Stainless Steel Bar From Brazil, India, Japan, and Spain

Investigations Nos. 731-TA-678-679 and 681-682 (Review)

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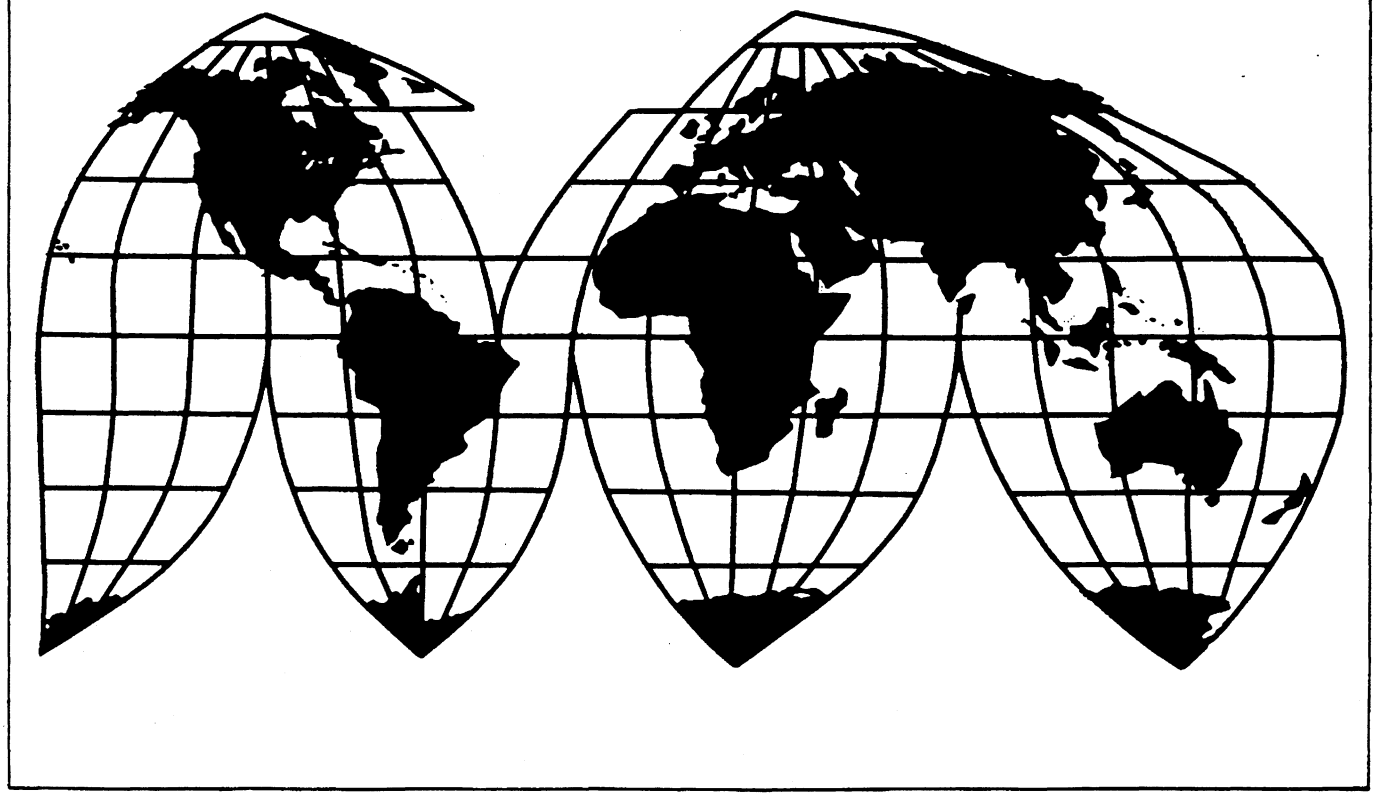

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U.S. International Trade Commission

