Stainless Steel Round Wire From Canada, India, Japan, Korea, Spain, and Taiwan

Investigations Nos. 731-TA-781 through 786

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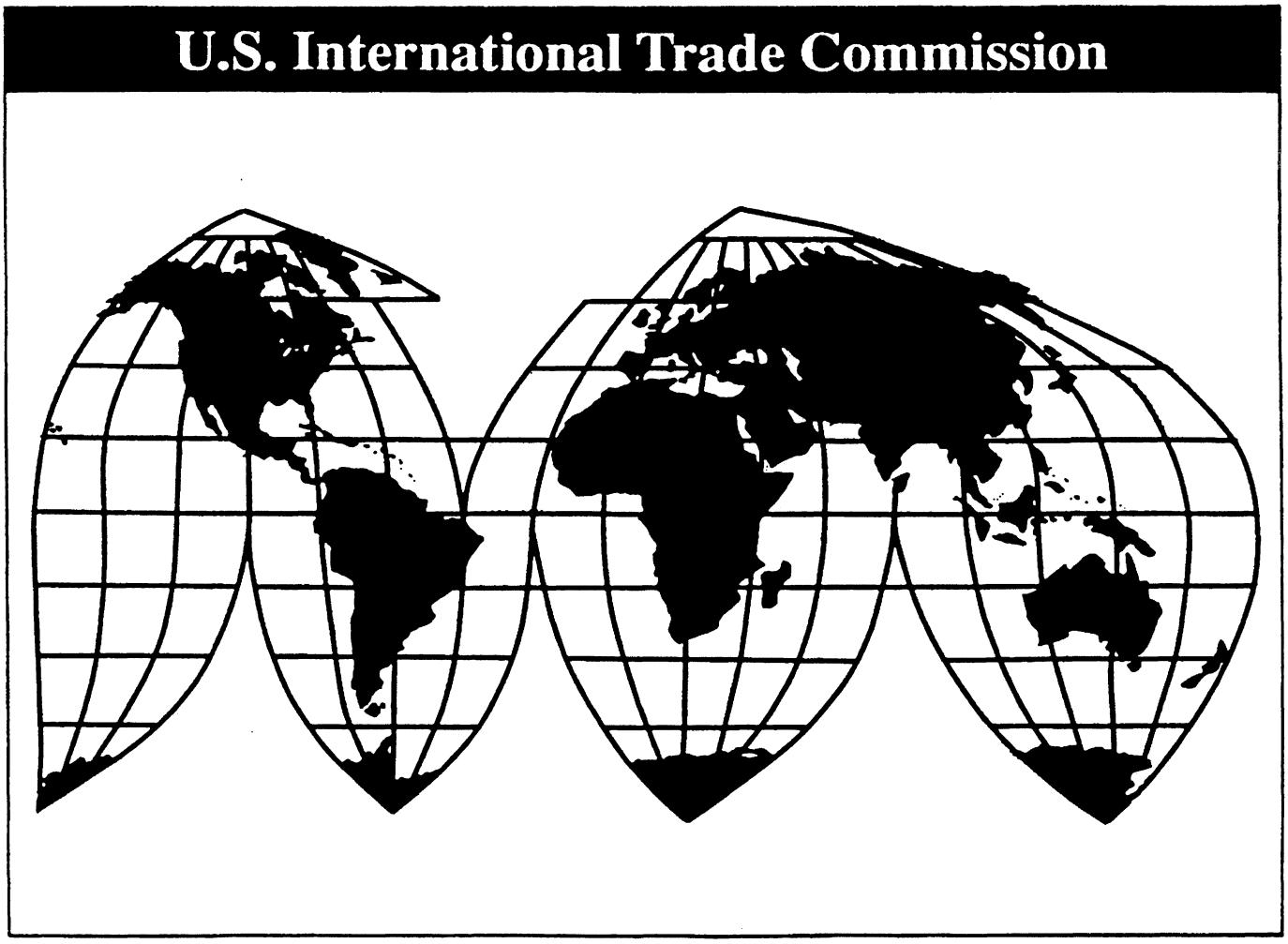
U.S. International Trade Commission



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U.S. International Trade Commission

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GLOSSARY OF ABBREVIATIONS

ACS	ACS Industries, Inc.
Al Tech	Al Tech Specialty Steel Corp.
AISI	American Iron and Steel Institute
ASTM	American Society for Testing and Materials
AWPA	American Wire Producers' Association
Branford	Branford Wire & Manufacturing Co.
CNIF	Customs Net Import File
Carpenter	Carpenter Technology Corp.
Central Wire	Central Wire Industries, Inc.
C.i.f	Cost, insurance, freight
Commerce	U.S. Department of Commerce
Commission	U.S. International Trade Commission
Daido	Daido Stainless Steel Co., Ltd.
EPQ	Electro-polishing quality
Ergste Westig	Ergste Westig of America Inc.
FR	*Federal Register*
Greening Donald	Greening Donald Co., Ltd.
F.o.b.	Free on board
Handy & Harman	Handy & Harman Specialty Wire Group
HTS	Harmonized Tariff Schedule
Industrial Alloys	Industrial Alloys, Inc.
Indwisco	Indwisco, Ltd.
Inoxfil	Inoxfil, S.A.
ISO	International Organization for Standards
Korea Sangsa	Korea Sangsa Co., Ltd.
Korea Welding	Korea Welding Electrode
Kuang Tai	Kuang Tai Metal Industrial Co., Ltd.
Loos	Loos & Co., Inc.-Wire Division
LTFV	Less than fair value
Maryland Specialty	Maryland Specialty Wire, Inc.
National-Standard	National-Standard Co.
Nippon Seisen	Nippon Seisen Co., Ltd.
PRWs	Production and related workers
R&D	Research and development
Raajratna	Raajratna Metal Industries, Ltd.
Richsteel	Richsteel Corp.
Rodex	Rodex Fasteners Corp.
Sandvik	Sandvik Steel Co.
SG&A	Selling, general, and administrative
SSRW	Stainless steel round wire
Sumiden	Sumiden Wire Products Corp.
Suzuki	Suzuki Metal Industry Co., Ltd.
Talley	Talley Metals Technology, Inc.
Techalloy	Techalloy Co., Inc.
Tien Tai	Tien Tai Electrode Co., Ltd.
TR	Transcript of the conference
Ulbrich Wire	Ulbrich Wire, Inc.
Venus	Venus Wire Industries, Ltd.

Willing B. Wire ..... Willing B. Wire Corp.
Wire Industries ..... Wire Industries, Inc.
Yieh Mau ..... Yieh Mau Corp.
Yuen Neng ..... Yuen Neng Co., Ltd.
Yung Ho Iron ..... Yung Ho Iron Wire Co., Ltd.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-781 through 786 (Preliminary)

STAINLESS STEEL ROUND WIRE FROM CANADA, INDIA, JAPAN, KOREA, SPAIN, AND TAIWAN

DETERMINATION

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission 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 Canada, India, Japan, Korea, Spain, and Taiwan of stainless steel round wire, provided for in subheading 7223.00.10 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules upon notice from the Department of Commerce (Commerce) of an affirmative preliminary determination in the investigations under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in the investigations under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On March 27, 1998, a petition was filed with the Commission and Commerce by ACS Industries, Inc., Woonsocket, RI; Al Tech Specialty Steel Corp., Dunkirk, NY; Branford Wire & Manufacturing Co., Mountain Home, NC; Carpenter Technology Corp., Reading, PA; Handy & Harman Specialty Wire Group, Cockeysville, MD; Industrial Alloys, Inc., Pomona, CA; Loos & Co., Inc., Pomfret, CT; Sandvik Steel Co., Clarks Summit, PA; Sumiden Wire Products Corp., Dickson, TN; and Techalloy Co., Inc., Mahwah, NJ, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of stainless steel round wire from Canada, India, Japan, Korea, Spain, and Taiwan. Accordingly, effective March 27, 1998, the Commission instituted antidumping investigations Nos. 731-TA-781 through 786 (Preliminary).

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 6, 1998 (63 *FR* 16827). The conference was held in Washington, DC, on April 17, 1998, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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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)).

VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of stainless steel round wire from Canada, India, Japan, Korea, Spain, and Taiwan that are allegedly sold in the United States at less than fair value ("LTFV").

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, or threatened with material injury, by reason of the allegedly LTFV imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(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."[2]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of the subject imports, the Commission first defines the "domestic like product" and the "industry."[3] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[4] In turn, the Act defines "domestic 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]

Our decision regarding the appropriate domestic like product(s) 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.[6] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[7] The Commission looks for clear dividing lines among possible like products, and disregards minor

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[1] 19 U.S.C. § 1673b(a); *see also* American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. United States, 794 F. Supp. 377, 381 (Ct. Int'l Trade 1992).

[2] American Lamb, 785 F.2d at 1001; *see also* Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] 19 U.S.C. § 1677(4)(A).

[4] *Id.*

[5] 19 U.S.C. § 1677(10).

[6] *See, e.g.,* Nippon Steel Corp. v. United States, 19 CIT 450, 455, Slip Op. 95-57 at 11 (Apr. 3, 1995). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. *See* Nippon Steel at 11, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[7] *See, e.g.,* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

variations.[8] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise allegedly sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[9]

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations, as stainless steel round wire ("SSRW"). Commerce defined SSRW as:

> any cold-formed (i.e., cold-drawn, cold-rolled) stainless steel product, of a cylindrical contour, sold in coils or spools, and not over 0.703 inch (18 mm) in maximum solid cross-sectional dimension.[10]

SSRW is a stainless steel product produced in a wide variety of types, according to grade of stainless steel, diameter, tensile strength, mechanical properties, and type of finish.[11] It is produced from stainless steel wire rod. Usually, the wire rod is annealed and pickled, and then cold-drawn through one or more dies. In some cases, the wire may be cold-rolled instead of being cold-drawn.[12] SSRW is an intermediate product with many uses, including the production of fasteners, springs, strand, rope, welding wire, and medical instruments.[13]

C. Domestic Like Product

Petitioners argue that there is a single like product in these investigations, consisting of all types of SSRW, and no respondent presented an alternative definition. Because the record evidence shows that all types of SSRW have broad common physical characteristics;[14] share common channels of distribution;[15] have common production processes, facilities and employees;[16] and are perceived by producers and customers to be part of the same class of products,[17] we find that SSRW is a single domestic like product. While there are numerous distinctions among the many specifications for SSRW, the record describes a broad continuum of products without any clear dividing lines.

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[8] Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991).

[9] Hosiden Corp. v. Advanced Display Manufacturers, 85 F.3d 1561 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[10] 63 Fed. Reg. 26150 (May 12, 1998). The products covered by these investigations are classifiable under subheadings 7223.00.1015, 7223.00.1030, 7223.00.1045, 7223.00.1060, and 7223.00.1075 of the Harmonized Tariff Schedule of the United States ("HTSUS"). *Id.*

[11] Confidential Staff Report ("CR") at I-3 and I-4, Public Staff Report ("PR") at I-3.

[12] CR at I-5 and I-7, PR at I-3 and I-4.

[13] CR at I-4, PR at I-3.

[14] CR at I-4, PR at I-2.

[15] CR at I-8, PR at I-5.

[16] CR at I-5 and I-6, PR at I-3 and I-4.

[17] Transcript of Staff Conference ("TR"), April 17, 1998, at 40.

D. Domestic Industry and Related Parties

The domestic industry is defined as "the producers as a [w]hole of a domestic like product."[18] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll produced, captively consumed, or sold in the domestic merchant market.[19] Because we have found that the domestic like product consists of all SSRW, for purposes of these preliminary investigations we also find that the domestic industry consists of all domestic producers of SSRW.

We must further determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. Applying the provision involves two steps. First, the Commission must determine whether a domestic producer is a related party or is an importer of the subject merchandise. Second, the Commission may exclude such a producer from the domestic industry if "appropriate circumstances" exist. [20]

Five domestic producers in these investigations meet the criteria for potential exclusion from the domestic industry pursuant to section 771(4)(B) of the Act:[21] two because they are controlled by exporters of the subject merchandise,[22] and three because they are importers of the subject merchandise.[23] Accordingly, the Commission must consider whether appropriate circumstances exist to exclude these companies from the domestic industry.

We find that appropriate circumstances do not exist to exclude any of these companies from the domestic industry. *** and *** accounted for *** percent and *** percent, respectively, of domestic SSRW shipments in 1997.[24] Thus, inclusion of these companies' data is not likely to skew data for the rest of the industry. The financial data obtained in these preliminary investigations show that *** operating income ratio was much worse than that of other domestic producers and that *** operating income ratio was not better than that of other domestic producers.[25] Thus, there is no basis for concluding that *** or *** have been shielded from any injury that might be caused by imports, as a result of their relationships to their foreign parents. We also find that appropriate circumstances do not exist to exclude the three importing firms from the domestic industry, because the imports of these firms

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[18] 19 U.S.C. § 1677(4)(A).

[19] *See* United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996).

[20] 19 U.S.C. §1677(4)(B). Factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a domestic producer include the percentage of domestic production attributable to the importing producer; the reason the U.S. producer has decided to import the product subject to investigation; whether inclusion or exclusion of the domestic producer will skew the data for the rest of the industry; the ratio of import shipments to U.S. production for such producers; and whether the primary interest of the producer lies in domestic production or importation. *See, e.g.,* Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993). *See also*, Engineered Process Gas Turbo-Compressor Systems from Japan, Inv. No. 731-TA-748 (Final), USITC Pub. 3042 (June 1997), at 10 n.26.

[21] 19 U.S.C. §1677(4)(B).

[22] *** is indirectly owned by ***, and *** is a wholly-owned subsidiary of ***.

[23] *** imported SSRW from Japan, and *** imported SSRW from Canada. CR at IV-1, PR at IV-1.

[24] CR and PR at Table III-1.

[25] CR and PR at Table VI-2.

were very small relative to their total U.S. shipments.[26] Accordingly, their primary interests appear to lie in domestic production and not in importing.

III. NEGLIGIBLE IMPORTS

Section 733(a) of the Act requires that investigations terminate by operation of law without an injury determination if the Commission finds that the subject imports are negligible.[27] The provision defining "negligibility," in section 771(24) of the Act,[28] provides that imports from a subject country that are less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or self-initiation, as the case may be, shall be deemed negligible. The statute allows the Commission to make "reasonable estimates on the basis of available statistics" of pertinent import levels for purposes of making negligibility determinations.[29]

Greening Donald Co. and Central Wire Industries Co., Canadian firms that draw stainless steel wire rod into SSRW, argue that the Commission should terminate the investigation involving Canada because allegedly LTFV imports of SSRW from Canada are negligible.[30] They contend that most, if not all, of the SSRW imported into the United States from Canada should not be treated as a Canadian product under the applicable rules of origin (*i.e.*, NAFTA origin rules and the "substantial transformation" test). Petitioners argue that the decision as to whether to exclude certain imports from the scope of an investigation should be made by Commerce, not the Commission.[31]

We have determined that allegedly LTFV imports from Canada are not negligible. The Commission generally defers to Commerce on the scope of an investigation. Furthermore, we are not in a position to evaluate issues related to the substantial transformation test. Based on the record before us, until such time as Commerce excludes imports of SSRW from Canada, or Customs rules that such imports are not properly treated as Canadian merchandise, we will continue to treat these imports as subject merchandise. Because the imports from Canada accounted for 16.7 percent of the total quantity of U.S. imports of the subject merchandise in 1997, they are well above the statutory definition of "negligible."

According to the official import statistics, allegedly LTFV imports of SSRW from the remaining subject countries accounted for the following percentages of the total quantity of U.S. imports of the subject merchandise in 1997: India -- 4.9 percent, Japan -- 7.8 percent, Korea -- 16.4 percent, Spain -- 3.6 percent, and Taiwan -- 9.6 percent.[32] Consequently, we find that imports from none of the subject countries are negligible, as defined by the statute.

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[26] *** imported *** pounds of SSRW from Japan in 1997 (information from *** questionnaire response). This represents less than *** of its 1997 U.S. shipments of *** pounds. CR and PR at Table III-1. *** imported *** pounds of SSRW from Japan in 1997 (information from *** questionnaire response). This represents less than *** of its 1997 U.S. shipments of ***. CR and PR at Table III-1. *** imported *** pounds of SSRW from Canada in 1997 (information from *** questionnaire response). This represents less than *** of its 1997 U.S. shipments of ***. CR and PR at Table III-1.

[27] 19 U.S.C. § 1673b(a).

[28] 19 U.S.C. § 1677(24)

[29] 19 U.S.C. § 1677(24)(C). *See also* Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. 316, Vol. 1, 103d Cong., 2d Sess. (1994)("SAA") at 186.

[30] Postconference brief of Greening Donald Co., dated May 15, 1998, at 1-23.

[31] Petitioners' postconference brief ("PB"), dated May 15, 1998, at 25-27.

[32] CR and PR at Table IV-1.

IV. CUMULATION

A. In General

Section 771(7)(G)(i) of the Act requires the Commission to cumulate allegedly LTFV imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the United States market.[33] In assessing whether subject imports compete with each other and with the domestic like product,[34] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;[35]

(2) the presence of sales or offers to sell in the same geographical markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[36]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[37] Only a "reasonable overlap" of competition is required.[38]

Petitioners contend that the allegedly LTFV imports from the subject countries should be cumulated for purposes of the Commission's material injury analysis because imports from the six subject countries compete with each other and domestic production.[39] Daido Stainless Steel Co., Ltd., and Suzuki Metal Industries Co., Ltd., Japanese producers of the subject merchandise, maintain that

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[33] 19 U.S.C. § 1677(7)(G)(i). There are four exceptions to the cumulation provision, none of which applies to these investigations. *See id.* at 1677(7)(G)(ii).

[34] The SAA (at 848) expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." *citing* Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), *aff'd* 859 F.2d 915 (Fed. Cir. 1988).

[35] Commissioner Crawford finds that substitutability, not fungibility, is a more accurate reflection of the statute. In these investigations, she finds there is sufficient substitutability to conclude there is a reasonable overlap of competition among the subject imports and between the subject imports and the domestic like product. Therefore, she concurs with her colleagues that subject imports from Canada, India, Japan, Korea, Spain, and Taiwan should be cumulatively assessed. However, in any final phase investigations she intends to examine further the substitutability between Japanese subject imports and other subject imports. *See* Dissenting Views of Commissioner Carol T. Crawford in Stainless Steel Bar from Brazil, India, Japan, and Spain, Invs. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995), for a description of her views on cumulation.

[36] *See* Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd*, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

[37] *See, e.g.*, Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[38] *See* Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685-86 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996).

[39] PB at 13-21.

imports from Japan should not be cumulated with allegedly LTFV imports from the other subject countries because there is no reasonable overlap of competition between allegedly LTFV imports from Japan and allegedly LTFV imports from other subject countries or domestic products.[40]

We have determined to cumulate the subject imports from Canada, India, Japan, Korea, Spain, and Taiwan for purposes of our material injury analysis in these preliminary phase investigations. First, there appears to be a significant degree of fungibility among imports from the subject countries, and between subject imports and the domestic like product. Most domestic producers and importers responding to the Commission's questionnaires considered SSRW from the six countries to be interchangeable with domestically produced SSRW. Specifically with respect to imports from Japan, all domestic producers that compared U.S. and Japanese products reported that they were interchangeable, as did most of the importers.[41]

It appears that at least a significant portion of the allegedly LTFV imports from Japan compete with other subject imports and the domestic like product. According to the Japanese respondents, there are three broad categories of SSRW imports from Japan: (i) two lead-containing products, SF20T and DSR16FA, which accounted for *** percent of SSRW imports from Japan in 1997;[42] (ii) nickel coated spring wire, which accounted for *** percent of U.S. imports from Japan in 1997;[43] and (iii) the remaining products imported from Japan, consisting of ***, which accounted for approximately *** percent of subject imports from Japan in 1997.[44] Although the first product category may not be fungible with SSRW produced domestically or imported from the other subject countries, there is evidence that the second and third product categories are produced domestically and are among the imports from the other subject countries.[45] We intend to obtain further information on this issue in any final phase investigations.

On the whole, we believe that the record evidence shows that the subject imports have a significant degree of fungibility with each other and the domestic merchandise. The domestic like product and imports from the subject countries are sold in the same geographical markets, namely throughout the United States.[46] Also, both the subject imports and the domestic like product are sold in similar channels of distribution, primarily to end users but also to distributors.[47] Finally, the record shows that allegedly LTFV imports from each of the subject countries were present in the U.S. market during each year of the period examined.[48] Accordingly, we have cumulated the allegedly LTFV imports from the six subject countries for our material injury analysis.

