Stainless Steel Angle From Japan, Korea, and Spain

Investigations Nos. 731-TA-888-890 (Preliminary)

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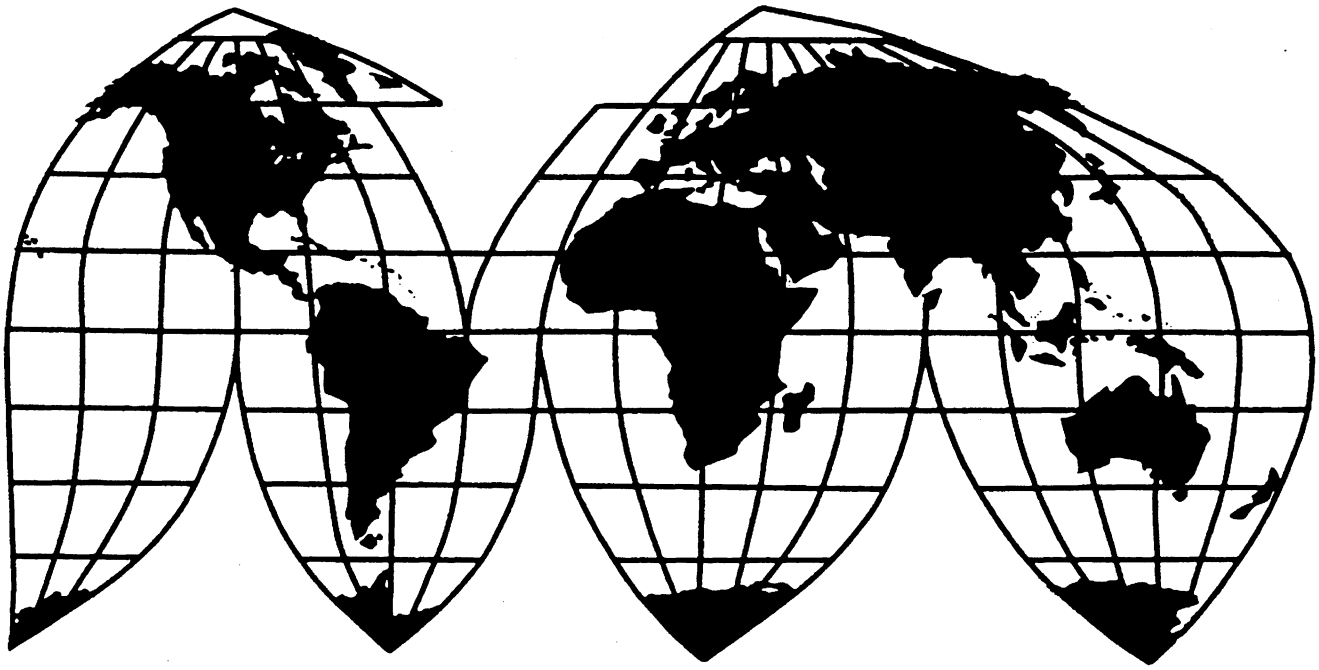

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CONTENTS

	Page
Determinations	1
Views of the Commission	3
Part I: Introduction	I-1
Background	I-1
Summary data	I-1
Previous investigation	I-1
Nature and extent of alleged sales at LTFV	I-2
The product	I-2
Physical characteristics and uses	I-2
Manufacturing facilities and production employees	I-3
Interchangeability and customer and user perceptions	I-4
Channels of distribution	I-5
Price	I-5
Part II: Conditions of competition in the U.S. market	II-1
U.S. market segments/channels of distribution	II-1
Supply and demand considerations	II-1
U.S. supply	II-1
Domestic production	II-1
Industry capacity	II-1
Alternative markets	II-1
Inventory levels	II-1
Production alternatives	II-2
Subject imports	II-2
Industry capacity	II-2
Alternative markets	II-2
Inventory levels	II-2
Production alternatives	II-2
U.S. demand	II-3
Demand characteristics	II-3
Substitute products	II-3
Cost share	II-3
Substitutability issues	II-3
Factors affecting purchasing decisions	II-4
Comparisons of domestic products and subject imports	II-4
United States versus Japan	II-4
United States versus Korea	II-4
United States versus Spain	II-5
Comparisons of domestic products and nonsubject imports	II-5
Comparisons of subject imports and nonsubject imports	II-5
Comparisons of subject products from the subject countries	II-5
Part III: U.S. producer's production, shipments, and employment	III-1
U.S. producer	III-1
U.S. capacity, production, and capacity utilization	III-1
U.S. producer's domestic shipments, company transfers, and export shipments	III-2

CONTENTS

Page

Part III: U.S. producer's production, shipments, and employment--Continued
- U.S. producer's inventories III-2
- U.S. employment, wages, and productivity III-2

Part IV: U.S. imports, apparent consumption, and market shares IV-1
- U.S. importers IV-1
- U.S. imports IV-1
- Apparent U.S. consumption IV-3
- U.S. market shares IV-3

Part V: Pricing and related information V-1
- Factors affecting prices V-1
  - Raw material costs V-1
  - Transportation costs to the U.S. market V-2
  - U.S. inland transportation costs V-2
  - Exchange rates V-2
- Pricing practices V-2
  - Pricing methods V-2
  - Sales terms and discounts V-2
- Price data V-4
  - Price trends V-6
  - Price comparisons V-6
- Lost sales and lost revenues V-8

Part VI: Financial experience of the U.S. industry VI-1
- Background VI-1
- Operations on stainless steel angle VI-2
- Capital expenditures, research and development expenses, and investment in productive facilities VI-3
- Capital and investment VI-3

Part VII: Threat considerations VII-1
- The subject foreign industries VII-1
  - The industry in Japan VII-1
  - The industry in Korea VII-4
  - The industry in Spain VII-5
- U.S. importers' inventories of product from subject countries VII-5
- U.S. importers' imports subsequent to June 30, 2000 ..... VII-6
- Dumping in third-country markets VII-6

Appendixes

A. *Federal Register* notices A-1
B. Calender of the Commission's conference B-1
C. Summary data C-1
D. U.S. Department of Commerce official statistics D-1
E. Correlation of pricing data and the price of nickel E-1

CONTENTS

Page

Figures

V-1. Indices of the price of nickel and stainless steel scrap, by month, January 1997-July 2000 V-1
V-2. Exchange rates: Indices of the nominal and real exchange rates of the currencies of Japan, Korea, and Spain relative to the U.S. dollar, by quarters, January 1997-June 2000 ..... V-3
V-3. Weighted-average f.o.b. prices of SSA product 1, by quarters, January 1997-June 2000 .. V-5
V-4. Weighted-average f.o.b. prices of SSA product 2, by quarters, January 1997-June 2000 . V-5
V-5. Weighted-average f.o.b. prices of SSA product 3, by quarters, January 1997-June 2000 . V-5
V-6. Weighted-average f.o.b. prices of SSA product 4, by quarters, January 1997-June 2000 . V-6
E-1. Indices of the price of nickel lagged two months and six months with indices of the price of domestic SSA, quarterly, by product E-3

Tables

III-1. SSA: U.S. producer's capacity, production, and capacity utilization, 1997-99, January-June 1999, and January-June 2000 ..... III-1
III-2. SSA: U.S. producer's shipments, by type, 1997-99, January-June 1999, and January-June 2000 ..... III-2
III-3. SSA: U.S. producer's end-of-period inventories, 1997-99, January-June 1999, and January-June 2000 ..... III-2
III-4. SSA: Average number of production and related workers producing SSA, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-99, January-June 1999, and January-June 2000 ..... III-2
IV-1. SSA: U.S. imports, by importer and by source of imports, 1999 ..... IV-1
IV-2. SSA: U.S. imports, by sources, 1997-99, January-June 1999, and January-June 2000 ... IV-2
IV-3. SSA: U.S. shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1997-99, January-June 1999, and January-June 2000 .... IV-4
IV-4. SSA: Apparent U.S. consumption and market shares, 1997-99, January-June 1999, and January-June 2000 ..... IV-5
V-1. SSA: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 1997-June 2000 ..... V-5
V-2. SSA: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 1997-June 2000 ..... V-5
V-3. SSA: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 1997-June 2000 ..... V-5
V-4. SSA: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 1997-June 2000 ..... V-5
V-5. SSA: Instances of underselling/(overselling) and the range and average of margins, by sources, January 1997-June 2000 ..... V-7
V-6. SSA: Slater's lost sales allegations V-8
V-7. SSA: Slater's lost revenue allegations V-8
VI-1. Results of operations of Slater in the production of SSA, fiscal years 1997-99, January-June 1999, and January-June 2000 ..... VI-2

CONTENTS

Page

Tables--Continued

VI-2. Breakdown of the cost of raw materials used in the production of SSA, fiscal years 1997-99, January-June 1999, and January-June 2000 ..... VI-3
VI-3. Variance analysis for the SSA operations of Slater, fiscal years 1997-99 and January-June 1999-00 ..... VI-3
VI-4. Capital expenditures, research and development expenses, and the value of assets of Slater with respect to SSA, fiscal years 1997-99, January-June 1999, and January-June 2000 ..... VI-3
VII-1. SSA: The subject countries' production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projections 2001-01 ..... VII-2
VII-2. SSA: The subject countries' exports to the United States, by sizes produced and not produced by Slater, 1997-99, January-June 1999, and January-June 2000 ..... VII-3
VII-3. SSA: The subject countries' exports to the United States, by customer type, 1997-99 and January-June 2000 ..... VII-3
VII-4. SSA: Japan's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projections 2000-01 ..... VII-3
VII-5. SSA: Japan's exports to the United States, by sizes produced and not produced by Slater, 1997-99, January-June 1999, and January-June 2000 ..... VII-4
VII-6. SSA: Japan's exports to the United States, by customer type, 1997-99 and January-June 2000 ..... VII-4
VII-7. SSA: Korea's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projections 2000-01 ..... VII-4
VII-8. SSA: Korea's exports to the United States, by sizes produced and not produced by Slater, 1997-99, January-June 1999, and January-June 2000 ..... VII-4
VII-9. SSA: Korea's exports to the United States, by customer type, 1997-99 and January-June 2000 ..... VII-5
VII-10. SSA: Spain's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projections 2000-01 ..... VII-5
VII-11. SSA: Spain's exports to the United States, by sizes produced and not produced by Slater, 1997-99, January-June 1999, and January-June 2000 ..... VII-5
VII-12. SSA: Spain's exports to the United States, by customer type, 1997-99 and January-June 2000 ..... VII-5
VII-13. SSA: U.S. importers' end-of-period inventories of imports, by source, 1997-99, January-June 1999, and January-June 2000 ..... VII-6
VII-14. SSA: Expected U.S. imports, by subject country, July-September 2000 and October-December 2000 ..... VII-6
C-1. SSA: Summary data concerning the U.S. market, 1997-99, January-June 1999, and January-June 2000 ..... C-3
D-1. SSA: U.S. imports, by source, 1997-99, January-June 1999, and January-June 2000 .... D-3
E-1. Correlation of the price of imported SSA with the price of domestic SSA, by product and source E-3
E-2. Correlation of the quarterly price of nickel with the price of domestic SSA, by product .. E-3

Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-888-890 (Preliminary)

STAINLESS STEEL ANGLE FROM JAPAN, KOREA, AND SPAIN

DETERMINATIONS

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 Japan, Korea, and Spain of stainless steel angle, provided for in subheading 7222.40.30 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 affirmative preliminary determinations in the investigations under section 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those 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 August 18, 2000, a petition was filed with the Commission and the Department of Commerce by Slater Steels Corporation, Specialty Alloys Division, Fort Wayne, IN, and the United States Steelworkers of America, AFL-CIO/CLC, Pittsburgh, PA, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of stainless steel angle from Japan, Korea, and Spain. Accordingly, effective August 18, 2000, the Commission instituted antidumping duty investigations Nos. 731-TA-888-890 (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 August 25, 2000 (65 FR 51845). The conference was held in Washington, DC, on September 8, 2000, 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 hot-rolled stainless steel angle ("SSA") from Japan, Korea, and Spain 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 and countervailing 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, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded 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

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, 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 domestic 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]

The 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

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[1] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354 (1996).

[2] American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); 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] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(10).

[6] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (CIT 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case' "). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution;

(continued...)

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 variations.[8] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise allegedly subsidized or 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 scope of these investigations as follows:

> hot-rolled, whether or not annealed or descaled, stainless steel products of equal leg length angled at 90 degrees that are not otherwise advanced. The stainless steel angle subject to these investigations is currently classifiable under subheadings 7222.40.30.20 and 7222.40.30.60 of the Harmonized Tariff Schedules of the United States (HTSUS). Specifically excluded from the scope of these investigations is stainless steel angle of unequal leg length. Although the HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope of this investigation is dispositive.[10]

SSA is used in industrial applications requiring corrosion-resistant structural support, such as in the construction of stainless steel tanks for the food, beverage, and chemical processing industries.[11] Although SSA may be produced through either hot-rolling or extrusion,[12] and with the sides of the angle or "legs" of equal or unequal length,[13] the imported merchandise subject to these investigations consists only of hot-rolled angle of equal leg length.

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[6] (...continued)
(4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (CIT 1996).

[7] See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

[8] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[9] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find 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] Commerce Department Notice of Initiation of Antidumping Duty Investigations: Stainless Steel Angle From Japan, Korea, and Spain, 65 Fed. Reg. 55504, 55505 (September 14, 2000).

[11] Preliminary Conference Transcript ("Tr.") at 16.

[12] Tr. at 19.

[13] Tr. at 19.

C. Domestic Like Product Issues

Petitioners[14] argue that the Commission should find one domestic like product defined in the same manner as Commerce's scope.[15] Respondents do not contest petitioners' definition.[16] On the whole, the record in these preliminary investigations indicates that all grades of hot-rolled SSA share similar physical characteristics, are generally used in similar applications (*i.e.*, they are used in industrial applications to provide structural support where resistance to corrosion is necessary), are produced in the same production facilities, and are sold in somewhat similar channels of distribution.[17] Accordingly, we find that all hot-rolled SSA as defined in the scope should be part of one domestic like product.

In these preliminary investigations, we have also considered whether extruded SSA, including that with unequal leg length, should be included within the same domestic like product as hot-rolled SSA. The record indicates that extruded SSA is used in similar applications as hot-rolled SSA and provides equipment designers with a greater range of angle choices for their designs. Nonetheless, the extruded angle is significantly more expensive than hot-rolled SSA.[18] [19] While applications for extruded SSA are similar to those for hot-rolled SSA, customers normally purchase extruded angle only to obtain sizes, shapes (*i.e.*, angle of unequal length), grades, or dimensions not readily available in the hot-rolled product.[20] U.S. SSA manufacturers who produce the extruded product do not produce the hot-rolled product, and the sole domestic producer of the hot-rolled product, *i.e.*,Slater, does not manufacture extruded angle.[21] [22]

In light of the differences in producers' and end users' perceptions, limited interchangeability, and differences in price and manufacturing processes, we do not include extruded angle in the domestic like product. We define the domestic like product to be hot-rolled SSA of equal leg length, commensurate with Commerce's definition of the scope of these investigations.

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[14] The petitioners are Slater Steels Corporation, Specialty Alloys Division ("Slater"), and the United Steelworkers of America, AFL-CIO/CLC.

[15] Petition at 37.

[16] Tr. at 82.

[17] Confidential Report ("CR") at I-4-6, Public Report ("PR") at I-3-4.

[18] CR at I-8, n.28, PR at I-5, n.28.

