unit value of U.S. producers' U.S. shipments of steel wire rope fluctuated upward from 1989 to 1991 and increased by 10 percent from January-March 1991 to January-March 1992.

U.S. producers' U.S. shipments of stainless steel wire rope were minimal relative to U.S. producers' total U.S. shipments of all steel wire rope throughout the period for which data were collected in these investigations. Such stainless steel shipments never rose above *** percent of U.S. producers' total shipments.

EXPORTS

Information on U.S. producers' exports of steel wire rope, principally to Canada, the United Kingdom, Australia, Kuwait, and Singapore, is based on questionnaire responses of six firms, accounting for approximately 91 percent of total shipments of U.S.-produced steel wire rope in 1991. The quantity of reported U.S. producers' exports of steel wire rope nearly doubled, increasing from 4,104 short tons to 7,113 short tons, between 1989 and 1991 (table 5). Likewise, the value of U.S. producers' exports rose by nearly 50 percent over the same period, increasing from $6.9 million in 1989 to $10.3 million in 1991. The rapid 1989-91 acceleration in the volume of U.S. producers' exports, however, was accompanied by a steady decline in the average unit value of such exports. The average unit value of U.S. producers' exports declined by 15 percent from 1989 to 1991. Although the average unit value of such exports rose by 11 percent in January-March 1992 over the corresponding period in 1991, it was still significantly below the 1989 level.

Table 5
Steel wire rope (including stainless): U.S. producers' U.S. shipments (domestic shipments and company transfers), export shipments, and total shipments, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
U.S. shipments:					
Quantity (short tons) . . .	111,223	117,670	109,751	28,948	26,968
Value (1,000 dollars) . . .	216,366	225,981	214,230	55,523	57,159
Unit value (per ton)[1] . . .	$1,945	$1,920	$1,952	$1,918	$2,119
Export shipments:					
Quantity (short tons) . . .	4,405	6,227	7,113	1,407	1,427
Value (1,000 dollars) . . .	7,202	9,756	10,268	1,858	2,089
Unit value (per ton)[1] . . .	$1,635	$1,567	$1,444	$1,321	$1,464
Total shipments:					
Quantity (short tons) . . .	115,628	123,897	116,864	30,355	28,395
Value (1,000 dollars) . . .	223,568	235,737	224,498	57,381	59,248
Unit value (per ton)[1] . . .	$1,934	$1,903	$1,921	$1,890	$2,087

[1] Unit values calculated using data of firms providing both numerator and denominator information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. Producers' Inventories

U.S. producers' yearend inventories of all steel wire rope decreased steadily from 1989 to 1991 and decreased again in January-March 1992 from the corresponding period in 1991 (table 6). However, as a share of U.S. producers' total production, inventories of all steel wire rope hovered between 37 percent and 45 percent throughout the period for which data were collected.

U.S. Producers' Purchases

U.S. producers' purchases of steel wire rope from other U.S. producers and non-producing U.S. sources declined irregularly from *** short tons, or *** percent of production, in 1989 to *** short tons, or *** percent of production, in 1991 (table 7). U.S. producers' purchases from all U.S. sources declined by *** percent from January-March 1991 to January-March 1992, falling from *** short tons to *** short tons. The significant decline from 1989 to 1990 resulted in large measure from the transition of ownership of the Bethlehem wire rope facility to Williamsport.

U.S. producers' imports of steel wire rope fell by *** percent from 1989 to 1991 and decreased by *** percent from January-March 1991 to January-March 1992. As a share of production, U.S. producers' imports declined from *** percent of production in 1989 to *** percent in 1991, and remained at that

Table 6
Steel wire rope (including stainless): U.S. producers' inventories and ratios to production, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March--[1] 1991	1992
Inventories (short tons)	55,001	48,221	43,997	50,433	42,502
Ratio to production (percent)	45.1	37.1	38.3	39.3	38.5

[1] Ratios to production based on annualized production data.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 7
Steel wire rope (including stainless): U.S. producers' U.S. purchases, U.S. producers' imports, and ratios of U.S. purchases and imports to production, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Quantity (short tons)				
U.S. producers' U.S. purchases[1]	***	***	***	***	***
U.S. producers' imports from--					
Korea	3,663	5,197	4,348	1,016	1,070
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	***	***	***	***	***
	As a share (percent) of the quantity of production				
U.S. producers' U.S. purchases	***	***	***	***	***
U.S. producers' imports from--					
Korea	3.0	4.0	3.8	3.2	3.6
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	***	***	***	***	***

[1] Includes purchases from other U.S. producers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

level in January-March 1992. For all periods, U.S. producers' imports from the subject countries averaged *** percent of U.S. producers' total imports from all sources. In addition to the subject countries, other major sources of U.S. producers' imports include Canada, the People's Republic of China, Germany, India, Israel, Thailand, and the United Kingdom.

Employment, Wages, and Productivity

Employment indicators for the 10 U.S. producers that provided employment information rose from 1989 to 1990 and generally declined from 1990 to 1991 and from January-March 1991 to January-March 1992. The average number of production and related workers producing all steel wire rope fell by 2 percent from 1989 to 1991 (table 8). The number of hours worked by such workers increased by 4 percent from 1989 to 1990 but declined by 3 percent from 1990 to 1991. U.S. producers' unit labor costs for all steel wire rope rose steadily throughout the period for which data were collected, increasing by 14 percent from 1989 to 1991 and by 15 percent from January-March 1991 to January-March 1992. Productivity of production and related workers rose 2 percent from 1989 to 1990, declined by 9 percent from 1990 to 1991 and declined further from January-March 1991 to January-March 1992.

The average hourly wages paid to production and related workers producing all steel wire rope and the total compensation paid to such workers increased 4 percent and 8 percent, respectively, from 1989 to 1990, and together declined by about 1 percent from 1990 to 1991. From January-March 1991 to January-March 1992, the average hourly wages for those same production and related workers rose 5 percent, whereas total compensation paid to them declined by 1 percent.

Workers at four firms, accounting for approximately 74 percent of total steel wire rope production and related workers, were represented by unions in 1991. Labor reductions of *** employees occurred in 1989 when Bethlehem closed its Wire Rope Division. Citing lack of sales, business climate, and foreign competition, U.S. producers placed *** workers on indefinite layoff during 1991 and 111 workers during the first 3 months of 1992.

TRADE ADJUSTMENT ASSISTANCE

On May 26, 1989, the U.S. Department of Labor, Employment and Training Administration (ETA), issued a certification of eligibility for workers at the former Wire Rope Division of Bethlehem Steel to apply for trade adjustment assistance under section 223 of the Trade Act of 1974. ETA's determination stated that "(t)he Bethlehem Wire Rope Division increased its imports of wire, wire rope, and strand, from 1981 to 1988. These products are directly competitive with those manufactured at the Williamsport, PA facility in 1988." The determination concluded that "increases of imports of articles like or directly competitive with steel wire, wire rope, and wire strand produced at the Williamsport Wire Rope Division of the Bethlehem Steel Corporation contributed importantly to the decline in sales or production and to the total

Table 8
Steel wire rope (including stainless): Average number of production and related workers, hours worked, wages and total compensation paid to such workers, and productivity and unit labor costs, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
Number of production and related workers (PRWs)	1,636	1,626	1,604	1,635	1,526
Hours worked by PRWs (1,000 hours)	3,324	3,470	3,355	875	817
Average hourly wages paid to PRWs	$11.11	$11.53	$11.36	$11.14	$11.71
Total compensation paid to PRWs (1,000 dollars)	44,863	48,538	47,823	12,254	12,097
Productivity of PRWs (tons per 1,000 hours)	36.6	37.3	34.0	36.5	33.5
Unit labor costs of PRWs (per ton)[1]	$368	$375	$419	$384	$442

[1] Calculated using total compensation (wages plus fringe benefits).

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

or partial separation of workers of that firm."[34] All workers who became totally or partially separated from employment on or after October 1, 1988, but before May 26, 1991, were eligible for assistance. ETA provided the following information on payment activity through May 1991 for the affected Williamsport employees:

Number of workers	Amount paid	Type of assistance
***	$***	Trade readjustment assistance
***	***	Training and related expenses
***	***	Job search
***	***	Relocation
***	***	Total

On July 15, 1991, a petition for trade adjustment assistance was filed on behalf of workers at Wire Rope Corp. On October 3, 1991, ETA determined that workers at Wire Rope Corp. were ineligible to apply for such assistance.

[34] ETA Certification No. TA-W-22758 provided by counsel to the petitioner, July 25, 1991.

Financial Experience of U.S. Producers

Eleven U.S. producers[35] of steel wire rope, representing 100 percent of U.S. production in 1991, supplied financial data. Four of the companies--***--produced both carbon steel and stainless steel wire rope. One of them--***--produced only stainless steel wire rope.

Sales of steel wire rope represented about two-thirds of overall establishment sales from 1989 to 1991.

OVERALL ESTABLISHMENT OPERATIONS

Income-and-loss data on the overall establishment operations of the U.S. producers are shown in table 9. Net sales decreased steadily from 1989 to 1991 and were down in interim 1992, as compared to interim 1991. Although the decrease from 1989 to 1990 can be attributed to fewer producers, the decrease in 1991 reflects reduced operations.

Although cost of goods sold decreased in absolute terms from period to period from 1989 to 1991, it increased relative to net sales. Coupled with declining sales, this resulted in decreasing gross profits and gross profit margins. Since selling, general, and administrative (SG&A) expense increased from 1989 to 1991 and remained flat in interim 1992 as compared with interim 1991, operating income, net income, and cash flow were all down.