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GLOSSARY

AOD	Argon-oxygen decarburization
AISI	American Iron and Steel Institute
ASME	American Society of Mechanical Engineers
ASTM	American Society for Testing and Materials
Acenor	Acenor, S.A.
Acerinox	Acerinox S.A.
Acerinox USA	Acerinox USA, Inc.
Acesita	Companhia Acos Especiais Itabira/Companhia Acesita S.A.
Akai	Akai Asian Ltd.
Aichi	Aichi Steel Works Ltd./Aichi Steel Corp.
Allvac	Allvac Division of Allegheny Technologies
AL Tech	AL Tech Specialty Steel Corp.
Atlas Stainless	Atlas Stainless Corp.
Atlas Specialty	Atlas Specialty Steels
Atlas Steels	Atlas Steels, Inc.
Avesta	Avesta Sheffield Bar Co.
Bhansali	Bhansali Bright Bars Pvt. Ltd.
C.i.f.	Cost, insurance, and freight
Carpenter	Carpenter Technology Corp.
Chandan	Chandan Steel Ltd.
Clorimax	Clorimax, SRL
Cold-finished SSB	Cold-finished stainless steel bar
Commerce	U.S. Department of Commerce
Commission/USITC/ITC	U.S. International Trade Commission
Crucible	Crucible Specialty Metals
Customs	U.S. Customs Service
Daido	Daido Steel Co. Ltd.
Digeco	Digeco, S.A.
ESR	Electroslag remelting
EU	European Union
Electralloy	Electralloy Corp.
Electrometal	Electrometal S/A Metais Especiais
Empire	Empire Specialty Steel, Inc.
Facor	Ferro Alloys Corp. Ltd.
F.o.b.	Free on board
FR	*Federal Register*
GDP	Gross domestic product
Grand Foundry	Grand Foundry Ltd.
Green Bay	Green Bay Supply Co.
HTS	Harmonized Tariff Schedule of the United States
Handy & Harman	Handy & Harman Specialty Wire Group
Hitachi Metals	Hitachi Metals, Ltd./Hitachi Metals International, Ltd.

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Hi Specialty	Hi Specialty America, Division of Hitachi Metals America Ltd.
Hot-finished SSB	Hot-finished stainless steel bar
IMF	International Monetary Fund
Industrial Alloys	Industrial Alloys, Inc.
Isibars	Isibars Ltd.
Kalyani Carpenter	Kalyani Carpenter Special Steels Ltd.
Jyoti	Jyoti Steel Industries
LTFV	Less than fair value
Madhya	Madhya Pradesh Iron & Steel Co.
Maryland Specialty	Maryland Specialty Wire
Meltroll	Meltroll Engineering Pvt. Ltd.
Mukand	Mukand Ltd.
Nortec	Nortec, Inc.
Olarra	Aceros Inoxidables Olarra, S.A.
PRW	Production and related workers
Panchmahal	Panchmahal Steel Ltd.
Parekh	Parekh Bright Bars Pvt. Ltd.
Piratini	Acos Finos Piratini, S.A./Gerdau Acos Finos Piratini
R&D	Research and development
Republic	Republic Technologies International/Republic Engineered Steels, Inc.
Response	Response to the Commission's Notice of Institution
Roldan	Roldan, S.A.
SG&A	Selling, general, and administrative expenses
Sanyo	Sanyo Special Steel Co. Ltd.
Shah	Shah Alloys Ltd.
Sindia	Sindia Steels Ltd.
Slater	Slater Steels Corp.
Snowdrop	Snowdrop Trading PVT Ltd.
Talley	Talley Metals Technology, Inc.
Timken	The Timken Corp.
Tohoku	Tohoku Steel Co. Ltd.
U.N.	United Nations
Universal	Universal Stainless and Alloy Products, Inc.
VAR	Vacuum arc remelting
VIM	Vacuum induction melting
VOD	Vacuum-oxygen decarburization
Venus	Venus Wire Industries Ltd.
Villares	Acos Villares, S.A./Villares Metals, S.A.
Viraj	Viraj Impoexpo Ltd.

* * * * * * *

Firms whose names are confidential have been deleted from the glossary

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-678-679 and 681-682 (Review)

STAINLESS STEEL BAR FROM BRAZIL, INDIA, JAPAN, AND SPAIN

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on December 30, 1999 (64 F.R. 73579) and determined on April 6, 2000, that it would conduct full reviews (65 F.R. 20834, April 18, 2000). Notice of the scheduling of the Commission's reviews and of a public hearing 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* on July 6, 2000 (65 F.R. 41728). The hearing was held in Washington, DC, on January 30, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

[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 five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

In February 1995, the Commission found that an industry in the United States was materially injured by reason of imports of stainless steel bar from Brazil, India, Japan, and Spain.[1] Commerce published antidumping duty orders regarding Brazil, India, and Japan on February 21, 1995, and an antidumping duty order regarding Spain on March 2, 1995.[2]

On December 30, 1999, the Commission instituted reviews pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"), to determine whether revocation of the antidumping duty orders on imports of stainless steel bar from Brazil, India, Japan, and Spain would likely lead to continuation or recurrence of material injury to the domestic industry.[3]

In five-year reviews, the Commission initially determines whether to conduct a full review (which would generally include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties -- domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) -- demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.[4] If the Commission finds the responses from both groups of interested parties to be adequate, or if other circumstances warrant, it will determine to conduct a full review.