[19] See Stainless Steel Angle from Japan, Inv. No. 731-TA-699 (Preliminary), USITC Pub. 2777 at I-6, n.18 (May 1994); Stainless Steel Angle from Japan, Inv. No. 731-TA-699 (Final), USITC Pub. 2887, at I-6 (May 1995). In this previous antidumping investigation of SSA from Japan, the Commission considered whether to include extruded SSA -- which was outside the scope of that investigation, as it is outside the scope of the current investigations -- in the domestic like product. It concluded not to do so based on differences in price and the ways in which hot-rolled and extruded angle are produced. The final determination simply adopted the reasoning of the preliminary determination with respect to like product.

[20] CR at I-4 and I-7, PR at I-4-5. All SSA of unequal leg length produced in the United States is extruded. CR at I-6, PR at I-4. U.S. producers of extruded SSA include PMAC, Ltd., Beaver Falls, PA, and Plymouth Tube Co., Hopkinsville, KY. CR I-6, n.22, PR at I-4, n.22. The production of extruded SSA constitutes less than five percent of all SSA produced in the United States. Tr. at 35.

[21] CR at I-6, PR at I-4.

[22] Commissioner Askey notes that in any final phase investigations she intends to seek additional trade and financial data on extruded SSA products, as well as information relating to the manner in which these products compete with domestic and imported SSA in this market.

D. Domestic Industry

The domestic industry is defined as "the producers as a [w]hole of a domestic like product . . ."[23] 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.[24] Based on our definition of the like product, we find that the domestic industry consists of the sole domestic producer of hot-rolled SSA, *viz.*, Slater.

III. CUMULATION[25]

A. In General

For purposes of evaluating the volume and price effects for a determination of reasonable indication of material injury by reason of the subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess cumulatively the volume and effect of imports of the subject merchandise 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 U.S. market.[26] In assessing whether subject imports compete with each other and with the domestic like product,[27] 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;

(2) the presence of sales or offers to sell in the same geographic 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.[28]

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[23] 19 U.S.C. § 1677(4)(A).

[24] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[25] Commissioners Bragg and Askey find that the record indicates that import quantities for each of the three subject countries exceeded the 3 percent statutory negligibility threshold during the pertinent period. Table IV-2, CR at IV-4, PR at IV-2. Accordingly, they find that the subject imports are not negligible.

[26] 19 U.S.C. § 1677(7)(G)(i).

[27] The Uruguay Round Agreements Act (URAA) Statement of Administrative Action ("SAA") 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." SAA, H.R. Rep. 316, 103d Cong., 2d Sess. at 848 (1994), 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).

[28] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp.

(continued...)

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.[29] Only a "reasonable overlap" of competition is required.[30]

B. Analysis

We cumulate the subject imports from Japan, Korea, and Spain for purposes of our analysis of present material injury. The petitions were filed on the same day. Based on the record in these preliminary investigations, we find that there is a reasonable overlap of competition among imports from each of the subject countries and between subject imports and the domestic like product.

First, we find that there is a reasonable degree of fungibility between the subject imports and the domestic like product. Although Slater does not manufacture angle in all sizes produced in the subject countries and exported to the United States, the record indicates that over 80 percent of the imports from each subject country consist of angle in sizes produced by Slater.[31] In addition, all SSA is produced in compliance with standard industry specifications with which all producers conform.[32] Moreover, the record indicates that U.S. and subject product of the same size and grade is viewed as interchangeable.[33] Slater and most importers stated that they consider the domestically-produced product and imported SSA to be at least frequently interchangeable, regardless of country of origin.[34]

Second, SSA produced by Slater is ***,[35] while imported angle from the subject countries is *** sold or marketed across the nation.[36] Accordingly, we find that there is a geographic overlap in sales among the subject imports and the domestic like product.

Third, domestically-produced angle was present in the United States throughout the period for which data were collected. Subject imports from Japan, Korea, and Spain were also present in the United States throughout the period of investigation.[37]

(...continued)
898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

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

[30] See Goss Graphic System, Inc. v. United States, 33 F. Supp.2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[31] Less than 20 percent of subject countries' exports in 1999 was comprised of SSA in sizes not produced by Slater. See Table VII-2, CR at VII-3, PR at VII-3. Specifically, sizes made by Slater in 1999 accounted for *** percent of subject imports from Japan; *** percent of subject imports from Korea; and *** percent of subject imports from Spain. See Table VII-5, CR at VII-5, PR at VII-3; Table VII-8, CR at VII-8, PR at VII-4; Table VII-11, CR at VII-11, PR at VII-5.

[32] CR at I-6, PR at I-4.

[33] CR at I-6, PR at I-4.

[34] CR at II-6, PR at II-4. *** CR at II-6, PR at II-4.

[35] CR at V-5, PR at V-2.

[36] CR at V-5, PR at V-2.

[37] Table IV-3, CR at IV-6, PR at IV-4. See also Table V-2, CR at V-9-10, PR at V-5 (indicating pricing data for product 2 for the domestic like product and subject imports from Japan and Spain are available for every quarter in (continued...)

Finally, the record of these preliminary investigations indicates that the subject and imported merchandise is sold in somewhat similar channels of distribution. All domestically-produced hot-rolled SSA is sold by Slater directly to service centers,[38] while the large majority of subject imports is also sold to service centers, either directly or indirectly through master distributors (U.S. mill depots).[39] Nonetheless, the record indicates that the bulk of subject imports is first sold to master distributors before being sold to service centers, while no domestic merchandise is sold to these customers before being sold to service centers.[40] [41] We intend to further explore in any final phase investigations the extent of competition between the subject and domestic merchandise given this difference in distribution patterns.

Based on the information gathered in the preliminary phase of these investigations, we find that, on balance, there is a reasonable overlap of competition among the subject imports from Japan, Korea, and Spain, and between the subject imports and the domestic like product. Consequently, we cumulate subject imports from Japan, Korea, and Spain for purposes of our preliminary determinations.

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

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[42] In making this determination, the Commission must consider the volume of 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.[43] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[44] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[45] 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

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[37] (...continued)
the period of investigation, and pricing data for subject imports from Korea are available for 12 of 14 quarters).

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

[39] Most subject imports (85 to 90 percent) are imported by or sold to master distributors, with the remainder sold directly to steel service centers. CR at II-1, PR at II-1. KG Specialty Steel, the country's largest master distributor, distributes SSA from all three subject countries and estimates that 70 to 75 percent of its sales are to smaller, regional steel service centers. Tr. at 54; see Japanese Respondents' Postconference Br. at 23, n.63. Because KG does not sell to end users, see Tr. at 52, the remaining 25 to 30 percent of its sales would be to the national steel service centers, which are also Slater's principal customers, which in turn supply regional distributors.

[40] Commissioner Bragg notes that petitioners have indicated that Slater attempts to sell to master distributors as well as service centers, although respondents state that no domestic sales to master distributors have been made. Tr. at 12, 34, 49, and 52.

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

[42] 19 U.S.C. § 1671b(a) and 1673b(a).

[43] 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 . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also, Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[44] 19 U.S.C. § 1677(7)(A).

[45] 19 U.S.C. § 1677(7)(C)(iii).

the affected industry."[46]

For the reasons discussed below, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of subject imports from Japan, Korea, and Spain that are allegedly sold in the United States at less than fair value.

A. Conditions of Competition

We find several conditions of competition pertinent to the U.S. market for SSA.

First, demand for SSA depends on demand for the products in which the angle is used.[47] The parties concur that demand for SSA has grown since 1997, primarily because stainless steel has become more popular due to its corrosion-resistant properties.[48] U.S. apparent consumption of SSA rose overall from 1997 to 1999, and was higher in interim (January-June) 2000 than in interim 1999, although consumption apparently fell substantially between 1997 and 1998.[49] Thus, the record indicates that apparent consumption of SSA has fluctuated considerably during the period of investigation.

Second, as previously stated, Slater is the only U.S. producer of hot-rolled SSA. Although Slater is the sole domestic producer, it supplied between *** and *** percent of the market between 1997 and 1999.[50] Slater has reported that its annual capacity to produce SSA was *** pounds throughout the period of investigation,[51] which is substantially less than the overall level of consumption in the U.S. market, which ranged between *** and *** pounds between 1997 and 1999.[52] Additionally, Slater does not produce SSA in sizes over three inches and under one inch; consequently, purchasers who require such sizes currently must purchase imports.

Slater recently acquired the stainless steel operations of the Canadian firm Atlas and reported publicly that it intends to shut down its stainless melt and ingot production shop at Fort Wayne, Indiana and supply its angle production facility in Fort Wayne with billets from the Welland, Ontario production facility of Atlas.[53] [54] Slater also experienced some production and operations difficulties during the period of investigation. During the spring and early summer of 1999, Slater was subject to a 39-day

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[46] 19 U.S.C. § 1677(7)(C)(iii).

[47] CR at II-4, PR at II-3.

[48] CR at II-4, PR at II-3.

[49] U.S. apparent consumption of SSA declined from *** pounds in 1997 to *** pounds in 1998 and then increased to *** pounds in 1999. Apparent consumption was *** pounds in interim 2000, which was higher than the *** pounds in interim 1999. Table IV-4, CR at IV-7, PR at IV-5.

The record does not indicate the reason for the large decline in U.S. apparent consumption from 1997 to 1998, and the subsequent increase from 1998 to 1999. The Commission intends to explore the reasons for these large annual fluctuations in any final phase investigations.

[50] Table IV-4, CR at IV-7, PR at IV-5.

[51] CR at III-1, PR at III-1.

[52] Table IV-4, CR at IV-7, PR at IV-5. Compare Table III-1, CR at III-2, PR at III-I, with Table IV-4, CR at IV-7, PR at IV-5. We note that there is disagreement among the parties concerning Slater's reported capacity figures and the capacity and capacity utilization of the foreign producers. We will further examine this issue in any final phase investigations.

[53] CR at VI-2, PR at VI-1.

[54] Commissioners Bragg and Askey intend to further explore the impact of Slater's acquisition on Slater's production capacity and the potential for any related changes in the range of product mix in any final phase investigations.

strike by the United Steelworkers of America, which was resolved by a new contract in June 1999.[55] In 1998, Slater also implemented a management restructuring program that involved the recruitment of new executives and the replacement of key managers.[56]

Third, the record in these preliminary phase investigations indicates that SSA generally is a commodity-type product, at least for products of the same dimensions.[57] This would indicate that there is a reasonably high degree of substitutability between imported and domestically-produced SSA of the same dimensions.

Fourth, the prices of both the subject imports and the domestic like product are affected by the cost of raw materials, including nickel, which is a principal input in the production of SSA. The price of nickel fluctuated sharply during the period of investigation.[58]

Fifth, as previously indicated, there are some distinctions in the distribution mechanisms used for the domestic like product, on the one hand, and the subject imports, on the other. Slater sells SSA exclusively to steel service centers in bundles of 2,000 pounds or greater,[59] and the service centers then sell product to smaller regional distributors, sometimes dismantling the bundles in the process.[60] In contrast, most subject imports are sold to master distributors, with the remainder sold directly to steel service centers.[61] The master distributor may sell SSA to the service centers, or it may break up the bundles purchased from the importers and sell to smaller distributors, but neither the master distributor nor Slater sells to end users.[62]

Sixth, both U.S. and foreign producers manufacture stainless steel bar at the same facilities at which they produce SSA, and they have the ability to switch production from bar to angle should market conditions warrant.[63]

Finally, nonsubject imports – primarily from Italy – have had a small and stable presence in the U.S. market during the period of investigation, with market penetration considerably lower than that of either domestic production or cumulated subject imports.[64] The quantity of nonsubject imports was constant from 1997 to 1999 but was higher in interim 2000 than in interim 1999.[65]

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[55] CR at VI-4, PR at VI-2.

[56] CR at VI-4, PR at VI-2.

[57] See Petitioners' Postconference Br. at 8-9; Tr. at 11-12; Spanish Respondents' Postconference Br. at 2. Respondents also state there are no quality differences between domestic and subject imported SSA. CR at II-6, PR at II-4.

[58] See Petitioners' Postconference Br. at 26-29; Japanese Respondents' Postconference Br. at 28-29.

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

[60] CR at II-1, PR at II-1; Petitioners' Postconference Br. at 11.

[61] Table VII-3, CR at VII-3, PR at VII-3.

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

[63] Petitioners' Postconference Br. at 14-15; CR at III-2, PR at III-2.

[64] Nonsubject imports' market share, based on quantity of U.S. shipments, increased from *** percent in 1997, to *** percent in 1998, and then to *** percent in 1999. Table IV-4, CR at IV-7, PR at IV-5. The nonsubject imports' market share was lower in interim 2000 (*** percent), than in interim 1999 (*** percent). Table IV-4, CR at IV-7, PR at IV-5.

[65] Nonsubject imports declined from *** pounds in 1997 to *** pounds in 1998, and then increased to *** pounds in 1999. Nonsubject imports in interim 2000 of *** pounds were higher than the interim 1999 quantity of *** pounds. Table IV-2, CR at IV-4, PR at IV-3.

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[66]

The volume of the subject imports increased in terms of both quantity and market share over the period of investigation.[67] Cumulated subject imports increased from 28.3 million pounds in 1997 to 32.9 million pounds in 1999.[68] The quantity of cumulated subject imports was significantly higher in interim 2000 (25.4 million pounds) than in interim 1999 (9.8 million pounds).[69] Market share data reflect similar trends. Measured by quantity, the market penetration of cumulated subject import shipments increased from *** percent in 1997 to *** percent in 1999.[70] Market penetration by subject import shipments was higher in interim 2000, at *** percent, than in interim 1999, at *** percent.[71]

We note that the increase in market share captured by cumulated subject imports was accompanied by a decrease in the domestic industry's market share. The domestic industry's share of U.S. apparent consumption, measured by quantity, increased from *** percent in 1997 to *** percent in 1998, and then declined to *** percent in 1999,[72] even as apparent U.S. consumption increased over *** percent between 1998 and 1999.[73] The domestic industry's share was lower in interim 2000, when it was *** percent, than in interim 1999, when it was *** percent.[74] By contrast, U.S. apparent consumption was *** percent higher in interim 2000 than in interim 1999.[75]

For purposes of these preliminary determinations, we determine that subject import volume, both in absolute terms and relative to consumption in the United States, is significant.

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[76]

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[66] 19 U.S.C. § 1677(7)(C)(i).

[67] CR at IV-3, PR at IV-3, Table IV-3, CR at IV-6, PR at IV-4.

[68] Table IV-2, CR at IV-4, PR at IV-2. Cumulated subject imports decreased in 1998 to 16.3 million pounds, as did the market penetration of subject imports, to *** percent. Table IV-2, CR at IV-4, PR at IV-2. Table IV-2, CR at IV-5, PR at IV-3. We intend to examine further in any final investigations the different trends evidenced in 1998.

[69] Table IV-2, CR at IV-4, PR at IV-2.

[70] Table IV-4, CR at IV-7, PR at IV-5.

[71] Table IV-4, CR at IV-7, PR at IV-5.

[72] We intend to examine further in any final investigations the different trends evidenced in 1998.

[73] Table C-1, CR at C-4, PR at C-4.

[74] Table IV-4, CR at IV-7, PR at IV-5.

[75] Table C-1, CR at C-3, PR at C-3.

[76] 19 U.S.C. § 1677(7)(C)(ii).

As noted, the record in these preliminary phase investigations indicates that SSA is a commodity- type product, and that the domestic like product and the subject imports appear to have a reasonable level of substitutability.[77] Moreover, the record suggests that price is a moderately important factor in purchasing decisions.[78]

We find that prices of both the subject imports and the domestic like product declined overall during the period of investigation. For all four domestically-produced products for which data were obtained, prices declined during the period from the beginning of 1997 to the second quarter of 1999, and then increased by a lesser amount during the last two quarters of 1999 and the first two quarters of 2000.[79] The prices for the subject imports also fell between 1997 and 1999 and generally were higher in interim 2000 than in interim 1999, although pricing patterns were not identical for all products from all subject sources.[80]

Additionally, the record reflects significant underselling by the subject imports. Subject imports undersold the domestic like product in 84 of 130 quarterly pricing comparisons for sales to steel service centers.[81] In light of the price declines noted above, we conclude for purposes of these preliminary determinations that this underselling is significant.