OVERALL STEEL WIRE ROPE OPERATIONS

Income-and-loss data on the overall (carbon and stainless) steel wire rope operations of the U.S. producers are shown in table 10. Despite a decline in the number of producers from 11 in 1989 to 9 in 1990, net sales increased about 4 percent, from $227.2 million to about $236.7 million. Seven of the nine producers which operated in both 1989 and 1990 enjoyed increased net sales. Table 11 presents selected income-and-loss data by firm.

Although the per-ton sales value (table 12) decreased from $1,869 to $1,839 during 1989-90, the per-ton cost of sales decreased even further, from $1,426 to $1,355. As a result, the per ton gross profit margin increased about $40 per ton. This increase, combined with a 6-percent increase in sales volume, led to a 14-percent ($7.6 million) increase in gross profits, from $54.4 million to $62.0 million. Unfortunately, SG&A expenses increased by $7.7 million, as virtually all producers reported an increase in this cost item. Therefore, operating income remained flat at a little over $12 million.

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[35] Two of the producers--Bethlehem Steel and National Standard--ceased operations in 1989.

Table 9
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein all steel wire rope is produced, fiscal years 1989-91, January-March 1991, and January-March 1992[1]

Item	1989	1990	1991	January-March-- 1991	1992
	Value (1,000 dollars)				
Net sales	360,444	349,118	326,862	84,266	80,095
Cost of goods sold	273,778	261,064	251,881	63,869	61,352
Gross profit	86,666	88,054	74,981	20,397	18,743
Selling, general, and administrative expenses	62,185	67,710	63,890	16,244	16,192
Operating income	24,481	20,344	11,091	4,153	2,551
Interest expense	8,909	8,751	7,107	2,009	1,469
Other income/(expense), net	2,001	(3,870)	1,556	(508)	(525)
Net income before income taxes [2]	17,573	7,723	5,540	1,636	557
Depreciation and amortization	7,247	9,391	9,686	2,023	2,452
Cash flow	24,820	17,114	15,226	3,659	3,009
	Ratio to net sales (percent)				
Cost of goods sold	76.0	74.8	77.1	75.8	76.6
Gross profit	24.0	25.2	22.9	24.2	23.4
Selling, general, and administrative expenses	17.3	19.4	19.5	19.3	20.2
Operating income	6.8	5.8	3.4	4.9	3.2
Net income before income taxes	4.9	2.2	1.7	1.9	0.7
	Number of firms reporting				
Operating losses	1	0	4	0	2
Net losses	1	2	5	3	3
Data	11	9	9	9	9

[1] Firms that did not have fiscal years ending Dec. 31 and their respective fiscal year ends were as follows: ***.
[2] ***.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 10
Income-and-loss experience of U.S. producers on their operations producing all steel wire rope, fiscal years 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Value (1,000 dollars)				
Net sales	227,176	236,655	215,703	56,864	53,462
Cost of goods sold	172,779	174,662	163,635	42,163	40,829
Gross profit	54,397	61,993	52,068	14,701	12,633
Selling, general, and administrative expenses	42,162	49,937	46,776	12,130	11,750
Operating income	12,235	12,056	5,292	2,571	883
Interest expense	5,748	6,537	5,015	1,526	1,045
Other income or (expense), net	958	(178)	(570)	(129)	(226)
Net income or (loss) before income taxes	7,445	5,341	(293)	916	(388)
Depreciation and amortization	5,920	6,309	6,416	2,023	1,661
Cash flow	13,365	11,650	6,123	2,939	1,273
	Ratio to net sales (percent)				
Cost of goods sold	76.1	73.8	75.9	74.1	76.4
Gross profit	23.9	26.2	24.1	25.9	23.6
Selling, general, and administrative expenses	18.6	21.1	21.7	21.3	22.0
Operating income	5.4	5.1	2.5	4.5	1.7
Net income or (loss) before income taxes	3.3	2.3	(0.1)	1.6	(0.7)
	Number of firms reporting				
Operating losses	1	0	2	1	2
Net losses	3	2	4	2	3
Data	11	9	9	9	9

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 11
Income-and-loss experience of U.S. producers on their operations producing all steel wire rope, by firms, fiscal years 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Value (1,000 dollars)				
Net sales:					
* * *	*	*	*	*	
Total	227,176	236,655	215,703	56,864	53,462
Operating income or (loss):					
* * *	*	*	*	*	
Total	12,235	12,056	5,292	2,571	883
Net income or (loss) before income taxes:					
* * *	*	*	*	*	
Total	7,445	5,341	(293)	916	(388)
	Ratio to net sales (percent)				
Operating income or (loss):					
* * *	*	*	*	*	
Average	5.4	5.1	2.5	4.5	1.7
Net income or (loss) before income taxes:					
* * *	*	*	*	*	
Average	3.3	2.3	(0.1)	1.6	(0.7)

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 12
Income-and-loss experience of U.S. producers providing both quantity and value information on their operations producing all steel wire rope, fiscal years 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
* * *	*	*	*	*	

Results deteriorated sharply in 1991. Net sales decreased 9 percent to $215.7 million, as all nine producers reported decreased sales. Even though the per-ton sales value increased $*** from $*** to $***, the per-ton cost of sales increased $***, from $*** to $***. The resulting decrease in the per-ton gross profit margin along with a drop in sales volume from *** to *** tons caused a $*** million decrease in gross profits. Even though SG&A expenses decreased about $*** on an absolute basis, they increased slightly on a per-ton basis. Therefore, operating income decreased *** percent, and *** 1990 net income ***.

Comparing interim 1992 to interim 1991 is virtually the same as comparing 1991 to 1990. Net sales, both value and volume, were down. The per-ton gross profit margin was down as a slim increase in per-ton sales value was more than offset by an increase in per-ton cost of sales. The resulting decrease in gross profits flowed through to operating income and resulted in net losses.

CARBON STEEL WIRE ROPE OPERATIONS

The carbon steel wire rope operations of the U.S. producers are shown in table 13, and table 14 presents selected income-and-loss data by firm. The results are very similar to those for overall steel wire rope operations in that financial results brightened in 1990 before declining in 1991 and were down in interim 1992 if compared with interim 1991. As a result of removing the high-value stainless steel product, per-ton sales values, costs, and profit levels as presented in table 15 are lower than those presented in table 12.

Several producers reported steel wire rope SG&A expenses which were proportionally higher than those for overall establishment operations. The producers pointed out that ***. They also contended that ***.

If SG&A expenses were allocated to carbon steel wire rope in the same proportion as carbon steel wire rope net sales to overall establishment net sales, SG&A expenses and operating income would be as in the following tabulation (in thousands of dollars, except where indicated):

				January-March--	
	1989	1990	1991	1991	1992
SG&A expenses	***	***	***	***	***
Operating income	***	***	***	***	***
	Ratio to net sales (percent)				
SG&A expenses	***	***	***	***	***
Operating income	***	***	***	***	***

Table 13
Income-and-loss experience of U.S. producers[1] on their operations producing carbon steel wire rope, fiscal years 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Value (1,000 dollars)				
Net sales	209,624	224,358	205,538	54,185	50,536
Cost of goods sold	160,465	165,862	155,222	40,296	38,775
Gross profit	49,159	58,496	50,316	13,889	11,761
Selling, general, and administrative expenses	39,064	47,320	44,680	11,557	11,251
Operating income	10,095	11,176	5,636	2,332	510
Interest expense	5,432	6,241	4,754	1,466	985
Other income or (expense), net	1,189	(176)	(571)	(129)	(226)
Net income or (loss) before income taxes	5,852	4,759	311	737	(701)
Depreciation and amortization	5,682	6,132	6,233	1,979	1,610
Cash flow	11,534	10,891	6,544	2,716	909
	Ratio to net sales (percent)				
Cost of goods sold	76.5	73.9	75.5	74.4	76.7
Gross profit	23.5	26.1	24.5	25.6	23.3
Selling, general, and administrative expenses	18.6	21.1	21.7	21.3	22.3
Operating income	4.8	5.0	2.7	4.3	1.0
Net income or (loss) before income taxes	2.8	2.1	0.2	1.4	(1.4)
	Number of firms reporting				
Operating losses	2	0	2	1	3
Net losses	4	1	4	2	4
Data	10	8	8	8	8

[1] ***.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 14
Income-and-loss experience of U.S. producers on their operations producing carbon steel wire rope, by firms, fiscal years 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Value (1,000 dollars)				
Net sales:					
* * *	*	*	*	*	
Total	209,624	224,358	205,538	54,185	50,536
Operating income or (loss):					
* * *	*	*	*	*	
Total	10,095	11,176	5,636	2,332	510
Net income or (loss) before income taxes:					
* * *	*	*	*	*	
Total	5,852	4,759	311	737	(701)
	Ratio to net sales (percent)				
Operating income or (loss):					
* * *	*	*	*	*	
Average	4.8	5.0	2.7	4.3	1.0
Net income or (loss) before income taxes:					
* * *	*	*	*	*	
Average	2.8	2.1	0.2	1.4	(1.4)

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 15
Income-and-loss experience of U.S. producers providing both quantity and value information on their operations producing carbon steel wire rope, fiscal years 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
* * *	*	*	*	*	

INVESTMENT IN PRODUCTIVE FACILITIES AND RETURN ON ASSETS

Data on investment in productive facilities and return on assets (R.O.A.) are shown in table 16.