In these reviews, the Commission received responses to the notice of institution from: (1) six domestic producers of stainless steel bar, and a domestic union/worker group, and (2) one Spanish producer and exporter of subject merchandise and a U.S. importer of subject merchandise from Spain. No response to the notice of institution was filed by any producer, importer, or exporter with respect to subject merchandise from Brazil, India, or Japan.

On April 6, 2000, the Commission determined that the domestic interested party group response to its notice of institution was adequate with respect to all reviews and that the respondent interested party group response for Spain was adequate.[5] The Commission therefore determined to conduct a full

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[1] Stainless Steel Bar From Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995).

[2] 60 Fed. Reg. 9661 (Feb. 21, 1995), 60 Fed. Reg. 11656 (Mar. 2, 1995).

[3] 64 Fed. Reg. 73579 (Dec. 30, 1999).

[4] See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

[5] See Explanation of Commission Determinations on Adequacy, Confidential Report ("CR"), as revised by memoranda INV-Y-035 and INV-Y-037, and Public Report ("PR") at Appendix A.

review concerning subject imports from Spain.[6] The Commission further determined to conduct full reviews concerning Brazil, India, and Japan to promote administrative efficiency in light of its decision to conduct a full five-year review concerning Spain.[7]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines "the domestic like product" and the "industry."[8] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[9] In a section 751(c) review, the Commission must also take into account "its prior injury determinations."[10]

Commerce described the merchandise subject to the antidumping duty orders under review as:

> [A]rticles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. Stainless steel bar includes cold-finished stainless steel bar that is turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process. Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (i.e., cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections.[11]

Stainless steel bar and articles produced from stainless steel bar are used in applications in which the products' corrosion resistance, heat resistance, surface condition, appearance, and finish are important. There are significant applications in the automotive, chemical, dairy, food, and pharmaceutical industries, as well as in marine applications and in pumps and connectors for fluid

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[6] Id.

[7] Id.

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(10). See NEC Corp. v. Department of Commerce, Slip Op. 98-164 at 8 (CIT, Dec. 15, 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). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[10] 19 U.S.C. § 1675a(a)(1)(a).

[11] 65 Fed. Reg. 25909 (May 4, 2000).

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handling systems. Stainless steel concrete reinforcing bar is used in construction projects in which its non-corrosive and nonmagnetic properties are desired.[12]

The starting point of the Commission's like product analysis in a five-year review is the like product definition in the Commission's original determination.[13] In the original investigations of stainless steel bar, the Commission found the like product to be all stainless steel bar, rejecting the argument that cold-finished and hot-finished stainless steel bar are separate like products.[14]

In these reviews, parties have raised no new like product issues and there is no new information that indicates a need to revisit the Commission's definition of the like product in the original determinations. Accordingly, we define the domestic like product in these five-year reviews to be all stainless steel bar, coextensive with Commerce's scope.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the "domestic 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."[15] In accordance with our domestic like product determination in the instant five-year reviews, we determine that the domestic industry consists of the domestic producers of stainless steel bar.

C. Related Parties

We must further decide whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B), which allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or that are themselves importers. Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[16] Although no party has

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[12] CR at I-15, PR at I-13 - I-14.

[13] In the like product analysis for an investigation, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer and producer perceptions; and, where appropriate, (6) price. See The Timken Co. v. United States, 913 F. Supp. 580, 584 (CIT 1996). No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49.

[14] USITC Pub. 2856 (Feb. 1995) at I-6 - I-9 (applying the five-factor, semifinished products analysis).

[15] 19 U.S.C. § 1677(4)(A).

[16] See Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (CIT 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (CIT 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude such parties include:

(1) the percentage of domestic production attributable to the importing producer;
(2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and

(continued...)

argued for the exclusion of any domestic producer under this provision, the record raises the following related party issues.