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[40] The Canadian respondent Greening Donald Co. argues that imports from Canada should not be cumulated with other subject imports for purposes of any threat of injury analysis because imports from Canada do not compete fully with other imports and the domestic like product (GDB at 34-37). The Indian respondents Raatjratna, Venus Wire, and Mukand argue that imports of allegedly LTFV SSRW from India do not injure, or threaten injury to, the U.S. industry because Indian wire exports consist of products which the domestic industry either does not make or does not sell to redrawers. Letter of Raatjratna, Venus Wire, and Mukand, dated May 15, 1998. As noted below, we have determined that the conditions for cumulating the subject imports from all six subject countries have been met.

[41] CR at II-5, PR at II-3. We intend to collect further data on the fungibility of Japanese subject imports with other subject imports, and with the domestic like product, in any final phase investigations.

[42] Postconference brief of Daido Stainless Steel Co., Ltd., and Suzuki Metal Industries Co. ("JRB"), dated May 15, 1998, at 20-21.

[43] *Id.*

[44] JRB at 28.

[45] CR and PR at Table V-2.

[46] CR at II-4-II-5, PR at II-3.

[47] CR at II-1, PR at II-1.

[48] CR and PR at Table IV-1.

IV. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

In preliminary antidumping investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the allegedly LTFV imports under investigation.[49] [50] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[51] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[52]

In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of allegedly LTFV imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[53] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[54]

For the reasons discussed below, we determine that there is a reasonable indication that the domestic industry producing SSRW is materially injured by reason of allegedly LTFV imports from Canada, India, Japan, Korea, Spain, and Taiwan.

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[49] 19 U.S.C. § 1673b(a).

[50] Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the LTFV imports. She finds that the clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of LTFV imports, not by reason of the LTFV imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently are causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than less-than-fair-value imports." S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979). However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979). The Commission is not to determine if the LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 96-249 at 74 (1979). Rather, it is to determine whether any injury "by reason of" the LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added); Gerald Metals v. United States, 132 F.3d 716 (Fed. Cir. 1997) (rehearing denied).

For a detailed description and application of Commissioner Crawford's analytical framework, *see* Certain Steel Wire Rod from Canada, Germany, Trinidad & Tobago, and Venezuela, Inv. Nos. 731-TA-763-766 (Final), USITC Pub. 3087 at 29 (March 1998) and Steel Concrete Reinforcing Bars from Turkey, Inv. No. 731-TA-745 (Final) USITC Pub. 3034 at 35 (April 1997). Both the Court of International Trade and the United States Court of Appeals for the Federal Circuit have held that the "statutory language fits very well" with Commissioner Crawford's mode of analysis, expressly holding that her mode of analysis comports with the statutory requirements for reaching a determination of material injury by reason of the subject imports. United States Steel Group v. United States, 96 F.3d 1352, 1361 (Fed. Cir. 1996), *aff'g* 873 F. Supp. 673, 694-95 (Ct. Int'l Trade 1994).

[51] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination," but shall "identify each [such] factor . . . and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[52] 19 U.S.C. §1677(7)(A).

[53] 19 U.S.C. § 1677(7)(C)(iii).

[54] *Id.*

A. Conditions of Competition

The following conditions of competition are pertinent to our analysis in these investigations. We note that stainless steel wire rod is the predominant material input used in the production of SSRW, often accounting for as much as 70 percent of the cost of producing SSRW, and that evidence on the record indicates that the price of stainless steel wire rod in the U.S. market declined during the period examined.[55] [56] We also note that the domestic industry consists of a large number of producers of varying sizes, that there is a large number of importers, and that these factors may be reflected in the competitive conditions in the domestic market.

B. Volume of Subject Imports

The quantity and value of the subject imports increased during the period examined. On a quantity basis, the cumulated subject imports increased from 24.0 million pounds in 1995 to 30.4 million pounds in 1997, a net increase of 26.7 percent.[57] On a value basis, the cumulated subject imports increased from $49.9 million in 1995 to $54.6 million in 1997, a net increase of 9.4 percent.[58]

The market share held by subject imports increased throughout the period examined. When measured on a quantity basis, the share of the overall SSRW market held by the subject imports increased from 12.7 percent in 1995 to 15.5 percent in 1997.[59] When measured on a value basis, the market share of the subject imports increased from 11.8 percent in 1995 to 13.3 percent in 1997.[60]

Based on the foregoing, we find that the volume of subject imports and the increase in that volume during the period examined, measured by quantity, were significant for purposes of these preliminary determinations.[61]

C. Price Effects of Subject Imports

The record evidence in these investigations shows that, despite some perceived differences in quality, availability, and product range, most producers and importers consider the subject merchandise to be generally substitutable with the domestic like product. [62] The Commission was able to collect only limited comparable price data in these preliminary investigations, especially for India, Japan, and Spain.[63] These data show a mixed pattern of over- and underselling by the subject imports, with underselling occurring in the majority of all possible comparisons. The subject imports undersold the domestic

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[55] CR at V-1, PR at V-1.

[56] In any final phase investigations, Commissioner Crawford intends to re-examine the pricing relationship between domestic SSRW products and stainless steel rod.

[57] CR and PR at Table IV-1.

[58] *Id.*

[59] CR and PR at Table IV-3.

[60] CR and PR at Table IV-3.

[61] Commissioner Crawford joins only in the factual discussion of the volume of imports. She does not rely on any analysis of trends in the market share of subject imports and other factors in her determination of material injury by reason of allegedly dumped imports. She makes her finding of the significance of volume in the context of the price effects and impact of these imports, given the condition of competition. For the reasons discussed below, she finds that the volume of subject imports is significant in these investigations.

[62] CR at II-4 and II-5, PR at II-3

[63] Chairman Miller and Vice Chairman Bragg note that the absence of comparable price data for several of the subject countries makes their analysis of price effects and the impact of subject imports difficult. They expect that in any final investigations, parties to the investigations will work closely with Commission staff to develop a more comprehensive set of products for the Commission's pricing analysis.

merchandise in 93 of 143 possible price comparisons between 1995 and 1997.[64] Moreover, the incidence of underselling increased over the period examined, with the subject imports underselling domestic products in 23 of 39 possible price comparisons in 1995, 28 of 44 price comparisons in 1996, and 42 of 60 price comparisons in 1997. [65] [66] Accordingly, we find underselling to be significant.[67] Prices of domestic and subject merchandise declined from 1996 to 1997. The average unit value of the subject imports declined by 12.6 percent from 1996 to 1997, while the average unit value of sales of the domestic like product declined by 5.5 percent in the same period.[68] [69] In light of the substitutability of the domestic and subject merchandise, the increasing patterns of underselling by the subject merchandise, and the significant declines in domestic prices toward the end of the period examined, we find that, for purposes of these preliminary determinations, the subject imports have depressed domestic prices to a significant degree.

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[64] CR and PR at Tables V-12 through V-14.

[65] *Id.*

[66] Commissioner Crawford rarely gives much weight to evidence of underselling since it usually reflects some combination of differences in quality, other nonprice factors, or fluctuations in the market during the period in which price comparisons were sought.

[67] CR at V-9, PR at V-7. The record contains a large number of allegations by domestic producers that they lost sales to imports of the subject merchandise. CR at V-35, PR at V-12. Some of these allegations have been investigated, and the results have not been conclusive. We intend to investigate more of the allegations in any final phase investigations.

[68] CR and PR at Table C-1.

[69] To evaluate the effects of the alleged dumping on domestic prices, Commissioner Crawford compares domestic prices that existed when the imports were dumped with what domestic prices would have been if the subject imports had been fairly traded. In most cases, if the subject imports had not been traded unfairly, their prices in the U.S. market would have increased. In these investigations, the alleged dumping margins for subject imports vary widely but on the whole are fairly high. Thus, subject imports likely would have been priced significantly higher had they been fairly traded. Subject imports and domestic SSRW appear to be good substitutes. Substitutability between nonsubject imports and domestic and subject imports also appears to be good, although there is very little information on nonsubject imports at this point in these investigations. In any final phase of these investigations, she intends to examine closely the availability of nonsubject products and their substitutability with the domestic like product and will seek additional information on these issues. Given the record in the preliminary phase of these investigations, she finds that the shift in demand away from subject imports and towards the domestic like product likely would have been significant, had subject imports been fairly traded. The domestic industry has ample excess capacity with which it could have increased production, and it could have supplied additional SSRW from inventories. Because of the domestic industry's ability to increase supply in response to higher demand, and the significant competition among the various domestic suppliers and nonsubject import suppliers, she finds in the preliminary phase of these investigations that the domestic industry would not have been able to increase its prices significantly, had subject imports been fairly traded. However, she intends to re-examine the nature of competition in the domestic market in any final phase investigations. Consequently, Commissioner Crawford finds that in the preliminary phase of these investigations, the subject imports are not having significant effects on prices for domestic SSRW.

D. Impact of Subject Imports[70] [71]

Despite an increase in apparent domestic consumption during the period examined, [72] the condition of the domestic industry declined in a number of respects. The industry's production, sales revenues, and employment levels were generally stagnant.[73] Capacity utilization levels fell during the period examined as U.S. producers were unable to utilize large portions of their existing and new capacity.[74]

At the same time as the volume and market share of the subject imports increased, and the price of subject imports fell, the domestic industry experienced a decline in average unit sales values that was greater than the decline in its average unit costs.[75] This resulted in a significant overall decline in the domestic industry's profitability,[76] with the ratio of the industry's operating income to net sales falling from 7.6 percent to 2.8 percent.[77] There was an increasing number of domestic producers reporting operating losses as well. [78] [79] [80]

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[70] As part of its consideration of the impact of imports, the statute specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). Section 771(35)(C) of the Act, 19 U.S.C. § 1677(35)(C), defines the "margin of dumping" to be used by the Commission in a preliminary determination as the margin or margins published by Commerce in its notice of initiation. In its notice of initiation, Commerce identified estimated dumping margins of 2.38 to 40.48 percent for Canada, 3.47 to 36.52 percent for India, 2.02 to 29.58 percent for Japan, 3.46 to 66.44 percent for Korea, 12.99 to 35.80 percent for Spain, and 2.18 to 64.24 percent for Taiwan. 63 Fed. Reg. 26150, 26151-26152 (May 12, 1998).

[71] Vice Chairman Bragg notes that she does not ordinarily consider the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. *See* Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731(Final), USITC Pub. 2968 (June 1996) at 33.

[72] Apparent domestic consumption rose from 188.1 million pounds in 1995 to 196.1 million pounds in 1997. CR and PR at Table IV-3.

[73] The domestic industry's production volumes rose slightly during the period examined, from a total of 145.9 million pounds in 1995 to 148.4 million pounds in 1997. CR and PR at Table III-2. The industry's total net sales fell from $324.8 million in 1995 to $313.2 million in 1997. CR and PR at Table VI-1. The average number of production and related workers employed by the industry rose very slightly from 1,355 in 1995 to 1,365 in 1997, while the number of hours worked declined from 3.0 million in 1995 to 2.9 million in 1997. CR and PR at Table III-3.

[74] Capacity utilization fell from 68.7 percent in 1995 to 63.4 percent in 1997. CR and PR at Table III-2.

[75] Between 1995 and 1997, aggregate average unit prices fell from $2.27 to $2.12, or by 5.7 percent, while average unit costs fell from $1.92 to $1.90, or by 1.1 percent. CR and PR at Table III-3 and Table VI-3 for costs.

[76] The domestic industry's aggregate gross profits fell from $49.9 million in 1995 to $35.4 million in 1997. Its aggregate operating income fell from $24.7 million in 1995 to $8.7 million in 1997. The ratio of the industry's gross profits to net sales fell from 15.4 percent in 1995 to 11.3 percent in 1997. CR and PR at Table VI-1.

[77] CR and PR at Table VI-1.

[78] The number of domestic producers reporting operating losses increased from *** in 1995, to *** in 1996, to *** in 1997. CR and PR at Table VI-2. One domestic producer filed for Chapter 11 bankruptcy protection at the end of 1997. CR at III-6, PR at III-4.

[79] As previously stated, Commissioner Crawford does not evaluate impact based on trends in statutory impact factors. In her analysis of material injury by reason of allegedly dumped imports, Commissioner Crawford evaluates the impact of subject imports on the domestic industry by comparing the state of the industry when the imports were dumped with what the state of the industry would have been had the imports been fairly traded. In assessing the impact of the subject imports on the domestic industry, she considers, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development and other relevant factors as required by 19 U.S.C. § 1677(7)(C)(iii). These factors together either encompass or reflect the volume and price effects of

(continued...)

Because of the significant erosion of the domestic industry's financial performance, the accompanying declines in a number of other indicators of the condition of the industry, the absolute and relative increase in the volume of subject imports, the general decline in prices, and the widespread and increasingly-frequent underselling by the subject imports, we find for purposes of these preliminary determinations that the subject imports are having an adverse impact on the domestic industry producing SSRW.

CONCLUSION

For the foregoing reasons, we determine that there is a reasonable indication that the domestic industry producing stainless steel round wire is materially injured by reason of allegedly LTFV imports from Canada, India, Japan, Korea, Spain, and Taiwan.

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[79] (...continued)
the allegedly dumped imports, and so she gauges the impact of the dumping through those effects. In this regard, the impact on the domestic industry's prices, sales, and overall revenues is critical, because the impact on the other industry indicators (*e.g.*, employment, wages, etc.) is derived from this impact. As noted above, there is a reasonable indication that the domestic industry would have been able to increase its output if subject imports had been sold at fairly traded prices. Had subject imports been fairly priced, the domestic industry would have been able to increase its output significantly in response to a shift in demand away from subject imports to the domestic product, and overall demand would not have fallen by much due to the apparent low elasticity of demand and the lack of any significant price effects. Accordingly, she finds that the output and sales increases by the domestic industry, and therefore revenues would have been significant, had subject imports been fairly priced. Consequently, the domestic industry likely would have been materially better off if subject imports had been fairly traded. Therefore, Commissioner Crawford determines that there is a reasonable indication that the domestic industry producing SSRW is materially injured by reason of allegedly LTFV imports of subject merchandise from Canada, India, Japan, Korea, Spain, and Taiwan.

[80] Respondents have argued that the domestic industry's declining profitability was due in part to the effects of raw material surcharges. *E.g.*, Postconference brief of Central Wire Industries Ltd., dated May 15, 1998, at 28-30. We intend to consider further the role of raw material costs and surcharges on the financial condition of the domestic industry in any final phase investigations.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed by ACS Industries, Inc., Woonsocket, RI; Al Tech Specialty Steel Corp., Dunkirk, NY; Branford Wire & Manufacturing Co., Mountain Home, NC; Carpenter Technology Corp., Reading, PA; Handy & Harman Specialty Wire Group, Cockeysville, MD; Industrial Alloys, Inc., Pomona, CA; Loos & Co., Inc., Pomfret, CT; Sandvik Steel Co., Clarks Summit, PA; Sumiden Wire Products Corp., Dickson, TN; and Techalloy Co., Inc., Mahwah, NJ, on March 27, 1998, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of SSRW[1] from Canada,[2] India, Japan,[3] Korea, Spain, and Taiwan. Information relating to the background of the investigations is provided below.[4]

Date	*Action*
March 27, 1998	Petition filed with Commerce and the Commission;[5] institution of Commission investigations (63 FR 16827, April 6, 1998)
April 17, 1998	Commission's conference[6]
May 12, 1998	Commerce's notice of initiation (63 FR 26150, May 12, 1998)[7]
June 4, 1998	Commission's vote
June 12, 1998	Commission determination to Commerce

[1] For purposes of these investigations, SSRW is defined as any cold-formed (i.e., cold-drawn, cold-rolled) stainless steel product, of a cylindrical contour, sold in coils or spools, and not over 0.703 inch (18mm) in maximum solid cross-sectional dimension. SSRW is made of iron-based alloys containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. Metallic coatings, such as nickel and copper coatings, may be applied. SSRW is provided for in subheading 7223.00.10 (statistical reporting numbers 7223.00.1015, 7223.00.1030, 7223.00.1045, 7223.00.1060, and 7223.00.1075) of the HTS, with a most-favored-nation tariff rate of 5.5 percent *ad valorem*, applicable to imports from the subject countries.

[2] Carpenter and Techalloy are not petitioners in the Canadian investigation.

[3] Sumiden is not a petitioner in the Japanese investigation.

[4] *Federal Register* notices cited in the tabulation are presented in app. A.

[5] The petition alleged LTFV margins as follows: Canada, 6.75 percent to 19.66 percent based on normal value and 31.82 percent to 52.28 percent based on constructed value (Commerce recalculated the estimated margins to be 2.38 to 40.48 percent); India, 3.47 percent to 16.89 percent based on normal value and 29.64 percent to 36.52 percent based on constructed value (Commerce recalculated the estimated margins to be 3.47 to 36.52 percent); Japan, 3.39 percent to 32.5 percent based on normal value (Commerce recalculated the estimated margins to be 2.02 to 29.58 percent); Korea, 3.46 percent to 49.97 percent based on normal value and 30.33 percent to 77.98 percent based on constructed value (Commerce recalculated the estimated margins to be 3.46 to 66.44 percent); Spain, 20.37 percent based on normal value and 35.80 percent based on constructed value (Commerce recalculated the estimated margins to be 12.99 to 35.80 percent); and Taiwan, 2.18 percent to 64.24 percent based on normal value and 5.75 percent based on constructed value.

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

[7] Commerce issued a letter on Apr. 20, 1998, informing the Commission that it was extending its deadline for initiation of the investigations to a maximum of 40 days after the date of the filing of the petition. On May 11, 1998, the Commission was notified by Commerce that, effective upon publication in the *Federal Register*, it was initiating the investigations, after which the Commission revised its schedule as presented above.

Previous petitions for import relief for SSRW products were filed pursuant to section 201 of the Trade Act of 1974 (19 U.S.C. § 2411) and pursuant to the Antidumping Act of 1921 (19 U.S.C. § 160). The 201 action began on December 12, 1975, when the domestic industry filed a petition with the Commission seeking relief from imports of SSRW. In June 1976, the Commission found that SSRW was not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry.[8] On July 14, 1978, the U.S. industry filed an antidumping petition with the U.S. Treasury Department concerning imports of SSRW from Japan. On April 17, 1979, petitioners asked that the petition be withdrawn because the "trigger price mechanism" program that was being administered by Treasury covered SSRW. On May 3, 1979, Treasury published a notice terminating the antidumping investigation.[9]

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 15 firms that accounted for *** percent of U.S. production of SSRW during 1997. U.S. imports are based on official statistics of Commerce.

THE PRODUCT

The imported product subject to these investigations is SSRW[10] made of alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements, and sold in solid cylindrical cross-sectional diameters in coils or spools. SSRW is produced by cold finishing[11] coiled, hot-rolled, and annealed stainless steel wire rod. This section presents information on both imported and domestically-produced SSRW, as well as the parties' views on the Commission's "like product" determination.[12] [13]

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[8] *Round Stainless Steel Wire*, USITC Pub. 779, Inv. No. TA-201-13 (June 1976).

[9] Petition, pp. 7-8.

[10] See app. A for Commerce's *Federal Register* notice of initiation, which contains a description of the merchandise subject to the investigations.

[11] Cold finishing includes cold drawing and cold rolling.

[12] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. Pricing information is presented in Part V of this report.

[13] Petitioners and respondents agree that there is one like product in these investigations (petition, pp. 53-56, and TR, p. 120). SSRW is considered to be a continuum product with numerous overlapping variations in chemistry and end use; nevertheless, it is recognized within the industry as the same basic product. However, respondents identified several submarkets requiring SSRW with different characteristics and qualities based on end use, and suggested that this attenuates to a significant degree any impact that the prices of one type of imported SSRW used in one submarket will have on any other type of domestic SSRW used in another submarket (postconference brief, Wilkie Farr & Gallagher, Suzuki and Daido, pp. 9-14).

Physical Characteristics and Uses

SSRW is an intermediate product used to make a multitude of wire products including, but not limited to, fasteners, springs, wire mesh, strand, wire rope, welding wire, medical instruments, and wire of other cross sections. SSRW is available in a wide range of diameters, grades, mechanical properties, and tensile strengths as determined by customer specifications. The domestic industry claims to be able to produce the entire spectrum of SSRW.[14] Stainless steel is used in place of carbon and other lower grade alloy steels primarily for its corrosion resistance and strength under extreme conditions, including elevated temperature. The size range of SSRW produced in the United States is from 0.003 inch to 0.703 inch in diameter, with the primary grades (chemical composition) being 302, 304, 302HQ, 316, and 430.[15]

Several finishes for SSRW can be applied, depending on the additional processing requirements of the downstream wire products. As stated at the conference, "it is possible to produce a variety of surface finishes by varying the precoat, drawing lubricants, and drawing dies to meet the customers' surface finish requirements."[16] These finishes are oil (or grease) drawn, diamond drawn, copper-coated, tinned, or lead-coated.[17] Coatings such as copper or nickel add further lubrication to the wire for additional processing. ***.