While price trends for the domestic like product were similar to trends in the price of nickel, changes in the cost of goods sold appear insufficient to explain the magnitude of the price declines that occurred.[82] Particularly during the period from 1997 to 1999, the decline in the unit value of sales *** the decline in average cost of goods sold.[83] Consequently, we believe that there is a reasonable indication that subject imports have had a significant depressing effect on domestic prices during the period of investigation.[84]

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[85] These factors include

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[77] CR at II-5, PR at II-3.

[78] Commissioner Bragg notes that in the 1995 investigation of stainless steel angle from Japan, she joined a unanimous Commission in finding that although the subject angle was substitutable with the domestic product, price was not the only factor in many purchasing decisions. Stainless Steel Angle from Japan, Inv. No. 731-TA-699 (Final), USITC Pub. 2887 (May 1995), at I-15. Commissioner Bragg intends to explore this issue further in any final phase investigations.

[79] CR at V-6, PR at V-6.

[80] CR at V-6, PR at V-6; see Tables V-1-4, CR at V-7-14, PR at V-5.

[81] CR at V-19-20, PR at V-7. In addition, subject import prices for sales to master distributors were lower than those for U.S. producers' sales to steel service centers in 45 of 52 comparisons.

[82] In any final phase investigations, we intend to further examine trends in nickel and raw material costs and will explore the nature of the correlation between changes in these costs and changes in the price of SSA.

[83] Table VI-1, CR at VI-3, PR at VI-2. This is also corroborated by an examination of the prices of the individual products. See Tables V-1-4, CR at V-7-14, PR at V-5.

[84] We intend to gather additional information on how the channels of distribution used by Slater on the one hand and by importers of subject merchandise on the other affect the data selected for purposes of making price comparisons. We also intend to examine the effect of differences in bundle size on our pricing analysis in any final phase of these investigations.

[85] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, the

(continued...)

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."[86] [87] [88]

We find that the subject imports had a significant adverse impact on the domestic industry. While the volume and market share of subject imports increased, the industry experienced declines in several key indicators. The record indicates that the domestic industry lost market share due to the significant volume of cumulated subject imports. The domestic industry's market share declined from *** percent in 1997 to *** percent in 1999.[89] The market share was lower in interim 2000, at *** percent, than in interim 1999, at *** percent.[90] The domestic industry's U.S. shipments declined from 1997 to 1999, and were *** higher in interim 2000 than in interim 1999.[91]

The combination of generally declining shipments and depressed prices resulted in falling sales revenues for the domestic industry from 1997 to 1999, notwithstanding increasing apparent consumption.[92] Additionally, operating performance deteriorated. The domestic industry's *** increased from *** in 1997 to *** in 1999; there were also *** in both interim 1999 (***) and interim

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[85] (...continued)
Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885.).

[86] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[87] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its notice of initiation, Commerce identified estimated dumping margins for each subject country based on both normal value comparisons (home market price compared to export price), and below cost comparisons (constructed value compared to export price). Using normal value comparisons, Commerce estimated margins for Japan ranging from 29.80 to 105.97 percent; for Korea ranging from 2.89 to 53.49 percent; and for Spain ranging from 6.89 to 36.92 percent. Using below-cost comparisons, Commerce estimated margins for Japan ranging from 73.01 to 114.51 percent; for Korea ranging from 59.19 to 99.56 percent; and for Spain at 61.45 percent. Initiation of Antidumping Duty Investigations: Stainless Steel Angle From Japan, Korea, and Spain, 65 Fed. Reg. 55504, 55506-07 (September 14, 2000).

[88] Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on the 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); Anhydrous Sodium Sulfate from Canada, Inv. No. 731-TA-884 (Preliminary), USITC Pub. 3345 (Sept. 2000) at 11, n.63.

[89] Table IV-4, CR at IV-7, PR at IV-5.

[90] Table IV-4, CR at IV-7, PR at IV-5.

[91] The volume of the domestic industry's U.S. shipments of SSA decreased from *** pounds in 1997 to *** pounds in 1999. Table III-2, CR at III-3, PR at III-2. U.S. shipments were *** pounds in interim 2000, as compared to *** pounds in interim 1999. Table III-2, CR at III-3, PR at III-2. In any final phase of these investigations, we intend to examine further the decline in apparent consumption evidenced in 1998, and the effect, if any, of that decline on data for 1999.

[92] The domestic industry's sales revenues declined from $*** in 1997 to $*** in 1999, a period in which apparent U.S. consumption increased. Sales revenues were higher in interim 2000 (at $***) than in interim 1999 (at $***). Table VI-1, CR at VI-3, PR at VI-2.

2000 (***). *** margins were *** for 1998, 1999, and both interim periods.[93]

Other indicators of domestic industry performance also declined. Employment of production workers decreased from *** in 1997 to *** in 1999 and was lower in interim 2000, at *** workers, than in interim 1999, at *** workers.[94] Capital expenditures declined from 1997 to 1999, and were lower in interim 2000 than in interim 1999.[95] Slater's inventories increased from *** percent of its shipments in 1997 to *** percent in 1999, and *** between the first half of 1999 and the first half of 2000, increasing from *** percent to *** percent.[96] [97]

In sum, the record indicates there have been significant increases in the volume and market share of the subject imports, and that the subject imports undersold the domestic merchandise and have had significant depressing effects on domestic prices. Moreover, the record indicates that the financial condition of the industry has declined during the period, despite growing U.S. demand and increased domestic production. Accordingly, for purposes of these preliminary investigations, we find that there is a reasonable indication that the subject imports are causing material injury to the domestic industry.

CONCLUSION

For the foregoing reasons, we determine there is a reasonable indication that an industry in the United States is materially injured by reason of imports of SSA from Japan, Korea, and Spain that are allegedly sold in the United States at less than fair value.

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[93] Table VI-1, CR at VI-3, PR at VI- 2.

[94] Table C-1, CR at C-4, PR at C-4; Table III-4, CR at III-5, PR at III-2.

[95] Capital expenditures declined from $*** in 1997 to $*** in 1998, then increased to $*** in 1999. Such expenditures were higher in interim 1999 at $*** than in interim 2000, when they fell to $***. Table C-1, CR at C-4, PR at C-4; Table VI-4, CR at VI-7, PR at VI-3.

[96] CR at II-2, PR at II-1-2, Table III-3, CR at III-4, PR at III-2.

[97] Slater argues that inventories increased because it could not sell its product due to a surge in subject imports, while respondents allege Slater was simply stockpiling inventory in anticipation of its May 1999 labor dispute. Petitioners' Postconference Br. at 31; Japanese Respondents' Postconference Br. at 32-33. We intend to further examine this issue in any final phase investigations.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed by Slater Steels Corporation ("Slater"), Specialty Alloys Division, Fort Wayne, IN, and the United Steelworkers of America, AFL-CIO/CLC, Pittsburgh, PA, on August 18, 2000, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of stainless steel angle ("SSA")[1] from Japan, Korea, and Spain. Information relating to the background of these investigations is provided below.[2]

Date	*Action*
August 18, 2000	Petition filed with Commerce and the Commission; institution of the Commission's investigations (65 FR 51845, August 25, 2000)
September 8, 2000 ..	Commission's conference[3]
September 14, 2000 .	Commerce's notice of initiation (65 FR 55504)
September 28, 2000 .	Date of the Commission's vote
October 2, 2000	Commission determinations sent to Commerce

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C, table C-1. The U.S. industry data are from the questionnaire response of Slater, which accounted for 100 percent of U.S. production of SSA during the period 1997 through June 2000, the period for which data were obtained in these investigations. U.S. imports are based on questionnaire responses of 13 importers of the subject merchandise.

PREVIOUS INVESTIGATION

SSA was the subject of a previous Commission investigation in 1995 (investigation No. 731-TA-699 (Final)), in which Slater was the petitioner.[4] The scope of the current investigations has remained exactly the same as it was in that investigation. In the investigation, the Commission determined that an industry in the United States was not materially injured or threatened with material injury, and the

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[1] For purposes of these investigations, the term "SSA" consists of hot-rolled, whether or not annealed or descaled, stainless steel products of equal leg length angled at 90 degrees that are not otherwise advanced. SSA is entered under subheading 7222.40.30 and covered by statistical reporting numbers 7222.40.3020 and 7222.40.3060 of the Harmonized Tariff Schedule of the United States with a normal trade relations tariff rate of 0.8 percent *ad valorem* applicable to imports from Japan, Korea, and Spain. Specifically excluded from the scope of these investigations is stainless steel angle of unequal leg length.

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

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

[4] *Stainless Steel Angle from Japan*, Inv. No. 731-TA-699 (Final), USITC Pub. 2887, May 1995. Slater was also a petitioner in antidumping investigations on stainless steel bar from Brazil, India, Italy, Japan, and Spain in 1994-95. (The investigation on Italy was terminated, and the Commission made final affirmative determinations in the remaining investigations.)

establishment of an industry in the United States was not materially retarded, by reason of imports from Japan of SSA. The Department of Commerce had determined that SSA from Japan was sold in the United States at LTFV.

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On September 14, 2000, Commerce published a notice in the *Federal Register* of the initiation of the antidumping investigations on SSA from Japan, Korea, and Spain. The following provides the petitioners' alleged dumping margin ranges as adjusted by Commerce.

Country	Alleged margins (*percent*)	
	Home market price compared to export price	**Constructed value compared to export price**
Japan	29.80 - 105.97	73.01 - 114.51
Korea	2.89 - 53.49	59.19 - 99.56
Spain	6.89 - 36.92	61.45

THE PRODUCT

Physical Characteristics and Uses

The imported product subject to these investigations is hot-rolled stainless steel[5] angle of equal leg length (SSA). SSA is a structural product used in the building of equipment for use in a high-temperature, corrosive, or sanitary environment such as in the chemical, pharmaceutical, paper, food processing, and dairy industries. SSA is produced in straight lengths and has an "L" shaped cross-section. Stainless steel angle that is produced by processes other than hot-rolling or that has legs of unequal length is not subject to these investigations. This section presents information on domestically-produced SSA as well as information related to the Commission's "domestic like product" determination.[6]

In the 1995 investigation, the Commission, after considering unequal-leg-length angle, angle produced by extrusion rather than hot-rolling, and carbon steel angle, concluded that there was a single domestic like product consisting of SSA.[7] In the instant cases, petitioners propose, and all of the

[5] Stainless steel is 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. There are numerous grades of stainless steel; however, the vast majority of SSA is produced in grades 304 and 304L, which contain minimums of 8 percent nickel and 18 percent chromium, by weight, and grades 316 and 316L, which contain minimums of 10 percent nickel, 16 percent chromium, and 2 percent molybdenum, by weight.

[6] 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.

[7] *Stainless Steel Angle from Japan*, Inv. No. 731-TA-699 (Final), USITC Pub. 2887, May 1995, p. I-6.

respondents agree, that there continues to be a single domestic like product, which is hot-rolled stainless steel angle of equal leg length.[8]

Hot rolling and extruding are two methods of producing hot-finished stainless steel angle. Product produced by extrusion is equivalent in terms of physical characteristics and uses to that produced by hot rolling.

Stainless steel angle of unequal leg length is not produced by Slater; however, it is produced by extrusion in the United States and by hot rolling in Japan and Italy. Applications for unequal-leg stainless steel angle are similar to those for SSA, and the availability of unequal leg stainless steel angle simply makes greater choice available to an equipment designer.

While SSA may be of any dimension, it is normally produced and is stocked in standard sizes. Slater produces and stocks SSA in grade 304 in 18 standard sizes from 1 x 1 x 0.125 inch to 3 x 3 x 0.375 inch.[9] Slater also stocks grades 304L and 316L in the same size range, but in fewer sizes.[10] Imported SSA sizes range from 0.75 x 0.75 x 0.125 inch to 6 x 6 x 0.5 inch.[11]

Manufacturing Facilities and Production Employees

SSA is produced at Slater by heating stainless steel billets[12] to a temperature of over 2,000 degrees Fahrenheit and rolling on a multi-stand bar mill. The same mill is also used to produce other bar products, including rounds, flats, squares, and hexagons, of stainless steel and of other alloy steel. Rolls with grooves of different shapes are used, depending upon the product shape and size to be produced. After hot rolling, SSA is finished by straightening, grit-blasting, pickling, cutting to length, and packaging. The finishing equipment for grit-blasting and pickling could be used for any of the stainless steel products, but the straightening equipment is of a type that would normally be used only for straightening angle.

The billets used to produce SSA are produced by melting raw materials in an electric arc furnace, refining the molten metal in an argon-oxygen decarburization (AOD)[13] furnace, and pouring into cast-iron ingot molds. After the metal freezes, ingots are rolled on a primary rolling mill into billets. The stainless steel billets could be used to produce any stainless steel bar product, and the same melting and casting facilities may be used to produce other alloy steel semifinished billets.

Billets for hot rolling into SSA may be either produced by the SSA manufacturer or purchased. Slater, the sole U.S. producer of SSA, currently produces its billets in a melt shop located adjacent to its

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[8] David A. Hartquist, Collier Shannon Scott, counsel for Slater, conference transcript, pp. 27-28; Kenneth J. Pierce, Wilkie Farr & Gallagher, counsel for Japanese respondents, conference transcript, p. 82; James Taylor, Jr., Ablondi, Foster, Sobin & Davidow, counsel for Bae Myung Metal Co., Ltd., conference transcript, p. 82; and Fabian P. Rivelis, International Trade Consultant for Spanish respondents, conference transcript, p. 82.

[9] Slater stock list, found at Internet *http://www.slatersteel.com/prod_angle_inv.html*, retrieved August 22, 2000.

[10] Ibid.

[11] Postconference brief of Willkie Farr & Gallagher on behalf of Japanese respondents, p. 16. Japan's range is from 1 inch through 6 inches; Spain's range is from 1 inch through 4 inches; and Korea's range is from 0.75 inch through 4 inches. The SSA size range of the Italian mill, Valbruna, is 0.75 inch through 4 inches.

[12] Billet is a semifinished steel product (produced on mills or by forging or continuous casting) that requires subsequent hot rolling or forging, used to produce smaller bars, rods, or shapes. Billet is typically 4 to 6 inches square and 20 or more feet in length.

[13] AOD refining is a process used to oxidize carbon from molten steel while minimizing the oxidation of chromium. There are several similar processes that accomplish the same purpose, including vacuum oxygen decarburization (VOD), but AOD is the most commonly used.

rolling mill. Slater recently announced that it plans permanently to shut down its melting facilities within 9 to 12 months.[14] The company plans to consolidate its melting of stainless steel products at its recently-acquired Welland, Ontario melting facility. It would then ship billets from the Canadian facility to Fort Wayne for rolling.[15]

Raw materials for the melting of stainless steel include stainless steel scrap, carbon steel scrap, and alloy materials. Nickel, chromium, and molybdenum alloys as well as stainless steel scrap are the most important cost elements among the raw materials. The price of nickel accounts for over 30 percent of the selling price of SSA.[16] The market price of stainless steel scrap is highly influenced by the market price of nickel.