CAPITAL EXPENDITURES

The capital expenditures of the producers are shown in table 17.

RESEARCH AND DEVELOPMENT EXPENSES

The research and development expenditures of the responding producers are shown in table 18.

RELATIVE FINANCIAL CONDITION OF THE STEEL WIRE ROPE INDUSTRY

The following tabulation compares net R.O.A. for steel wire rope producers (per table 16) with net R.O.A. for the larger group of firms producing miscellaneous fabricated wire products (in percent):

Year	Net R.O.A per table 16	Net R.O.A. per Dun & Bradstreet[1]			Net R.O.A. per Robert Morris Assoc.[1]		
		Upper[2]	Median[2]	Lower[2]	Upper[2]	Median[2]	Lower[2]
1989....	2.7	14.6	7.1	1.2	15.5	7.6	1.2
1990....	1.1	16.2	7.5	1.9	14.2	6.5	1.7
1991....	(3.9)	17.0	7.6	2.3	14.5	5.2	1.1

[1] Dun & Bradstreet refers to Dun & Bradstreet's Information Norms and Key Business Ratios; Robert Morris Assoc. refers to Robert Morris Associates Annual Statement Studies.

[2] Upper refers to the midpoint of the upper half of all companies responding to the survey, median refers to the midpoint of all companies responding to the survey, and lower refers to the midpoint of the lower half of all companies responding to the survey.

While exact comparisons are not possible, the data gathered in the investigations strongly suggests that the steel wire rope industry is doing poorly relative to its industry type.

Table 16
Value of assets and return on assets of U.S. producers' establishments wherein all steel wire rope is produced, fiscal years 1989-91, January-March 1991, and January-March 1992

Item	As of the end of fiscal year-- 1989	1990	1991	As of Mar. 31-- 1991	1992
	Value (1,000 dollars)				
All products:					
Fixed assets:					
Original cost	146,654	128,079	133,716	127,393	134,227
Book value	63,218	58,503	59,854	58,245	58,403
Total assets	192,174	181,683	172,366	187,696	175,241
All steel wire rope:					
Fixed assets:					
Original cost	104,054	83,513	82,665	81,594	83,224
Book value	39,357	33,949	31,020	32,837	30,338
Total assets[1]	117,333	106,977	96,499	106,736	98,330
	Return on book value of fixed assets (percent)[2]				
All products:					
Operating return	32.4	27.9	13.5	(3)	(3)
Net return	21.4	6.3	4.2	(3)	(3)
All steel wire rope:					
Operating return	20.3	23.2	6.0	(3)	(3)
Net return	8.1	3.4	(12.0)	(3)	(3)
	Return on total assets (percent)[2]				
All products:					
Operating return	10.6	9.0	4.7	(3)	(3)
Net return	7.0	2.0	1.5	(3)	(3)
All steel wire rope:					
Operating return	6.8	7.4	1.9	(3)	(3)
Net return	2.7	1.1	(3.9)	(3)	(3)

[1] Total establishment assets are apportioned, by firm, to product groups on the basis of the ratio of the respective book values of fixed assets.
[2] Computed using data from only those firms supplying both asset and income-and-loss information, and as such, may not be derivable from data presented.
[3] Not applicable, partial year data.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 17
Capital expenditures by U.S. producers of all steel wire rope, by products, fiscal years 1989-91, January-March 1991, and January-March 1992

(In thousands of dollars)

Item	1989	1990	1991	January-March-- 1991	January-March-- 1992
*	*	*	*	*	*	*

Table 18
Research and development expenses of U.S. producers of all steel wire rope, by products, fiscal years 1989-91, January-March 1991, and January-March 1992

(In thousands of dollars)

Item	1989	1990	1991	January-March-- 1991	January-March-- 1992
*	*	*	*	*	*	*

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of carbon steel wire rope from Korea or Mexico on their firms' growth, investment, ability to raise capital, and/or development and production efforts. Their responses are shown in appendix D.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors[36]--

[36] Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or section 736, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[37]

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[37] Section 771(7)(F)(iii) of the act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall

(continued...)

Information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of Alleged Material Injury." Items (I) and (IX) above are not applicable in these investigations.

Available information follows on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and on any dumping in third-country markets.

U.S. Importers' Inventories

Data on U.S. importers' inventories of steel wire rope from the subject countries, as reported by 31 importers (accounting for approximately 74 percent of total subject imports in 1991) in response to the Commission's questionnaires, are presented in table 19. U.S. importers' end-of-period inventories of steel wire rope from all sources declined by 5 percent from 1989 to 1991 and increased sharply by 28 percent from January-March 1991 to January-March 1992. End-of-period inventories of Korean-produced steel wire rope declined by 7 percent from 1989 to 1990, increased by 3 percent from 1990 to 1991, and increased by 52 percent from January-March 1991 to January-March 1992. U.S. importers' inventories of Mexican-produced steel wire rope *** from 1989 to 1990, *** in 1991, and *** from January-March 1991 to January-March 1992. As a share of imports, inventories from all sources fluctuated between 29 percent and 51 percent of imports. Inventories from Korea as a share of imports fluctuated from a low of 24 percent of imports in January-March 1991 to a high of 60 percent in 1989. Inventories from Mexico, as a share of imports, rose in all periods for which data were collected.

Because U.S. producers import significant quantities of steel wire rope from the subject countries and from other countries, data on U.S. producers' inventories of imported steel wire rope as a share of importers' total inventories are shown in table 20.

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[37] (...continued)
consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

Table 19
Steel wire rope (including stainless): U.S. importers' end-of-period inventories, by sources, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March--[1] 1991	1992
	Quantity (short tons)				
Inventories of imports from:					
Korea	12,683	11,846	12,210	8,486	12,894
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other	2,061	1,378	1,118	1,496	1,194
Total	***	***	***	***	***
	Ratio (in percent)				
Inventories as a share of imports:					
Korea	60.1	53.4	43.4	23.7	44.9
Mexico	***	***	***	***	***
Average	***	***	***	***	***
All other	28.6	29.8	37.2	40.0	28.0
Average	***	***	***	***	***

[1] Ratios based on annualized imports.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 20
Steel wire rope (including stainless): U.S. producers' end-of-period inventories as a share of U.S. importers' total inventories, by sources, 1989-91, January-March 1991, and January-March 1992

(In percent)

Item	1989	1990	1991	January-March 31--1991	1992

* * * * * * *

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other Than the United States

Information presented in this section was provided by counsels for the responding foreign firms. Although telegrams had also been sent to the respective U.S. embassies in the countries under investigation seeking information regarding the respective foreign industries, the requested information was not provided.

KOREA

The petition identified 10 manufacturers of carbon steel wire rope in Korea that petitioner believes account for virtually all carbon steel wire rope exports to the United States.[38] Three of the 10 manufacturers identified in the petition are represented by counsel in these investigations. They are Korea Iron & Steel Works Ltd., Manho Rope Mfg. Co., Ltd., and Young Heung Iron & Steel Co., Ltd. As a percentage of total sales, Young Heung's carbon steel wire rope sales account for *** percent of its total sales; the percentage is *** percent for Manho and about *** percent for Korea Iron & Steel. Each firm provided through counsel information concerning its respective carbon steel wire rope operations in Korea.[39] That information, presented in table 21, is summarized below.

The aggregate capacity utilization for the three Korean producers was consistingly high in all periods for which data were collected, never falling below 80 percent. Carbon steel wire rope capacity remained fairly constant from 1989 to 1991 and is not projected to increase significantly during 1992-93. Production rose irregularly from 1989 to 1991, increasing by 4 percent overall. Estimated full year 1992-93 production volumes are projected to fall slightly below 1991's production output of 120,346 short tons. Exports to the United States relative to total shipments held steady at 30 percent from 1989 to 1991 and increased by about *** percentage points in January-March 1992. Large diameter (i.e., greater than 3/8 in.) carbon steel wire rope dominated the three firms' exports to the United States, accounting for about *** percent of the total in 1991.

MEXICO

The petition identified three manufacturers of carbon steel wire rope in Mexico, all of which are believed to export: Camesa S.A. de C.V., Cablesa S.A. de C.V., and Aceros Nacionales (ACNAC). Of the three, the petitioner believes that Camesa dominates carbon steel wire rope production in Mexico and

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[38] Petition, 26.

[39] Steel wire rope produced in Korea is not currently the subject of any antidumping findings or remedies in any GATT-member countries.

Table 21
Carbon steel wire rope: Korean capacity, production, inventories, capacity utilization, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93[1]

Item	1989	1990	1991	January-March-- 1991	January-March-- 1992	Projected-- 1992	Projected-- 1993
	Quantity (short tons)						
Capacity[2]	144,432	144,432	145,534	36,383	36,383	145,534	145,534
Production	115,712	123,894	120,346	31,012	31,068	118,829	118,829
EOP inventories	***	***	***	***	***	***	***
Shipments:							
Home market	31,277	35,304	37,247	9,007	9,256	37,782	37,782
Exports:							
United States	33,934	38,056	36,468	9,096	***	33,915	33,915
Other countries	47,615	53,551	***	***	***	***	***
Total exports	81,549	91,607	***	***	***	***	***
Total shipments	112,826	126,911	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	80.1	85.8	82.7	85.2	85.4	81.7	81.7
Inventories to production	***	***	***	***	***	***	***
Share of shipments:							
Home market	27.7	27.8	***	***	***	***	***
Exports:							
United States	30.1	30.0	***	***	***	***	***
Other	42.2	42.2	***	***	***	***	***

[1] Data are for Korea Iron & Steel Works, Ltd., Manho Rope Mfg. Co., Ltd., and Young Heung Iron & Steel Co., Ltd.