Manufacturing Facilities and Production Employees

The manufacture of SSRW follows a general production process that consists of several sequential steps. Stainless steel wire rod, a coiled, hot-rolled product, is first annealed to soften the material and then pickled in an acid bath to remove the scale.[18] The rod is coated with lime or borax to prepare it for the drawing process. This "cold"[19] process consists of several passes through sequentially narrower dies to, in effect, stretch the rod down to a smaller diameter wire. The dies are generally made from tungsten carbide, diamonds, or synthetic diamonds, depending on the size and finish desired. The friction caused by the passage of the wire through a die is controlled by either a soap-based (dry) or oil-based (wet) lubricant, depending on the size of the wire.[20] If the heat generated from the friction is not controlled, the dies will have a short life and the product surface will suffer.[21] The dies are water-cooled throughout the process.

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[14] TR, p. 12; but see the discussion on special-quality SSRW in the following section on product interchangeability.

[15] TR, p. 24.

[16] TR, p. 26.

[17] Specialty Steel Industry of North America, "Designer Handbook: Finishes for Stainless Steel," undated publication, p. 9.

[18] ***; fieldtrip notes of Valerie Newkirk and Tracy Quilter, Apr. 10, 1998, and telephone interview with Carpenter officials, May 19, 1998.

[19] Cold-drawn refers to the fact that the manufacturing process takes place at ambient temperature.

[20] Tungsten carbide dies are generally used for larger diameter wires, while diamond (or synthetic diamond) dies are used for fine wires with diameters of less than 0.05 inch; petition, p. 52. The finer sizes are drawn using a wet lubricant.

[21] Mark Marselli, "Lubrication for wiredrawing," *Wire Journal International*, Apr. 1995, p. 38.

After the wire passes through the dies, it is coiled or spooled. If further processing is required to draw it down to a finer size, the wire is then annealed, cleaned, and cold-drawn through another set of dies. This process can be repeated several times, as needed.[22]

Producers of SSRW obtain stainless steel wire rod from both domestic and foreign sources. Carpenter and Al Tech are integrated specialty steelmakers that produce stainless steel wire rod, some of which is captively consumed to make wire. Independent wire drawers buy stainless steel wire rod from Carpenter, Al Tech, or Republic[23] and/or from many foreign suppliers.[24] Wire redrawers purchase SSRW for further processing.

The petitioners stated that "regardless of the product type, all stainless steel round wire undergoes the same basic processing steps."[25] The domestic industry uses the same general types of production facilities and employees; however, modifications to the machinery are made by individual companies to increase efficiencies. ***. This is also true of some foreign producers. Greening Donald of Canada noted that in addition to general wire-producing equipment and methods, its measuring line ***.[26] After the rod chemistry, the choice of dies and lubricants determines the end use of the wire. Allocation of production capabilities depends on market factors. Companies may focus their production on certain market segments. For example, ***.[27] The equipment and facilities used to produce SSRW can be used to produce other types of wire, such as ***.[28]

SSRW can also be made by cold-rolling wire rod into rough cold-finished or cold-formed wire that is not suitable for finished products. The wire rod is rolled through continuous sets of rolls, rather than passed through dies.[29] Cold-rolling is considered an intermediate process and reportedly accounts for only a small percentage of total SSRW production.[30]

Interchangeability and Customer and Producer Perceptions

Foreign and domestic SSRW can be used interchangeably, depending on the specifications set out by the customer. The qualities of SSRW vary in grade, size, tensile strength, and end use. Not all producers make all types of SSRW. Counsel for two Japanese producers stated that Japan is the only producer of two special-quality, lead-containing grades of SSRW, SF20T and DSR16FA, that are used in the production of ball point pens,[31] ***.[32] Respondents suggest that in these applications, these two grades of SSRW may be more interchangeable with brass wire than with other forms of SSRW.[33]

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[22] TR, p. 25.

[23] Carpenter purchased a fourth rod producer, Talley, in early 1998.

[24] See U.S. International Trade Commission, *Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan*, USITC Pub. 3060, Sept. 1997. The seven countries subject to those investigations supplied 92 percent of aggregate U.S. imports of stainless steel wire rod in 1997.

[25] TR, p. 41.

[26] Postconference brief, Coudert Brothers, app. 12-3.

[27] Fieldtrip notes of Valerie Newkirk and Tracy Quilter, Apr. 10, 1998.

[28] Producer questionnaire response of ***, p. 4.

[29] The advances in technology provided by the Morgan-Koch 12-hole machine largely eliminate the cost advantages of the cold-rolling process as a finer diameter can be achieved without first cold-rolling the wire rod.

[30] TR, p. 68.

[31] TR, pp. 115-117.

[32] Postconference brief, Wilkie Farr & Gallagher, Suzuki and Daido, pp. 15-21.

[33] Ibid.

As discussed earlier, stainless steel is used in applications where corrosion resistance and strength are important. Generally, other steels and alloys cannot be used in its place. SSRW is not known to have substitutes due to the qualities inherent in stainless steel.[34]

Channels of Distribution

Domestic and foreign producers of SSRW sell directly to end users or distributors. Some domestic producers own their distribution system, while others may sell to independent steel service centers. For example, Carpenter owns its own distribution company with 25 locations worldwide. Wire redrawers, who are both consumers and producers of SSRW, purchase SSRW for further processing before selling to end users or distributors. Generally, the industry does not target particular regions; however, some customers are concentrated in specific areas. For example, a large number of cold-heading SSRW customers are located in the Northeastern United States, where there is significant standard fastener production. The aerospace industry in California is another important customer base.[35]

Coils or spools of SSRW are generally transported within the United States via truck. Product coming from Canada would also primarily be transported via truck. However, SSRW from India, Japan, Korea, Spain, and Taiwan would necessarily be transported by ship.

[34] Several producers suggested in their questionnaire responses that carbon steel with a galvanized coating could be a substitute product in instances where corrosion resistance was not critical. *** pointed out that once the galvanized coating is nicked or worn away, the base metal rusts. Nickel alloy wire has qualities similar to SSRW, such as corrosion resistance and strength; however, it is much more expensive.

[35] Fieldtrip notes of Valerie Newkirk and Tracy Quilter, Apr. 10, 1998.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

MARKET SEGMENTS

Most SSRW is sold to end users, for the manufacture of an almost infinite number of products, including fasteners and other cold-headed products, automotive products, springs, strand, rope, welding wire, woven and knitted products, lashing wire, etc.[1] SSRW, because of its inherent metallurgical characteristics, such as its hardness, noncorrosiveness, and resistance to very high temperatures, is required or preferred for particular end-use applications.

U.S. producers reported that in 1997, 77.3 percent of shipments were to end users and 22.7 percent were to distributors. Importers of SSRW from the subject countries reported that in 1997, 82.1 percent of shipments were to end users and 17.9 percent were to distributors.[2]

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

The sensitivity of the domestic supply of SSRW to changes in price depends upon such factors as the existence of excess capacity, the levels of inventories in relation to sales, the ease of shifting facilities to the production of other products, and the existence of export markets. Most evidence indicates that the supply is fairly sensitive to changes in price. U.S. producers of SSRW manufacture virtually the entire range of wire (almost every grade, size, and type) that is consumed worldwide. U.S. capacity utilization rates ranged from 61 to 69 percent during 1995-97, indicating that the industry has the ability to expand output in response to changes in price. The availability of inventories also points to some flexibility in adjusting output in response to price changes. The ratio of end-of-period inventories to U.S. shipments was 18.3 percent in 1995, 17.4 percent in 1996, and 16.6 percent in 1997. In addition, the largest U.S. producers are able to shift their facilities from production of SSRW to other products in response to changing market conditions. Six producers, which accounted for over 55 percent of U.S. shipments of SSRW in 1997, reported that the machinery and equipment they used in making SSRW is also used to make other products, including stainless steel bar and rod, high nickel alloy wire, and antenna wire. Five of these six producers reported that they have never shifted from SSRW to other products in response to price changes. However, *** said that during the past 2 years it has attempted to develop more nickel alloy business because of decreasing prices received for SSRW.

The export data indicate that producers have little flexibility in diverting shipments to or from export markets in response to changes in the price of SSRW. Exports account for a relatively small share of total shipments, ranging between 2.4 percent and 2.7 percent annually during 1995-97. Therefore, exports are not a significant factor that increases the sensitivity of supply to changes in price.

U.S. Demand

The demand for SSRW depends upon the demand in a wide variety of end-use applications by major industrial consumers, including the U.S. auto industry and others.[3] When asked to list the most common end uses of this product, producers and importers frequently reported that it is used in the production of springs, fasteners, knitted wire mesh for auto exhaust systems, lashing wire, and welding

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[1] TR, p. 11.

[2] Importers sell the same range of SSRW to the same types of end users as do domestic producers.

[3] Overall demand for SSRW has increased in recent years due to the strength of the economy and the use of SSRW in new applications to replace carbon steel products. For example, ***; postconference brief, Coudert Brothers, p. 35.

applications. When asked how overall demand for SSRW has changed in the United States since 1995, the majority of producers and importers reported that demand has remained stable or has increased during this period. Of the 13 producers that responded, 7 reported an increase in demand, 4 reported that demand has been stable, and 2 stated that it has decreased. Of the 12 importers that responded, 6 said that demand has increased, 3 reported that it has been stable, and 3 stated that it has decreased. One of the producers and all three of the importers that reported reduced overall demand attributed the decrease to a sharp fall in sales to the airbag industry, which had previously been a major consumer of SSRW. Since 1995 this industry has shifted from the use of SSRW to the use of carbon steel wire in the production of airbags.[4]

The sensitivity of the overall demand for SSRW to changes in price depends upon the availability of substitute products and the cost of this wire as an input in final products. Since much of the SSRW marketed in the United States faces little, if any, competition from wire made from other materials, the demand for SSRW is probably relatively insensitive to changes in its price. At the same time, SSRW generally accounts for a small share of the cost of most of the final end-use products in which it is used as an input.

Substitute products

Although there are substitutes for SSRW, the potential for substitution is limited in many cases by the special properties of SSRW. In fact, some producers and importers stated that there are no substitutes. One producer stated that its unique properties of strength and corrosion resistance make SSRW superior to carbon steel, aluminum, copper, plastic, and plastic-coated steel wire. Galvanized steel wire can be a substitute in some applications, but once the galvanized coating is nicked or worn away the base metal may rust. Nickel alloy is similar to SSRW in corrosion resistance and strength but is much more expensive.

Cost share

Since SSRW is sold to industrial consumers for use in the production of a wide range of final products, it is difficult to generalize concerning its typical cost share in final products. In some applications such as in the production of springs, fasteners, lashing wire and welding consumables, the cost share may be significant.

SUBSTITUTABILITY ISSUES

Factors Affecting Purchases

The majority of producers and importers reported that purchasers often require some form of product certification before buying SSRW from a supplier of the product being sold. Most of the requirements consist of standards set by independent organizations such as the ASTM, the AISI, and others. Some producers and importers stated that their customers require that the product meet standards set by the ISO, the International Organization for Standards, which develops world-wide standards for a

[4] Respondents testified at the conference that there was a surge in demand and a shortage of supply for the type of SSRW used in airbags in 1995; TR, p. 87. A witness for the Canadian respondents testified that in late 1996 the airbag industry developed a new design for driver side inflators, permitting the industry to move away from stainless steel mesh in favor of cheaper carbon steel. This caused a significant drop in demand for SSRW in the automotive industry, which may have been compensated for by increasing demand in other industry sectors; TR, pp. 107-110 and 123.

wide range of industrial products. In some cases suppliers are required to submit samples for a qualification process. This process may range from a few weeks to as much as 6 months.

Comparisons of the Domestic Products to the Subject Imports

U.S. producers of SSRW frequently compete for sales with imports of similar products from Canada, India, Japan, Korea, Spain, and Taiwan even though some factors limit the competition. Imported SSRW from these countries is considered broadly interchangeable in use with domestically produced products by most producers and importers.[5] Despite the similarities, questionnaire respondents frequently reported that they consider the imports to be different from domestic SSRW in one or more categories, such as quality, availability, or product range. There are also differences in lead times in delivery.

U.S.-produced SSRW is marketed throughout the United States, as are the imports from most of the subject countries. When asked to describe the geographic area in which their firm sells SSRW, all 15 U.S. producers that responded said that it is sold throughout the continental United States. Questionnaire responses from the 17 importers also indicate that SSRW from Canada, India, Japan, Korea, Spain, and Taiwan is available throughout the continental United States, although some reported that their sales are limited to particular areas such as the East Coast or West Coast or the Southeast or Northeast.

Most producers considered SSRW from the six countries largely interchangeable with domestically produced SSRW. All 11 producers that compared the U.S. and Canadian products reported that they can be used interchangeably. Similarly, the 11 firms that compared the U.S. and Japanese products, the 12 that compared the U.S. and Korean products, and the 10 that compared the U.S. and Taiwan products reported that they were interchangeable. Six of 7 producers reported that SSRW from the United States and India are interchangeable and 9 of 10 reported that imports from Spain are interchangeable with the U.S. product. However, imports are not regarded as identical to domestic SSRW in all respects. One producer said that the quality of imports from India and Spain is poor. Another stated that India has a limited product range.

As with U.S. producers, most importers consider SSRW from the six countries interchangeable with the domestic product. All six importers that compared Canadian SSRW with the domestic product took this position. Similarly, the six importers that compared Korea and the United States and the six that compared Taiwan and the United States reported that the products are interchangeable. For Japan, five of eight importers regard their SSRW as interchangeable with the U.S. product. For India, three of four importers regard its SSRW as interchangeable with the U.S. product, and similarly, three of four importers consider Spanish SSRW interchangeable with the domestic product. However, one importer said that the quality of imports from India is poor and that delivery is unreliable. Another importer said that the quality of the product from some Indian mills is unsatisfactory. However, still another importer said that the quality of SSRW from India is superior, particularly its EPQ wire. In the case of Japan, one importer said that its cold-heading wire is better than similar wire produced in the United States, and that Japan offers welding wire in special grades that are not regularly made in the United States. Three other importers also said that Japanese quality is superior.

In addition to the questions relating to interchangeability, producers and importers were also asked whether factors other than price, such as quality, availability, transportation networks, product ranges, or technical support, were important in sales competition between U.S.-produced SSRW and imported SSRW from each of the six countries. U.S. producers generally indicated that these other

[5] See also TR, pp. 7-28.

factors are not important.[6] However, one producer said that Canada is a premier producer of fine annealed products, and is noted for its consistency of tensile elongation, color, and spool quality.[7]

Importers were much more likely than producers to consider factors other than price important in sales competition between U.S. producers and importers.[8] In the case of Canada, one importer said that its product quality is superior to the U.S. product. In the case of India, one importer said that its EPQ wire was better and more readily available than from domestic producers, and that redraw wire from India was also more readily available than from domestic producers. However, another importer said that the quality of the Indian product is inferior and the delivery performance for Indian imports is poor. In the case of Japan, one firm said that its cold-heading wire is superior to that available in the United States, while another said that Japan had a limited product range. Four other importers also said that Japan has a quality advantage. In the case of Korea, one importer said that it offers superior quality, has a wide product range, and offers timely delivery. However, another said that availability of the Korean product is a problem. In the case of Taiwan, one importer said that its product is sometimes more readily available than the U.S. product.

The lead times for delivery of U.S.-produced SSRW and SSRW from Canada are generally shorter than for imports from India, Korea, Japan, Spain, or Taiwan. U.S. producers' lead times ranged from half a day to 7 days if the item is in stock, with most firms reporting 2 days or less. When the item has to be manufactured, producer lead times ranged from 14 to 40 days. In the case of imports from Canada, the reported lead time is 2 to 10 days if the item is in inventory and from 14 to 20 days if it has to be imported. Inventories of SSRW from India, Japan, and Spain are not maintained by importers in the United States. The lead time for imports from these countries ranges from 90 to 120 days for India, from 60 to 150 days for Japan, and from 90 to 140 days for Spain. For Korea, the lead time is 10 days if the product is in inventory and 60 to 140 days if it has to be ordered. For Taiwan, the lead time is also 10 days if held in inventory and 90 to 150 days if it has to be ordered.

Comparisons of Subject Products From Different Subject Countries

Producers and importers also compared differences in imported SSRW among the six subject countries. In addition to the lead time advantage over other import sources noted above, one producer said that Canadian quality is better than that of imports from India and that Canada offers a wider product range than does Japan.[9] This producer also said that, unlike Canada, Korea imposes very large purchase requirements on buyers when making a sale and has long lead times in delivery. Another producer said that, unlike Japan and Korea, Canada, India, Spain, and Taiwan do not offer nickel-coated stainless steel spring wire.[10] Another producer said that imports from India are inferior in quality to imports from the other five subject countries, and that imports from Spain are inferior in quality to imports from Canada. One importer said that Japan had a quality advantage over any of the other subject import sources.

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[6] Factors other than price were not considered significant by 10 out of 11 producers with respect to Canadian imports, 5 out of 7 with respect to Indian imports, 9 out of 10 with respect to Japanese imports, 9 out of 11 with respect to Korean imports, 7 out of 8 with respect to Spanish imports, and 8 out of 9 with respect to imports from Taiwan.

[7] This response was provided by ***, which is owned by ***, an importer of ***. *** provided a similar response in its questionnaire.

[8] Factors other than price were not considered significant by 3 out of 5 importers with respect to Canadian imports, 2 out of 3 with respect to Indian imports, 1 out of 8 with respect to Japanese imports, 3 out of 5 with respect to Korean imports, 2 out of 3 with respect to Spanish imports, and 3 out of 6 with respect to imports from Taiwan.

[9] This response was by ***. A similar response was offered by ***.

[10] This response was by ***. However, questionnaire responses indicate that some nickel-coated spring wire from Taiwan is marketed in the United States.

Comparisons of the Domestic Products and the Subject Imports to the Products from Non-Subject Countries

Very little information was available in the questionnaires for comparing imports from the subject countries with non-subject imports. One importer said that the quality of the SSRW from China is superior to the U.S. product and imports from the six subject countries.

PART III: CONDITION OF THE U.S. INDUSTRY

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 15 firms[1] that accounted for an estimated *** percent of U.S. production of SSRW during 1997.[2]

U.S. PRODUCERS[3]

U.S. producers of SSRW are located throughout the United States but are concentrated in the Northeast and Southeast regions. In the United States, production of SSRW is performed by three fairly distinct types of firms: (1) the integrated producers (Carpenter and Al Tech);[4] (2) the independent wire drawers[5] (which constitute the majority of known U.S. producers of SSRW); and (3) the small producers that maintain facilities that allow them merely to re-draw SSRW into finer diameters.[6] The two integrated SSRW producers produce wire rod within the plants in which they draw SSRW. The independent wire drawers purchase their wire rod from U.S. producers or foreign sources and then draw the SSRW.[7] The integrated producers and the wire drawers specialize in the sizes of SSRW they produce and the end uses to which they sell. For example, Carpenter, the *** U.S. producer of SSRW (see table III-1), specializes in SSRW for making cold-headed products such as fasteners, wire belts, and welding consumables. Maryland Specialty, an independent wire drawer and the *** largest U.S. producer, specializes in the types of SSRW suitable for making ***.[8]

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[1] ***.

[2] Total U.S. production in 1997 was calculated from data provided by Commerce based on its polling of the industry and responses to the Commission's producer questionnaire. The 10 petitioning firms accounted for *** percent of the total reported production of SSRW in 1997.

[3] The total number of U.S. producers of SSRW is not entirely certain. The petition provided the names of 23 firms: 10 petitioning firms and 13 non-petitioning firms. The Commission found an additional 25 firms that it believed might be producing the subject product and sent these firms producers' questionnaires. The Commission received responses from all the petitioning firms indicating their support of the petition. Of the non-petitioning firms that provided data in response to the Commission's questionnaire, two indicated they supported the petition, one indicated that it opposed the petition, and two took no position regarding the petition. The majority of the 25 additional firms identified by the Commission responded that they did not produce SSRW or were very small producers. On Apr. 9, 1998, Central Wire and Greening Donald submitted a list of 47 non-petitioning firms to Commerce that they claimed represented U.S. producers of the domestic like product. On Apr. 21, 1998, petitioners provided production information concerning 42 of the then 64 non-petitioning firms to Commerce. Of the total number of non-petitioning firms polled by Commerce, *** responded that they either did not produce SSRW or produced very small quantities annually (*** of these firms are small redrawers of purchased SSRW).