The same processing steps are used by both domestic and subject country producers, with one exception: the subject foreign producers use the continuous-casting method of producing billets.[17] The continuous-casting method is the newer method of producing billets, and is generally considered to be the lower-cost method. As noted above, Slater uses the ingot-casting method to produce billets; billets received from its affiliated company in Canada will be continuous-cast.[18] The continuous-casting method is used by the Japanese[19] and Korean[20] producers. Roldan, the Spanish producer, uses continuous-cast billet produced by its parent company, Acerinox.[21]

To produce extruded stainless steel angle, round billets are heated and forced through a die by a hydraulic press, forming the angle. Although it is possible to continuous cast round billets, it is not common to do so, and producers of extruded product usually use round bars that have themselves been rolled from billets, thus adding an additional cost over and above the cost of extrusion, which is itself a more costly process than rolling for high-volume production. No known producer of SSA, either in the United States or in subject countries, uses both extrusion and hot rolling. In the United States, unequal leg stainless steel angle is produced only by extrusion.[22]

Interchangeability and Customer and User Perceptions

SSA is produced in compliance with standard industry specifications with which all producers conform. Therefore, U.S. and subject product of the same size and grade can be assumed to be interchangeable.

Producers of extruded stainless steel angle claim that their product has a better surface and closer dimensional and shape tolerances than SSA, thereby offering savings if a user must buff or polish the product. The main reason, however, for a customer to purchase extruded stainless steel angle is to obtain

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[14] Slater press release dated Aug. 23, 2000, found at Internet *http://www.micro.newswire*, retrieved September 15, 2000.

[15] Joe Castellana, Works Manager - Fort Wayne Division, Slater, conference transcript, p. 18.

[16] Joe Castellana, conference transcript, p. 32.

[17] In the continuous-casting method, the molten metal, after AOD refining, is poured into water-cooled, open-bottom, copper molds, and billets are slowly and continuously withdrawn from the bottom of the molds.

[18] Henry Cooke, ed., *Iron and Steel Works of the World,* 13th ed. (Metal Bulletin Books Ltd., 1999), p. 50.

[19] Ibid., pp. 260, 262, and 290.

[20] Staff telephone conversation with ***, September 18, 2000.

[21] Cooke, op. cit., *Iron and Steel Works of the World*, p. 423.

[22] U.S. producers of extruded stainless steel angle include PMAC, Ltd., Beaver Falls, PA, and Plymouth Tube Co., Hopkinsville, KY.

a size not readily available as hot-rolled, such as unequal leg angle, or a nonstandard grade or dimension.[23]

Virtually all of the Japanese imports of SSA during the latter half of the period examined have been dual-certified either as 304/304L or as 316/316L, meaning that they could be applied to an order for either of the grades for which they are certified and that they are substitutable for Slater product or other subject product of either grade.[24]

Channels of Distribution

All SSA is sold through distributors. There are no sales of SSA directly from mills to end users. Slater sells SSA only to distributors (steel service centers). ***.[25] SSA is imported by master distributors, also called "mill depots," which resell the product to other distributors. In some cases, the mill depot is itself the importer of the product, and its sale to another distributor is the first domestic sale of the product; however, some mill depots purchase SSA from importers, making the sale to the mill depot the first domestic sale. Extruded angle is sold primarily through master distributors.[26]

The marketing practices of Stater and the mill depots differ in the sale of small orders. SSA is normally sold and shipped in bundles of 2,000 pounds of a single size and grade. Slater makes very few sales of less than full bundles, and does not make any sales of less than 1,000 pounds of a single size and grade. Such sales represent as much as 70 percent of the orders (but not of total sales) of KG Specialty Steel, the largest of the mill depots.[27]

Price

Information on prices of SSA obtained in these investigations is presented in Part V entitled "Pricing and Related Information." Prices of extruded angle are much higher than those of SSA, as much as double the price of SSA.[28]

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[23] Joe Castellana, conference transcript, pp. 19, 35.

[24] Grades 304 and 304L differ chemically in their carbon content. The L grade has a maximum of 0.03 percent, by weight, of carbon, while the regular grade contains a maximum of 0.08 percent. The L grade has minimum yield and tensile strengths of 25,000 pounds per square inch (25 ksi) and 70 ksi respectively, while the corresponding values for the regular grade are 30 ksi and 75 ksi respectively. It is, however, possible to produce steel that conforms with both the regular and the L specifications. Such steel may be dual-certified as complying with both 304 and 304L. The same differences apply for the 316 and 316L grades, and product may be dual-certified as complying with both 316 and 316L.

[25] Slater's questionnaire response.

[26] *** telephone conversation with USITC staff, September 21, 2000.

[27] Robert Hunter, Bar Products Manager, KG Specialty Steel, Inc., conference transcript, pp. 54-55.

[28] *** telephone conversation, September 21, 2000.

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

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Slater sells SSA exclusively to steel service centers in bundles of 2,000 pounds or greater.[1] These service centers break up the bundles and sell to end users and smaller distributors.[2] Most subject imports (85 to 90 percent) are imported or sold to master distributors, with the remainder being sold directly to steel service centers. The master distributors may sell SSA to the service centers, or they may break up the bundles purchased from the importers and sell to smaller distributors, but not to end users.[3]

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, the U.S. SSA producer (Slater) is likely to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced SSA to the U.S. market. The main contributing factors to the large degree of responsiveness of supply are the availability of unused capacity, the existence of inventories, and the ability to produce alternative products, moderated by the lack of alternative markets.

Industry capacity

Slater's reported capacity utilization to produce SSA fell from *** percent to *** percent between 1997 and 1998, and then increased to *** percent in 1999, close to its 1997 level.[4] This level of capacity utilization indicates that Slater has unused capacity with which it could increase production of SSA in the event of a price change.

Alternative markets

Exports of SSA make up a *** portion of total shipments, remaining at *** percent of total shipments from 1997 to 1999 before increasing to *** percent of total shipments in the first half of 2000. This indicates that Slater cannot divert many shipments to or from alternative markets in response to changes in the price of SSA.

Inventory levels

Slater's inventories increased from *** percent of its shipments in 1997 to *** percent in 1999, and *** between the first half of 1999 and the first half of 2000, increasing from *** percent to ***

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[1] ***, telephone conversation, September 19, 2000. ***.

[2] Daniel Anderson, conference transcript, p. 11.

[3] Robert Hunter, Bar Products Manager, KG Specialty Steel, Inc., conference transcript, pp. 52-55.

[4] See Part III for a discussion on how Slater defines capacity and respondents' objections to Slater's reported capacity.

percent. These data indicate that Slater has the ability to use inventories as a means of increasing shipments of SSA to the U.S. market.

Production alternatives

Slater has the ability to produce alternative products. ***. Therefore, Slater has ability to produce alternative products with the machinery used to produce SSA.

Subject Imports

Based on available information, Japanese, Korean, and Spanish SSA producers are likely to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced SSA to the U.S. market. The main contributing factors to the large degree of responsiveness of supply are the availability of alternative markets, the existence of inventories, and the ability to produce alternative products, moderated by the lack of unused capacity.

Industry capacity

Producers in subject countries generally reported high levels of capacity utilization for SSA. During 1997 to 1999, Japanese producers' capacity utilization ranged from *** percent to *** percent, the Korean producer's ranged from *** to *** percent, and the Spanish producer's capacity utilization ranged from *** to *** percent. This indicates that foreign producers have a limited ability to use unused capacity to increase production of SSA in the event of a price change.

Alternative markets

Shipments of SSA to their home markets and to other export markets make up a large portion of total shipments of the producers of subject imports. This ranges from *** percent to *** percent for Japanese producers, from *** percent to *** percent for the Korean producer, and from *** percent to *** percent for the Spanish producer. This indicates that foreign producers can divert shipments to or from alternative markets in response to changes in the price of SSA.

Inventory levels

Inventories as a percentage of total shipments increased for Japan and Korea, and decreased for Spain between 1997 and 1999. Japanese producers increased their inventories from *** percent to *** percent of total shipments, inventories for the Korean producer increased from *** percent to *** percent of total shipments, and inventories for the Spanish producer decreased from *** percent to *** percent of total shipments. These data indicate that foreign producers have the ability to use inventories as a means of increasing shipments of SSA to the U.S. market.

Production alternatives

Foreign producers have the same ability to produce alternative products as Slater. Japanese and Spanish respondents indicated that Japanese and Spanish producers of SSA can produce alternative

products using SSA machinery similar to the way Slater can.[5] Korean respondents indicate that Bae Myung is presently shifting production to nonsubject products such as stainless steel round bar, stainless steel flat bar, and stainless steel square and hexagonal bar.[6] Therefore, foreign producers have the ability to produce alternative products with the machinery used to produce SSA.

U.S. Demand

Demand Characteristics

Based on available information, U.S. SSA consumers are likely to respond to changes in price with small changes in their purchases of SSA. The main contributing factors to the low degree of responsiveness of demand are the limited substitutability of other products for SSA and the low cost share of SSA in its end uses.

SSA is most often used as a support or brace in the construction of stainless steel structures such as tanks, pipelines, and vats for the food, beverage, and chemical processing industries.[7] Demand for SSA depends on demand for the products that use SSA in their construction. Slater and most importers who reported knowledge about demand indicated that demand was growing between 1997 and the present ***. They indicated this is due to growing popularity of the corrosion-resistant properties of stainless steel. Slater indicates that it expects demand to *** in the future.[8]

Substitute Products

Most importers indicated that there are no substitutes for SSA. One importer indicated that formed angle[9] may be used as a substitute for SSA, and Slater indicated that *** could be used as a substitute.

Cost Share

Neither Slater nor any of the importers indicated the cost share of SSA in its end uses. However, as it is used as a structural support, it probably makes up a small share of the cost of any of its end uses.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported SSA depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is very high substitutability between like sizes of domestically-produced SSA and SSA imported from Japan, Korea, and Spain.[10]

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[5] Japanese respondents' postconference brief, exhibit 1, pp. 2-3 and Spanish respondent's postconference brief, pp. 12-13. ***.

[6] Korean respondents' postconference brief, pp. 8-9.

[7] *Stainless Steel Angle from Japan,* Inv. No. 731-TA-699 (Final), USITC Pub. 2887, May 1995, p. II-19.

[8] ***, telephone conversation, September 19, 2000.

[9] Formed angle is "cold-formed," i.e., formed from flat-rolled product, either by roll forming or in a press brake.

[10] However, staff notes that approximately 18 percent of the subject imports of SSA in 1999 consisted of sizes

(continued...)

Factors Affecting Purchasing Decisions

Petitioners claim that SSA purchases depend entirely on price.[11] Respondents argue that Slater can sell at a 4- to 6-percent premium to imports due to its strong relationships with purchasers. They also note that purchasers may be willing to pay higher prices (5 cents to 30 cents per pound or higher) to purchase smaller quantities than the standard bundle size.[12]

Comparisons of Domestic Products and Subject Imports

While Slater indicated that domestically produced SSA was "***" interchangeable with subject imports from Japan, Korea, and Spain, most importers found the domestic product and subject imports to be "frequently" interchangeable. Importers indicated that interchangeability was limited by limited sizes available from Slater. Slater reported that differences other than price between SSA produced in the United States and subject countries were "***" a significant factor in its sales, while importers provided a variety of answers. Some importers claimed that the domestic industry had the advantage of a short lead time and the disadvantage of a small product range. One importer also indicated that Slater only sold to authorized customers, of which he was not. However, despite the limitations to interchangeability and significance of differences other than price cited by importers, respondents claim that there are no quality differences between domestic and subject imported SSA.[13]

United States versus Japan

Four of six responding[14] importers indicated that the SSA produced in the United States was "sometimes" interchangeable with SSA produced in Japan, while two indicated that it was "frequently" interchangeable. Four of the six responding importers indicated that differences other than price between SSA produced in the United States and in Japan are "frequently" a significant factor in their firms' sales of the product, while two indicated that differences other than price are "sometimes" a significant factor in their firms' sales of the product.

United States versus Korea

All four responding importers indicated that SSA produced in the United States was "frequently" interchangeable with SSA produced in Korea. Two of three responding importers indicated that differences other than price between SSA produced in the United States and in Japan are "sometimes" a significant factor in their firms' sales of the product, while one indicated that differences other than price are "never" a significant factor in their firm's sales of the product.

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[10] (...continued)
not produced in the United States.

[11] Daniel Anderson, conference transcript, p. 12.

[12] Robert Hunter, conference transcript, p. 88.

[13] Ibid., p. 87.

[14] Importers indicating no familiarity with products from a specified country-pair were counted as not responding for that country-pair.

United States versus Spain

All four responding importers indicated that the SSA produced in the United States was "frequently" interchangeable with SSA produced in Spain. Two of four responding importers indicated that differences other than price between SSA produced in the United States and in Spain are "sometimes" a significant factor in their firms' sales of the product, while one indicated that differences other than price are "never" a significant factor and one responded that differences other than price are "always" a significant factor in their firm's sales of the product.

Comparisons of Domestic Products and Nonsubject Imports

While Slater indicated that domestically produced SSA was "***" interchangeable with nonsubject imports, both responding importers found the domestic product and nonsubject imports to be "frequently" interchangeable. Slater reported that differences other than price between SSA produced in the United States and subject countries were "***" a significant factor in its sales, while both responding importers indicated that these differences were "sometimes" a significant factor in their firms' sales.

Comparisons of Subject Imports and Nonsubject Imports

While Slater indicated that all subject imports were "***" interchangeable with nonsubject imports, all responding importers (2 for Japan and 3 for Korea and Spain) found subject imports and nonsubject imports to be "frequently" interchangeable. Slater reported that differences other than price between subject and nonsubject imports were "***" a significant factor in its sales, while two responding importers indicated that these differences were "sometimes" a significant factor in their firms' sales of subject imports from Japan, Korea, and Spain, and one responding importer indicated that these differences were "never" a significant factor in its sales of subject imports from Korea and Spain.

Comparisons of Subject Products from the Subject Countries

While Slater indicated that all subject imports were "***" interchangeable with each other, all four responding importers found subject imports from Japan and Korea to be "frequently" interchangeable and two of three responding importers found subject imports from Korea and Spain, and Japan and Spain to be "frequently" interchangeable, while the other found them to be "always" interchangeable. Slater reported that differences other than price between subject imports were "***" a significant factor in its sales, while two responding importers indicated that these differences were "sometimes" a significant factor in their sales of subject imports from all subject countries, and one additional responding importer indicated that these differences were "never" a significant factor in its sales of subject imports from Korea and Spain.

PART III: U.S. PRODUCER'S PRODUCTION, SHIPMENTS, AND EMPLOYMENT

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 response of 1 firm that accounted for 100 percent of U.S. production of SSA in the period examined.

U.S. PRODUCER

The Commission sent producers' questionnaires to the two firms identified as producers in the petition.[1] The sole producer during the period of investigation, Slater, produces SSA at its Fort Wayne facility, a wholly-owned subsidiary of Slater Steels Inc. of Ontario, Canada. Slater *** the subject product during the period examined and is not related to any firm, either domestic or foreign, engaged in producing SSA, importing SSA from Japan, Korea, or Spain into the United States, or exporting SSA from Japan, Korea, or Spain to the United States.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on Slater's capacity, production, and capacity utilization are presented in table III-1. Slater reported its annual capacity to produce SSA to be *** million pounds. Its reported capacity was "calculated based on the maximum level of production that Slater could reasonably expect to attain under normal operating conditions assuming a typical or representative product mix," which is about *** percent bar and *** percent angle.[2] However, "if Slater switched its entire plant to the production of angle, it would have an annual capacity of *** million pounds, based on existing machinery used to produce angle."[3] Respondents took issue with Slater's reported capacity. Counsel for the Japanese respondents described Slater's production capacity as a ***.[4] Slater's reported capacity of *** million pounds is *** apparent U.S. consumption of SSA in each year and period for which data were collected in these investigations.

Table III-1
SSA: U.S. producer's capacity, production, and capacity utilization, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

[1] ***. ***.

[2] Postconference brief of petitioners, p. 14.

[3] Ibid. This figure was calculated based on total plant production at *** percent capacity utilization. See attachment 1 of exhibit 1 of petitioners' postconference brief for further detail on machinery and capacity limits of SSA production.

[4] Postconference brief of Japanese respondents, pp. 10-12.