[2] For Young Heung, reported capacity is based on operating *** hours week, *** weeks per year; Manho's reported capacity is based on operating *** hours per week, *** weeks per year; and Korea Iron & Steel's reported capacity is based on operating *** hours per week, *** weeks per year.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

holds about a 70 percent market share.[40] [41] Information on Camesa's capacity, production, and shipments of steel wire rope was provided through counsel, and data are presented in table 22.[42]

[40] Petition, p. 34.

[41] Camesa also has a U.S. affiliate (Camesa, Inc.) in Houston, TX, ***.

[42] Carbon steel wire rope produced in Mexico is not currently the subject of any antidumping findings or remedies in any GATT-member country.

Camesa's steel wire rope capacity *** from 1989 to 1991 and is projected to *** in 1992. Camesa's production *** from 1989 to 1991 but then *** from January-March 1991 to January-March 1992. Because of projected ***, Camesa *** in 1993, which is expected to ***.

Camesa's exports of carbon steel wire rope to the United States *** from 1989 to 1991 but *** from January-March 1991 to January-March 1992.[43] As a share of total shipments, exports to the United States *** percent of the total in 1989 to *** percent of the total in 1991. Except for its level of inventories, Camesa is projecting *** in all areas of its operations in producing carbon steel wire rope.

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED INJURY

U.S. Imports

U.S. imports of carbon steel wire rope based on official import statistics are presented in table 23. The quantity and value of U.S. imports of carbon steel wire rope from all sources declined irregularly from 1989 to 1991, falling 10 percent by quantity and nearly 18 percent by value. From January-March 1991 to January-March 1992, the quantity and value of U.S. imports fell by 12 percent and 3 percent, respectively. The subject imports from Korea rose irregularly from 1989 to 1991, increasing 17 percent by quantity. Such imports declined by 15 percent in the first 3 months of 1992 compared with imports in the corresponding period of 1991. By value, imports from Korea fell sharply from 1989 to 1990, recovered to near the 1989 level in 1991, and decreased in January-March 1992 from the corresponding period in 1991.

The quantity and value of U.S. imports from Mexico increased sharply from 1989 to 1990, fell to above 1989 levels in 1991, and declined significantly from January-March 1991 to January-March 1992.[44] The unit value of total imports, as well as that of imports from Korea and Mexico, declined uninterruptedly from 1989 to 1991 and generally increased from January-March 1991 to January-March 1992.

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[43] Based on the importers' questionnaire response of GTR, Inc./Seaborne Trading (San Pedro, CA), Camesa manufactures a very specialized wire rope that is used in the fishing industry (super tuna purse seiners). This steel wire rope is traded under its trademark name "Stewart Hi Test Purse Cable" (SHT). It was jointly developed by Camesa and GTR and is marketed exclusively by GTR. According to Mr. Greg Stewart, President, about *** percent of this wire rope exported to GTR never enters U.S. Customs statistics because the cable is subsequently exported.

[44] Imports of steel wire rope from Mexico were subject to collection of cash deposits or bonds from Apr. 1991 to Aug. 1991, pursuant to preliminary and final LTFV determinations of the U.S. Department of Commerce.

Table 22
Carbon steel wire rope: Camesa's capacity, production, inventories, capacity utilization, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93

Item	1989	1990	1991	January-March-- 1991	1992	Projected-- 1992	1993

* * * * * * *

Table 23
Carbon steel wire rope: U.S. imports for consumption, by sources, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992[1]
	Quantity (short tons)				
Korea	43,816	41,296	51,424	14,005	11,930
Mexico	1,860	4,466	3,112	1,577	338
Subtotal	45,676	45,762	54,536	15,582	12,268
All other	34,561	24,893	18,025	4,653	5,586
Total	80,237	70,655	72,561	20,235	17,854
	Value (1,000 dollars)[2]				
Korea	65,522	54,931	64,156	16,399	15,530
Mexico	2,140	4,675	2,928	1,455	387
Subtotal	67,662	59,606	67,084	17,854	15,917
All other	51,972	38,220	30,857	7,844	9,022
Total	119,634	97,826	97,941	25,698	24,939
	Unit value (per ton)				
Korea	$1,495	$1,330	$1,248	$1,171	$1,302
Mexico	1,151	1,047	941	923	1,145
Average	1,481	1,303	1,230	1,146	1,297
All other	1,504	1,535	1,712	1,686	1,615
Average	1,491	1,385	1,350	1,270	1,397

[1] Estimated based on January-February average.
[2] Landed, duty-paid value.

Source: Compiled from official statistics of the U.S. Department of Commerce.

U.S. producers that imported the subject carbon steel wire rope during the period in which data were collected include ***. Information on these producing companies' U.S. imports is shown in table 24.

Table 24
Carbon steel wire rope: U.S. producers' U.S. imports, by sources, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992

* * * * * * *

As table 24 shows, in 1989, *** of U.S. producers' U.S. imports of the subject steel wire rope were from countries other than Korea and Mexico. After 1989, Korea and, to a lesser extent, Mexico, became the primary sources of U.S. producers' imports, accounting for no less than *** percent, by quantity, of U.S. producers' total imports.

Respondent Camesa claims that steel wire rope imported from Mexico does not compete with the domestic product. Camesa's sales are mainly made to three U.S. customers: (1) Camesa, Inc. (which resells wire rope in the U.S. market); (2) Seaborne Trading Co. (now known as GTR Incorporated); and (3) one or more subsidiaries of Bridon American (a U.S. producer).

Imports of Camesa, Inc. allegedly consist primarily of "sandline" used in servicing oil wells, a market supplied almost exclusively by imports (mostly from Korea, according to Bruce Miller, President of Horizon Wireline & Cable, Inc., Casper, WY, in a July 2, 1991 letter in attachment 3 of Camesa's public brief in the current investigations).[45]

Sales to GTR Incorporated consist of a highly-specialized product called "Stewart Hi Test Purse Cable," which is allegedly physically different from any other steel wire rope and is used exclusively on "super tuna purse seine," a type of fishing vessel.[46] The *** product has been subsequently re-exported.[47]

Significant sales have also been made to one or more subsidiaries of ***. *** accounted for *** of the reported imports from Mexico in January-March 1992.

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[45] At the Commission's hearing in the 1991 multicountry investigations, Mr. Jorge Cano, President and Chief Executive Officer of Grupo Industrial Camesa, stated (in the hearing transcript, p. 171) that "If our sales to the U.S. did increase in the future, that growth would be at the expense of the Korean imports." (At the time, the exports from Korea were not under investigation.)

[46] In a letter dated June 7, 1991 attached to its questionnaire response in the final multicountry investigations, GTR stated that "***."

[47] Some sales that were not re-exported were made directly to ***.

In response to the Commission's questionnaire to importers in the current investigations, six firms reported having imported from Mexico. The six firms and the amounts imported for consumption during the period for which data were collected are presented in the following tabulation (in short tons):

Firm	1989	1990	1991	January-March-- 1991	1992
Camesa Inc.....	***	***	***	***	***
Bridon American Corp...	***	***	***	***	***
GTR Incorporated.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Total.....	***	***	***	***	***

In 1989 and 1990, *** GTR Incorporated's imports for consumption shown in the tabulation were subsequently re-exported. Beginning in the first quarter of 1991, GTR Incorporated ***.

In response to the question, "Since January 1, 1989, has your firm imported steel wire rope from the Republic of Korea and/or Mexico of a type that is not produced in the United States, *** answered "Yes" and *** answered "No."

Market Penetration of Imports

Shares of apparent U.S. consumption of carbon steel wire rope and all steel wire rope accounted for by the subject imports are presented in tables 25 and 26. The subject imports of steel wire rope from Korea and Mexico accounted for between *** percent (in 1989) and *** percent (in January-March 1991) of the quantity of apparent U.S. consumption of carbon steel wire rope during the period for which data were collected (table 25). In terms of market share by value, imports from Korea and Mexico fluctuated between *** percent (in 1990) and *** percent (in January-March 1991) of the value of apparent U.S. consumption over the same period. Mexico's share of apparent U.S. consumption, in terms of quantity and value, was minuscule relative to Korea's share.

The quantity of U.S. imports of the subject steel wire rope from Korea and Mexico, as a share of apparent U.S. consumption of all steel wire rope, increased by 6 percentage points from 1989 to 1991 but declined by 4 percentage points from January-March 1991 to January-March 1992 (table 26). In terms of the share of the value of apparent U.S. consumption, those same imports from Korea and Mexico neither gained nor lost market to any significant degree.

Table 25
Carbon steel wire rope: U.S. producers' U.S. shipments (domestic shipments and company transfers), imports for consumption, and apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Quantity (short tons)				
Imports from:					
Korea	43,816	41,296	51,423	14,005	11,929
Mexico	1,860	4,466	3,112	1,577	338
Subtotal	45,676	45,762	54,536	15,582	12,267
All other sources	34,561	24,893	18,025	4,653	5,586
Subtotal	80,237	70,654	72,562	20,235	17,854
U.S. producers' shipments	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	As a share (percent) of the quantity of apparent U.S. consumption				
Imports from:					
Korea	***	***	***	***	***
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal	***	***	***	***	***
U.S. producers' shipments	***	***	***	***	***
	Value (1,000 dollars)				
Imports from:					
Korea	65,522	54,931	64,156	16,399	15,530
Mexico	2,140	4,675	2,928	1,455	387
Subtotal	67,661	59,606	67,085	17,854	15,917
All other sources	51,972	38,220	30,857	7,844	9,022
Subtotal	119,633	97,824	97,943	25,698	24,939
U.S. producers' shipments	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	As a share (percent) of the value of apparent U.S. consumption				
Imports from:					
Korea	***	***	***	***	***
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal	***	***	***	***	***
U.S. producers' shipments	***	***	***	***	***

Source: U.S. producers' shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports compiled from official statistics of the U.S. Department of Commerce.