[4] The two integrated producers accounted for *** percent of the reporting firms' shipments in 1997.

[5] These firms maintain annealing capability and break-down equipment used to convert wire rod into large diameter SSRW.

[6] These small re-drawers do not have annealing capability or break-down machines and, therefore, must purchase redraw wire that they then re-draw into finer wire.

[7] The independent wire drawers may also purchase SSRW for further reduction from the integrated producers, from other wire drawers, or from foreign sources; TR, p. 95, and postconference brief, Wilkie Farr & Gallagher, Central Wire, pp. 18-19.

[8] Maryland Specialty and Willing B. Wire are part of the Handy & Harman Group. Willing B. Wire mainly produces the finer types of SSRW suitable for brushes, etc.; fieldtrip, Apr. 7, 1998.

Table III-1
SSRW: U.S. shipments, by producer, 1995-97

Item	1995	1996	1997	Share of 1997 total
	Quantity (*1,000 pounds*)			Percent
Petitioners:				
ACS	***	***	***	***
Al Tech	***	***	***	***
Branford	***	***	***	***
Carpenter	***	***	***	***
Handy & Harman	***	***	***	***
Industrial Alloys	***	***	***	***
Loos	***	***	***	***
Sandvik	***	***	***	***
Sumiden	***	***	***	***
Techalloy	***	***	***	***
Subtotal	***	***	***	***
Non-petitioners:				
Arcos Alloys	***	***	***	***
Ergste Westig	***	***	***	***
National-Standard	***	***	***	***
Ulbrich Wire	***	***	***	***
Wire Industries	***	***	***	***
Subtotal	***	***	***	***
Total	139,445	136,682	144,518	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Carpenter produces over 450 different types of stainless steels, high temperature (iron-nickel-cobalt-base) alloys, electronic alloys, tool steels, wrought and powder high-speed steels, and other special purpose metals in many product forms, including bar, rod, wire, strip, and billet, in its Reading, PA, and Orangeburg, SC, plants. These alloys are used in a wide variety of applications, including advanced automotive, aerospace, electronic, power generation, medical, industrial and durable goods components, etc.[9] Carpenter sells the vast majority of its production through company-owned distributor outlets, which reportedly helps it achieve better control over inventories and ensure customer satisfaction. Carpenter sells the remainder of its output to unrelated end users.

Carpenter has over 14,000 customers worldwide, having recently expanded its base in the United States to Europe, Asia, and Mexico.[10] In 1996, Carpenter acquired Dynamet, Inc., a leading producer of titanium bar and wire, and in early 1998 Carpenter acquired Talley, whose metal businesses will expand Carpenter's capacity to produce stainless steels and specialty alloys.[11] Talley will also add another domestic distribution system to Carpenter's network of 18 service centers in the United States, Canada, and Europe, and its master distributorship, Green Bay Supply.[12] Carpenter owns a 5 percent share in Walsin-CarTech, a stainless steel wire rod producer in Taiwan.[13]

Techalloy, Mahwah, NJ, ***. Some end uses for its SSRW are ***. Techalloy operates four manufacturing plants in Illinois,[14] Massachusetts, Maryland,[15] and Georgia. Techalloy's Atlanta plant suffered lost business and Techalloy decided to close the plant in March 1998.

Handy & Harman focuses on the manufacture of corrosion- and heat-resistant specialty wire and cable products, with special expertise in fine wire diameters. Its Maryland Specialty/Willing B. Wire operations provide a wire package suitable for the production of automotive airbags. Maryland Specialty is also a supplier to the oilfield services industry, which consumes large quantities of stainless and nickel-based alloy wire for use in highly corrosive environments. This wire is used to fabricate petroleum well screens to prevent the flow of silt, grit, and other particles into the product pipeline, where it can cause damage to valves and controls. In 1996, Maryland Specialty installed a new high-speed intermediate wire drawing machine with the technology to provide the highest quality spring wire for the aerosol and pump industry.[16] Willing B. Wire completed a major plant re-alignment in 1996 to optimize product flow, increase production efficiencies, and improve quality.[17]

Questionnaire responses with usable data were received from five non-petitioning firms: Arcos Alloys, Mt. Carmel, PA; Ergste Westig, Summerville, SC; National-Standard, Niles, MI; Ulbrich Wire, North Haven, CT; and Wire Industries, Dumas, AR.[18] ***.[19]

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[9] Carpenter often assists its customers in designing specifications based on the end use in question.

[10] Carpenter's new European Service Center offers warehouse, sales, and technical support, primarily to aerospace, automotive, electronics, medical, and other consumer product manufacturers. Carpenter's specialty alloys sales efforts in Asia focus on aerospace, automotive, electronics, medical, and oil and gas industries. The areas of greatest activity are Korea, Japan, India, China, Taiwan, and Singapore.

[11] With Talley, Carpenter has completed 11 acquisitions in the past 5 years. Talley produced stainless steel wire rod, but not SSRW.

[12] Green Bay Supply is a wholesale purchaser of stainless steel bar which it then resells to independent distributors in the United States.

[13] Carpenter imports stainless steel wire rod from this facility.

[14] This plant manufactures spring wire, wire for cold-heading applications, and forming wire; TR, p. 14.

[15] This facility produces welding wire and electrodes. The Massachusetts and Georgia operations produce fine wire, weaving wire, and forming wire; Ibid.

[16] TR, p. 12.

[17] *Handy & Harman*, 1996 Annual Report, p. 6.

[18] As noted earlier, ***.

[19] ***.

Six of the responding producers of SSRW are owned in whole or in part by foreign entities. Al Tech is *** percent owned by Sammi Al Tech of Torrance, CA, which in turn is a *** subsidiary of Sammi Steel, Seoul, Korea;[20] Techalloy is owned by the French company, Ugine, one of the world's largest producers of stainless steel and a subsidiary of the Usinor Group; Sandvik is a ***; Sumiden is ***; Ergste Westig is a ***; and Wire Industries is a ***.

A number of the petitioning firms produce other products on the same equipment and using the same PRWs as those used to produce SSRW. *** produces stainless steel bar and rod and other alloy steels. *** produce stainless steel bar and rod on the same rolling mill used for SSRW production. *** produces nickel alloy wire and antenna wire on the same equipment and with the same PRWs used to produce SSRW. *** produces high-nickel alloy wire, and *** produces high-nickel alloys and low-alloy steels on the same equipment used to produce SSRW.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Data on U.S. producers' production, capacity, and capacity utilization are presented in table III-2. Total U.S. production of SSRW declined during 1995-96 but then increased in 1997 to a level greater than that in 1995, although U.S. producers' capacity to produce SSRW increased throughout 1995-97. *** reported capacity increases during 1995-97. Capacity utilization decreased between 1995 and 1996 and increased in 1997, but to a level lower than in 1995.

Table III-2
SSRW: U.S. producers' capacity, production, and capacity utilization, 1995-97

Item	Calendar year		
	1995	1996	1997
Capacity (*1,000 pounds*)	212,484	227,992	234,034
Production (*1,000 pounds*)	145,899	138,607	148,414
Capacity utilization (*percent*)	68.7	60.8	63.4

Source: Compiled from data submitted in response to questionnaires of the Commission.

U.S. PRODUCERS' DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

U.S. producers provided data on their domestic and export shipments of SSRW during 1995-97 (table III-3). U.S. shipments of SSRW, by quantity, decreased between 1995 and 1996 but then increased in 1997 to a level higher than in 1995; however, such shipments, by value, declined throughout 1995-97. Export shipments of SSRW, by quantity, increased from 1995 to 1996 and then declined somewhat in 1997. The value of export shipments increased throughout 1995-97. Unit values of U.S. shipments declined over the 3 years examined.

[20] Al Tech filed for Chapter 11 bankruptcy protection on Dec. 31, 1997.

Table III-3 SSRW: U.S. producers' shipments, by type, 1995-97			
Item	Calendar year		
	1995	1996	1997
	Quantity (*1,000 pounds*)		
Commercial U.S. shipments	***	***	***
Internal shipments	***	***	***
U.S. shipments	139,445	136,682	144,518
Export shipments	3,400	3,726	3,602
Total	142,845	140,408	148,120
	Value (*1,000 dollars*)		
Commercial U.S. shipments	***	***	***
Internal shipments	***	***	***
U.S. shipments	316,050	306,920	306,818
Export shipments	9,107	9,669	10,047
Total	325,157	316,589	316,865
	Unit value (*dollars per pound*)		
Commercial U.S. shipments	***	***	***
Internal shipments	***	***	***
U.S. shipments	2.27	2.25	2.12
Export shipments	2.68	2.60	2.79
Average	2.28	2.25	2.14
Source: Compiled from data submitted in response to questionnaires of the Commission.			

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of SSRW for the 3-year period are presented in table III-4. Such inventories declined between 1995 and 1996 and then increased in 1997, but to a level lower than that in 1995. The ratio of end-of-period inventories to U.S. shipments declined during the 3-year period examined. U.S. producers reported no unusual occurrences that would have an impact on inventory levels. Generally, U.S. producers do not produce for inventory but rather to customer specifications depending on end use.[21]

[21] ***; fieldtrip, Apr. 8, 1998.

Table III-4 SSRW: U.S. producers' end-of-period inventories, 1995-97			
Item	Calendar year		
	1995	1996	1997
	Quantity (*1,000 pounds*)		
Inventories	25,561	23,759	24,055
	Ratios (*percent*)		
Inventories to--			
Production	17.5	17.1	16.2
U.S. shipments	18.3	17.4	16.6
Total shipments	17.9	16.9	16.2
Source: Compiled from data submitted in response to questionnaires of the Commission.			

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of PRWs engaged in the production of SSRW, the total hours worked by such workers, and the wages paid to such PRWs during 1995-97 are presented in table III-5. The number of PRWs increased between 1995 and 1996 and then decreased in 1997, while wages paid to such PRWs increased throughout the period examined. Hourly wages increased during 1995-97, while productivity declined from 1995 to 1996 but then increased in 1997.

Techalloy noted that it began curtailing production in 1998 with the termination of 23 PRWs. In March 1998, Techalloy announced that it would be forced to close its Atlanta, GA, facility before the end of the year, resulting in 48 additional PRWs being terminated.[22]

[22] TR, pp. 15-16, and petitioners' postconference brief, p. 22. Techalloy has 3 other plants that produce SSRW.

Table III-5
Average number of production and related workers producing SSRW, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1995-97

Item	Calendar year		
	1995	1996	1997
Production & related workers (*number*)	1,355	1,380	1,365
Hours worked (*1,000*)	3,009	3,003	2,943
Wages paid (*1,000 dollars*)	44,456	46,771	46,833
Hourly wages	$14.77	$15.58	$15.91
Productivity (*pounds per hour*)	48.5	46.2	50.4
Unit labor costs (*per pound*)	$0.30	$0.34	$0.32

Source: Compiled from data submitted in response to questionnaires of the Commission.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent questionnaires to 30 firms believed to be importers of SSRW from the subject countries; 25 of these firms supplied questionnaire data.[1] The responding firms accounted for 68 percent of subject imports in 1997. Four of the responding firms are also petitioners in these investigations. ***. ***.[2] Although located throughout the United States, the importing firms are concentrated in the Northeast and Southeast. The majority of the reporting importers are end users, including wire redrawers, who use the imported SSRW in their downstream manufacturing operations. The number of importers reporting data, by country, is shown in the following tabulation:

Country	Number of importers
Canada	6
India	3
Japan	7
Korea	7
Spain	1
Taiwan	8
Other sources	8
Total	25[3]

Twelve of the responding firms are owned in whole or in part by foreign entities. ***.

U.S. IMPORTS

The import data presented in table IV-1 were compiled from official statistics of Commerce because the HTS subheadings are very close to the scope of these investigations. Data based on importers' questionnaire responses are presented in app. D.

With the exception of India and Taiwan, the quantity of imports from the subject countries increased throughout the period for which information was gathered. Subject imports from India and Taiwan declined from 1995 to 1996 and then increased in 1997 to levels higher than those in 1995. Unit values were generally down throughout the period. With the exception of Japan, the quantity of imports from subject countries, as reported in the Commission questionnaires, followed the same trends as those in the official statistics.

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[1] The Commission sent questionnaires to those firms identified in the petition, along with several firms that, based on a review of the CNIF, may have imported SSRW during the period. The Commission also sent an importer questionnaire to the producers of SSRW. ***.

[2] Responses to the Commission's importer questionnaire.

[3] Total does not add because many importers imported from more than one country.

Table IV-1
SSRW: U.S. imports, by principal sources, 1995-97

Source	Calendar year		
	1995	1996	1997
	Quantity (*1,000 pounds*)		
Canada	7,787	8,332	8,595
India	1,774	698	2,511
Japan	3,098	3,645	4,017
Korea	5,260	5,746	8,438
Spain	1,187	1,491	1,848
Taiwan	4,867	4,163	4,959
Subtotal	23,974	24,075	30,368
All others	24,689	24,501	21,166
Total	48,663	48,576	51,535
	Value (*1,000 dollars*)		
Canada	18,593	19,137	18,515
India	2,139	873	2,795
Japan	8,254	9,258	9,248
Korea	9,647	10,893	13,697
Spain	2,062	2,327	2,614
Taiwan	9,199	7,018	7,706
Subtotal	49,895	49,505	54,575
All others	55,771	53,024	48,126
Total	105,666	102,529	102,701
	Unit value (*dollars per pound*)		
Canada	2.39	2.30	2.15
India	1.21	1.25	1.11
Japan	2.66	2.54	2.30
Korea	1.83	1.90	1.62
Spain	1.74	1.56	1.41
Taiwan	1.89	1.69	1.55
Subtotal	2.08	2.06	1.80
All others	2.26	2.16	2.27
Total	2.17	2.11	1.99

Table continued on next page.

Table IV-1--Continued
SSRW: U.S. imports, by principal sources, 1995-97

Source	Calendar year		
	1995	1996	1997
	Share of total quantity (*percent*)		
Canada	16.0	17.2	16.7
India	3.6	1.4	4.9
Japan	6.4	7.5	7.8
Korea	10.8	11.8	16.4
Spain	2.4	3.1	3.6
Taiwan	10.0	8.6	9.6
Subtotal	49.3	49.6	58.9
All others	50.7	50.4	41.1
Total	100.0	100.0	100.0
	Share of total value (*percent*)		
Canada	17.6	18.7	18.0
India	2.0	0.9	2.7
Japan	7.8	9.0	9.0
Korea	9.1	10.6	13.3
Spain	2.0	2.3	2.5
Taiwan	8.7	6.8	7.5
Subtotal	47.2	48.3	53.1
All others	52.8	51.7	46.9
Total	100.0	100.0	100.0

Source: Compiled from official statistics of Commerce.

CUMULATION CONSIDERATIONS

The Commission cumulates subject imports if there is a reasonable overlap of competition.[4] Channels of distribution are discussed in Part I of this report and issues of fungibility, geographic markets, and presence in the market are generally addressed in Part II.

Petitioners maintain that imports from each of the subject countries competed with imports from the other subject countries and the domestic product throughout the period of investigation. Petitioners argue that although imports from each of the subject countries on an individual basis are causing material injury to the domestic industry, the cumulation criteria are satisfied in this case, and, therefore, the aggregate impact of such imports should be considered.[5]

Counsel for the Japanese respondents contends that "there is not a sufficient showing of a reasonable overlap of competition between the imports from Japan and the domestic like product or other subject imports to support cumulation in these investigations." Counsel argues that the two Japanese niche SSRW products that contain lead, SF20T and DSR16FA, are not imported from other countries and are not produced in the United States; there is no reasonable overlap of competition between imports of nickel-coated spring wire and other imports from Japan and either domestic like products or imports from other subject countries; and imports from Japan have different prices and volumes and are sold in different submarkets than either other imported or domestically-produced SSRW.[6]

Counsel for the Canadian, Japanese, and Korean respondents all argue that, for purposes of the Commission's threat analysis, cumulation is not appropriate in these investigations because of the various divergent trends in import volume, market share, and pricing patterns.[7]

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Apparent U.S. consumption and respective market shares of U.S. producers' shipments and imports are shown in tables IV-2 and IV-3. Apparent U.S. consumption, by quantity, declined between 1995 and 1996 but then increased to its highest level in 1997, although subject imports increased throughout the period. Apparent U.S. consumption, by value, declined from 1995 to 1996 and increased marginally in 1997. The U.S. producers' market share, by quantity, declined slightly during 1995-97, while subject imports' market share increased throughout the period.

According to the petitioners, the U.S. market for SSRW has been growing by approximately 3 percent per year,[8] with the most promising applications being in welding consumables, cold-heading fasteners, and forming wire for the food industry.

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[4] Factors considered include (1) the degree of fungibility between imports from different countries and between imports and the domestic like product; (2) the presence of sales or offers to sell in the same geographic markets; (3) the existence of common or similar channels of distribution; and (4) the simultaneous presence of imports in the marketplace.

[5] Petition, pp. 62-63; TR, pp. 41-44; and postconference brief, pp. 13-21.

[6] Postconference brief, Wilkie Farr & Gallagher, Suzuki and Daido, pp. 14-33.

[7] Postconference brief, Powell, Goldstein, Frazer & Murphy, pp. 4-6; postconference brief, Coudert Brothers, pp. 24-38; postconference brief, Wilkie Farr & Gallagher, Central Wire, pp. 31-32; and postconference brief, Wilkie Farr & Gallagher, Suzuki and Daido, pp. 14-33.

[8] Demand for SSRW decreased slightly between 1995 and 1996 and increased by about 3 percent between 1996 and 1997. In general in the 1990s there has been an estimated increase of 3 percent per year; TR, p. 56.

Table IV-2
SSRW: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1995-97

Item	Calendar year		
	1995	1996	1997
	Quantity (*1,000 pounds*)		
U.S. producers' shipments	139,445	136,682	144,518
Imports:			
Canada	7,787	8,332	8,595
India	1,774	698	2,511
Japan	3,098	3,645	4,017
Korea	5,260	5,746	8,438
Spain	1,187	1,491	1,848
Taiwan	4,867	4,163	4,959
Subtotal	23,974	24,075	30,368
All others	24,689	24,501	21,166
Total imports	48,663	48,576	51,535
Apparent consumption	188,108	185,258	196,053
	Value (*1,000 dollars*)		
U.S. producers' shipments	316,050	306,920	306,818
Imports:			
Canada	18,593	19,137	18,515
India	2,139	873	2,795
Japan	8,254	9,258	9,248
Korea	9,647	10,893	13,697
Spain	2,062	2,327	2,614
Taiwan	9,199	7,018	7,706
Subtotal	49,895	49,505	54,575
All others	55,771	53,024	48,126
Total imports	105,666	102,529	102,701
Apparent consumption	421,716	409,449	409,519

Source: Compiled from data submitted in response to questionnaires of the Commission and from official statistics of Commerce.

Table IV-3
SSRW: Apparent U.S. consumption and market shares, 1995-97

Item	Calendar year		
	1995	1996	1997
	Quantity (*1,000 pounds*)		
Apparent consumption	188,108	185,258	196,053
	Value (*1,000 dollars*)		
Apparent consumption	421,716	409,449	409,519
	Share of quantity (*percent*)		
U.S. producers' shipments	74.1	73.8	73.7
Imports:			
Canada	4.1	4.5	4.4
India	0.9	0.4	1.3
Japan	1.6	2.0	2.0
Korea	2.8	3.1	4.3
Spain	0.6	0.8	0.9
Taiwan	2.6	2.2	2.5
Subtotal	12.7	13.0	15.5
All others	13.1	13.2	10.8
Total imports	25.9	26.2	26.3
	Share of value (*percent*)		
U.S. producers' shipments	74.9	75.0	74.9
Imports:			
Canada	4.4	4.7	4.5
India	0.5	0.2	0.7
Japan	2.0	2.3	2.3
Korea	2.3	2.7	3.3
Spain	0.5	0.6	0.6
Taiwan	2.2	1.7	1.9
Subtotal	11.8	12.1	13.3
All others	13.2	13.0	11.8
Total imports	25.1	25.0	25.1

Source: Compiled from data submitted in response to questionnaires of the Commission and from official statistics of Commerce.