Slater's Fort Wayne facility operated on *** due to a strike from May 17, 1999 to June 23, 1999. Slater reported *** as constraints that limit its production capabilities. It also reported that the production and related workers employed to produce SSA are also used to produce stainless steel bar. ***.

U.S. PRODUCER'S DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

Slater's shipments of SSA are shown in table III-2. The volume, value, and average unit value of its U.S. shipments of SSA declined from 1997 to 1999 by *** percent, respectively. Slater reported *** internal consumption/company transfers and its export shipments, ***, made up less than *** percent of its total shipments in 1999.

Table III-2
SSA: U.S. producer's shipments, by type, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

U.S. PRODUCER'S INVENTORIES

As shown in table III-3, Slater's end-of-period inventories of SSA increased by *** percent from 1997 to 1999 and *** from January-June 1999 to January-June 2000. Slater stated that it had increased production in light of ***.[5]

Table III-3
SSA: U.S. producer's end-of-period inventories, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by Slater on the number of production and related workers (PRWs) engaged in the production of SSA, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in the investigations are presented in table III-4.

Table III-4
SSA: Average number of production and related workers producing SSA, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

[5] Telephone interview with ***, September 14, 2000.

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

U.S. IMPORTERS

The Commission sent questionnaires to 17 firms believed to be importers of SSA. Questionnaire responses were received from 14 firms, 13 of which reported that they import the subject product. It is believed that all major importers of SSA from the subject countries responded to the Commission's questionnaire. Table IV-1 lists all responding U.S. importers and their quantities of imports, by source, in 1999. The table indicates that only one importer imported SSA from more than one of the subject countries.

Table IV-1
SSA: U.S. imports, by importer and by source of imports, 1999

* * * * * * *

In comparison with official statistics of the U.S. Department of Commerce, questionnaire data of the responding firms accounted for approximately *** percent of the volume of imports from Japan, *** percent of the volume of imports from Korea, *** percent of the volume of imports from Spain, and *** percent of the volume of nonsubject imports in 1999. Due to coverage beyond 100 percent for all subject imports and the fact that official statistics cover products that are not included in the scope of these investigations (e.g., stainless steel angle of unequal leg length),[1] questionnaire data are used in the body of this report. Official statistics are presented in appendix D for comparative purposes.

Two importers are related to foreign exporters of the subject product. ***. ***.

Questionnaire respondents were primarily located in California (4), New York (3), and New Jersey (3).[2] Three firms reported imports of SSA from the following nonsubject countries during the period examined: Brazil, Italy, and the United Kingdom. *** U.S. importers entered the subject product into or withdrew it from foreign trade zones or bonded warehouses. Also, no U.S. importers imported SSA under the temporary importation under bond (TIB) program, with the exception of ***, which imported *** pounds under TIB in 1997.

U.S. IMPORTS

Table IV-2 shows that the quantity of U.S. imports of SSA from all sources decreased from 1997 to 1998, then increased from 1998 to 1999 to a level higher than that of 1997, while average unit values decreased steadily from 1997 to 1999. Import quantities and values rose from January-June 1999 to January-June 2000, by 156 and 190 percent, respectively. The percentage increase for subject import quantities from January-June 1999 to January-June 2000 was not much greater than the percentage increase for nonsubject import quantities during the same period. The bulk of the increase in import quantities in January-June 2000 was from the subject countries (mainly from Korea).

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[1] David Hartquist, counsel for petitioners, estimated that considerably less than five percent of imports under the HTS statistical reporting numbers 7222.40.3020 and 7222.40.3060 fall outside the scope of these investigations. Conference transcript, p. 31. Ken Pierce, counsel for the Japanese respondents, agreed. Postconference brief of Japanese respondents, exhibit 1, p. 5. ***. ***.

[2] Importers of the subject product were located in California, New Jersey, New York, Ohio, and Texas.

Table IV-2
SSA: U.S. imports, by sources, 1997-99, January-June 1999, and January-June 2000

Source	Calendar year			January-June	
	1997	1998	1999	1999	2000
Quantity (*1,000 pounds*)					
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	28,297	16,324	32,892	9,816	25,384
All others	***	***	***	***	***
Total	***	***	***	***	***
Value (*$1,000*)					
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	34,914	19,519	27,028	8,070	23,890
All others	***	***	***	***	***
Total	***	***	***	***	***
Unit value (*per pound*)					
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Spain	***	***	***	***	***
Average	$1.23	$1.20	$0.82	$0.82	$0.94
All others	***	***	***	***	***
Average	***	***	***	***	***

Continued on next page.

Table IV-2--*Continued*
SSA: U.S. imports, by sources, 1997-99, January-June 1999, and January-June 2000

Source	Calendar year			January-June	
	1996	1997	1998	1998	1999
			Share of quantity (*percent*)		
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	***	***	***	***	***
All others	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	***	***	***	***	***
All others	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.					

APPARENT U.S. CONSUMPTION

As presented in table IV-3, the volume of apparent U.S. consumption increased by 6.3 percent from 1997 to 1999, while the value decreased by 25.1 percent during this period.

U.S. MARKET SHARES

Slater's share of consumption decreased by *** percentage points from 1997 to 1999, and by *** percentage points in January-June 1999 as compared to January-June 2000 (table IV-4), while the U.S. market share of subject imports increased by 3.6 percentage points from 1997 to 1999 and by 14.5 percentage points in January-June 1999 as compared to January-June 2000.

Table IV-3
SSA: U.S. shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
			Quantity (*1,000 pounds*)		
U.S. producers' shipments	***	***	***	***	***
U.S. shipments of imports from--					
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	28,391	17,147	31,967	10,612	22,001
All others	***	***	***	***	***
Total import shipments	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
			Value (*$1,000*)		
U.S. producers' shipments	***	***	***	***	***
U.S. shipments of imports from--					
Japan	***	***	***	***	***
Korea	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	36,240	21,475	28,771	9,966	21,665
All others	***	***	***	***	***
Total import shipments	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***

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

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

Table IV-4
SSA: Apparent U.S. consumption and market shares, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

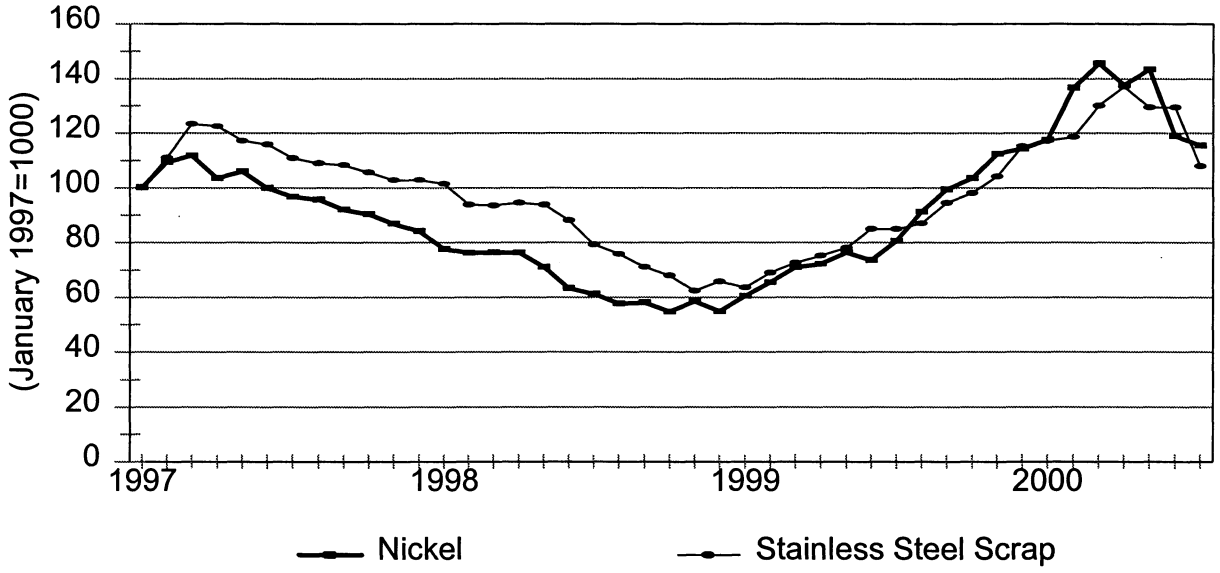
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The main raw material costs for SSA come from nickel, chromium, and stainless steel scrap and, in the case of 316 grade SSA, also molybdenum. As seen in figure V-1, the monthly price for nickel fell by about 45 percent and the monthly price of stainless steel scrap fell by about 35 percent during 1997 and 1998. These prices rebounded in 1999 and early 2000, with the price of steel scrap almost doubling and the price of nickel increasing by 165 percent during 1999 and the first quarter of 2000, before falling by about 20 percent each in the next four months.[1] The price of chromium fluctuated with the changes in the price of stainless steel since the production of stainless steel is the major end use of chromium.[2] The dealer price for molybdenum oxide fell by 43 percent from January 1997 to January 2000, increasing slightly during the first half of 2000.[3]

Figure V-1
Indices of the price of nickel and stainless steel scrap, by month, January 1997-July 2000



Source: Peter Kuck, USGS.

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[1] E-mail of September 6, 2000, from Peter Kuck, United States Geological Survey (USGS). The nickel price was from the London Metal Exchange and reported in Platt's Metals Week. The stainless steel scrap price was the average of the range of prices for 18/8 stainless steel scrap in Pittsburgh, published each Friday in American Metal Market.

[2] Mineral Commodity Summaries, February 2000, USGS, pp. 48-49.

[3] Fax of September 12, 2000, from John Blossom, USGS.

Transportation Costs to the U.S. Market

Transportation costs for SSA from Japan, Korea, and Spain to the United States in 1999 (excluding U.S. inland costs) are estimated to be approximately 5.1 percent, 10.7 percent, and 4.0 percent of the total cost of SSA respectively. 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 with the customs value.

U.S. Inland Transportation Costs

U.S. inland transportation costs for SSA make up a small portion of its purchase price and vary according to geographic location. Importers report that transportation costs make up about 2 percent of the total cost of SSA on average, while Slater reported that transportation costs make up *** percent of total cost.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Japanese yen appreciated 13.7 percent, the nominal value of the Korea won depreciated 22.0 percent, and the nominal value of the Spanish peseta depreciated 21.3 percent relative to the U.S. dollar from January 1997 to June 2000 (figure V-2). The real value of the Japanese yen appreciated 5.4 percent, the real value of the Korea won depreciated 13.9 percent, and the real value of the Spanish peseta depreciated 14.4 percent[4] vis-a-vis the US dollar in that time period.

PRICING PRACTICES

Pricing Methods

Most importers reported that prices were determined through transaction-by-transaction negotiations. Slater stated that ***. While Slater indicated that *** percent of its sales were made on a spot basis, 5 of 10 responding importers reported making all of their sales on a spot basis, while the other five reported making all of their sales on a contract basis. The importers who reported making all of their sales on a contract basis indicated that their contracts lasted from 1 to 6 months and all reported fixing both quantity and price. Four of these five importers require minimum shipments of close to 40,000 pounds. SSA is sold on both an f.o.b. and delivered basis, ***.

Seven of 10 responding importers *** reported that their firm arranges for transportation. Some importers (from all subject countries) reported shipping nationwide, while others concentrate on a few regions such as the West Coast, the Gulf Coast, or the East Coast, ***.

Sales Terms and Discounts

Two importers reported giving quantity discounts for some orders. Slater indicated that it ***.[5] Slater and most importers reported having sales terms of 30 days.

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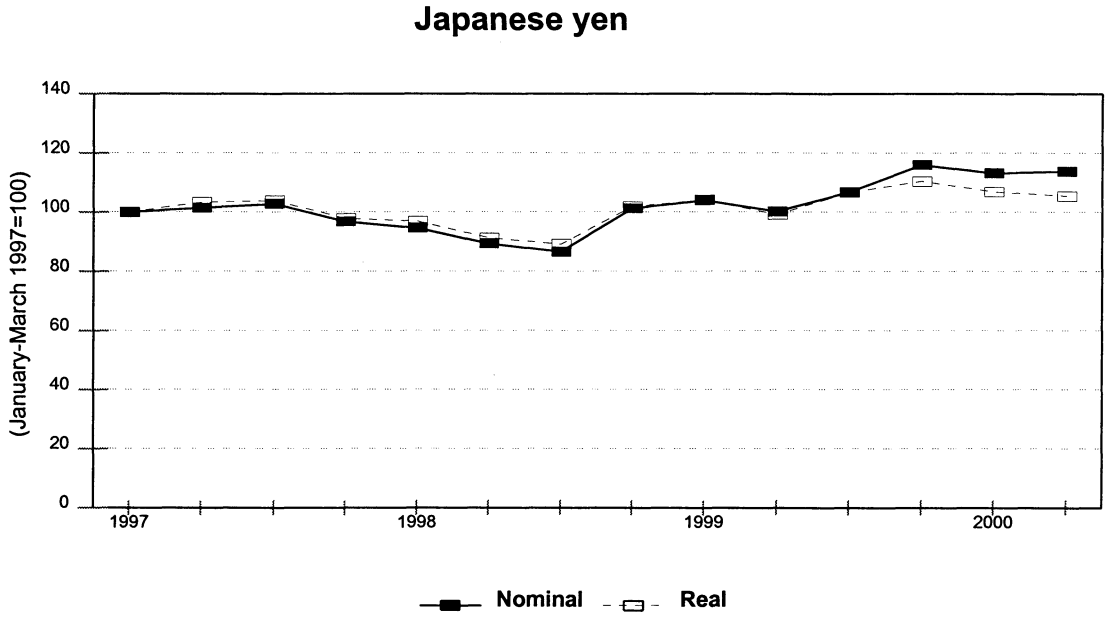
[4] Due to limited data availability, the depreciation in the real value of the Spanish peseta is measured from January 1997 to March 2000.