Table 26
All steel wire rope: U.S. producers' U.S. shipments (domestic shipments and company transfers), imports for consumption, and apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Quantity (short tons)				
Subject imports from:					
Korea	43,816	41,296	51,423	14,005	11,929
Mexico	1,860	4,466	3,112	1,577	338
Subtotal	45,676	45,762	54,536	15,582	12,267
All other imports	37,137	26,618	19,865	5,049	6,099
U.S. producers' shipments	111,223	117,670	109,751	28,948	26,968
Apparent U.S. consumption	194,036	190,050	184,152	49,579	45,334
	As a share (percent) of the quantity of apparent U.S. consumption				
Subject imports from:					
Korea	22.6	21.7	27.9	28.2	26.3
Mexico	1.0	2.3	1.7	3.2	0.7
Subtotal	23.5	24.1	29.6	31.4	27.1
All other imports	19.1	14.0	10.8	10.2	13.5
U.S. producers' shipments	57.3	61.9	59.6	58.4	59.5
	Value (1,000 dollars)				
Subject imports from:					
Korea	65,522	54,931	64,156	16,399	15,530
Mexico	2,140	4,675	2,928	1,455	387
Subtotal	67,661	59,606	67,085	17,854	15,917
All other imports	63,820	48,107	41,327	9,818	12,100
U.S. producers' shipments	216,366	225,981	214,230	55,523	57,159
Apparent U.S. consumption	347,847	333,694	322,642	83,195	85,176
	As a share (percent) of the value of apparent U.S. consumption				
Subject imports from:					
Korea	18.8	16.5	19.9	19.7	18.2
Mexico	0.6	1.4	0.9	1.8	0.5
Subtotal	19.5	17.9	20.8	21.5	18.7
All other imports	18.3	14.4	12.8	11.8	14.2
U.S. producers' shipments	62.2	67.7	66.4	66.7	67.1

Source: U.S. producers' shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports compiled from official statistics of the U.S. Department of Commerce.

Prices

The price of steel wire rope depends on the grade and type of steel used,[48] the number of wires in a strand, the number of strands in the rope, the finish of the wire,[49] the kind of core used, the diameter of the completed wire rope, and the finish of the rope.[50] Stainless steel is more expensive than carbon steel; galvanized wire is more expensive than bright wire; and a steel core is more expensive than a fiber core. For any construction, the more wire and strands within the rope the higher its price.

MARKETING PRACTICES

Most U.S. producers and about a third of the importers responding to the Commission's questionnaires reported that they publish price lists.[51] These lists serve primarily as a product guide and are used as a benchmark from which discounts are typically given to meet competition.

Sales terms vary from company to company. Most companies offer selling terms of a 2 percent discount if paid in 10 days with the balance due in 30 days, or net 30 days. Producers' lead times span 1 to 7 days for a warehoused product and 1 to 3 months for special or out-of-stock items. Importers require 1 to 7 days in lead time for shipments from inventory and 3 to 4 months for shipments from abroad.

Steel wire rope is sold on both a spot and on a contract basis.[52] U.S. producers reported that about 32 percent of their sales are on a spot and 68 percent are on a contract basis. About half of U.S. producers' contract sales were on a bid basis. Importers of the Korean product reported that about half of their steel wire rope imports are sold on a spot basis and about half are by contract. Almost 35 percent of these importers' contract sales were on a bid basis. Most of the Mexican imports were reportedly sold on a spot basis.

Bids are typically made for sales to government entities, the mining industry, and OEM manufacturers. In general, a bid price is determined by one or more of the following: the price of the previous contract or bid, the cost

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[48] Grades (from less to more costly) include plow steel, improved plow steel, extra improved plow steel, and extra-extra improved plow steel. Types of steel consist of carbon steel and stainless steel.

[49] The finish of the wire may be bright or galvanized.

[50] Steel wire rope can be compacted through a process called swaging, or coated or impregnated with plastic.

[51] Importers not publishing price lists negotiate prices based on acquisition costs and actual market conditions at the time of sale.

[52] U.S. producers' and importers' contracts are typically 1 year, but may extend for a longer period. Contract terms vary considerably, from fixed prices and specified quantities and shipment dates for the full contract period to an agreement to supply steel wire rope at prices current at the time of shipment. The more flexible contract terms tend to result in prices that are similar to spot prices, reflecting market conditions at the time of shipment.

of supplying the rope, the price levels of similar contracts, and the volume specified. Although price is a major consideration, the lowest price does not always win a contract, except for U.S. Government purchases. Factors such as perceived quality, availability, and service are also important.

Bids to supply steel wire rope for a year or less are likely to have a fixed price, whereas bids to supply steel wire rope for more than a year are likely to contain a price escalation clause. These clauses may link price increases to a predetermined percentage of increases in input costs, such as steel rod and labor. Price clauses may also contain caps limiting the amount of cost increases that can be passed on to the purchaser. In some cases, there may be more than one chance to quote on a particular sales agreement. Bid specifications often include such complementary products as fittings and assemblies.

Two producers and six importers reported being unable to supply steel wire rope to their customers in a timely manner at the prevailing price during January 1989-March 1992.[53] The two producers reported that this was due to low inventories resulting from efforts to reduce inventory costs, increased sales, and inaccurate forecasting. Also, *** stated that *** in 1989, it temporarily had longer delivery times. Four importers reported that delivery problems were due to labor problems in Korea. Another importer of Korean steel wire rope reported many of its items are out of stock because of late shipments. ***, an importer of the Mexican product, also reported being unable to supply one customer in a timely manner.

Transportation and Packaging

Almost all of the U.S. producers reported that they sell steel wire rope nationwide.[54] Slightly less than half of the importers reported selling on a nationwide basis. Of the remainder, many importers reported that their sales are concentrated near coastal areas.[55] U.S.-produced steel wire rope and that imported from Mexico and Korea are sold through company-owned warehouses and leased warehouses to related and unrelated distributors and end users.

Steel wire rope is generally shipped by truck with a typical load of approximately 40,000 pounds. Some producers charge customers freight for shipments of less than 3,000 pounds, but absorb the freight charges on orders above this amount.

Six of the 10 responding U.S. producers indicated that they generally sold steel wire rope during 1991 on a delivered basis, and 4 sold on an f.o.b. plant basis. Nine of 25 responding importers typically sold their imported

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[53] One other producer, ***, answered "yes" to this question; however, it did not have delivery problems or long lead times. *** reported that it was not able to supply the product because its prices were too high.

[54] ***.

[55] In comparison with U.S. producers, importers generally reported selling a higher proportion of their imported steel wire rope to customers located less than 500 miles from their U.S. selling locations.

steel wire rope on a delivered basis. Several producers and importers reported that they sell on a delivered basis for large quantities over a certain amount and on an f.o.b. basis for small quantities. Many of the U.S. producers and importers that sell on an f.o.b. basis arrange freight to their customers and, as a result, frequently know the delivery costs to their customers.

Producers and importers have mixed opinions as to whether transportation costs are an important factor in a customer's purchase decision. Three of 10 producers and 16 of 27 importers reported that U.S. freight costs are an important sourcing consideration for purchasers. Depending on the company, U.S. freight charges as a percent of the net f.o.b. price are reported to range from 0.5 percent to about 12 percent. Seven of the 8 responding producers and 16 of 25 responding importers reported that they generally arrange the U.S. transportation to their customers; the other producer and the other 9 importers indicated that the purchaser generally arranges transportation.

Steel wire rope is usually sold on either a wood or a steel reel. Wood reels reportedly average 1 to 3 percent of the U.S. f.o.b. selling prices and steel reels can comprise 3 to 12 percent of the f.o.b. selling prices. Prices of wood reels are almost always included in the price of the steel wire rope, whereas prices of steel reels are usually shown separately. No credit is given for the return of wood reels, which are generally discarded by the purchaser, but a credit is offered for the return of steel reels. Reels of wood or steel are chosen for shipment depending on the weight of the steel wire rope being shipped. Most of the U.S. producers reported selling steel wire rope on both wood and steel reels, whereas most importers sell steel wire rope only on wood reels.

Prices Of Substitute Products

In many cases substitute products are not available for steel wire rope applications. However, in some lifting, pulling, or tie-down applications, fiber rope, nylon webbing, chain and other metallic ropes or straps, wire mesh, and hydraulic equipment may be used instead of steel wire rope.[56] Responding U.S. producers and importers reported that they do not know how the prices of steel wire rope compare with the prices of substitute products and most of them reported that purchasers have not switched to substitute materials.

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[56] ***, *** reported in its producer's questionnaire that hydraulics are increasingly being used in mining, logging, and elevator applications. Also, an importer of the Korean product, ***, reported that "nylon webbing, chain, and hydraulic equipment have reduced the wire rope market by at least 15 percent over the past 3 years."