PART V: PRICING AND RELATED DATA

FACTORS AFFECTING PRICING

Raw Material Costs

Stainless steel wire rod is the predominant material input used in the production of SSRW. Major alloying elements used in the production of stainless steel include nickel, chromium, and molybdenum, which together account for a large share of its total cost.[1] Industry sources have reported that stainless steel wire rod often accounts for about 70 percent of the total production cost of SSRW, and is equal to about 50 percent of its final selling price. However, the percentages can be lower for certain categories of wire where the production process is complex and costly.[2] Available information indicates that the cost of stainless steel wire rod declined during 1995-97.[3]

As a result of fluctuations in the market price of nickel, chromium, and molybdenum, which caused fluctuations in the cost of stainless steel, some U.S. producers of stainless steel products (including rod) introduced a surcharge program in 1995 to reflect the increased costs. The costs were then passed on to SSRW producers who, in turn, passed them on to their customers at the time of shipment. In theory, this program allowed for monthly charges, which could either increase or decrease depending upon the monthly average cost of the alloying elements.[4] Importers have argued that declines in prices of these elements since 1995 have resulted in lower costs of stainless steel, including rod, and this has led to lower prices of SSRW. However, the petitioners have said that they have often been unsuccessful in passing on the surcharges to customers because of price competition from imports.

Transportation Costs to the U.S. Market

Ocean transportation costs for SSRW from India, Japan, Korea, Taiwan, and Spain are estimated to be 5.4, 3.8, 4.1, 2.5, and 2.8 percent, respectively, of the customs value. Shipping charges from Canada amounted to 1.4 percent of the customs value. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared to a customs value basis.[5]

U.S. Inland Transportation Costs

Inland transportation costs generally account for a small share of the delivered price of SSRW. For U.S. producers, estimates ranged from less than 1.0 percent to as much as 3.0 percent. Similarly, U.S. inland transportation costs for shipments of imports from all six of the subject countries fell within a range of 0.5 percent to 3.2 percent of the delivered price.

U.S. producers tend to ship SSRW longer inland distances in the United States than do importers. Questionnaire responses indicate that about 10 percent of U.S. producers' shipments are for distances of less than 100 miles, 46 percent are for distances of 100 to 500 miles, and 44 percent are for more than 500 miles. In the case of imports, 54 percent are shipped distances of less than 100 miles, 24 percent are shipped 100 to 500 miles, and 22 percent of shipments exceed 500 miles.

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[1] Postconference brief by Wilkie, Farr & Gallagher, Central Wire, p. 10.

[2] Discussion with company officials at ***.

[3] Testimony of William Pendleton, Director of Corporate Affairs for Carpenter (TR, p. 49).

[4] Petitioners' postconference brief, pp. 30 and 31, and Wilkie, Farr & Gallagher's postconference brief on behalf of Central Wire, pp. 11 and 12.

[5] These estimates were derived using data for HTS number 7223.00.10.

Exchange Rates

Nominal and real exchange rate data for Canada, India, Japan, Korea, Spain, and Taiwan are presented on a quarterly basis in figure V-1.[6] The nominal exchange rates were available for all six countries for the entire 1995-97 period and real exchange rate data for Canada, Japan, Korea, Spain, and Taiwan were also available for the entire period. Real exchange rates for India were only available through the third quarter of 1997. The data show that the nominal and real exchange rates of the Canadian dollar were largely unchanged relative to the U.S. dollar during the period, while the nominal and real exchange rates of the Japanese yen, the Korean won, the Spanish peseta, and the new Taiwan dollar all depreciated in relation to the U.S. dollar over the 3-year period. The Indian rupee also depreciated relative to the dollar in nominal terms, but remained relatively stable in real terms.

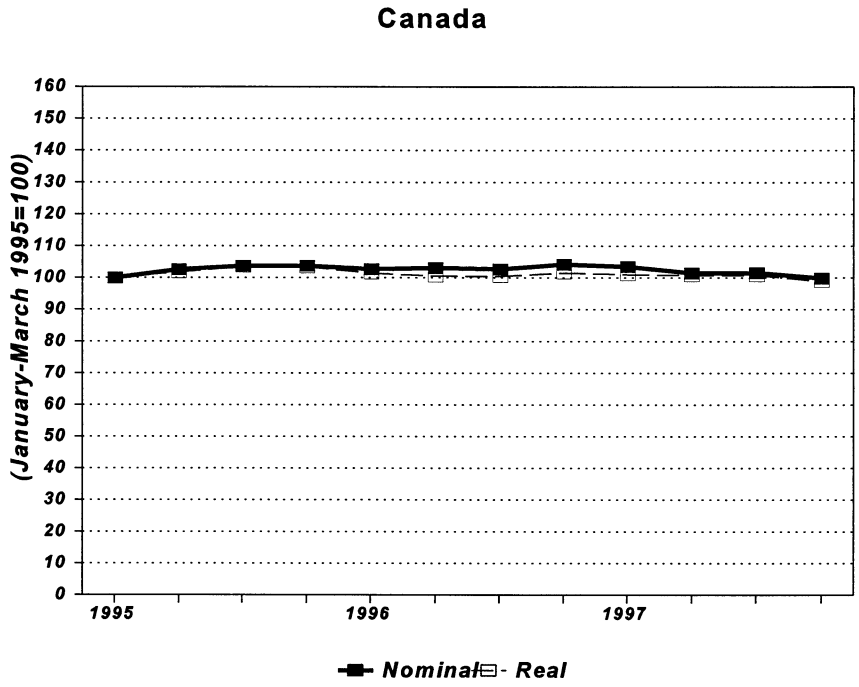
PRICING PRACTICES

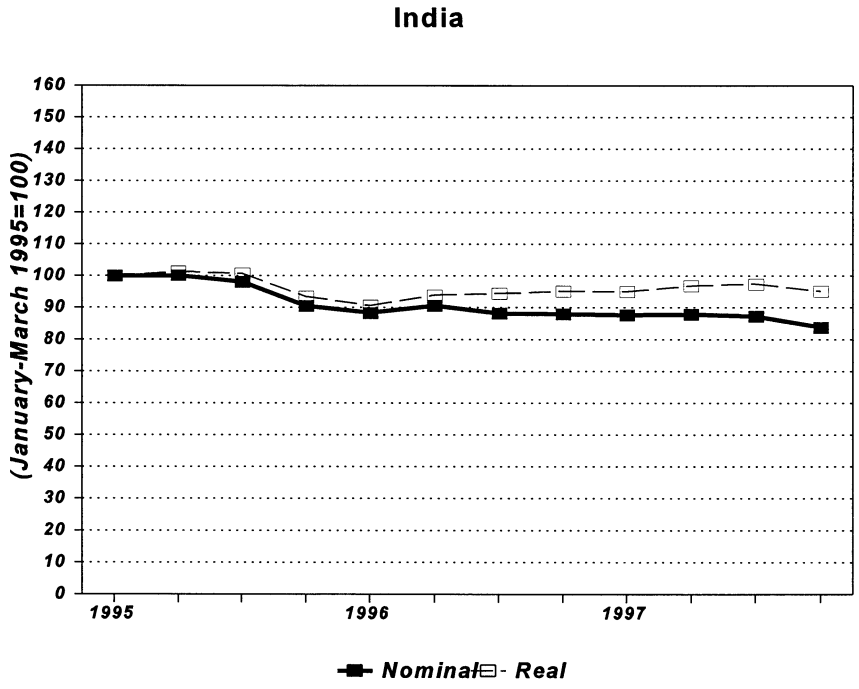
Methods of arriving at prices for SSRW vary. Published price lists for SSRW are often provided by producers and importers, although this practice varies from company to company. While prices are sometimes set directly from price lists, they are frequently determined through negotiations between buyers and sellers. Five of 15 U.S. producers indicated that they commonly set prices directly from published lists. However, these producers also reported that they negotiate with buyers to arrive at prices in some cases. For all other producers, prices are negotiated either on a transaction-by-transaction basis, or in conjunction with contracts of different durations. Only 1 of 16 importers reported setting prices on the basis of price lists. All of the other importers stated that they negotiate prices on a transaction-by-transaction basis or through contracts.

U.S. producers generally quote prices on an f.o.b. basis, while importers are more likely to quote on a delivered basis. Eleven of 15 producers reported that they normally quote on an f.o.b. plant or warehouse basis, 2 stated that their quotes are on a delivered basis, and 2 said that they quote both ways. Among importers, 11 stated that they quote on a delivered basis and 3 reported that they use f.o.b. warehouse quotes. One importer of SSRW from Canada reported that its quotes are on an f.o.b. plant basis.

[6] Real exchange rates are calculated by adjusting the nominal rates for movements in producer prices in the United States and the respective foreign country.

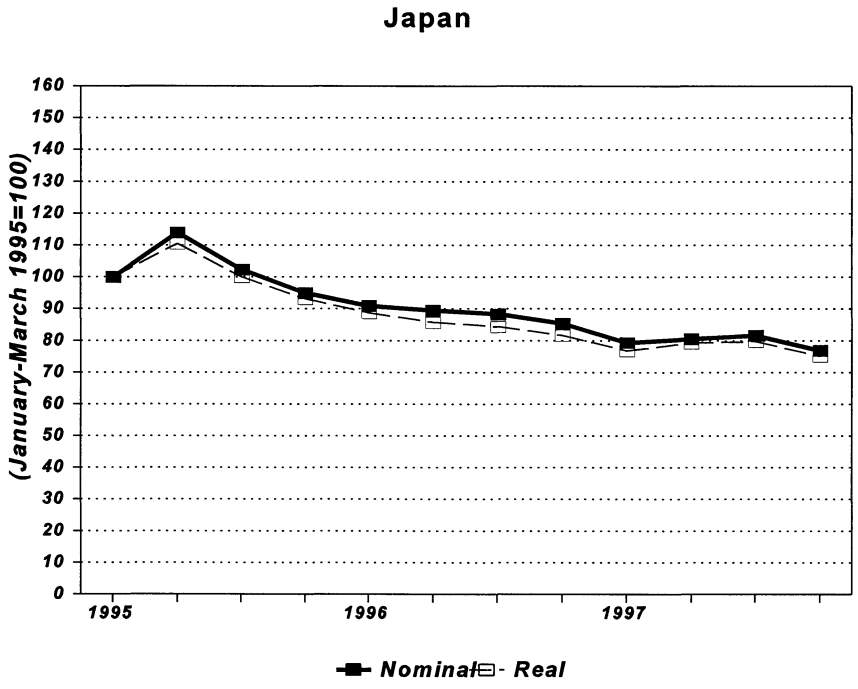
Figure V-1
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Canada, India, Japan, Korea, Spain, and Taiwan in relation to the U.S. dollar, by quarters, 1995-97

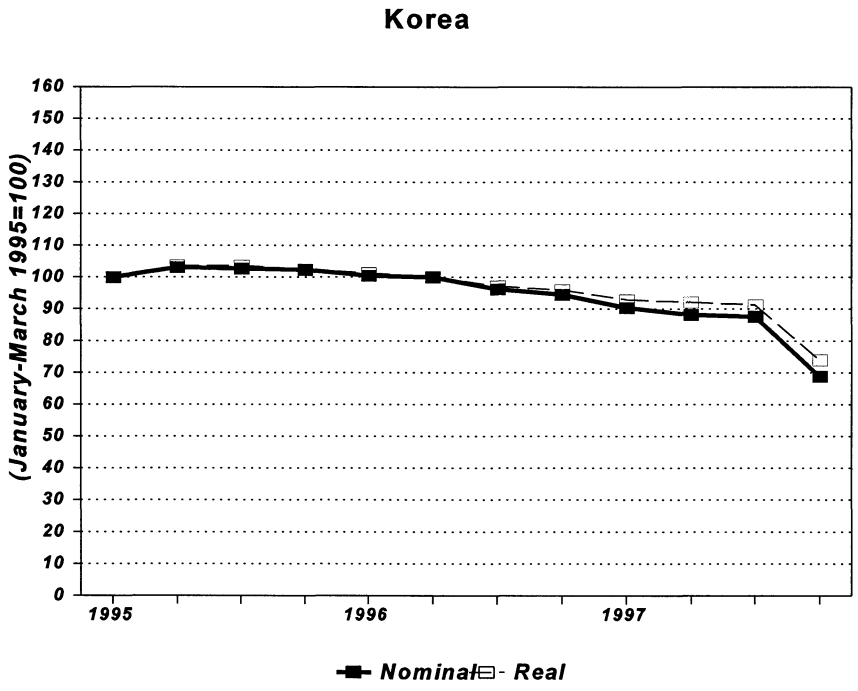




Continued on the following page.

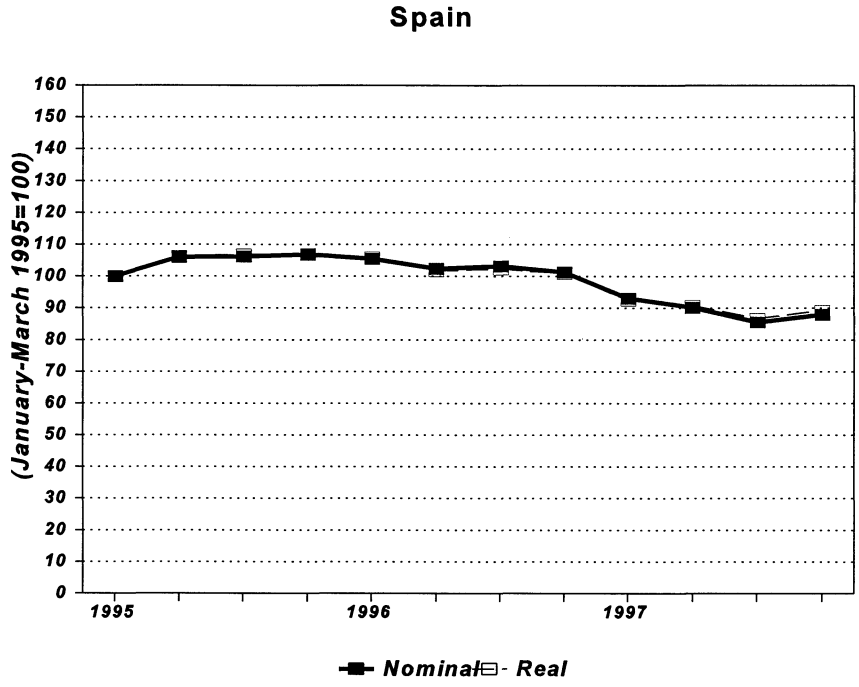
Figure V-1--Continued
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Canada, India, Japan, Korea, Spain, and Taiwan in relation to the U.S. dollar, by quarters, 1995-97

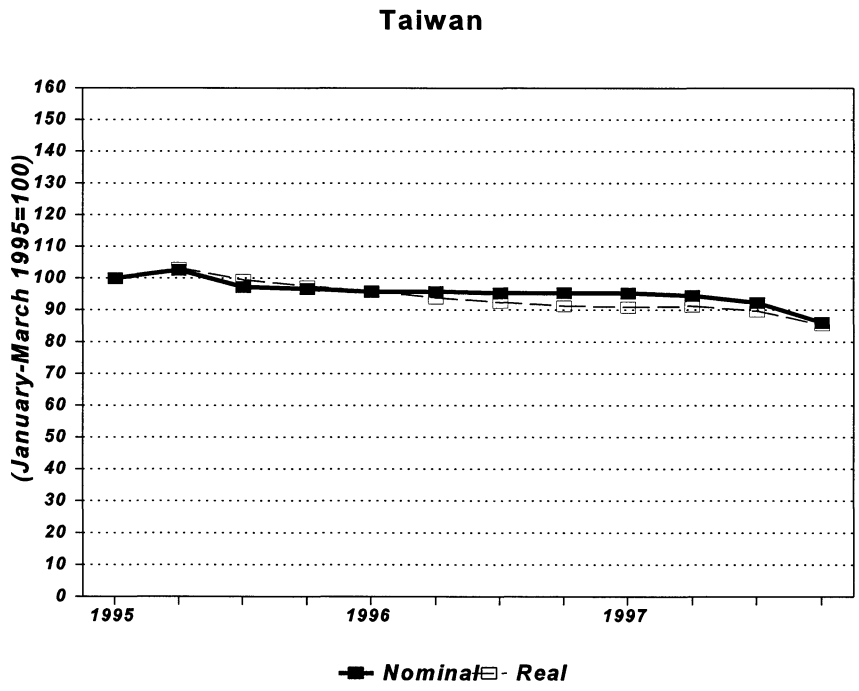




Continued on the following page.

Figure V-1--Continued
Exchange rates: Indexes of the nominal and real exchange rates of the currencies of Canada, India, Japan, Korea, Spain, and Taiwan in relation to the U.S. dollar, by quarters, 1995-97





Source: IMF, *International Financial Statistics*, May 1998 and the December 1998 issue of *Financial Statistics* published by Taiwan's central bank.

A majority of producers (10 of 15) and some importers (4 of 16) reported giving discounts based upon such factors as the quantity involved in an individual sale, the total purchase volumes by a particular customer over an annual period, and the prices offered by competitors (both foreign and domestic). In addition to discounts off the list or starting price, 8 of 15 U.S. producers provide discounts ranging from 0.5 to 1.0 percent for payment within a specified time period, usually 10 days. Only one importer reported offering similar early payment discounts; the others reported that their sales terms were net 30 days with no discount for prepayment.

SSRW is commonly sold on either a contract or spot basis by both producers and importers. Four of 15 producers reported that contract sales make up 50 percent or more of their total sales, 9 said that they account for 40 percent of less, and 2 said that all sales are on a spot basis. Among the largest producers (***) contract sales account for 75 percent, 15 percent, and 14 percent of total sales, respectively. Among importers, 7 of 15 reported that all sales are on a contract basis, 2 reported that contract sales accounted for 75 and 80 percent, respectively, of the total, and 6 said that all sales are on a spot basis.

Although contract terms are fairly similar for those producers and importers that sell on that basis, producer contracts tend to be longer, generally ranging from 6 months to 1 year, while importer contracts are typically for periods of 3 to 6 months. Prices and quantities are generally fixed during the contract period and minimum quantity requirements are frequently included. However, one producer reported that it has a clause that allows for a price increase in the event of the escalation of raw material costs. In addition, the contracts often contain meet-or-release provisions. Some producers also charge a price premium for sub-minimum shipments ranging from 5 percent to 30 percent. None of the importers reported charges for sub-minimum shipments.

PRICE DATA

Selecting the product categories needed to collect representative price data from producers and importers is difficult in the case of SSRW because of the thousands of product specifications available. In the case of cold-heading wire alone, for example, there are over 100 product categories.[7] The product categories were chosen after conversations with petitioners' and respondents' representatives. U.S. producers and importers of SSRW were requested to provide quarterly quantity and value data on an f.o.b. basis for 1995-97 on their shipments of each of 12 common product categories for use in determining average quarterly prices. Data were requested separately for shipments to distributors and to end users. The product categories are as follows:

Product 1.--Grade 304 Braiding/Knitting/Weaving Wire, 0.41 mm (0.016"), Tensile 95/140,000 psi

Product 2.--Grade 302 Nickel-Coated Spring Wire, 0.53 mm (0.021"), Tensile 296/326,000 psi

Product 3.--Grade 304 Weaving/Tie Wire, 1.20 mm (0.047"), Tensile 95/140,000 psi

Product 4.--Grade 304 Weaving Wire, 2.7 mm (0.105"), Tensile 120,000 psi max

Product 5.--Grade 302 HQ Cold-Heading Wire, 3.0 mm (0.118"), Tensile 96,000 psi

Product 6.--Grade 305 HQ Cold-Heading Wire, 1.9 mm (0.077"), Tensile 180/200,000 psi

Product 7.--Grade 304 Knitting Wire, 0.27 mm (0.011"), Tensile 120,000 psi max

[7] Conversation with the petitioners' economist, May 13, 1998.

Product 8.--Grade 304 Braiding Wire, 0.20 mm (0.008"), Tensile 120,000 psi max

Product 9.--Grade 304 EPQ Wire, 6.35 mm (0.250"), Tensile 106/120,000 psi

Product 10.--Grade 304 Soft Annealed Redraw Wire, 2.29 mm (0.090"), Tensile 98,000 psi

Product 11.--Grade 305 Cold-Heading Wire, 2.3 mm (0.092"), Tensile 180/200,000 psi

Product 12.--Grade 304 Stranding Wire, 1.1 mm (0.0433"), Tensile 240,000 psi

Ten U.S. producers and 10 importers provided pricing data for sales of the requested products, although none of the firms reported sales of all 12 products in all quarters. Pricing data reported by U.S. producers accounted for 3.0 percent of total U.S. shipments of SSRW in 1997. The import pricing data accounted for 6.1 percent of imports from Canada, 11.7 percent from India, 6.6 percent from Korea, 1.2 percent from Spain, and 1.3 percent from Taiwan in 1997. No price data for Japanese imports were reported for 1997. Most of the price data represented sales to end users. Among U.S. producers, distributor prices were only reported for product categories 2, 5, and 10. Among importers, some distributor prices were reported for product 1 from Korea, product 2 from Korea and Taiwan, product 5 from Korea, product 9 from India and Spain, and product 10 from India. Product categories in which quarterly comparisons between U.S. producers and importers were possible are shown in the tabulation below by country.