[5] Petitioners' postconference brief, exhibit 1, answers to questions by Commission staff, p. 4.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates of the currencies of Japan, Korea, and Spain relative to the U.S. dollar, by quarters, January 1997-June 2000



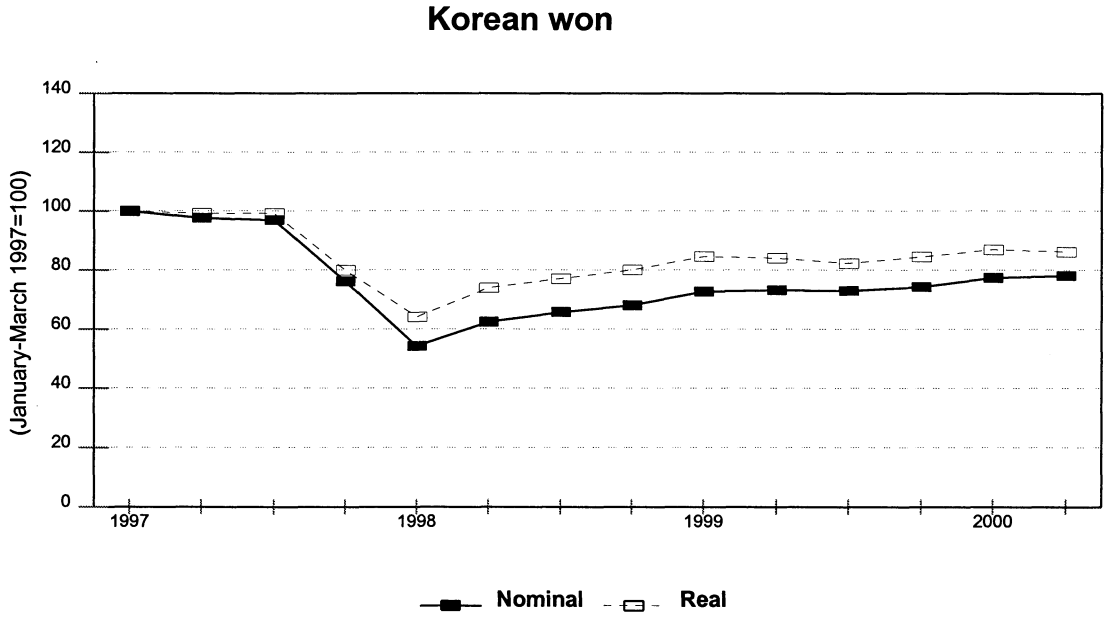
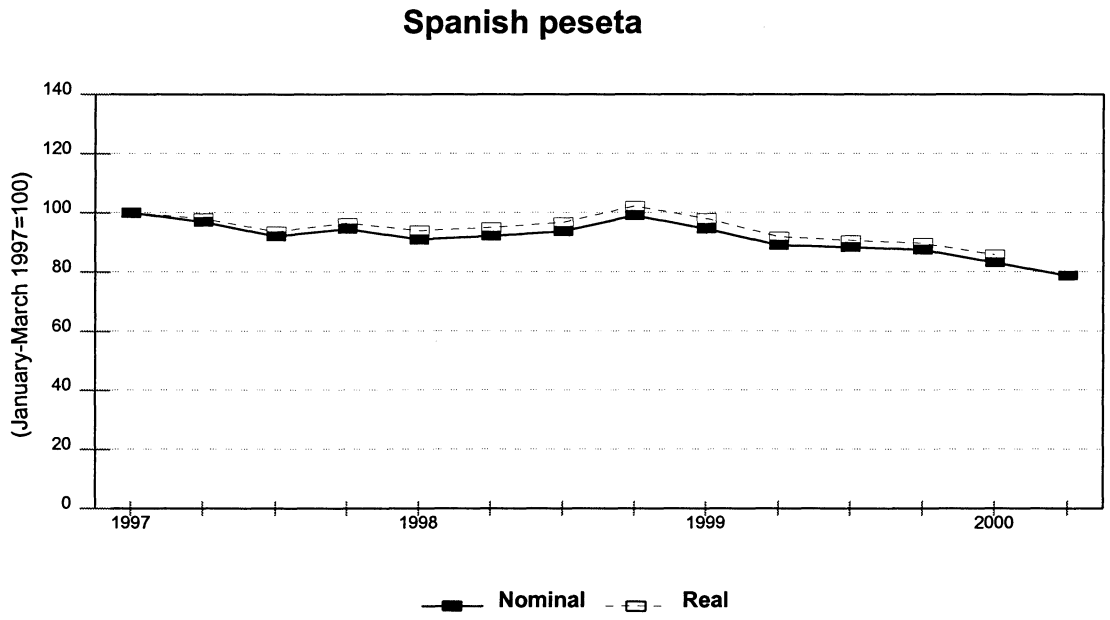


Figure continued on the following page.

Figure V-2--*Continued*
Exchange rates: Indices of the nominal and real exchange rates of the currencies of Japan, Korea, and Spain relative to the U.S. dollar, by quarters, January 1997-June 2000



Source: International Monetary Fund, *International Financial Statistics*, August 2000.

PRICE DATA

The Commission requested that Slater and importers of SSA provide quarterly data for the total quantity and value of SSA products that were shipped to unrelated customers in the U.S. market. Data were requested for the period of January 1997 to June 2000. The products for which pricing data were requested are as follows:

Product 1.–Grade 304, hot-rolled, annealed, and descaled stainless steel 90-degree angle, 1" x 1" x 1/8"
Product 2.–Grade 304, hot-rolled, annealed, and descaled stainless steel 90-degree angle, 2" x 2" x 1/4"
Product 3.–Grade 304, hot-rolled, annealed, and descaled stainless steel 90-degree angle, 1½" x 1½" x 3/16"
Product 4.–Grade 316, hot-rolled, annealed, and descaled stainless steel 90-degree angle, 2" x 2" x 1/4"

Slater and 10 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. *** reported sales to steel service centers and *** reported sales to master distributors. The prices to steel service centers and master distributors are reported separately below (tables V-1 through V-4 and figures V-3 through V-6).[6] Pricing data

[6] Respondents claim that pricing data reporting sales to master distributors should be excluded from the
(continued...)

Table V-1
SSA: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Table V-2
SSA: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Table V-3
SSA: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Table V-4
SSA: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * * *

Figure V-3
Weighted-average f.o.b. prices of SSA product 1, by quarters, January 1997-June 2000

* * * * * * *

Figure V-4
Weighted-average f.o.b. prices of SSA product 2, by quarters, January 1997-June 2000

* * * * * * *

Figure V-5
Weighted-average f.o.b. prices of SSA product 3, by quarters, January 1997-June 2000

* * * * * * *

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[6] (...continued)
over/underselling analysis because master distributors are not at the same level of trade as steel service centers. Japanese respondents' postconference brief, p. 26. Petitioners claim that pricing data reporting sales to master distributors should be included because master distributors and steel service centers compete with each other. Petitioners further claim that pricing data for ***. Petitioners' postconference brief, p. 29. Staff notes that while these issues could potentially affect the analysis of over/underselling, they should not affect the analysis of price trends or correlations.

Figure V-6
Weighted-average f.o.b. prices of SSA product 4, by quarters, January 1997-June 2000

* * * * * * *

reported by these firms accounted for approximately *** percent of Slater's shipments of SSA and 18 percent of U.S. shipments of subject imports from Japan, Korea, and Spain in 1999.

Price Trends

For all four pricing products, prices for U.S.-produced SSA decreased during 1997 to the middle of 1999 and increased during the rest of 1999 and the first half of 2000. However, while prices for imported SSA also fell between 1997 and 1999 and generally were higher in 2000 than in 1999, pricing patterns were not identical for all products from all subject sources.

Weighted-average sales prices of U.S.-produced product 1 fell by about *** percent between the first quarter of 1997 and the second quarter of 2000, falling by about *** percent between the first quarter of 1997 and the second quarter of 1999, and increasing by about *** percent between the second quarter of 1999 and the second quarter of 2000. Prices for Japanese imports of product 1 delivered directly to steel service centers and Spanish imports of product 1 fell by about *** percent during the period of investigation, while Japanese imports of product 1 sold to master distributors and Korean imports of product 1 fell by *** percent and *** percent respectively.

Weighted-average sales prices of U.S.-produced product 2 fell by about *** percent between the first quarter of 1997 and the second quarter of 2000, falling by about *** percent between the first quarter of 1997 and the second quarter of 1999, and increasing by about *** percent between the second quarter of 1999 and the second quarter of 2000. Prices for Japanese imports of product 2 delivered directly to steel service centers and Spanish imports of product 2 fell by about *** percent and *** percent respectively during the period of investigation, while Japanese imports of product 2 imports sold to master distributors and Korean imports of product 2 fell by *** percent and *** percent respectively.

Weighted-average sales prices of U.S.-produced product 3 fell by about *** percent between the first quarter of 1997 and the second quarter of 2000, falling by about *** percent between the first quarter of 1997 and the second quarter of 1999, and increasing by about *** percent between the second quarter of 1999 and the second quarter of 2000. Prices for Japanese imports of product 3 delivered directly to steel service centers and Spanish imports of product 3 fell by about *** percent each during the period of investigation, while Japanese imports of product 3 sold to master distributors and Korean imports of product 3 fell by *** percent and *** percent respectively.

Weighted-average sales prices of U.S.-produced product 4 fell by about *** percent between the first quarter of 1997 and the second quarter of 2000, falling by about *** percent between the first quarter of 1997 and the second quarter of 1999, and increasing by about *** percent between the second quarter of 1999 and the second quarter of 2000. Prices for Spanish imports of product 4 fell by about *** percent during the period of investigation, while Japanese imports of product 4 sold to master distributors and Korean imports of product 1 fell by *** percent and *** percent respectively. Limited pricing data for Japanese imports of product 4 sold directly to steel service centers for the last quarter of 1999 through the second quarter of 2000 show that the price increased by about *** percent during that period.

Price Comparisons

Overall, there are 182 instances where prices for domestic SSA and imported SSA could be compared (see table V-5). Of these 182 comparisons, there are 129 instances (or about 71 percent)

Table V-5
SSA: Instances of underselling/(overselling) and the range and average of margins, by sources, January 1997-June 2000

Country	Underselling			Overselling		
	Number of instances	Range (*percent*)	Average margin (*percent*)	Number of instances	Range (*percent*)	Average margin (*percent*)
Japan (steel service centers)	18	1.3 to 32.5	8.8	25	0.0 to 55.3	9.5
Japan (master distributors)	45	0.1 to 19.9	9.7	7	1.6 to 48.7	11.9
Korea	22	0.2 to 16.6	5.1	12	0.2 to 9.7	3.2
Spain	44	1.1 to 25.9	12.5	9	0.3 to 11.6	5.3
Total[1]	129	0.1 to 32.5	9.8	53	0.0 to 55.3	7.7

[1] Total number of instances for all cited countries, range of margins for all cited countries, and average margin for all cited countries.

Note.--Average margins are simple averages.

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

where the imported product was priced below the domestic product. Margins of underselling ranged from 0.1 percent to 32.5 percent. In the remaining 53 instances, the imported product was priced above the comparable domestic product; margins of overselling ranged from less than 0.1 percent to 55.3 percent.

There are 130 instances where prices for domestic SSA and imported SSA to steel service centers could be compared. Of these 130 comparisons, there are 84 instances (or about 65 percent) where the imported product was priced below the domestic product. Margins of underselling ranged from 0.2 percent to 32.5 percent. In the remaining 46 instances, the imported product was priced above the comparable domestic product; margins of overselling ranged from less than 0.1 percent to 55.3 percent. Correlations for prices for domestic SSA with prices for imported SSA from all sources can be found in table E-1 of appendix E.

Respondents claim that the price of SSA is driven by changes in the price of nickel, which makes up 30 percent of the cost of SSA.[7] Petitioners counter that while changes in the price of nickel should drive the price of SSA, this was not the case during the period of investigation, particularly during 1999 and the beginning of 2000 when nickel prices rose while the domestic price of SSA either fell or rose by a smaller percent. They also indicate that nickel prices affect domestic SSA prices with a two-month lag.[8] Respondents contend that the nickel price affects the price of subject imported SSA with a six-month lag.[9] Correlations for U.S. prices of the four products and the price of nickel from the same period, lagged two months, and lagged six months can be found in table E-2 of appendix E, and a chart comparing the U.S.

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[7] Japanese respondents' postconference brief, pp. 22, 28-31; Korean respondent's postconference brief, pp. 1, 4; and Spanish respondent's postconference brief, pp. 11-12.

[8] Petitioners' postconference brief, pp. 26-29.

[9] Japanese respondents' postconference brief, pp. 31-32 and exhibits 13A and 13B, Korean respondent's postconference brief, pp. 1, 4, and Spanish respondent's postconference brief, pp. 11-12 and exhibit 3.

prices of the four products and the price of nickel lagged two months and six months can be found in figure E-1 of appendix E.

LOST SALES AND LOST REVENUES

The Commission requested Slater to report any instances of lost sales or revenues it experienced due to competition from imports of SSA from Japan, Korea, and/or Spain during January 1997 to June 2000. Slater reported that it had to either reduce prices or roll back announced price increases. Its 20 lost sales allegations totaled $*** and involved *** pounds of SSA and its 15 lost revenues allegations totaled $*** and involved *** pounds of SSA. Staff contacted 5 purchasers and a summary of the information obtained follows (tables V-6 and V-7).

Table V-6
SSA: Slater's lost sales allegations

* * * * * * *

***.[10]
***.[11]
***.[12]
***.[13]
***.[14]

Table V-7
SSA: Slater's lost revenue allegations

* * * * * * *

***.[15]
***.[16]

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[10] ***.
[11] ***.
[12] ***.
[13] ***.
[14] ***.
[15] ***.
[16] ***.

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

BACKGROUND

The sole U.S. producer of SSA, Slater, provided usable financial data for its Fort Wayne Specialty Alloys division.[1] Besides SSA, the company manufactures and sells a variety of stainless steel bar products, stainless steel semifinished forms (billets and ingots), and, from time to time, certain nonstainless steel products at this division, located in Fort Wayne, IN. According to the company's 1999 Annual Report, the Fort Wayne division is the only producer of SSA in North America.

Total shipments, sales, and earnings of the Fort Wayne division fell between 1997 and 1999, although those same indicators increased between January-June 1999 and the same period in 2000; shipments fell from 84.3 million to 70.5 million pounds between 1997 and 1999, but increased from 32.4 million to 44.8 million pounds between January-June 1999 and the same period in 2000.[2] The division's sales declined from $*** million to $*** million and ***; between January-June 1999 and the same period in 2000, sales increased from $*** million to $*** million while the ***.[3] According to Slater's questionnaire response, SSA accounted for about *** percent of the division's total sales and about *** percent of its production volume in 1999.

Slater announced on August 23, 2000 that it had initiated the preliminary phase of its plan to integrate the operations of its recent acquisition, Atlas Specialty Steels and Atlas Stainless Steels,[4] with those of its Fort Wayne division. Specifically, it intends to close the melt shop and ingot teeming facilities at Fort Wayne within 9 months to 12 months from the date of the announcement, and supply Fort Wayne with billet from the Welland, Ontario facility of Atlas Specialty Steels.[5]

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[1] Slater provided trade and financial data for its Fort Wayne Specialty Alloy division in response to the Commission's questionnaire, and product line income statements for this division for each of the periods investigated (facsimile transmission of September 14, 2000). Slater has a fiscal year-end of December 31. Other business segments of Slater include Hamilton Specialty Bar, located in Hamilton, Ontario, and Sorel Forge, Scarborough, Ontario.

[2] Slater Steel, Inc., *Annual Report for 1999*, Management's Discussion and Analysis, p. 24, and Slater Steel, Inc., *Q2 2000 Report to Shareholders*, p. 3, found at Internet site *http://www.slater.com/financials*, retrieved on September 6, 2000.

[3] These figures are from the Fort Wayne Specialty Division's product line income statement in U.S. dollars that Slater provided Commission staff for each of the periods investigated. These U.S. dollar amounts match the amounts shown in Canadian dollars for the Fort Wayne division in the parent's publicly-available financial statements (Slater's parent is a Canadian corporation).

[4] Slater announced its agreement to purchase Atlas Specialty Steel and Atlas Stainless Steels as well as other assets from Atlas Steel for Cdn$138.0 million in cash and assumption of debt on June 15, 2000. In its press release, Slater stated that it would eliminate duplicate facilities and optimize the melting, rolling, and finishing operations of its Fort Wayne division with those of Atlas Specialty Steel. It estimated the cost improvement from operations to be approximately Cdn$20 million annually. See "Slater Steel Announces Agreement to Acquire Operating Division and Other Assets of Atlas Steels," found at Internet site *http://www.micro.newswire.ca/releases/June 2000/15/c5146.html*, retrieved on September 6, 2000.

[5] The company also announced that it intended to integrate operations at the Fort Wayne, IN and Welland, Ontario plants, but such integration would take approximately 18 months to accomplish. See Slater Steel, Inc., press release of August 23, 2000, "Slater Steel Initiates Preliminary Phase of Atlas Integration," found at Internet site *http://biz.yahoo.com/prnews/000823/slater_ste.html*, retrieved on August 23, 2000.

OPERATIONS ON STAINLESS STEEL ANGLE

The results of Slater's SSA operations are presented in table VI-1.[6] Sales volume and value declined between 1997 and 1999, but increased between January-June 1999 and the same period in 2000. A decrease of *** per pound in the average unit sales price combined with a decline in sales volume contributed to increases in both *** between 1997 and 1999. An increase of *** per pound in the average unit sales price on greater sales volume led to *** between January-June 1999 and the same period in 2000.