Quality Considerations

As discussed earlier in the report, all steel wire rope sold in the United States must meet certain specification standards according to its end use. In addition to these requirements, individual customers may also have a qualification process. For distributor/service center customers, only 1 of the 8 responding U.S. producers reported that it had to be qualified and then only by some distributor/service centers, whereas 12 of the 22 responding importers reported that they had to be qualified. For end-user customers, 6 of the 10 responding U.S. producers and 6 of the 18 responding importers had to be qualified. No U.S. producers and only 1 importer, ***, reported that it had failed qualification tests during the period of investigation.[57]

In response to a question in the Commission's questionnaire, the vast majority of producers and importers reported that neither quality differences nor design/feature differences between domestic and imported steel wire rope were major factors in their firms' sales of the subject product. Only 2 out of 9 producers and 3 out of 26 importers cited product differences as a factor in their sales. ***, an importer of the Korean product, reported that domestic companies produce specialty ropes, whereas the imports are general purpose ropes. ***, a producer and importer, reported in its importer questionnaire that the domestic product has a quality advantage over the imports, but this is "often not enough to overcome the import price advantage." ***, a U.S. producer, reported that some of its product line consists of patented proprietary products. ***, also a U.S. producer, agreed that the domestic product was of higher quality. *** reported that it imports only ***. It contends that this product is not produced domestically and that its steel wire rope is of a higher quality than that available domestically.

QUESTIONNAIRE PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly price data between January 1989 and March 1992 for the following five products.

PRODUCT 1: Galvanized aircraft wire rope, 1/8-inch diameter, 7x19 classification.

PRODUCT 2: Galvanized aircraft wire rope, 1/4-inch diameter, 7x19 classification.

PRODUCT 3: Bright wire rope, 9/16-inch diameter, 6x7 classification, IPS, fiber core (FC).

PRODUCT 4: Bright wire rope, 3/4-inch diameter, 6x26 classification, RRL, EIPS, IWRC (for logging purposes).

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[57] *** reported that a small amount of its steel wire rope is returned; however, it is an insignificant percentage of total sales.

PRODUCT 5: Bright wire rope, 3/4-inch diameter, 6x25 classification, EIPS, IWRC.

The price data were requested on a net U.S. f.o.b. and delivered basis for each responding firm's largest sale and total quarterly sales to distributors/service centers.[58] Two U.S. producers provided delivered price information for products 1 and 2, five producers reported delivered prices for products 3 and 5, and four producers reported delivered prices for product 4. One producer provided f.o.b. prices for products 1 and 2 while one provided f.o.b prices for products 3 through 5. At least four importers of the Korean product provided delivered prices for products 1, 2, and 5, while two provided delivered prices for products 3 and 4.[59] Only two importers of Mexican steel wire rope provided price data, one for product 2 and one for products 3 and 5.

Price Trends

Price trends of U.S.-produced and imported steel wire rope were based on the net U.S. delivered selling prices[60] to distributors/service centers reported in producers' and importers' questionnaire responses. Quarterly weighted-average delivered prices of the specified products are shown in tables 27-31. Landed, duty-paid U.S. f.o.b. prices for the imports from Korea are shown in table 32.

Price trends for the U.S.-produced and subject imported steel wire rope products were difficult to ascertain during the period for which data were collected, showing quarterly price fluctuations in some periods and stability during others.

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[58] The Commission further requested that the sales price data be reported only for transactions where potential suppliers were not restricted by "Buy America" provisions.

[59] Two U.S. producers provided price data for their imports of the Korean product. However, *** reported only f.o.b. prices, so its prices were not averaged in with the delivered price data from the other importers. The other U.S. producer, ***, provided only very limited price data. The prices reported by these producers/importers do not appear to be substantially higher or lower than the prices reported by other importers of Korean steel wire rope.

[60] Selling price data that included delivery charges were reported more frequently than prices that were on an f.o.b. basis.

Table 27
Weighted-average net delivered prices for sales to distributors/service centers of product 1 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992[1]

Period	United States		Korea		
	Price	Quantity	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent
1989:					
Jan.-Mar...	$***	***	$0.07	14,536	***
Apr.-June..	***	***	.07	13,155	***
July-Sept..	***	***	.07	10,244	***
Oct.-Dec...	***	***	.07	8,039	***
1990:					
Jan.-Mar...	***	***	.08	7,632	***
Apr.-June..	***	***	.07	10,349	***
July-Sept..	***	***	.07	9,730	***
Oct.-Dec...	***	***	.06	6,653	***
1991:					
Jan.-Mar...	***	***	.07	10,132	***
Apr.-June..	***	***	.06	12,365	***
July-Sept..	***	***	.06	14,791	***
Oct.-Dec...	***	***	.06	11,090	***
1992:					
Jan.-Mar...	***	***	.07	15,237	***

[1] Prices of steel wire rope imported from Mexico were not reported for product 1.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 28
Weighted-average net delivered prices for sales to distributors/service centers of product 2 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1989:								
Jan.-Mar...	$***	***	$0.13	8,777	***	([1])	([1])	([2])
Apr.-June..	***	***	.13	9,404	***	([1])	([1])	([2])
July-Sept..	***	***	.12	10,263	***	$***	***	***
Oct.-Dec...	***	***	.12	7,748	***	***	***	***
1990:								
Jan.-Mar...	***	***	.13	9,366	***	***	***	***
Apr.-June..	***	***	.11	13,668	***	***	***	***
July-Sept..	***	***	.10	9,151	***	([1])	([1])	([2])
Oct.-Dec...	***	***	.11	8,933	***	([1])	([1])	([2])
1991:								
Jan.-Mar...	***	***	.10	13,888	***	([1])	([1])	([2])
Apr.-June..	***	***	.10	14,217	***	([1])	([1])	([2])
July-Sept..	***	***	.10	14,754	***	([1])	([1])	([2])
Oct.-Dec...	***	***	.10	14,231	***	([1])	([1])	([2])
1992:								
Jan.-Mar...	***	***	.10	6,762	***	([1])	([1])	([2])

[1] No sales reported.
[2] Margin was not calculated.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 29
Weighted-average net delivered prices for sales to distributors/service centers of product 3 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1989:								
Jan.-Mar...	$0.41	17,493	$***	***	***	$***	***	***
Apr.-June..	.44	12,725	***	***	***	***	***	***
July-Sept..	.42	22,611	***	***	***	***	***	***
Oct.-Dec...	.40	21,234	***	***	***	***	***	***
1990:								
Jan.-Mar...	.42	20,804	***	***	***	***	***	***
Apr.-June..	.38	17,263	***	***	***	***	***	***
July-Sept..	.40	24,794	***	***	***	***	***	***
Oct.-Dec...	.42	26,788	***	***	***	***	***	***
1991:								
Jan.-Mar...	.41	17,021	***	***	***	***	***	***
Apr.-June..	.41	22,394	***	***	***	***	***	***
July-Sept..	.42	23,169	***	***	***	***	***	***
Oct.-Dec...	.41	17,477	***	***	***	***	***	***
1992:								
Jan.-Mar...	.41	13,219	***	***	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 30
Weighted-average net delivered prices for sales to distributors/service centers of product 4 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992[1]

Period	United States		Korea		
	Price	Quantity	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent
1989:					
Jan.-Mar...	$0.90	2,202	$***	***	***
Apr.-June..	.86	2,087	***	***	***
July-Sept..	.89	2,194	***	***	***
Oct.-Dec...	1.12	1,673	***	***	***
1990:					
Jan.-Mar...	1.04	2,344	***	***	***
Apr.-June..	.85	2,479	***	***	***
July-Sept..	1.17	2,586	***	***	***
Oct.-Dec...	1.12	2,696	***	***	***
1991:					
Jan.-Mar...	1.05	2,763	***	***	***
Apr.-June..	1.06	2,605	***	***	***
July-Sept..	.86	2,607	***	***	***
Oct.-Dec...	.87	2,399	***	***	***
1992:					
Jan.-Mar...	.89	3,134	***	***	***

[1] Prices of steel wire rope imported from Mexico were not reported for product 4.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 31
Weighted-average net delivered prices for sales to distributors/service centers of product 5 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price[1]	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1989:								
Jan.-Mar...	$0.89	6,729	$0.76	490	15.1	(2)	(2)	(3)
Apr.-June..	.93	7,100	.77	304	17.3	(2)	(2)	(3)
July-Sept..	.98	8,007	.74	333	24.8	(2)	(2)	(3)
Oct.-Dec...	.93	6,878	.72	441	22.9	(2)	(2)	(3)
1990:								
Jan.-Mar...	.88	7,627	.72	156	17.8	(2)	(2)	(3)
Apr.-June..	.92	9,947	.67	1,046	27.0	(2)	(2)	(3)
July-Sept..	1.00	9,073	.62	437	37.7	$***	***	***
Oct.-Dec...	.99	8,191	.76	201	23.6	***	***	***
1991:								
Jan.-Mar...	.93	7,112	.62	1,317	33.7	***	***	***
Apr.-June..	.96	7,542	.65	465	32.6	***	***	***
July-Sept..	.92	6,756	.64	829	30.8	***	***	***
Oct.-Dec...	.92	6,258	.69	452	25.6	***	***	***
1992:								
Jan.-Mar...	.89	5,650	.67	467	24.8	(2)	(2)	(3)

[1] Prices reported on an f.o.b. U.S. point of shipment basis.
[2] No sales reported.
[3] Margin was not calculated.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 32
Weighted-average net f.o.b. prices for sales to distributors/service centers of products 1-5 reported by importers of Korean steel wire rope, by quarters, January 1989-March 1992