	Product category
Canada	1, 3, 4, 5, 6, 7, 8, 12
India	4, 10
Japan	2
Korea	1, 2, 3, 4, 5, 7, 8,
Spain	3, 4
Taiwan	2, 3, 4, 7, 8, 9, 10

Price Trends

Weighted average prices for U.S.-produced and imported SSRW are shown in tables V-1 through V-11 and figures V-2 through V-15 on a quarterly basis for 1995-97. While there are no clear-cut trends in producer prices for the entire 3-year period, prices of the majority of products reached their peak in 1996 and then generally decreased during the following quarters to lower levels in 1997. This pattern is also evident in the majority of product categories for Canadian and Korean imports. The limited data for products 3 and 4 from Taiwan also show that prices reached their peak in 1996. In the case of imports from India, Japan, and Spain, data were not sufficient to determine any pattern.

Table V-1
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-2
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to end users and distributors, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-3
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-4
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-5
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 sold to end users and distributors, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-6
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-7
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 7 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-8
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-9
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 9 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-10
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 10 sold to end users and distributors, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-11
SSRW: Weighted-average f.o.b. prices and quantities of domestic and imported product 12 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-2
SSRW: Weighted-average f.o.b. prices of domestic and imported product 1 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-3
SSRW: Weighted-average f.o.b. prices of domestic and imported product 2 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-4
SSRW: Weighted-average f.o.b. prices of domestic and imported product 2 sold to distributors, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-5
SSRW: Weighted-average f.o.b. prices of domestic and imported product 3 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-6
SSRW: Weighted-average f.o.b. prices of domestic and imported product 4 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-7
SSRW: Weighted-average f.o.b. prices of domestic and imported product 5 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-8
SSRW: Weighted-average f.o.b. prices of domestic and imported product 5 sold to distributors, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-9
SSRW: Weighted-average f.o.b. prices of domestic and imported product 6 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-10
SSRW: Weighted-average f.o.b. prices of domestic and imported product 7 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-11
SSRW: Weighted-average f.o.b. prices of domestic and imported product 8 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-12
.SSRW: Weighted-average f.o.b. prices of domestic and imported product 9 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-13
SSRW: Weighted-average f.o.b. prices of domestic and imported product 10 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-14
SSRW: Weighted-average f.o.b. prices of domestic and imported product 10 sold to distributors, by sources and by quarters, Jan. 1995-Dec. 1997

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Figure V-15
SSRW: Weighted-average f.o.b. prices of domestic and imported product 12 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Price Comparisons

Price comparisons between domestic and imported products for the 11 product categories where comparisons could be made are presented in tables V-12 through V-16. Canadian imports were priced lower than the domestic product in 30 out of 65 comparisons by margins ranging from 0.2 percent to 33.8 percent. In 33 instances the Canadian product was priced higher than the domestic product, and in 2 others the Canadian and U.S. prices were the same. In the case of India, only three direct comparisons were possible. The Indian price for product 4 was lower than the domestic price in the first and third quarters of 1997 by margins of 17.9 percent and 18.7 percent, and the Indian price for product 10 sold to distributors was lower than the domestic price by a margin of 40.2 percent in the first quarter of 1995. In the case of Japan, only one direct quarterly comparison was possible. The Japanese price for product 2 sold to end users was lower than the domestic price by a margin of 15.3 percent in the second quarter of 1996. The Korean price was lower than the domestic price in 42 of 56 quarters by margins ranging from 0.7 percent to 30.8 percent. The price of imports from Spain was lower than the domestic price in the 2 quarters in which comparisons were possible, by margins of 12.1 percent for product 4 and 17.7 percent for product 3. Imports from Taiwan were priced lower than the domestic product in 15 of 16 quarters by margins ranging from 6.3 percent to 36.4 percent.

Because of the small number of direct quarterly price comparisons for India, Japan, and Spain, other data were examined to obtain additional information on how prices for products from these countries compare with U.S. prices. Although only one quarterly comparison was possible for India in the case of product 10, since imports of product 10 from India are all sold to distributors while U.S. sales of this product are mainly to end users, the data in table V-10 show that Indian prices of this product to distributors were far below U.S. prices to end users. Similarly, Indian prices for products 3 and 9 to distributors, which are not shown in a table, were also far lower than U.S. prices to end users. In the case of product 3, India reported prices of $*** and $*** per pound on sales to distributors in the third and fourth quarters of 1997. This compares with U.S. prices of $*** and $*** per pound on sales to end users during those quarters (table V-3). Similarly, Indian prices on sales of product 9 to distributors, which were reported during 7 of the 9 quarters between October-December 1995 and October-December 1997, ranged between $*** and $*** per pound, amounts far lower than U.S. prices on sales to end users during this period (table V-9).

In the case of Japan, where only one direct price comparison was possible, one importer who was not able to complete the price section of the questionnaire in the available time estimated that the price he received on sales of product 2 to end users was consistently about $*** per pound between August and November of 1997.[8] This compares with U.S. prices on sales of product 2 ranging from $*** to $*** per pound between the first quarter of 1995 and the second quarter of 1997.

In the case of Spain, where only two direct comparisons could be made, it was possible to compare prices on sales to distributors with prices of comparable U.S. products on sales to end users in a few instances. Prices of product 3 from Spain sold to distributors were $*** per pound in the second quarter of 1996 and $*** in the fourth quarter of 1996, levels that were significantly lower than U.S.

[8] This information was received in a telephone conversation with ***. *** said that his company, which operates as both a distributor and end user of SSRW, sold a combined total of *** pounds of product 2 during August - November of 1997.

prices for product 3 sold to end users during these quarters (table V-3). Similarly, prices of product 9 from Spain on sales to distributors of $*** in the fourth quarter of 1996 and $*** and in the first quarter of 1997 were well below U.S. producer prices of this product on sales to end users during this period (table V-9).

Table V-12
SSRW: Margins of under/(over)selling for product 1 sold to end users and product 2 sold to end users and distributors, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-13
SSRW: Margins of under/(over)selling for products 3 and 4 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-14
SSRW: Margins of under/(over)selling for product 5 sold to end users and distributors and product 6 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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Table V-15
SSRW: Margins of under/(over)selling for products 7 and 8 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

* * * * * * *

Table V-16
SSRW: Margins of under/(over)selling for product 9 sold to end users, product 10 sold to end users and distributors, and product 12 sold to end users, by sources and by quarters, Jan. 1995-Dec. 1997

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LOST SALES AND LOST REVENUES

Producers were asked to report any instances of lost sales or revenues they experienced due to competition from SSRW from Canada, India, Japan, Korea, Spain, and Taiwan. Eight U.S. producers reported that they lost sales of SSRW products due to competition with imports from one or more of the six countries, and seven producers stated that they had to either reduce prices or roll back announced price increases in order to avoid losing sales to competitors selling SSRW imported from these countries.

Altogether, 131 detailed allegations of lost sales and 23 detailed allegations of lost revenues relating to SSRW were submitted. The lost sales allegations totaled approximately $22 million and involved over 5,000 tons of SSRW. The 11 lost sales allegations involving Canadian imports amounted to $1.4 million, the 7 involving India totaled $0.7 million, the 20 concerning Japan were valued at $1.9 million, the 63 involving Korea totaled over $16 million, the 11 relating to Spain were valued at $1.1 million, and the 19 concerning Taiwan involved about $1.0 million. The lost revenue allegations were valued at more than $1 million. Twenty of the lost revenue allegations concerned Korea and 3 concerned

Japan. The Commission contacted purchasers and investigated 21 of the lost sales allegations and 9 of the lost revenue allegations.

*** and *** both provided lost sales allegations relating to ***, a distributor of SSRW. ***. ***, the spokesman for ***, denied the allegations. He said that the majority of the SSRW that his company buys is purchased from domestic producers. He acknowledged buying the *** but said that price was not the primary consideration. He said that his company has long purchased the *** because of ***. He also said that the *** do not have a price advantage over ***, which *** believes is the only domestic producer of *** wire. *** said that his company also buys significant amounts of this product from ***. *** also acknowledged purchasing the imported *** wire from *** but denied that the products were competing directly with the domestic product. He said that the imports from *** are not always a superior product.

*** provided a combined total of four lost sales allegations and eight lost revenue allegations relating to ***, a large distributor. *** allegedly lost revenues of *** on a sale of *** million pounds of SSRW in 1996 due to competition from imports from Korea. *** alleged that it lost 3 sales involving *** pounds of SSRW valued at *** during the fourth quarter of 1996 due to competition from imports from Japan. *** further alleged that it lost revenue of *** on 2 transactions involving *** pounds of SSRW during the fourth quarter of 1996 and the first quarter of 1998 due to competition from Japan and that it lost revenue of *** on 6 transactions involving *** pounds during October 1996 as a result of Korean competition. *** allegedly lost a sale of *** pounds valued at *** in the first quarter of 1998 due to competition from imports from Spain. ***, the president of ***, denied all of the allegations. He said that the Japanese imports were purchased because of their high quality rather than price, and consisted mainly of products that are not available in the United States. Therefore, they did not compete with U.S. producers. He said that prices of the Japanese products are 20 to 25 percent higher than prices of similar domestic products in some cases. *** said that the recent purchases of the imported SSRW from *** and are still sitting in his warehouse. They were not purchased as an alternative to domestic SSRW. In the case of the Korean products, *** denied that they were used to bid down domestic prices, although he said that Korean prices are sometimes slightly lower than domestic prices.

*** said that *** is the *** of SSRW in the Untied States and that his company buys *** of its stainless steel wire from domestic producers. He said that imported wire from *** is generally priced lower than comparable domestic products, but that imports from these sources are relatively new in the market. He also said that imports from *** tend to be very low-priced, but that he does not buy *** imports because of their low quality.

*** alleged that it lost a sale to *** in September 1997 of *** pounds of SSRW valued at *** due to competition from imports from Korea and that it lost revenue of *** on a sale of *** tons in the third quarter of 1997 also due to competition from imports from Korea. ***, the director of marketing for ***, denied the allegations. He said that *** has never purchased or seriously considered purchasing SSRW from Korea although it has bought other types of wire from Korea. *** is an importer/distributor that imports SSRW primarily from ***, and to a lesser extent from *** and ***. It also purchases SSRW from domestic sources and importers.

*** alleged that it lost 2 sales to *** in *** totaling *** pounds of SSRW valued at *** due to competition from imports from India. ***, the spokesman for ***, did acknowledge that an importer of Indian material was the low bidder on the transactions described in the allegation, and that Indian imports did get the business in those particular cases. However, he emphasized that his company always solicits bids from different sources when making purchases. He said that *** recently made a large purchase of SSRW from a U.S. producer who was the low bidder in a competition involving India and other import sources.

*** alleged that it lost 2 sales to *** in *** totaling *** pounds monthly at a total monthly cost of *** due to competition from imports from Canada. *** of *** said that his company did not purchase any of the specified products, which consisted of *** with different thicknesses, either from Canadian suppliers or from domestic sources during that time period.

*** alleged that it lost *** sales to *** during the third quarter of 1997 to competition from imports from Taiwan. *** of the allegations involved total monthly sales losses of *** pounds valued at more than *** while a *** involved a one-time loss of *** pounds valued at ***. *** of *** did not directly address the allegations. However, he said that ***.

*** alleged that it lost *** sales to *** involving *** of SSRW valued at *** during August 1997 to competition from imports from Spain. *** of *** denied the allegation. He said that his company did not purchase any imports from Spain during 1997. However, *** did purchase *** of SSRW from Spain from an importer early in 1997. *** said that the price of these imports is lower than the domestic price, but that lead times in delivery are extremely long compared to the U.S. product. Therefore, *** continues to rely on the domestic product to meet a large part of its needs.

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Fourteen producers,[1] accounting for approximately *** percent of the U.S. production of SSRW in 1997, provided usable financial data.

OPERATIONS ON STAINLESS STEEL ROUND WIRE

The results of SSRW operations of the U.S. producers are presented in table VI-1. Total sales quantities and values and operating income for the combined companies decreased from 1995 to 1996. However, in 1997, sales quantities increased while the sales value decreased. The operating income margin for the combined companies decreased by 5 percentage points in 1996 compared to 1995 and then increased slightly in 1997. As shown in the results of operations summary data by firm in table VI-2, all companies except *** incurred decreased operating income margins in 1996 compared to 1995. Eight companies continued the decline in 1997 while six showed improvement compared to 1996. While the average per-pound[2] sales value,[3] as shown in table VI-3, remained relatively constant in 1996 compared to 1995, raw material costs increased[4] an average of 9 cents per pound, resulting in a sharp decrease in operating income. The average per-pound sales value declined in 1997, as did the average per-pound cost of goods sold,[5] resulting in equal per-pound values of operating income in 1996 and 1997.

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[1] Seven of the producers have fiscal yearends of Dec. 31; two have Sept. 30; and one each has April 30, June 30, July 31, and Oct. 31. One producer has a fiscal yearend of the last Saturday in October.

[2] Any analysis of per-pound values may be affected by the mix of the various grades and sizes of SSRW within a company and between companies.

[3] An analysis of the individual company data shows that from 1995 to 1996 the average per-pound net sales value increased for 7 companies, decreased for 5 companies, and remained the same for 2 companies. In 1997, 13 companies reported a decrease in the average per-pound net sales value compared to 1996 while 1 company reported the same average per-pound net sales value in both years.

[4] Nine of the 14 companies had an increase in per-pound raw material costs in 1996 compared to 1995 while 5 companies reported a decrease in per-pound raw material costs. Eleven of the companies had decreased per-pound raw material costs in 1997 compared to 1996 while 3 companies reported an increase in the average per-pound raw material costs. The raw material used to produce SSRW is stainless steel wire rod. The cost of stainless steel wire rod to the integrated producers (Al Tech and Carpenter) is their production cost; the cost to the other producers is their purchased cost.

[5] The decrease in cost of goods sold in 1997 was attributable to a decrease in raw material costs of 6 cents per pound and a decrease in other factory costs of 6 cents per pound. Eleven of the 14 companies reported lower per-pound other factory costs in 1997 compared to 1996, possibly due to increased production and production efficiencies.

Table VI-1
Results of operations of U.S. producers in the production of SSRW, fiscal years 1995-97

Item	1995	1996	1997
	Quantity (*1,000 pounds*)		
Trade sales	***	***	***
Company transfers	***	***	***
Total sales	143,113	139,278	146,332
	Value (*$1,000*)		
Trade sales	***	***	***
Company transfers	***	***	***
Total sales	324,761	314,162	313,244
Cost of goods sold	274,880	279,887	277,860
Gross profit	49,881	34,275	35,384
SG&A expenses	25,214	26,002	26,725
Operating income or (loss)	24,667	8,273	8,659
Interest expense	5,790	6,607	6,808
Other expense	***	***	***
Other income items	***	***	***
Net income or (loss)	17,356	1,599	962
Depreciation/amortization	11,977	12,967	14,349
Cash flow	29,333	14,566	15,311
	Ratio to net sales (*percent*)		
Cost of goods sold	84.6	89.1	88.7
Gross profit	15.4	10.9	11.3
SG&A expenses	7.8	8.3	8.5
Operating income or (loss)	7.6	2.6	2.8
Net income or (loss)	5.3	0.5	0.3
	Number of firms reporting		
Operating losses	1	4	5
Data	14	14	14

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-2
Results of operations of U.S. producers (by firm) in the production of SSRW, fiscal years 1995-97

* * * * * * *

Table VI-3
Results of operations (per pound) of U.S. producers in the production of SSRW, fiscal years 1995-97

Item	1995	1996	1997
Net sales	$2.27	$2.26	$2.14
Cost of goods sold:			
Raw materials	1.16	1.25	1.19
Direct labor	0.18	0.19	0.20
Other factory costs	0.59	0.57	0.51
Total cost of goods sold	1.92	2.01	1.90
Gross profit	0.35	0.25	0.24
SG&A expenses	0.18	0.19	0.18
Operating income or (loss)	0.17	0.06	0.06

Source: Compiled from data submitted in response to Commission questionnaires.

Some stainless steel wire rod producers (domestic and foreign) began adding surcharges, as discussed in the postconference briefs of the parties, on their sales in 1995 to recover the increase in costs of raw material alloys, such as nickel and chromium. The surcharges paid by the SSRW producers are included in the raw material costs and any surcharges passed on to the SSRW customers are included in the net sales value. The SSRW producers may produce their own stainless steel wire rod and/or purchase domestic and/or foreign stainless steel wire rod. Data were not collected to determine the specific effect of any surcharges or inventory gains or losses due to surcharges on the profitability of the individual companies.

A variance analysis showing the effects of prices and volume on the producers' net sales of SSRW and of costs and volume on their total cost is shown in table VI-4. The analysis shows that the substantial decrease in operating income between 1995 and 1996 was attributable to higher average net cost/expense variance without a corresponding increase in prices (price variance). This is further suggested by the per-pound increase in cost/expenses of approximately 10 cents during this period, as the comparable net sales decreased by 1 cent per pound. Between 1996 and 1997, per-pound prices and cost/expenses each dropped by 12 cents, resulting in approximately the same operating income in 1996 and 1997.

The variance analysis may be affected by the mix of the various grades and sizes of SSRW within a company and between companies.

Table VI-4
Variance analysis for SSRW operations, fiscal years 1995-97

Item	1995-97	1995-96	1996-97
	Value (*$1,000*)		
Trade sales:			
Price variance	***	***	***
Volume variance	***	***	***
Trade sales variance	***	***	***
Company Transfers:			
Price variance	***	***	***
Volume variance	***	***	***
Transfer variance	***	***	***
Total net sales:			
Price variance	(18,822)	(1,896)	(16,829)
Volume variance	7,305	(8,703)	15,911
Total net sales variance	(11,517)	(10,599)	(918)
Cost of sales:			
Cost variance	3,203	(12,373)	16,202
Volume variance	(6,183)	7,366	(14,175)
Total cost variance	(2,980)	(5,007)	2,027
Gross profit variance	(14,497)	(15,606)	1,109
SG&A expenses:			
Expense variance	(944)	(1,464)	594
Volume variance	(567)	676	(1,317)
Total SG&A variance	(1,511)	(788)	(723)
Operating income variance	(16,008)	(16,394)	386
Summarized as:			
Price variance	(18,822)	(1,896)	(16,829)
Net cost/expense variance	2,259	(13,837)	16,796
Net volume variance	555	(661)	419

Note: Unfavorable variances are shown in parentheses; all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL EXPENDITURES, R&D EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

Capital expenditures, R&D expenses, and the original cost and book value of property, plant, and equipment used in the production of SSRW are shown in table VI-5. Capital expenditures decreased somewhat each year from 1995 to 1997. R&D expenses increased a small amount in 1996, compared to 1995, and then decreased in 1997. The original cost and book value of fixed assets increased each year as a result of capital expenditures.

Table VI-5
Capital expenditures, research and development expenses, and value of assets of U.S. producers of SSRW, fiscal years 1995-97

Item	1995	1996	1997
	Value (*$1,000*)		
Capital expenditures	19,739	18,853	18,393
R&D expenses	1,625	1,659	1,539
Fixed assets:			
Original cost	215,412	231,063	248,937
Book value	111,531	115,031	124,269

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL AND INVESTMENT

The producers' comments regarding any actual or potential negative effects of imports of SSRW from Canada, India, Japan, Korea, Spain, and/or Taiwan on their firms' growth, investment, ability to raise capital, and/or development and production efforts (including efforts to develop a derivative or more advanced version of the product) are presented in appendix E.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the nature of the alleged margins of sales at LTFV and cumulation considerations was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable;[1] and any dumping in third-country markets, follows.