Table VI-1
Results of operations of Slater in the production of SSA, fiscal years 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Other events that have affected Slater's results include such items as management restructuring, a labor strike, increasing costs of raw material inputs, charges related to environmental remediation, and court-awarded damages and refunds under a recent antitrust ruling.[7] During 1998, Slater implemented a management restructuring that involved the recruitment of new executives and the replacement of individuals in key management positions; in addition, the salaried workforce at Slater's two largest divisions, Hamilton and Fort Wayne, was permanently reduced by approximately 22 percent.[8] Results also were affected adversely by a 39-day strike by members of the United Steelworkers of America which was resolved by ratification of new 3-year labor contract in June 1999.[9] Although the cost of the alloying ingredient nickel rose significantly during 1999, a sales price surcharge (levied when the price of nickel exceeds $3.00 per pound) was not applicable for most of the year, "resulting in a compression of margins."[10]

With respect to raw material inputs, Slater provided the Commission with cost information in its questionnaire response, shown in table VI-2. These data show that the costs of raw materials used in SSA declined both absolutely and on a per-pound basis between 1997 and 1999 and increased between January-June 1999 and the same period in 2000.

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[6] Slater's Fort Wayne division product line income statements allow the questionnaire to be reconciled to the company's financial statements. Based on values shown in these product line income statements, changes have been made to the questionnaire response in the categories of "other factory costs" (factory overhead) and "selling, general, and administrative" (SG&A) costs for 1999 and for January-June 1999; and to "raw materials" (because of ***), "other factory costs," and depreciation/amortization for January-June 2000. Changes made to the questionnaire response increased Slater's *** on SSA by $*** in 1999 and interim 1999, respectively, while Slater's *** in interim 2000 decreased by $***.

[7] Slater recorded charges for environmental remediation of groundwater contamination at Fort Wayne (a Cdn$1 million provision was recorded in 1998). This charge does not affect Slater's operating income, and the expense would be classified under "other expense" when incurred. Similarly, refunds and penalties received by Slater from the company's share of court awards from a graphite electrode price-fixing case would be classified as "other income" and do not affect the company's operating income.

[8] Slater Steel, Inc., *Annual Report for 1999*, note 9, "Unusual Items," p. 42, found at Internet site *http://www.slater.com/financials*, retrieved on September 6, 2000.

[9] *Annual Report for 1999*, p. 24.

[10] Ibid., p. 25.

Table VI-2
Breakdown of the cost of raw materials used in the production of SSA, fiscal years 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Changes in Slater's operating income are further evidenced by the variance analysis that shows the effects of prices and volume on net sales and of costs and volume on its total costs (table VI-3). This analysis shows that the decrease in *** between 1997 and 1999 of $*** was attributable to ***. An increase in *** between January-June 1999 and the same period in 2000 of $*** was caused by ***.

Table VI-3
Variance analysis for the SSA operations of Slater, fiscal years 1997-99 and January-June 1999-00

* * * * * * *

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

Capital expenditures, research and development ("R&D") expenses, and the original cost and book value of property, plant, and equipment used in the production of SSA are shown in table VI-4. ***. A majority of the capital expenditures was made to improve Slater's production efficiencies, specifically to ***.[11]

Table VI-4
Capital expenditures, research and development expenses, and the value of assets of Slater with respect to SSA, fiscal years 1997-99, January-June 1999, and January-June 2000

* * * * * * *

CAPITAL AND INVESTMENT

Slater provided a response to questions regarding the significance of imports of SSA from Japan, Korea, and/or Spain in terms of their actual or potential negative effects on its return on investment or its growth, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or scale of capital investments. Slater stated that it has experienced actual negative effects ***. Slater stated it anticipates negative effects from imports, ***.

[11] Petitioners' postconference brief, exh. 1, p. 3.

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 alleged dumping margins 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; and any dumping in third-country markets, follows.

THE SUBJECT FOREIGN INDUSTRIES

Table VII-1 presents aggregate data for production and shipments of SSA for the three subject countries. The Commission received 5 questionnaire responses that are believed to account for all exports of the subject product to the United States. Based on foreign producers' questionnaire responses, subject countries exported approximately 34.0 million pounds of the subject product to the United States in 1999. This figure, compared with the approximately 28.9 million pounds imported from subject countries based on official Commerce statistics and the 32.9 million pounds of subject imports from subject sources as reported by U.S. importers, suggest that the Commission received data that accounts for all of the subject countries' exports to the United States.

Table VII-2 presents subject countries' export shipments of SSA to the United States by sizes of SSA produced and not produced by Slater. Approximately 18 percent of subject countries' exports in 1999 was comprised of SSA sizes not produced by Slater.

Subject countries' SSA exports to the United States by customer type are shown in table VII-3. Approximately 92 percent of the subject countries' SSA exports were shipped to mill depots/master distributors. Subject countries *** export shipments directly to end users.

The Industry in Japan

The petition cited three producers/exporters of SSA in Japan (Aichi Steel Works, Ltd. ("Aichi"); Daido Steel Co., Ltd. ("Daido"); and Sumitomo Metal Industries, Ltd. ("Sumitomo")) and the Commission received responses from each of them.[1] Table VII-4 presents aggregated data of the Japanese producers, which are believed to account for 100 percent of SSA production in Japan.[2] Capacity utilization remained at or above *** percent during the period examined and is projected to *** in 2000 and 2001. In particular, ***, which accounted for *** percent of Japan's 1999 production and *** percent of Japan's 1999 capacity, reported capacity utilization rates of ***, ***, and *** percent from 1997 to 1999, respectively.[3] ***.[4]

As shown in Table VII-5, *** percent of Japanese exports of SSA to the United States in 1999 was comprised of sizes not produced by Slater.

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[1] The petition (p. 50) also mentioned a new Japanese producer of SSA, scheduled to begin operations in 2001. The producer, Mori Kogyo, is to invest $27 million to install a hot-rolling bar mill in its current Mizukaido plant. The bar mill will produce beginning in the autumn of 2001. The production plan is for approximately 700 metric tons per month of hot-rolled angles and flat bars (Tekko Shimbun newspaper, March 13, 2000, as presented in exhibit 1-A of the Japanese respondents' postconference brief).

[2] All Japanese producers provided projected data. ***.

[3] ***.

[4] ***. Telephone interview with ***, September 12, 2000.

Table VII-1
SSA: The subject countries' production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projections 2000-01

Item	Actual experience					Projections	
	1997	1998	1999	January-June		2000	2001
				1999	2000		
Quantity (*1,000 pounds*)							
Capacity	187,010	191,419	213,208	106,654	105,961	216,331	214,945
Production	203,522	174,225	217,876	113,904	115,205	219,697	217,936
End-of-period inventories	24,202	22,723	32,820	36,549	30,580	25,676	22,757
Shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	97,352	87,287	92,267	49,101	57,121	112,754	116,454
Exports to--							
The United States	31,561	17,841	34,035	11,406	17,486	25,578	17,858
All other markets	63,942	70,566	81,545	39,569	45,032	93,469	93,144
Total exports	95,503	88,407	115,580	50,975	62,518	119,047	111,002
Total shipments	***	***	***	***	***	***	***
Ratios and shares (*percent*)							
Capacity utilization	108.8	91.0	102.2	106.8	108.7	101.6	101.4
Inventories to production	11.9	13.0	15.1	16.0	13.3	11.7	10.4
Inventories to total shipments	***	***	***	***	***	***	***
Shares of total quantity of shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***

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

Table VII-2
SSA: The subject countries' exports to the United States, by sizes produced and not produced by Slater, 1997-99, January-June 1999, and January-June 2000

Sizes	1997	1998	1999	January-June	
				1999	2000
Quantity (*1,000 pounds*)					
Produced by Slater	26,009	15,658	27,883	9,574	13,656
Not produced by Slater	5,546	2,183	6,152	1,832	3,830
Total	31,555	17,841	34,035	11,406	17,486
Source: Compiled from data submitted as supplements to Commission questionnaires.					

Table VII-3
SSA: The subject countries' exports to the United States, by customer type, 1997-99 and January-June 2000

Type	1997	1998	1999	January-June 2000
Quantity (*1,000 pounds*)				
Mill depots/master distributors	28,338	15,480	31,149	15,834
Service centers	***	***	***	***
End users	***	***	***	***
Total	***	***	***	***
Source: Compiled from data submitted as supplements to Commission questionnaires.				

Table VII-4
SSA: Japan's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projections 2000-01

* * * * * * *

Table VII-5
SSA: Japan's exports to the United States, by sizes produced and not produced by Slater, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Table VII-6 presents Japanese exports of SSA to the United States by customer type. One hundred percent of Japanese export shipments were made to mill depots/master distributors, with the exception of ***.

Table VII-6
SSA: Japan's exports to the United States, by customer type, 1997-99 and January-June 2000

* * * * * * *

The Industry in Korea

Bae Myung Metal Co. Ltd. (Bae Myung) was the only producer/exporter of SSA in Korea cited in the petition. Bae Myung reported that it accounted for *** percent of SSA production in Korea and *** percent of Korea's SSA exports to the United States in 1999. Its sales of SSA accounted for *** percent of its total sales in 1999. *** percent of its shipments were made to the United States and approximately *** of its total shipments were exports. Other principal export markets reported were ***. Bae Myung's production and shipments to the United States increased from 1997 to 1999 by *** and *** percent, respectively (table VII-7). However, it reported that its capacity and production of SSA will ***.[5]

Table VII-7
SSA: Korea's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projections 2000-01

* * * * * * *

As shown in table VII-8, *** percent of Bae Myung's exports of stainless steel angle to the United States in 1999 was comprised of sizes not produced by Slater.

Table VII-8
SSA: Korea's exports to the United States, by sizes produced and not produced by Slater, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Table VII-9 presents Bae Myung's exports of SSA to the United States by customer type. Bae Myung *** to end users and *** percent of its export shipments were made to service centers in 1999.

Table VII-9
SSA: Korea's exports to the United States, by customer type, 1997-99 and January-June 2000

* * * * * * *

[5] ***.

The Industry in Spain

Roldan, S.A. (Roldan) was the only producer/exporter of SSA in Spain cited in the petition. Roldan reported that it accounted for *** percent of total production of SSA in Spain in 1999 and *** percent of Spain's exports to the United States in 1999. *** percent of its shipments were made to the United States and *** percent of its shipments were exports in 1999. Other principal export markets reported were ***. Roldan's production and exports to the United States increased from 1997 to 1999 by *** and *** percent, respectively (table VII-10). Its capacity is projected to *** from 2000 to 2001. Roldan stated that ***.[6] ***.[7] ***.

Table VII-10
SSA: Spain's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, January-June 2000, and projections 2000-01

* * * * * * *

As shown in table VII-11, *** percent of Roldan's exports of SSA to the United States in 1999 was comprised of sizes not produced by Slater.

Table VII-11
SSA: Spain's exports to the United States, by sizes produced and not produced by Slater, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

Table VII-12 presents Roldan's exports of SSA to the United States by customer type. Roldan *** shipments directly to end users and *** percent of its export shipments were made to service centers in 1999.

Table VII-12
SSA: Spain's exports to the United States, by customer type, 1997-99 and January-June 2000

* * * * * * *

U.S. IMPORTERS' INVENTORIES OF PRODUCT FROM SUBJECT COUNTRIES

Reported inventories held by U.S. importers of subject merchandise from Japan, Korea, and Spain are shown in table VII-13. Eight U.S. importers reported end-of-period inventories, three reported no inventories, and two, ***, did not report usable data in terms of inventories.

Table VII-13
SSA: U.S. importers' end-of-period inventories of imports, by source, 1997-99, January-June 1999, and January-June 2000

* * * * * * *

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[6] Postconference brief of Roldan, S.A. and Acerinox USA, p. 7.

[7] Ibid., p. 8.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2000

The Commission requested importers to indicate whether they imported or arranged for the importation of SSA from subject countries after June 30, 2000. Table VII-14 presents the expected imports in the third and fourth quarters of 2000. Ten importers indicated that they imported or arranged for the importation of SSA from Japan, Korea, or Spain for delivery after June 30, 2000. ***. ***.

Table VII-14
SSA: Expected U.S. imports, by subject country, July-September 2000 and October-December 2000

* * * * * * *

DUMPING IN THIRD-COUNTRY MARKETS

Questionnaire respondents reported no knowledge of import relief investigations regarding the subject product in any country other than the United States.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–888–890 (Preliminary)]

Stainless Steel Angle From Japan, Korea, and Spain

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–888–890 (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 Japan, Korea, and Spain of stainless steel angle, provided for in subheading 7222.40.30 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 October 2, 2000. The Commission's views are due at the Department of Commerce within five business days thereafter, or by October 10, 2000.

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: August 18, 2000.

FOR FURTHER INFORMATION CONTACT: D.J. Na (202–708–4727), 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 August 18, 2000, by Slater Steels Corporation, Specialty Alloys Division, Fort Wayne, IN, and the United Steelworkers of America, AFL-CIO/CLC, Pittsburgh, PA.

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 sections 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 section 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 September 8, 2000, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact D.J. Na (202–708–4727) not later than September 1, 2000, 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 September 13, 2000, 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 sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with sections 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 section 207.12 of the Commission's rules.

By order of the Commission.
Issued: August 22, 2000.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–21769 Filed 8–24–00; 8:45 am]
BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–856, A–580–846, A–469–810]

Initiation of Antidumping Duty Investigations: Stainless Steel Angle From Japan, Korea, and Spain

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

EFFECTIVE DATE: September 14, 2000.

FOR FURTHER INFORMATION CONTACT: Davina Hashmi (Spain) at (202) 482–5760, Brian Smith (Korea) at (202) 482–1766, or Jarrod Goldfeder (Japan) at (202) 482–0189, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Initiation of Investigations

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce's (the Department's) regulations are to 19 CFR part 351 (April 1999).

The Petitions

On August 18, 2000, the Department received petitions filed in proper form by Slater Steels Corporation (Speciality Alloys Division) and the United Steelworkers of America, AFL–CIO/CLC

(collectively the petitioners). The Department received supplemental information to the petitions on August 23, 28 and September 5, 6, 2000.

In accordance with section 732(b) of the Act, the petitioners allege that imports of stainless steel angle (SSA) from Japan, Korea, and Spain 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 an industry in the United States.

The Department finds that the petitioners filed these petitions on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support with respect to each of the antidumping investigations that they are requesting the Department to initiate. (See Determination of Industry Support for the Petitions below.)

Scope of Investigations

For purposes of these investigations, the term "stainless steel angle" includes hot-rolled, whether or not annealed or descaled, stainless steel products of equal leg length angled at 90 degrees that are not otherwise advanced. The stainless steel angle subject to these investigations is currently classifiable under subheadings 7222.40.30.20 and 7222.40.30.60 of the Harmonized Tariff Schedules of the United States (HTSUS). Specifically excluded from the scope of these investigations is stainless steel angle of unequal leg length. Although the HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope of these investigations is dispositive.

Determination of Industry Support for the Petitions

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 a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce 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 must apply the same statutory definition 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 like product, such differences do not render the decision of either agency contrary to the law.[1]

Section 771(10) of the Act defines the 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. Moreover, the petitioners do not offer a definition of domestic like product distinct from the scope of the investigations. In this case, "the article subject to an investigation" includes certain products which have not previously been included within the scope of investigations involving stainless steel angle with the exception of Japan.[2] To this end, the Department has reviewed reasonably available information to determine whether the products within the scope of the investigations constitute one or more than one domestic like product.