Period	Product 1	Product 2	Product 3	Product 4	Product 5
	Price	Price	Price	Price	Price
	Per foot	Per foot	Per foot	Per foot	Per foot
1989:					
Jan.-Mar...	$0.06	$0.10	$***	$0.66	$0.68
Apr.-June..	.06	.10	***	.70	.61
July-Sept..	.07	.10	***	.68	.59
Oct.-Dec...	.06	.10	***	.68	.60
1990:					
Jan.-Mar...	.06	.10	(1)	.64	.71
Apr.-Jun...	.06	.09	***	.59	.68
July-Sept..	.06	.10	***	.64	.60
Oct.-Dec...	.06	.09	(1)	.61	.72
1991:					
Jan.-Mar...	.06	.09	***	.58	.64
Apr.-June..	.06	.09	(1)	.63	.79
July-Sept..	.05	.09	***	.59	.67
Oct.-Dec...	.06	.09	(1)	.62	.73
1992:					
Jan.-Mar...	.06	.09	***	.60	.65

[1] No sales reported.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

United States

Product 1 delivered prices varied, showing no evident trend during the period. Product 2 delivered prices increased slightly during the period for which data were collected in the investigations. Product 3 prices varied between $0.40 and $0.42 in most quarters. Product 4 prices increased from $0.90 in the first quarter of 1989 to over $1.00 in the fourth quarter of 1989 and fluctuated at this higher level, reaching as much as $1.17, before falling back to $0.86 in July-September 1991. Product 5 prices fluctuated between $0.89 and $1.00 but showed no real trend over the period for which data were collected.[61]

Korea

Prices of the imported Korean products were reported on both a U.S. f.o.b. basis and a delivered basis by a number of importers. Product 1 delivered and f.o.b. prices were basically stable over the period for which data were collected. Delivered and f.o.b. prices for product 2 decreased by approximately $0.03 per foot and $0.01 per foot, respectively, over the period. Product 3 and 4 prices, although they fluctuated, also show a decrease. Product 5 delivered prices generally have decreased since January 1989, although f.o.b. prices were much more variable and show a slight upward trend.

Mexico

One importer of Mexican steel wire rope, ***, provided price data for product 2, and one importer, *** provided data for products 3 and 5. No prices were reported for products 1 or 4. The prices of the three products for which information was reported were stable over the period for which data were collected.

Price Comparisons

Quarterly price comparisons between U.S.-produced carbon steel wire rope and the products imported from Korea and Mexico were developed from net delivered prices reported in the U.S. producers' and importers' questionnaires.[62]

Price comparisons involving steel wire rope imported from Korea were possible for each product in each quarter during January 1989-March 1992. All of the price comparisons for the five products showed the imported products to be priced less than the domestic products, with margins of underselling

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[61] *** of *** said in a telephone conversation with staff on May 13, 1992, that there were fluctuations in *** selling prices of products 4 and 5 for several reasons. *** explained that ***.

[62] Margins were calculated from actual questionnaire data; prices shown in tables 27-32 are rounded.

ranging from *** percent to *** percent. The margins of underselling were considerably higher for products 1 and 2 than for products 3 to 5.

Seventeen quarterly price comparisons involving products 2 and 3 were possible between the domestic and imported Mexican steel wire rope during January 1989-March 1992. All of the price comparisons showed the imported products to be priced less than the domestic products by margins ranging from *** to *** percent. Since the prices of the imports from Mexico were constant, the margins were also fairly constant except for minor fluctuations in domestic prices.

Lost Sales and Lost Revenues

Three U.S. steel wire rope producers, ***,[63] reported *** lost sales allegations involving competition from steel wire rope imported from Korea and Mexico.[64] The lost sales allegations totaled $*** for *** feet of steel wire rope. Two of these producers, *** and ***, also reported *** lost revenue allegations due to steel wire rope imported from Korea and Mexico.[65] The lost revenue allegations totaled $*** for *** feet of steel wire rope. The value and quantity of alleged lost sales and lost revenues for each country are shown in the following tabulation:

	Value	Quantity (100 ft)
Lost sales:		
Korea.....	$***	***
Mexico.....	***	***
Lost revenues:		
Korea.....	***	***
Mexico.....	***	***

The Commission staff attempted to contact each of the 18 purchasers named in lost sales and lost revenues allegations. Five company representatives were available and willing to speak with staff. The results of these conversations are reported below.

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[63] *** did not actually quote prices to *** of the *** customers cited in its lost sales allegations. Therefore, it indicated what its prices would have been.

[64] Three other U.S. producers of steel wire rope, ***, indicated in their questionnaires that they also had lost sales to the subject imported products, but did not provide details. ***.

[65] Two other U.S. steel wire rope producers, ***, indicated in their questionnaires that they also had to reduce prices to compete with the subject imported products, but did not provide any details.

*** named *** in an alleged lost sale totalling *** feet of *** and *** cable of various diameters with a total price of $***. *** of *** acknowledged that *** had purchased Mexican steel wire rope in *** instead of the domestic product due to a lower price and he said that the information given by *** was correct. *** said that approximately *** percent of *** purchases are U.S.-produced steel wire rope and *** percent are imported. He said that the ratio of import to domestic purchases at *** has remained the same or possibly has decreased slightly since 1989. *** stated that there were some quality problems with imported steel wire rope from Korea but that there were not any quality problems with the Mexican products. He said the imported products are mainly the smaller size diameters, which do compete with the domestic products of these sizes. Approximately *** percent of *** customers specify U.S.-produced steel wire rope.

*** also named *** in an allegation that *** purchased *** sizes of *** steel wire rope from Korea instead of the domestic product because of a lower price. *** reported that it was not given the opportunity to quote on this business and did not know the quantities of each of the products. *** of *** said that *** had increased its purchases of Korean products but that this was due to ***. *** also said that some of the imported galvanized steel wire rope products that it purchases are not produced domestically.

*** said that *** and *** steel wire rope in *** to *** diameters, which comprise about *** percent of *** purchases by value, are purchased strictly on the basis of price and that *** had purchased these two types of steel wire rope from importers of the Korean product. He also said that *** will not sell imported steel wire rope as a working rope in such applications as overhead lifting, crane ropes, and wire rope slings because of liability considerations.

*** was named by *** in a lost sale allegation involving *** feet of *** steel wire rope. *** alleged that *** divided this sale so that *** received *** percent of the sale at $*** per foot while imports from Korea received *** percent of the contract at $*** per foot and another company related to *** received the remaining *** percent. *** claimed that its share of the business dropped from *** percent in 1991 to *** percent in 1992 due to imports from Korea.

*** of *** said that *** had begun purchasing steel wire rope imported from Korea about one and a half years ago because it is approximately half the price of U.S.-produced steel wire rope. *** said that *** has purchased *** steel wire rope and that the domestic price is $*** per foot while the Korean price is $*** per foot. However, *** has had quality problems with Korean steel wire rope and, therefore, it has stopped purchasing the Korean product. *** said that *** is out of stock on this steel wire rope product and that the lead time for the product is 60 days; therefore, *** has purchased it from other domestic producers, including ***.

*** also mentioned that *** had experienced quality problems with steel wire rope manufactured by ***, a domestic producer, about *** years ago and so discontinued its purchases from this manufacturer. Lastly, *** said that *** was considering purchasing steel wire rope imported from the Netherlands but that this would not occur for at least a year.

*** named ***, a *** in allegations of lost sales due to imports from Mexico in *** and *** of *** feet of *** cable with a total price of $***. In addition, *** claimed that it was forced to lower its price on three orders of steel wire rope totaling *** feet between *** and *** due to competition from Mexican products. *** of *** was not able to comment on the specific allegations. However, he said that his firm's purchases of imported steel wire rope have increased over the past 3 to 5 years and that the Mexican product had been purchased instead of the domestic product due to price. *** added that *** has had no quality problems with either imported or domestic steel wire rope and that, in fact, the galvanized steel wire rope from Korea was of higher quality than the domestic product.

*** was named in one lost sale allegation by ***, which alleged a loss of *** feet of various sizes ranging from *** to *** of *** steel wire rope with a total price of $***. *** of *** said that the prices alleged by *** for the Korean steel wire rope were furnished by his firm. *** stated that he had asked *** to reduce its price in order to compete with the Korean products but that the domestic price was "not even close" to the import price. Therefore, *** purchased the imports from Korea.

*** further stated that there were no differences in quality between the imports and domestic products. However, for one type of steel wire rope, ***, *** sells only U.S.-produced steel wire rope. This instance is due to the insurance liability on *** since *** believes that there is a much better chance of collecting from the domestic manufacturers if there is a cable failure.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of the two countries subject to this investigation depreciated in relation to the U.S. dollar over the period from January-March 1989 through January-March 1992 (table 33).[66] The nominal values of the Korean and Mexican currencies depreciated by 11.6 and 24.2 percent, respectively. When adjusted for movements in producer price indexes in the United States and the specified countries, the real value of the Korean currency depreciated by 5.1 percent while the Mexican currency appreciated by 22.1 percent during the periods for which data were collected.

[66] International Financial Statistics, May 1992.