THE INDUSTRY IN CANADA

The industry in Canada consists of three producers of SSRW: Central Wire, Perth, Ontario; Greening Donald, Orangeville, Ontario; and Indwisco, Markham, Ontario. Central Wire and Greening Donald are the two largest producers of SSRW, jointly accounting for *** percent of Canada's reported production of SSRW during the period. Greening Donald had *** percent of reported home market shipments while Central Wire had *** percent of reported exports to the United States in 1997. Central Wire reported that SSRW accounts for *** percent of its total sales. *** is an affiliated firm of Central Wire that produces SSRW in the United States. Central Wire is a producer of high quality fine soft annealed wire used mainly in weaving and in knitting. In recent years, Central Wire ***.[2] Central Wire added ***.[3] Greening Donald reported that SSRW accounts for *** percent of its total sales. In 1996 ***.[4] Greening Donald draws SSRW from rod purchased from ***.[5] Greening Donald produces *** and other types of wire for the Canadian market.[6]

Data provided by the three firms in response to the Commission's questionnaire are presented in table VII-1. Capacity to produce SSRW *** during 1995-97, while capacity utilization *** between 1995 and 1996 and then *** in 1997. Projected capacity utilization for 1998-99 is at a level comparable with that in 1995.[7] Home market sales of SSRW were at about the same level as those to the United States, with sales to the United States *** somewhat during 1995-97 while sales to the home market *** during the period. Exports to other countries were ***.

Table VII-1
SSRW: Canada's capacity, production, inventories, capacity utilization, and shipments, 1995-97, and projections for 1998-99

* * * * * * *

[1] Petitioners note the financial crisis in Asia, particularly in Korea and Taiwan, and the fact that SSRW exports from these two countries increased dramatically in recent months; TR, p. 37.

[2] ***; postconference brief, Wilkie Farr & Gallagher, Central Wire, exh. 30, attachment 1.

[3] Greening Donald ***. The company is also a ***; postconference brief, Coudert Brothers, p. 43, and annex 12, p. 3.

[4] Greening Donald's questionnaire response and TR, p. 34. In its postconference brief, Greening Donald explained that ***; postconference brief, Coudert Brothers, p. 40.

[5] No firm currently produces stainless steel wire rod in Canada. Greening Donald estimates that nearly 70 percent of the rod it draws in Canada and exports to the United States is of U.S. origin; TR, pp. 97 and 99. See also postconference brief, Coudert Brothers, pp. 2-16.

[6] ***.

[7] ***.

THE INDUSTRY IN INDIA

The SSRW industry in India is comprised of integrated producers and independent wire drawers, both of which serve the domestic and international markets. Mukand is one of the largest stainless steel producers in India, operating at Kalwe the largest electric-arc-furnace-based steelworks in India.[8] Its products include stainless steel wire rod, round bars, bright bars, and wire. Other producers, such as Venus and Raajratna, produce a much more limited range of products, including SSRW and stainless steel bright bars. The domestic market for SSRW depends on the overall health of the Indian economy and the development of an industry-supporting infrastructure. Production of SSRW in India has fluctuated throughout the 1990s as growth and demand have slowed.[9] Because demand in India has slowed, Indian manufacturers of SSRW have been seeking new markets abroad.[10]

Indian SSRW exports to the United States are largely EPQ wire or wire for redrawing by U.S. wire producers.[11] Two Indian producers of SSRW, Raajratna, Gujarat, India, and Venus, Maharashtra, India, provided data in response to the Commission's foreign producer questionnaire (table VII-2).[12] As noted earlier, both Indian producers ***. Raajratna accounted for *** percent of reported SSRW production, *** percent of home market shipments, and *** percent of reported exports of SSRW to the United States in 1997.[13]

Table VII-2
SSRW: India's capacity, production, inventories, capacity utilization, and shipments, 1995-97, and projections for 1998-99

* * * * * * *

Capacity to produce SSRW in India was unchanged throughout the period. Production of SSRW *** by *** percent and end-of-period inventories *** by *** percent between 1995 and 1997. Reported home market shipments of SSRW *** by *** percent while shipments to the United States *** by *** percent from 1995 to 1997. Shipments of SSRW to all other markets also ***, by *** percent, during the period. Capacity utilization *** during 1995-97 while shipments of SSRW to the home market as a share of total shipments ***.

THE INDUSTRY IN JAPAN

Nippon Seisen, Osaka, Japan; Daido, Tokyo, Japan; and Suzuki, Tokyo, Japan,[14] provided data in response to the Commission's foreign producer questionnaire (table VII-3).[15] Nippon Seisen reported

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[8] Milton Nurse, "Stainless strides ahead," *Metal Bulletin Monthly*, Jan. 1992, p. 49.

[9] D.A. Chandekar, "Indian wire producers feel the pinch," *Metal Bulletin Monthly,* Apr. 1998, p. 41.

[10] TR, p. 35, and petitioners' postconference brief, p. 41.

[11] Written comments filed by Ablondi, Foster, Sobin & Davidow, May 15, 1998.

[12] A third producer, Mukand, shipped about *** tons to the United States in 1997.

[13] At least *** of the SSRW exported to the United States is EPQ, wherein the wire is put into an electrolytically charged bath and the surface gets material dissolved on it. This gives the wire a bright surface, which respondents claim is ***; supplemental response to the Commission's foreign producer questionnaire, May 11, 1998.

[14] Nippon Seisen accounted for *** percent, Daido accounted for *** percent, and Suzuki accounted for *** percent of total reported production of SSRW in 1997.

[15] ***, a Japanese trading company, provided data on its shipments to the home market, the United States, and all other markets of SSRW produced by Japanese firms. ***. ***, another Japanese trading company, responded to the Commission's questionnaire but ***.

Table VII-3
SSRW: Japan's capacity, production, inventories, capacity utilization, and shipments, 1995-97, and projections for 1998-99

* * * * * * *

that it exports mainly *** to the United and that *** percent of its total sales. Nippon Seisen produces ***. Nippon Seisen reportedly accounted for *** percent and *** percent, respectively, of Japanese production and exports of SSRW to the United States in 1997. Daido reported that *** sales are SSRW. Daido reportedly accounted for *** percent and *** percent, respectively, of Japanese production and exports to the United States in 1997. Suzuki reported that sales of SSRW account for *** percent of its total sales. Suzuki responded that it accounts for *** percent and *** percent, respectively, of total production of SSRW in Japan and exports to the United States in 1997. The majority of reported other export markets for all three firms were located in the Far East.

Capacity to produce SSRW in Japan was constant throughout the period. Production of SSRW fluctuated but *** by *** percent during 1995-97. End-of-period inventories *** by *** percent during 1995-97, while exports of SSRW to the United States *** by *** percent. Capacity utilization fluctuated during the period but *** to *** percent in 1997. The *** of Japan's sales of SSRW were to the home market during 1995-97.

Petitioners noted at the conference that there is cause for concern about product shifting in Japan. Japanese SSRW producers Suzuki and Daido are affiliated with two of the seven Japanese stainless steel rod producers recently identified during investigations by the Commission.[16] Petitioners argue that due to the current antidumping investigations of stainless steel rod, many foreign integrated producers have an incentive to export SSRW instead of rod to avoid the imposition of antidumping duties.[17]

While SSRW production appears to be similar throughout the world, the Japanese producers have established a process that is *** and is ***.[18] ***.[19]

THE INDUSTRY IN KOREA

Two firms provided data in response to the Commission's questionnaire, Korea Sangsa, Seoul, Korea, and Korea Welding,[20] Pusan, Korea (table VII-4). Korea Sangsa, a privately held business, is the larger of the two, with *** percent of reported SSRW production in 1997.[21] Korea Sangsa reported that SSRW accounts for *** percent of its total sales, with *** percent being production of *** that is produced on the same equipment. Korea Sangsa produces a full line of stainless steel wire products, including spring wire, scrubbing wire, cold-heading wire, weaving wire, and general purpose wire.

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[16] USITC, *Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan*, (investigations Nos. 701-TA-373 (Preliminary) and 731-TA-769-775 (Preliminary)), USITC Pub. 3060, Sept. 1997, p. VII-3.

[17] TR, p. 36. However, as noted earlier in this section, ***.

[18] Postconference brief, Wilkie Farr & Gallagher, Suzuki and Daido, app. 12, p. 5.

[19] Ibid, p. 15.

[20] Korea Welding is a producer of a complete line of welding consumables and maintains sales office in Korea, Japan, and Malaysia.

[21] Korea Sangsa is also one of the largest producers of SSRW in the world; postconference brief, Powell, Goldstein, Frazer & Murphy, pp. 3-4.

Table VII-4
SSRW: Korea's capacity, production, inventories, capacity utilization, and shipments, 1995-97, and projections for 1998-99

* * * * * * *

Korea Sangsa maintains sales office in Korea, Japan, Germany, and the United States to service its customers.[22] ***. Korea Sangsa's capacity to produce SSRW ***. Korea Sangsa reported in its questionnaire response that it accounts for *** percent of Korea's aggregate SSRW production and *** percent of Korea's exports to the United States in 1997. Its principal other export markets are ***. Capacity utilization *** throughout 1995-97.

Petitioners argue that the potential for product shifting exists in Korea as integrated producers shift to production and sales of SSRW to circumvent any dumping duties on rod.[23] Counsel for respondents argues that there is very little unused capacity in Korea with which to increase production of SSRW and that the United States is not and has not been Korea's primary market for its sales of SSRW.[24]

THE INDUSTRY IN SPAIN

Spain's SSRW industry is comprised of two producers, Inoxfil, Igualada, Spain,[25] and Sandvik Espanola, Barcelona, Spain.[26] Inoxfil primarily produces wire in grades 304 and 316 and Sandvik Espanola primarily produces spring and welding wire.[27] Inoxfil is the only Spanish producer of SSRW that responded to the Commission's questionnaire (table VII-5). Inoxfil reported that SSRW ***. ***.[28] Reportedly, Inoxfil accounted for *** percent of Spain's SSRW production and *** percent of Spain's exports to the United States in 1997. Over *** percent of its shipments are to other markets in ***. Capacity utilization was *** percent throughout the period. Production of SSRW fluctuated but *** between 1995 and 1997 and end-of-period inventories *** during the period.

Table VII-5
SSRW: Spain's capacity, production, inventories, capacity utilization, and shipments, 1995-97, and projections for 1998-99

* * * * * * *

According to petitioners, Spanish producers of SSRW are operating at low capacity utilization rates. This low capacity utilization, coupled with the potential for product shifting, could have a negative impact on U.S. producers of SSRW.[29]

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[22] Ibid, p. 4.

[23] Petitioners' postconference brief, p. 42. Counsel for respondents argues that the machinery used to produce SSRW in Korea is ***; postconference brief, p. 17.

[24] Ibid, pp. 7-11.

[25] Inoxfil is a subsidiary of Roldan, which is the only known producer of stainless steel wire rod in Spain.

[26] Reportedly, the Sandvik Group, a Swedish steelmaking enterprise, produces wire in Sweden, the United States, South America, and Spain. ***.

[27] Petition, p. 75.

[28] ***.

[29] TR, p. 36.

THE INDUSTRY IN TAIWAN

The petition listed eight firms in Taiwan that produced and exported SSRW to the United States during the period of investigation. Rodex, Yieh Mau, and Yuen Neng accounted for about 85 percent of the exports to the United States.[30] According to the petition, Rodex plans to increase its capacity from 6,614 tons per year to 7,937 tons per year during 1998. In addition, it is developing spring wire production technology that will lead to commercial production of spring wire sometime during 1998.[31] Yuen Neng plans to double its capacity from 794 tons per year to 1,587 tons per year. It plans to widen its product offering to fine wire, with a recent investment in a bright annealing furnace. Petitioners allege that these expansions in capacity and the financial crisis in Taiwan, with the dramatic devaluation of the Taiwan dollar, are likely to encourage Taiwan's producers to export their SSRW to the United States. In addition, there is the possibility of product shifting from exports of rod to exports of SSRW. In its postconference brief, counsel for Kuang Tai, Tien Tai, and Richsteel cited a recent article in the Wall Street Journal that Taiwan's economy grew 6 percent in the first quarter of 1998, while exports fell from the first quarter of 1997. Demand for SSRW in Taiwan is expected to remain strong.[32]

Responses to the Commission's foreign producer questionnaire were received from six of these firms,[33] accounting for *** percent of production in 1997 (table VII-6), as provided in the petition. According to the data supplied to the Commission, *** is the largest producer/exporter in Taiwan, accounting for *** percent of SSRW production in 1997. *** of its sales are SSRW. ***. Kuang Tai reported that SSRW accounts for *** percent of its total sales. Kuang Tai accounted for *** percent of home market shipments and *** percent of exports to the United States in 1997. Rodex reported that SSRW accounts for *** percent of its total sales. Rodex produces stainless steel fasteners, for which it ***. Although Tien Tai ***. Tien Tai reported that SSRW accounts for *** percent of its total sales. Tien Tai produces ***.

Capacity to produce SSRW increased by 37.5 percent during 1995-97 while SSRW production increased by 58.1 percent during the period. Capacity utilization increased throughout the period. End-of-period inventories increased by 110.8 percent during 1995-97, while home market shipments increased by 44.1 percent, exports to the United States increased by 28.5 percent, and exports to other markets increased by 145.1 percent.

U.S. INVENTORIES OF SSRW FROM CANADA, INDIA, JAPAN, KOREA, SPAIN, AND TAIWAN

Of the 24 firms that reported imports of SSRW, 10 reported having end-of-period inventories of product from the subject countries during all or part of the period examined (table VII-7). Total end-of-period inventories from the subject countries were fairly steady during 1995-97, declining slightly between 1995 and 1996 and then increasing slightly in 1997. The ratio of imports to U.S. shipments of imports of SSRW from the subject countries was generally quite low, decreasing from 7.7 percent in 1995 to 5.4 percent in 1997.

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[30] Petition, p. 76.

[31] Rodex also produces stainless steel screws (a downstream product).

[32] Postconference brief, White & Case, p. 7.

[33] The 6 responding firms are Rodex, Yung Ho Iron, Yuen Neng, Kuang Tai, Richsteel, and Tien Tai. The data on capacity, production, and home market shipments provided by *** were not included because during 1995-97, *** purchased the SSRW from *** for resale to the home market and for exports, which would result in double counting home market shipments. ***'s data for exports to the United States and other export markets such as *** have been included. ***.

Table VII-6
SSRW: Taiwan's capacity, production, inventories, capacity utilization, and shipments, 1995-97, and projections for 1998-99

Item	Actual experience--			Projections--	
	1995	1996	1997	1998	1999
	Quantity (*1,000 pounds*)				
Capacity	28,293	33,696	38,912	34,243	35,348
Production	22,872	27,839	36,169	31,079	33,083
End-of-period inventories	1,846	2,147	3,892	2,800	2,986
Shipments:					
Home market	18,385	22,195	26,484	24,278	24,830
Exports to--					
United States	1,757	1,792	2,258	2,013	2,034
All other markets	2,886	4,353	7,073	7,258	7,687
Total exports	4,643	6,145	9,331	9,271	9,721
Total shipments	23,028	28,340	35,815	33,549	34,551
	Ratios and shares (*percent*)				
Capacity utilization	80.8	82.6	93.0	90.8	93.6
Inventories to production	8.1	7.7	10.8	9.0	9.0
Inventories to shipments	8.0	7.6	10.9	8.3	8.6
Share of total shipments to:					
Home market	79.8	78.3	73.9	72.4	71.9
Exports to--					
United States	7.6	6.3	6.3	6.0	5.9
All other markets	12.5	15.4	19.7	21.6	22.2
Total exports	20.2	21.7	26.1	27.6	28.1

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-7
SSRW: End-of-period inventories of U.S. importers, by sources, 1995-97

Source	Calendar year		
	1995	1996	1997
	Quantity (*1,000 pounds*)		
Canada	***	***	***
India	***	***	***
Japan	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan	***	***	***
Total subject countries	1,040	1,027	1,111
	Ratio to U.S. shipments of imports (*percent*)		
Canada	***	***	***
India	***	***	***
Japan	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan	***	***	***
Total subject countries	7.7	6.2	5.4

Note.–Ratios are calculated using data where both comparable numerator and denominator information were supplied.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTERS' CURRENT ORDERS

In its questionnaire, the Commission asked firms to report future orders for importing SSRW from the subject countries after December 31, 1997. Seventeen importers reported placing orders for 8.5 million pounds of SSRW for delivery between January and November 1998: *** pounds from Canada; *** pounds from India; *** pounds from Japan; *** pounds from Korea; *** pounds from Spain; and *** pounds from Taiwan.[34]

[34] Not all reporting importers could identify the country of origin of their future orders when they imported small quantities from more than one of the subject or non-subject countries.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-781 through 786 (Preliminary)]

Stainless Steel Round Wire From Canada, India, Japan, Korea, Spain and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping investigations Nos. 731-TA-781 through 786 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada, India, Japan, Korea, Spain, and Taiwan of stainless steel round wire, provided for in subheading 7223.00.10 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. § 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by May 11, 1998. The Commission's views are due at the Department of Commerce within five business days thereafter, or by May 18, 1998.

For further information concerning the conduct of these investigations 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: March 27, 1998.

FOR FURTHER INFORMATION CONTACT: Valerie Newkirk (202-205-3190), 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. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on March 27, 1998, by ACS Industries, Inc. Woonsocket, RI; Al Tech Specialty Steel Corp., Dunkirk, NY; Branford Wire & Manufacturing Co., Mountain Home, NC; Carpenter Technology Corp., Reading, PA; Handy & Harman Specialty Wire Group, Cockeysville, MD; Industrial Alloys, Inc., Pomona, CA; Loos & Company, Inc., Pomfret, CT; Sandvik Steel Company, Clarks Summit, PA; Sumiden Wire Products Corp., Dickson, TN; and Techalloy Company, Inc., Mahwah, NJ.

Participation in the investigations 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 §§ 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. 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.

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 investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. § 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven 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 17, 1998, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Valerie Newkirk (202–205–3190) not later than April 15, 1998, 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 sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before April 22, 1998, 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 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 the 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 title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.12 of the Commission's rules.

By order of the Commission.

Donna R. Koehnke,

Secretary.

Issued: March 31, 1998.

[FR Doc. 98–8964 Filed 4–3–98; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-122-829, A-533-814, A-588-844, A-580-830, A-469-808, A-583-829]

Initiation of Antidumping Duty Investigations: Stainless Steel Round Wire from Canada, India, Japan, the Republic of Korea, Spain, and Taiwan

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

EFFECTIVE DATE: May 12, 1998.

FOR FURTHER INFORMATION CONTACT: Thomas Schauer (Canada) at (202) 482-4852; Diane Krawczun (India) at (202) 482-0198; Edward Easton (Japan) at (202) 482-1777; Gabriel Adler (the Republic of Korea) at (202) 482-1442; Michael Panfeld (Spain) at (202) 482-0168; or Michelle Frederick (Taiwan) at (202) 482-0186, Import Administration-Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230.

Initiation of Investigations

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 ("the Act") by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations published in the **Federal Register** on May 19, 1997 (62 FR 27296).

The Petition

On March 27, 1998, the Department of Commerce ("the Department") received a petition filed in proper form by the following companies: ACS Industries, Inc., Al Tech Specialty Steel Corp., Branford Wire & Manufacturing Company, Carpenter Technology Corp., Handy & Harman Specialty Wire Group, Industrial Alloys, Inc., Loos & Company, Inc., Sandvik Steel Company, Sumiden Wire Products Corporation, and Techalloy Company, Inc. ("the petitioners"). Sumiden Wire Products Corporation is not a petitioner in the Japanese case, and Carpenter Technology Corp. and Techalloy Company, Inc., are not petitioners in the Canadian case. The Department received numerous supplemental submissions throughout the month of April, 1998.

In accordance with section 732(b) of the Act, the petitioners allege that imports of stainless steel round wire ("SSRW") from Canada, India, Japan, the Republic of Korea (Korea), Spain, and Taiwan 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 Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that the petitioners filed the petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support (see discussion below).

Scope of Investigations

For purposes of these investigations, the product covered is stainless steel round wire. Stainless steel round wire is any cold-formed (*i.e.*, cold-drawn, cold-rolled) stainless steel product, of a cylindrical contour, sold in coils or spools, and not over 0.703 inch (18 mm) in maximum solid cross-sectional dimension. SSRW is made of iron-based alloys containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. Metallic coatings, such as nickel and copper coatings, may be applied.

The merchandise subject to these investigations is classifiable under subheadings 7223.00.1015, 7223.00.1030, 7223.00.1045, 7223.00.1060, and 7223.00.1075 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

During our review of the petition, we discussed with the petitioners whether the proposed scope was an accurate reflection of the product for which the domestic industry is seeking relief. The petitioners indicated that the scope in the petition accurately reflected the product for which they are seeking relief. Consistent with the preamble to the new regulations (62 FR at 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by 20 days after the publication of this notice. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, Pennsylvania Avenue and 14th Street, N.W., Washington, D.C. 20230. This period of scope consultation is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who account for production of the domestic like product. The International Trade Commission ("ITC"), which is responsible for determining whether the domestic industry has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC are required to apply the same statutory provision regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the domestic like product, such differences do not render the decision of either agency contrary to law.[1] Section 771(10) of the Act defines domestic 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 under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition. The domestic like product referred to in the petition is the single domestic like product defined in the "Scope of Investigation" section, above. We

[1] *See Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 642-44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass Therefor from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).

consulted with the ITC, the U.S. Customs Service, and petitioners and have, as a result of these discussions, adopted the domestic like product definition set forth in the petition.