We reviewed this description with product experts at the Department, the U.S. Customs Service, and the ITC. Based on our analysis of the information the petitioners presented in the petition and the information independently obtained and reviewed by the Department, we have determined that there is a single domestic like product which is defined in the "Scope of Investigations" section above. Moreover, the Department has determined that the petitions contain adequate evidence of industry support and, therefore, polling is unnecessary. (See Import Administration Antidumping Investigation Initiation Checklists, Re: Industry Support, September 7, 2000, hereinafter the IA Initiation Checklists, on file in the Central Records Unit (CRU), Room B–099 of the main Department of Commerce building). The Department received no opposition to the petitions. For all countries, the petitioners established industry support representing over 50 percent of total production of the domestic like product. Accordingly, the Department determines that these petitions are filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Initiation Standard for Cost Investigations

Pursuant to section 773(b) of the Act, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the home markets of Japan, Korea, and Spain were made at prices below the cost of production (COP) and, accordingly, requested that the Department conduct country-wide sales-below-COP investigations in connection with the requested antidumping investigations in Japan, Korea, and Spain. The Statement of Administrative Action (SAA), submitted to the Congress in connection with the interpretation and application of the URAA, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 316 at 833 (1994). The SAA, at 833, states 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."

Further, the SAA provides that new section 773(b)(2)(A) of the Act retains the requirement that the Department 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. *Id.* We have analyzed the

[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 Therefore from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition, 56 FR 32376, 32280–81 (July 16, 1991).

[2] The Department determined that SSA from Japan was being sold in the United States at less than fair value in a previous investigation (*see* Final Determination of Sales at Less Than Fair Value: Antidumping Duty Investigation of Stainless Steel Angle from Japan, 60 FR 16608 (March 31, 1995)). However, the ITC concluded that the domestic industry was materially injured, or threatened with material injury, by imports from Japan at that time (*see* Stainless Steel Angle from Japan, Inv. No. 731–TA–699 (Final), USITC Pub. 2887 (May 17, 1995)).

country-specific allegations as described below.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which we have based our decisions to initiate these investigations. A more detailed description of these allegations is provided in the respective IA Initiation Checklists. 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.

A. Japan

The petitioners identified Aichi Steel Works, Ltd. (Aichi), Daido Steel Co., Ltd., and Sumitomo Metal Industries, Ltd., as producers and exporters of SSA from Japan. According to the petitioners, these three companies account for the vast majority of subject merchandise exported from Japan to the United States. The petitioners based export price (EP) on C&F and F.O.B. U.S. prices from Aichi directly to an unaffiliated distributor and through a U.S. distributor to an unaffiliated purchaser for two grades of SSA. The petitioners obtained these prices from U.S. industry sources. The petitioners made deductions from EP for ocean freight and insurance (calculated from official U.S. import statistics), duties (from the HTSUS), harbor-maintenance and merchandise-processing fees, and U.S. and foreign inland freight. In addition, with respect to sales made through the distributor, the petitioners adjusted the U.S. prices downward for a distributor mark-up based on pricing data submitted in the petition.

With respect to normal value (NV), the petitioners provided Aichi's home-market prices for two grades of SSA sold to unaffiliated home-market customers which were obtained from foreign market research. These products are comparable to the products exported to the United States which served as the basis for EP. The prices the petitioners used in the calculation of NV were delivered prices, exclusive of taxes. The petitioners made a deduction from NV for foreign inland freight which was also obtained from foreign market research. Pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c), the petitioners made a circumstance-of-sale adjustment for differences in credit expenses between home-market and U.S. sales. The petitioners did not adjust the prices for differences in packing costs because they assumed that packing costs were the same for both markets.

Having analyzed the petition, we made revisions to the Japan-specific data contained in the petition. Consistent with the EP calculation, we revised the distributor mark-up such that the mark-up rate is applied to starting prices on a grade-specific basis. For purposes of calculating NV, we recalculated home-market inland freight by relying upon all freight amounts included in the foreign market research. (See IA Initiation Checklist for further discussion of these changes.)

In addition, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales of SSA in the home market were made at prices below the COP within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (COM), selling, general, and administrative (SG&A) expenses (which include financial expenses) and packing costs. To calculate Aichi's COM, the petitioners relied upon their own production experience, adjusted for known differences between costs incurred to produce SSA in the United States and in Japan using information obtained through market research and publicly available data. To calculate SG&A expenses, the petitioners relied upon Aichi's 1999 financial statements.

Based upon the comparison of the adjusted prices of the foreign like product in the home market to the COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b), and 773(e) of the Act, the petitioners also based NV for sales in Japan on constructed value (CV). The petitioners calculated CV using the same figures for COM, SG&A expenses, and packing costs they used to compute Japanese home-market costs. Consistent with section 773(e)(2) of the Act, the petitioners also added to CV an amount for profit, which was based upon Aichi's 1999 financial statements.

The petitioners provided estimated dumping margins in two ways: (1) Home market price (HMP) compared to EP (with margins ranging from 29.62 to 107.39 percent); (2) CV compared to EP (with margins ranging from 69.00 to 107.70 percent). As a result of our adjustments to the petitioners' calculations noted above, the revised HMP-to-EP and CV-to-EP comparisons result in margins that range from 29.80 to 105.97 percent and from 73.01 to 114.51 percent, respectively.

B. Korea

The petitioners identified Bae Myung Metal Co., Ltd. (Bae Myung), as a producer and an exporter of SSA from Korea. According to the petitioners, Bae Myung accounts for all the subject merchandise exported from Korea to the United States. The petitioners based EP on U.S. prices from Bae Myung to unaffiliated U.S. purchasers through distributors for two grades of SSA. The petitioners obtained these prices from U.S. industry sources. The petitioners made deductions from EP for C.I.F. charges, including ocean freight and insurance (from official U.S. import statistics), duties (from the HTSUS), harbor-maintenance and merchandise-processing fees, and U.S. and foreign inland freight. In addition, with respect to sales made through distributors, the petitioners adjusted the U.S. prices downward for a distributor mark-up based on pricing data they submitted in the petition.

With respect to NV, the petitioners provided Bae Myung's home-market prices for two grades of SSA sold to unaffiliated home-market customers which they obtained from foreign market research. These products are comparable to the products exported to the United States which served as the basis for EP. The prices the petitioners used in the calculation of NV were delivered prices, exclusive of taxes. The petitioners made a deduction from NV for foreign inland freight which they also obtained from foreign market research. Pursuant to section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c), the petitioners made a circumstance-of-sale adjustment for differences in credit expenses between home-market and U.S. sales. The petitioners did not adjust the prices for differences in packing costs because they assumed that packing costs were the same for both markets.

In addition, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales of SSA in the home market were made at prices below the COP within the meaning of section 773(b) of the Act, and they requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses (which include financial expenses), and packing costs. To

calculate Bae Myung's COM, the petitioners relied upon their own production experience, adjusted for known differences between costs incurred to produce SSA in the United States and in Korea using information they obtained through market research and publicly available data. To calculate SG&A expenses, the petitioners relied upon the 1999 financial statements of Pohang Iron and Steel Co. (POSCO), a Korean integrated steel manufacturer.

Based upon the comparison of the adjusted prices of the foreign like product in the home market to the COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b), and 773(e) of the Act, the petitioners also based NV for sales in Korea on CV. The petitioners calculated CV using the same figures for COM, SG&A expenses, and packing costs they used to compute Korean home-market costs. Consistent with section 773(e)(2) of the Act, the petitioners also added to CV an amount for profit, which was based on POSCO's 1999 financial statements. Because the petitioners' calculation of the profit percentage applied to COP excluded net interest expense from the denominator incorrectly, we recalculated the profit percentage to include this amount accordingly. (See IA Initiation Checklist for further discussion.)

The petitioners provided estimated dumping margins in two ways: (1) HMP compared to EP (with margins ranging from 2.89 to 53.49 percent); (2) CV compared to EP (with margins ranging from 60.45 to 101.15 percent). As a result of our adjustments to the petitioners' calculations noted above, the revised CV-to-EP comparisons result in margins that range from 59.19 to 99.56 percent.

C. Spain

The petitioners identified Roldan, S.A. (Roldan), as a producer and an exporter of SSA from Spain. According to the petitioners, Roldan accounts for the vast majority of the subject merchandise exported from Spain to the United States. The petitioners based EP on C.I.F. U.S. prices from Roldan to a U.S. distributor and through a U.S. distributor to an unaffiliated U.S. purchaser for two grades of SSA. The petitioners obtained these prices from market research. The petitioners made deductions from EP for C.I.F. charges, including ocean freight and insurance (from official U.S. import statistics), duties (from the HTSUS), harbor-maintenance and merchandise-processing fees, and U.S. and foreign inland freight. In addition, with respect to sales made through the distributor, the petitioners adjusted the U.S. prices downward for a distributor mark-up based on pricing data submitted in the petition.

With respect to NV, the petitioners provided Roldan's home-market prices for two grades of SSA sold to unaffiliated home-market customers which they obtained from foreign market research. These products are comparable to the products exported to the United States which served as the basis for EP. The prices used in the calculation of NV were delivered prices, exclusive of taxes. The petitioners made a deduction from NV for foreign inland freight which they also obtained from foreign market research. Pursuant to section 773 (a)(6)(C)(iii) of the Act and 19 CFR 351.410(c), the petitioners made a circumstance-of-sale adjustment for differences in credit expenses between home-market and U.S. sales. The petitioners did not adjust the prices for differences in packing costs because they assumed that packing costs were the same for both markets.

In addition, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales of SSA in the home market were made at prices below the COP within the meaning of section 773(b) of the Act, and they requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses (which include financial expenses), and packing costs. To calculate Roldan's COM, the petitioners relied upon their own production experience, adjusted for known differences between costs incurred to produce SSA in the United States and in Spain using information obtained through market research and publicly available data. To calculate SG&A expenses, the petitioners relied upon Roldan's 1999 financial statements and the financial statements of its parent company, Acerinox.

Based upon the comparison of the adjusted prices of the foreign like product in the home market to the revised COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b), and 773(e) of the Act, the petitioners also based NV for sales in Spain on constructed value (CV). The petitioners calculated CV using the same figures for COM, SG&A expenses and packing costs used to compute Spanish home-market costs. Consistent with section 773(e)(2) of the Act, the petitioners also added to CV an amount for profit, which was based upon Roldan's 1999 financial statements.

The petitioners provided estimated dumping margins in two ways: (1) HMP compared to EP (with margins ranging from 6.89 to 36.92 percent); (2) CV compared to EP. The petitioners based their CV-to-EP comparisons on two sales which resulted in the same margin of 61.45 percent.

Fair Value Comparisons

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

Allegations and Evidence of Material Injury and Causation

The petitioners allege 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 petitioners explain that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit-to-sales ratios, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. The Department assessed the allegations and supporting evidence regarding material injury and causation and determined that these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation. (See IA Initiation Checklists.)

Initiation of Antidumping Investigations

Based upon our examination of the petitions on SSA and the petitioners' responses to our supplemental questionnaires clarifying the petitions, as well as our discussion with the authors of the market-research reports supporting the petitions on Japan, Korea, and Spain and other measures undertaken to confirm the information contained in these reports (see IA Initiation Checklists), we have found that the petitions meet the requirements of section 732 of the Act. Therefore, we

are initiating antidumping duty investigations to determine whether imports of SSA from Japan, Korea, and Spain are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determinations no later than 140 days after the date of initiation.

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 Japan, Korea, and Spain. We will attempt to provide a copy of the public version of the appropriate petition to each exporter named in the petition.

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 October 2, 2000, whether there is a reasonable indication that imports of SSA from Japan, Korea and Spain are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 777(i) of the Act.

Dated: September 7, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–23685 Filed 9–13–00; 8:45 am]

BILLING CODE 3510–DS–P

APPENDIX B

CALENDAR OF THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

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

Subject:	Stainless Steel Angle from Japan, Korea, and Spain
Invs. Nos.:	731-TA-888-890 (Preliminary)
Date and Time:	September 8, 2000 - 9:30 a.m.

Sessions were held in connection with these investigations in the Commission's Main Hearing Room, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Collier Shannon Scott
Washington, DC
on behalf of

Slater Steels Corp.
United Steelworkers of America, AFL, CIO/CLC

Dan Anderson, Vice President-Sales & Marketing, Specialty and Stainless Products, Slater Steels Corp.
Joe Castellana, Works Manager-Fort Wayne Division, Slaters Steels Corp.
Laura Beltrami, Economic Consultant, Georgetown Economic Services
Brad Hudgens, Economic Consultant, Georgetown Economic Services

David A. Hartquist)
Mary T. Staley) --OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:

Willkie Farr & Gallagher
Washington, DC
on behalf of

Aichi Steel Corp.
Daido Steel Co., Ltd.
Japan Special Steel Exporters' Association
Sumitomo Metal Industries, Ltd.

Robert Hunter, Bar Products Manager, KG Specialty Steel, Inc.
Kenneth R. Button, Senior Vice President, Economic Consulting Services

Kenneth J. Pierce)
Dianne M. Keppler) --OF COUNSEL

O'Melveny & Myers LLP
Washington, DC
on behalf of

Acerinox USA
Roldan, S.A.

Fabian Rivelis--International Trade Consultant

Veronique Lanthier--OF COUNSEL

Ablondi, Foster, Sobin & Davidow, p.c.
Washington, DC
on behalf of

Bae Myung Metal Co., Ltd.
Ta Chen International (CA) Corp.

James Taylor, Jr.--OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
SSA: Summary data concerning the U.S. market, 1997-99, January-June 1999, and January-June 2000

(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			
				January-June					Jan.-June
Item	1997	1998	1999	1999	2000	1997-99	1997-98	1998-99	1999-00
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from:									
Japan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Korea:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Spain:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	28,391	17,147	31,967	10,612	22,001	12.6	-39.6	86.4	107.3
Value	36,240	21,475	28,771	9,966	21,665	-20.6	-40.7	34.0	117.4
Unit value	$1.28	$1.25	$0.90	$0.94	$0.98	-29.5	-1.9	-28.1	4.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
SSA: Summary data concerning the U.S. market, 1997-99, January-June 1999, and January-June 2000

(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			
				January-June					Jan.-June
Item	1997	1998	1999	1999	2000	1997-99	1997-98	1998-99	1999-00
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

APPENDIX D

U.S. DEPARTMENT OF COMMERCE OFFICIAL STATISTICS

Table D-1
SSA: U.S. imports, by source, 1997-99, January-June 1999, and January-June 2000

Source	1997	1998	1999	January-June 1999	January-June 2000
	Quantity (1,000 pounds)				
Japan	15,352	12,437	11,162	4,166	7,602
Korea	8,145	5,252	10,192	2,738	7,262
Spain	5,091	3,053	7,550	2,381	6,090
Subtotal	28,588	20,742	28,905	9,285	20,954
All other	6,232	2,130	3,238	927	2,781
Total	34,820	22,872	32,143	10,212	23,735
	Value ($1,000)				
Japan	19,831	15,004	9,843	3,369	7,276
Korea	9,654	5,726	8,331	2,111	6,924
Spain	6,390	3,643	6,183	1,967	5,382
Subtotal	35,874	24,372	24,356	7,447	19,582
All other	8,081	2,925	3,064	839	2,904
Total	43,956	27,297	27,420	8,286	22,486
	Unit value (per pound)				
Japan	$1.29	$1.21	$0.88	$0.81	$0.96
Korea	1.19	1.09	0.82	0.77	0.95
Spain	1.26	1.19	0.82	0.83	0.88
Average	1.25	1.18	0.84	0.80	0.93
All other	1.30	1.37	0.95	0.91	1.04
Average	1.26	1.19	0.85	0.81	0.95

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

APPENDIX E

CORRELATION OF PRICING DATA AND THE PRICE OF NICKEL

Table E-1
SSA: Correlation of the price of imported SSA with the price of domestic SSA, by product and source

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Table E-2
SSA: Correlation of the quarterly price of nickel with the price of domestic SSA, by product

* * * * * * *

Figure E-1
Indices of the price of nickel lagged two months and six months with indices of the price of domestic SSA, quarterly, by product

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