Table 33
Exchange rates:[1] Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in those countries,[2] by quarters, January 1989-March 1992

Period	U.S. producer price index	Korea			Mexico		
		Producer price index	Nominal exchange rate index	Real exchange rate index[3]	Producer price index	Nominal exchange rate index	Real exchange rate index[3]
1989:							
Jan.-Mar.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June	101.8	100.8	101.6	100.6	103.3	96.2	97.7
July-Sept	101.4	100.7	101.3	100.6	105.7	92.7	96.6
Oct.-Dec	101.8	101.2	100.7	100.1	109.7	89.4	96.4
1990:							
Jan.-Mar	103.3	101.8	98.1	96.7	117.9	86.4	98.6
Apr.-June	103.1	104.0	95.4	96.3	125.7	83.6	102.0
July-Sept	104.9	105.5	94.7	95.2	132.9	81.4	103.1
Oct.-Dec	108.1	108.2	94.7	94.8	139.9	79.5	102.9
1991:							
Jan.-Mar	105.9	109.8	93.9	97.3	147.8	78.4	109.5
Apr.-June	104.8	110.0	93.4	98.0	153.5	77.4	113.4
July-Sept	104.7	110.6	92.4	97.7	158.0	76.5	115.4
Oct.-Dec	104.8	111.5	89.9	95.7	163.2	75.8	117.9
1992:							
Jan.-Mar	104.6	112.5[4]	88.4	94.9[4]	168.5[5]	75.8	122.1[5]

[1] Exchange rates expressed in U.S. dollars per unit of foreign currency.
[2] Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.
[3] The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and the specified countries.
[4] Derived from Korean price data reported for January-February only.
[5] Derived from Mexican price data reported for January only.

Note.--January-March 1989 = 100. The real exchange rates, calculated from precise figures, cannot in all instances be derived accurately from previously rounded nominal exchange rate and price indexes.

Source: International Monetary Fund, International Financial Statistics, May 1992.

APPENDIX A

THE COMMISSION'S AND COMMERCE'S FEDERAL REGISTER NOTICES

[Investigation Nos. 731-TA-546 and 547 (Preliminary)]

Steel Wire Rope from the Republic of Korea and Mexico

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of preliminary antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation Nos. 731-TA-546 and 547 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C.

1637b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the Republic of Korea and Mexico of steel wire rope, provided for in subheading 7312.10.90 of the Harmonized Tariff Schedule of the United States,[1] that are alleged to be sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by May 26, 1992.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: April 9, 1992.

FOR FURTHER INFORMATION CONTACT: Woodley Timberlake (202-205-3188), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on April 9, 1992, by The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers.

Participation in the Investigation and Public Service List

Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the **Federal Register**. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

[1] The imported steel wire rope covered by these investigations consists of ropes, cables, and cordage of iron or steel, other than stranded wire, not fitted with fittings or made up into articles, and not made of stainless steel or brass plated wire.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these preliminary investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than seven (7) days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on April 30, 1992, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Woodley Timberlake (202-205-3188) not later than April 28, 1992, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before May 5, 1992, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to these investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's Rules.

Issued: April 10, 1992.

By order of the Commission.

Kenneth R. Mason,

Secretary

[FR Doc. 92-8781 Filed 4-15-92; 8:45 am]

BILLING CODE 7020-02-M

International Trade Administration

[(A-580-811) (A-201-806)]

Initiation of Antidumping Duty Investigations: Steel Wire Rope From the Republic of Korea and Mexico

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: May 5, 1992.

FOR FURTHER INFORMATION CONTACT: Michelle Frederick or Steven Lim, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-0186 or 377-4087, respectively.

INITIATION:

The Petition

On April 9, 1992, we received a petition filed in proper form by the Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (the Committee). In compliance with the filing requirements of 19 CFR 353.12, petitioner alleges that imports of steel wire rope are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that there is a reasonable indication that an industry in the United States is being materially injured, or is threatened with material injury, by reason of imports from Korea and Mexico of steel wire rope.

Petitioner stated that it has standing to file the petition because it is an interested party, as defined under section 771(9)(E) of the Act, and because it filed the petition on behalf of the U.S. industry producing the product that is subject to these investigations. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, please file a written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in 19 CFR 353.14.

United States Price and Foreign Market Value

For both Korea and Mexico, petitioner based its estimates of United States price (USP) on actual prices offered to U.S. distributors for several steel wire rope products. The prices were obtained by several domestic producers of steel wire rope that have contact with personnel associated with the sales of the subject merchandise in the United States. Petitioner adjusted the delivered prices for distributor's mark-up, U.S. and foreign inland freight, ocean freight, brokerage and customs duties, where appropriate.

Petitioner based its estimate of foreign market value (FMV) for Korea on price lists obtained through market research. For Mexico, petitioner based FMV on current price quotations for several steel wire rope products. In calculating FMV for these products, petitioner adjusted these prices to reflect relevant discounts, inland freight and credit expenses. Petitioner made adjustments to USP and FMV to account for the value-added tax in Korea and Mexico.

Based on a comparison of U.S. price and foreign market value, petitioner alleges dumping margins for Korea ranging from 2.14 to 527.46 percent. The margins for Mexico range from 119.11 percent to 133.83 percent.

Initiation of Investigations

Pursuant to section 732(c) of the Act, the Department must determine, within 20 days after a petition is filed, whether the petition sets forth allegations necessary for the initiation of an antidumping duty investigation, and whether the petition contains information reasonably available to petitioner supporting the allegations.

We have examined the petition and found that it complies with the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating antidumping duty investigations to determine whether imports of steel wire rope from Korea and Mexico are being, or are likely to be, sold in the United States at less than fair value. If our investigations proceed normally, we will make our preliminary determinations by September 16, 1992.

Scope of Investigations

The product covered by these investigations is steel wire rope. Steel wire rope encompasses ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. Excluded from these investigations is stainless steel wire rope, *i.e.*, ropes, cables and cordage other than stranded wire, of stainless steel, not fitted with fittings or made up into articles, which is

classifiable under Harmonized Tariff Schedule (HTS) subheading 7312.10.6000.

Imports of these products are currently classifiable under the following HTS subheadings: 7312.10.9030, 7312.10.9060 and 7312.10.9090. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of these proceedings is dispositive.

ITC Notification

Section 732(d) of the Act requires us to notify the ITC of these actions and we have done so.

Preliminary Determination by ITC

The ITC will determine by May 26, 1992, whether there is a reasonable indication that imports of steel wire rope from Korea and/or Mexico are materially injuring, or threaten material injury to, a U.S. industry. Any ITC determination which is negative will result in the respective investigation being terminated; otherwise, the investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: April 29, 1992.

Francis J. Sailer,

Acting Assistant Secretary for Import Administration.

[FR Doc. 92-10459 Filed 5-4-92; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF PARTICIPANTS IN THE PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-546 and 547 (Preliminary)

STEEL WIRE ROPE FROM KOREA AND MEXICO

Those listed below appeared at the United States Internationa Trade Commission's conference held in connection with the subject investigations on April 30, 1992, in the main hearing room of the USITC Building, 500 E Street, SW, Washington, DC.

In support of the imposition of antidumping duties

Harris & Ellsworth--Counsel
Washington, DC
on behalf of--

The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers

Mr. Charles W. Salanski, Executive Vice President, Wire Rope Corporation of America, and Chairman, Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers

Herbert E. Harris)
Cheryl Ellsworth)--OF COUNSEL
Jeffrey S. Levin)

In opposition to the imposition of antidumping duties

Shearman & Sterling--Counsel
Washington, DC
on behalf of--

Grupo Industrial Camesa, S.A. de C.V. and Camesa, Inc.

Jeffrey M. Winton)
Joshua A. Newburg) --OF COUNSEL

Mr. Omar Langholst, Vice President of Sales Administration and Marketing, Camesa, Inc.

Klayman & Associates--Counsel
Washington, DC
on behalf of--

Wire Rope Importers' Association

Mr. Seymour Schwartz, U.N.A. Corporation
Mr. Howard Schloss, Indusco-Industrial Sales Co., Inc.

Larry Klayman--OF COUNSEL

In opposition to the imposition of antidumping duties--Continued

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
Washington, DC
on behalf of--

Korea Iron & Steel Wire Ltd.
Manho Rope Manufacturing Company, Ltd.
Young Heung Iron and Steel

Jeffrey S. Neely)
N. David Palmeter)--OF COUNSEL
Richard King)

APPENDIX C

INFORMATION ON U.S. PRODUCERS' CARBON STEEL WIRE ROPE OPERATIONS

Table C-1
Carbon steel wire rope: Information on U.S. producers' operations, 1989-91, January-March 1991, and January-March 1992[1]

Item	1989	1990	1991	January-March-- 1991	1992
*	*	*	*	*	*	*

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF CARBON STEEL WIRE ROPE FROM KOREA OR MEXICO, ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of carbonsteel wire rope from the subject countries on existing development and production efforts, growth, investment, and ability to raise capital. Four firms--***--indicated they suffered no negative effects. One firm--***--made no comments one way or the other. The responses of the six producers which supplied comments are as follows:

Response of U.S. producers to the following questions:

1. Since January 1, 1989, has your firm experienced any actual negative effects on its growth, investment, ability to raise capital, or existing development and production efforts, including efforts to develop a derivative or more advanced version of the product, as a result of imports of steel wire rope (excluding stainless) from Korea or Mexico?

* * * * * * *

2. Does your firm anticipate any negative impact of imports of steel wire rope (excluding stainless) from Korea or Mexico?

* * * * * * *

3. Has the scale of capital investments undertaken been influenced by the presence of imports of steel wire rope (excluding stainless) from Korea or Mexico?

* * * * * * *