On April 8, 1998, the ITC presented us with information indicating that there may be as many as 25 additional producers of the domestic like product that were not included in the petition. On April 9, 1998, Central Wire Industries Ltd. and Greening Donald Co., Ltd., two Canadian producers of subject merchandise, submitted a list of 47 non-petitioning companies that they claimed represented U.S. producers of the domestic like product. *See* Letter from Central Wire Industries Ltd. and Greening Donald Co., Ltd. to the Secretary of Commerce dated April 9, 1998 (the Central Wire submission). Certain of these companies were included in the list of non-petitioning producers in the petition, but a majority were not. Because there was a question as to whether petitioners' met the statutory requirements cited above, we exercised our statutory discretion under section 732(c)(1)(B) to extend the deadline for determining whether to initiate an investigation to a maximum of 40 days from the date of filing in order to resolve this issue. *See* Memorandum to Joseph A. Spetrini from Laurie Parkhill dated April 16, 1998. We also invited parties to identify any other potential producers of the domestic like product.

On April 21, 1998, the petitioners provided production information concerning 42 of the then 64 nonpetitioning companies that had been identified as potential producers by the ITC, the Central Wire submission, or by the petitioners themselves at that time. *See* Letter from the petitioners to the Secretary of Commerce, April 21, 1998. The sources of this production information are affidavits from co-counsel for the petitioners, stating that they have contacted each of the 42 producers and have received the production information directly from the companies. The petitioners also included affidavits from co-counsel for the petitioners, as well as one of the petitioning company officials, indicating that certain nonpetitioning companies support the petition.

On April 21, 1998, Central Wire submitted a list of all U.S. producers (including the petitioners) that it believed produced the domestic like product. *See* Letter from Central Wire Industries Ltd. and Greening Donald Co., Ltd. to the Secretary of Commerce, April 21, 1998. While most of these potential producers had already been identified, there were several potential producers who had not been previously identified, and thus were not included in the list of 64 companies provided in the petitioners' April 21, 1998 letter.

We were able to contact all but one of the companies identified, and based on the data now on the record, we determine that the petitioners have established industry support in accordance with the statutory requirements cited above. *See* Memorandum from Laurie Parkhill and Gary Taverman to Richard W. Moreland dated May 6, 1998. Accordingly, we determine that the petition is filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which our decisions to initiate these investigations are based. Should the need arise to use any of this information in our preliminary or final determinations for purposes of facts available under section 776 of the Act, we may re-examine the information and revise the margin calculations, if appropriate.

With respect to sales to the U.S. market, the petitioners used an export price (EP) analysis because the producers in each country make their first sale of exports to unaffiliated importers. The petitioners based export prices on affidavits based on call reports and price quotes, as appropriate. The petitioners calculated EP by subtracting domestic inland freight (except in the India and Taiwan cases), ocean freight and marine insurance (except in the Canada case), import duties (except in the India case), harbor maintenance fees, U.S. merchandise processing fees, and U.S. inland freight (except in the Canada and India cases). The data for these adjustments was based on market research, U.S. Customs statistics, affidavits, and the 1997 import duty rates. The petitioners did not deduct domestic inland freight in the Indian case because they were not able to obtain such data. Although the petitioners did not explain why they did not deduct domestic inland freight in the Taiwan case, we note that this will not cause the dumping margins to be overstated. All adjustments not mentioned above that were not made by the petitioners in specific cases were due to the terms of the sales. We restated some of the export prices in the India case to conform with the affidavits the petitioners submitted. *See* Memorandum to File dated April 16, 1998.

The petitioners based normal value (NV) on home market prices, as obtained by market research. They adjusted the home market prices by deducting foreign inland freight (except in the India case due to the terms of sale) and imputed credit, and by adding the imputed credit calculated on the U.S. sale (except in the India case). Though the petitioners did not adjust for imputed credit in the India case, we were able to calculate an imputed credit expense for that case and did deduct it from NV. *See* Memorandum to File dated April 16, 1998. The data for the adjustments the petitioners made to NV were based on market research and International Financial Statistics (published by the International Monetary Fund). The petitioners submitted affidavits to support their claims regarding packing costs in the U.S. and Japanese markets. However, there was no adjustment for packing in other cases, either because information was not available for a country or because the petitioners assumed that packing costs were the same for sales to the home market and the U.S. market. There is no public evidence available to adjust NV for the differences in packing costs between the U.S. and home markets. Furthermore, our experience in steel cases generally suggests that the packing costs of export sales are nearly always greater than or equal to the packing costs of domestic sales, because additional precautions are usually necessary to protect exported merchandise (for example, from rust) during its longer time in transit. Therefore, we conclude that not adjusting for differences in packing costs is conservative.

Pursuant to sections 773(a)(4) and 773(e) of the Act, the petitioners also based NV for sales in all countries, except Japan, on constructed value (CV). CV consists of COM, selling, general and administrative expenses (SG&A), packing and profit. The petitioners based their calculations for COM, SG&A and packing on costs obtained by market research, affidavits from the petitioning companies' officials, and U.S. industry data compiled by the petitioners. We recalculated the CVs used in the Canada, India, and Taiwan cases. The nature of the recalculations and the reasons for the recalculations are explained in Memoranda to File dated April 16, 1998.

Based on comparisons of EP to NV, the petitioners estimate margins of 2.18 to 64.24 percent in the Taiwan case. We recalculated the estimated margins to be 2.38 to 40.48 percent in the Canada case, 3.47 to 36.52 percent in the India case, 2.02 to 29.58 percent in the Japan

case, 3.46 to 66.44 percent in the Korea case, and 12.99 to 35.80 percent in the Spain case.

Initiation of Cost Investigations

Pursuant to section 773(b) of the Act, the petitioners alleged that sales in the home market of Canada, India, Korea, and Taiwan were made at prices below the cost of production (COP) and, accordingly, requested that the Department conduct a country-wide sales-below-COP investigation in Canada, India, Korea, and Taiwan. The Statement of Administrative Action ("SAA"), submitted to Congress in connection with the interpretation and application of the Uruguay Round Agreements, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 316, 103d Cong., 2d Sess., at 833 (1994). The SAA states at 833 that "Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation."

The statute at section 773(b) states that the Department must have "reasonable grounds to believe or suspect" that below-cost sales have occurred before initiating such an investigation. "Reasonable grounds" exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices. Based upon the comparison of the adjusted prices from the petition of the foreign like product in Canada, India, Korea, and Taiwan to the COP calculated in the petition (and adjusted in the Canada, India, and Taiwan cases as described in Memoranda to File dated April 16, 1998), we find "reasonable grounds to believe or suspect" that sales of these foreign like products were made below their respective COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating the requested country-wide cost investigation for Canada, India, Korea, and Taiwan.

Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of SSRW from Canada, India, Japan, Korea, Spain, and Taiwan are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petition alleges that the U.S. industry producing the domestic like product is being materially injured, and is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. The allegations of injury and causation are supported by relevant evidence including business proprietary data from the petitioning firms and U.S. Customs import data. The Department assessed the allegations and supporting evidence regarding material injury and causation and determined that these allegations are sufficiently supported by accurate and adequate evidence and meet the statutory requirements for initiation.

Initiation of Antidumping Investigations

We have examined the petition on SSRW and have found that it meets the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of SSRW from Canada, India, Japan, Korea, Spain, and Taiwan are being, or are likely to be, sold in the United States at less than fair value. Unless extended, we will make our preliminary determinations for the antidumping duty investigations by September 23, 1998.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of the governments of Canada, India, Japan, Korea, Spain, and Taiwan. We will attempt to provide a copy of the public version of each petition to each exporter named in the petition (as appropriate).

International Trade Commission Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine by June 1, 1998, whether there is a reasonable indication that imports of SSRW from Canada, India, Japan, Korea, Spain, and Taiwan are causing material injury, or threatening to cause material injury, to a U.S. industry. Negative ITC determinations will result in the particular investigations being terminated; otherwise, the investigations will proceed according to statutory and regulatory time limits.

Dated: May 6, 1998.

Richard W. Moreland,

Acting Assistant Secretary, Import Administration.

[FR Doc. 98-12593 Filed 5-11-98; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

CALENDAR OF THE PUBLIC CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Stainless Steel Round Wire from Canada, India, Japan, Korea, Spain, and Taiwan

Investigations Nos. 731-TA-781 through 786 (Preliminary)

April 17, 1998 - 9:30 am

The conference was held in the Main Hearing Room (room 101) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

IN SUPPORT OF THE IMPOSITION OF ANTIDUMPING DUTIES:

Collier, Shannon, Rill & Scott PLLC and Holland & Knight LLP
Washington, DC
on behalf of

ACS Industries, Inc.
Al Tech Specialty Steel Corp.
Branford Wire & Manufacturing Co.
Carpenter Technology Corp.
Handy & Harman Specialty Wire Group
Industrial Alloys, Inc.
Loos & Company, Inc.
Sandvik Steel Co.
Sumiden Wire Products Corp.
Techalloy Co., Inc.

Dennis R. Kuhns, President, Handy & Harman Specialty Wire Group
Philippe Maitrepierre, President & CEO, Techalloy Co., Inc.
William Pendleton, Director, Corporate Affairs, Carpenter Technology Corp.
Stig G. Forsberg, Vice President, Sandvik Steel Co.
George A. Kurisky, Vice President, Product Development, Handy & Harman Specialty Wire Group

David A. Hartquist, Esq.
Frederick P. Waite, Esq.
Robin H. Gilbert, Esq. --OF COUNSEL
Laurence J. Lasoff, Esq.
Kimberly R. Young, Esq.
Lynn Maloney Duffy, Esq.

Georgetown Economic Services LLC

Brad Hudgens, Economic Consultant
Joanna Schlesinger, Economic Consultant

IN OPPOSITION TO THE IMPOSITION OF ANTIDUMPING DUTIES:

Wilkie Farr & Gallagher
Washington, DC
on behalf of

Central Wire Industries, Ltd.

Christopher Dunn, Esq.--OF COUNSEL

Economic Consulting Services, Inc.
Washington, DC

Kenneth R. Button, Senior Vice President

Coudert Brothers
Washington, DC
on behalf of

Greening Donald Co., Ltd.

Jack Chandler, President, Petroleum Equipment, International
Steven Huntsman, Huntsman Development Co.

Kay C. Georgi, Esq.--OF COUNSEL

Wilkie Farr & Gallagher
Washington, DC
on behalf of

Suzuki Metal Industry Co., Ltd.
Daido Stainless Steel Co., Ltd.

Lyle B. Vander Schaaf, Esq.--OF COUNSEL

White & Case
Washington, DC
on behalf of

Tien Tai Electrode Co., Ltd.
Kuang Tai Metal Industrial Co., Ltd.
Yieh Mau Corp.

Adams C. Lee, Esq.--OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
SSRW: Summary data concerning the U.S. market, 1995-97

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data			Period changes		
Item	1995	1996	1997	1995-97	1995-96	1996-97
U.S. consumption quantity:						
Amount	188,108	185,258	196,053	4.2	-1.5	5.8
Producers' share (1)	74.1	73.8	73.7	-0.4	-0.4	-0.1
Importers' share (1):						
Canada	4.1	4.5	4.4	0.2	0.4	-0.1
India	0.9	0.4	1.3	0.3	-0.6	0.9
Japan	1.6	2.0	2.0	0.4	0.3	0.1
Korea	2.8	3.1	4.3	1.5	0.3	1.2
Spain	0.6	0.8	0.9	0.3	0.2	0.1
Taiwan	2.6	2.2	2.5	-0.1	-0.3	0.3
Subtotal	12.7	13.0	15.5	2.7	0.3	2.5
Other sources	13.1	13.2	10.8	-2.3	0.1	-2.4
Total imports	25.9	26.2	26.3	0.4	0.4	0.1
U.S. consumption value:						
Amount	421,716	409,449	409,519	-2.9	-2.9	(2)
Producers' share (1)	74.9	75.0	74.9	(3)	(4)	(3)
Importers' share (1):						
Canada	4.4	4.7	4.5	0.1	0.3	-0.2
India	0.5	0.2	0.7	0.2	-0.3	0.5
Japan	2.0	2.3	2.3	0.3	0.3	(3)
Korea	2.3	2.7	3.3	1.1	0.4	0.7
Spain	0.5	0.6	0.6	0.1	0.1	0.1
Taiwan	2.2	1.7	1.9	-0.3	-0.5	0.2
Subtotal	11.8	12.1	13.3	1.5	0.3	1.2
Other sources	13.2	13.0	11.8	-1.5	-0.3	-1.2
Total imports	25.1	25.0	25.1	(4)	(3)	(4)
U.S. imports from--						
Canada:						
Quantity	7,787	8,332	8,595	10.4	7.0	3.2
Value	18,593	19,137	18,515	-0.4	2.9	-3.3
Unit value	$2.39	$2.30	$2.15	-9.8	-3.8	-6.2
Ending inventory quantity	***	***	***	***	***	***
India:						
Quantity	1,774	698	2,511	41.5	-60.6	259.6
Value	2,139	873	2,795	30.7	-59.2	220.1
Unit value	$1.21	$1.25	$1.11	-7.7	3.7	-11.0
Ending inventory quantity	***	***	***	***	***	***
Japan:						
Quantity	3,098	3,645	4,017	29.7	17.7	10.2
Value	8,254	9,258	9,248	12.0	12.2	-0.1
Unit value	$2.66	$2.54	$2.30	-13.6	-4.7	-9.3
Ending inventory quantity	***	***	***	***	***	***
Korea:						
Quantity	5,260	5,746	8,438	60.4	9.2	46.9
Value	9,647	10,893	13,697	42.0	12.9	25.7
Unit value	$1.83	$1.90	$1.62	-11.5	3.4	-14.4
Ending inventory quantity	***	***	***	***	***	***
Spain:						
Quantity	1,187	1,491	1,848	55.7	25.6	24.0
Value	2,062	2,327	2,614	26.8	12.9	12.3
Unit value	$1.74	$1.56	$1.41	-18.6	-10.1	-9.4
Ending inventory quantity	***	***	***	***	***	***
Taiwan:						
Quantity	4,867	4,163	4,959	1.9	-14.5	19.1
Value	9,199	7,018	7,706	-16.2	-23.7	9.8
Unit value	$1.89	$1.69	$1.55	-17.8	-10.8	-7.8
Ending inventory quantity	***	***	***	***	***	***
Subject countries:						
Quantity	23,974	24,075	30,368	26.7	0.4	26.1
Value	49,895	49,505	54,575	9.4	-0.8	10.2
Unit value	$2.08	$2.06	$1.80	-13.7	-1.2	-12.6
Ending inventory quantity	1,040	1,027	1,111	6.8	-1.3	8.2

Table continued on next page.

Table C-1--Continued
SSRW: Summary data concerning the U.S. market, 1995-97

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data			Period changes		
Item	1995	1996	1997	1995-97	1995-96	1996-97
U.S. imports from (continued)--						
Other sources:						
Quantity	24,689	24,501	21,166	-14.3	-0.8	-13.6
Value	55,771	53,024	48,126	-13.7	-4.9	-9.2
Unit value	$2.26	$2.16	$2.27	0.7	-4.2	5.1
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	48,663	48,576	51,535	5.9	-0.2	6.1
Value	105,666	102,529	102,701	-2.8	-3.0	0.2
Unit value	$2.17	$2.11	$1.99	-8.2	-2.8	-5.6
Ending inventory quantity	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity	212,484	227,992	234,034	10.1	7.3	2.7
Production quantity	145,899	138,607	148,414	1.7	-5.0	7.1
Capacity utilization (1)	68.7	60.8	63.4	-5.2	-7.9	2.6
U.S. shipments:						
Quantity	139,445	136,682	144,518	3.6	-2.0	5.7
Value	316,050	306,920	306,818	-2.9	-2.9	(5)
Unit value	$2.27	$2.25	$2.12	-6.3	-0.9	-5.5
Export shipments:						
Quantity	3,400	3,726	3,602	5.9	9.6	-3.3
Value	9,107	9,669	10,047	10.3	6.2	3.9
Unit value	$2.68	$2.60	$2.79	4.1	-3.1	7.5
Ending inventory quantity	25,561	23,759	24,055	-5.9	-7.0	1.2
Inventories/total shipments (1)	17.9	16.9	16.2	-1.7	-1.0	-0.7
Production workers	1,355	1,380	1,365	0.7	1.8	-1.1
Hours worked (1,000s)	3,009	3,003	2,943	-2.2	-0.2	-2.0
Wages paid ($1,000s)	44,456	46,771	46,833	5.3	5.2	0.1
Hourly wages	$14.77	$15.58	$15.91	7.7	5.4	2.2
Productivity (pounds per hour)	48.5	46.2	50.4	4.0	-4.8	9.3
Unit labor costs	$0.30	$0.34	$0.32	3.6	10.7	-6.5
Net sales:						
Quantity	143,113	139,278	146,332	2.2	-2.7	5.1
Value	324,761	314,162	313,244	-3.5	-3.3	-0.3
Unit value	$2.27	$2.26	$2.14	-5.7	-0.6	-5.1
Cost of goods sold (COGS)	274,880	279,887	277,860	1.1	1.8	-0.7
Gross profit or (loss)	49,881	34,275	35,384	-29.1	-31.3	3.2
SG&A expenses	25,214	26,002	26,725	6.0	3.1	2.8
Operating income or (loss)	24,667	8,273	8,659	-64.9	-66.5	4.7
Capital expenditures	19,739	18,853	18,393	-6.8	-4.5	-2.4
Unit COGS	$1.92	$2.01	$1.90	-1.1	4.6	-5.5
Unit SG&A expenses	$0.18	$0.19	$0.18	3.7	6.0	-2.2
Unit operating income or (loss)	$0.17	$0.06	$0.06	-65.7	-65.5	-0.4
COGS/sales (1)	84.6	89.1	88.7	4.1	4.4	-0.4
Operating income or (loss)/ sales (1)	7.6	2.6	2.8	-4.8	-5.0	0.1

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Increase of less than 0.05 percent.
(3) Decrease of less than 0.05 percentage point.
(4) Increase of less than 0.05 percentage point.
(5) Decrease of less than 0.05 percent.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of the U.S. Department of Commerce.

APPENDIX D

DATA ON U.S. IMPORTS OF SSRW AS REPORTED IN COMMISSION QUESTIONNAIRES

Table D-1
SSRW: U.S. imports, by principal sources, 1995-97

Source	Calendar year		
	1995	1996	1997
	Quantity (*1,000 pounds*)		
Canada	***	***	***
India	***	***	***
Japan	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan	***	***	***
Subtotal	13,886	16,500	20,682
All others	8,997	9,945	9,627
Total	22,883	26,445	30,309
	Value (*1,000 dollars*)		
Canada	***	***	***
India	***	***	***
Japan	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan	***	***	***
Subtotal	32,916	37,710	41,994
All others	20,799	21,950	20,089
Total	53,715	59,660	62,083
	Unit value (*dollars per pound*)		
Canada	***	***	***
India	***	***	***
Japan	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan	***	***	***
Subtotal	2.37	2.29	2.03
All others	2.31	2.21	2.09
Total	2.35	2.26	2.09

Table continued on next page.

Table D-1--Continued
SSRW: U.S. imports, by principal sources, 1995-97

Source	Calendar year		
	1995	1996	1997
	Share of total quantity (*percent*)		
Canada	***	***	***
India	***	***	***
Japan	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan	***	***	***
Subtotal	60.7	62.4	68.2
All others	39.3	37.6	31.8
Total	100.0	100.0	100.0
	Share of total value (*percent*)		
Canada	***	***	***
India	***	***	***
Japan	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan	***	***	***
Subtotal	61.3	63.2	67.6
All others	38.7	36.8	32.4
Total	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

APPENDIX E

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

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

1. Since January 1, 1995, has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of investments as a result of imports of stainless steel round wire from Canada, India, Japan, Korea, Spain, and/or Taiwan?

*** did not respond. Responses of the other producers are:

* * * * * * *

2. Does your firm anticipate any negative impact of imports of stainless steel round wire from Canada, India, Japan, Korea, Spain, and/or Taiwan?

*** did not respond. Responses of the other producers are:

* * * * * * *