Carpenter ***.[17] It is unlikely that *** could have a significant effect on either Carpenter's financial performance in stainless steel bar operations or the financial performance of the industry as a whole.[18] Further, there is no likelihood of any such benefit being provided in the reasonably forseeable future, due to ***. Given these facts, and recognizing that Carpenter is predominantly a producer rather than ***, we do not find that appropriate circumstances exist to exclude Carpenter from the domestic industry.

The record also indicates that Hi Specialty is related to Hitachi Metals, a manufacturer of stainless steel bar in Japan. ***.[19] Accordingly, Hi Specialty is a related party *** because it is related to Hitachi Metals, a Japanese producer/exporter, ***. There is no basis for concluding, however, that appropriate circumstances exist for excluding Hi Specialty from the domestic industry. Even if Hi Specialty ***.[20] In addition, even though it is a *** producer, accounting for *** percent of U.S. production in 1999,[21] Hi Specialty's primary interest is in domestic production. No party has requested that Hi Specialty be excluded from the domestic industry. Based upon all the foregoing, we find that appropriate circumstances do not exist to exclude Hi Specialty from the domestic industry.

Accordingly, we have included all domestic producers of stainless steel bar, including Carpenter and Hi Specialty, in the domestic industry.

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[16] (...continued)
(3) the position of the related producer vis-à-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (CIT 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. See, e.g., Sebacic Acid From the People's Republic of China, Inv. No. 731-TA-653 (Final), USITC Pub. 2793, at I-7 - I-8 (July 1994).

[17] ***. CR at I-28 & n.50, PR at I-22 & n.50. Carpenter also participates in a joint venture with Kalyani Carpenter, a manufacturer of stainless steel bar in Pune, India. CR at I-27 - I-28, PR at I-22. Even if this joint venture constitutes direct or indirect control between Carpenter and a producer and potential exporter of subject merchandise, we do not find appropriate circumstances for excluding Carpenter, ***, from the domestic industry, essentially for the reasons discussed later in the text.

[18] As noted earlier, Carpenter is the *** of the domestic like product, with *** percent of U.S. production in 1999. CR and PR at Table I-2. At their peak, *** of *** short tons represent *** estimated U.S. shipments of *** short tons in 1999. Including the production of Talley, which Carpenter acquired in 1998, Carpenter accounted for *** percent of U.S. production in 1999. CR and PR at Table I-2, & n.15. Adding Talley's 1999 shipments to those of Carpenter, for a total of *** short tons (CR and PR at Table I-2), would further reduce the significance of ***.

[19] ***.

[20] See CR and PR at Table I-2 and ***. It is not clear if, or to what extent, Hi Specialty's *** is attributable to its producing ***. See CR and PR at Tables III-4 and III-6.

[21] CR and PR at Table I-2.

III. CUMULATION[22]

A. Framework

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[23]

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[24] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[25] With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely

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[22] Commissioner Bragg does not join this section. While she concurs with the majority's findings of a reasonable overlap of competition and likely discernible adverse impact in the event the orders are revoked, her determinations are based upon a different analytical framework than that of her colleagues. See Separate Views of Chairman Lynn M. Bragg Regarding Cumulation in Sunset Reviews, found in Potassium Permanganate From China and Spain, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999); see also, Separate Views of Chairman Lynn M. Bragg Regarding Cumulation, found in Brass Sheet and Strip From Brazil, Canada, France, Germany, Italy, Japan, Korea, the Netherlands, and Sweden, Inv. Nos. 701-TA-269 & 270 (Review) and 731-TA-311-317 and 379-380 (Review), USITC Pub. 3290 (Apr. 2000). In particular, Commissioner Bragg notes that she examines the likelihood of no discernible adverse impact only after first determining there is likely to be a reasonable overlap of competition in the event of revocation. Having found a reasonable overlap of competition in these reviews for the same reasons as those set forth by the Commission majority, Commissioner Bragg turns to the issue of no discernible adverse impact. Based upon the excess capacity in each of the subject countries, export orientation of subject producers in Brazil, India, and Spain, evidence of recent underselling by Spanish subject merchandise (even if one were to factor in a *** percent mark-up on sales of Spanish subject merchandise from mill depots to service centers), evidence of underselling by subject imports from Brazil, India, and Japan during the original investigations, and given the currently weakened condition of the domestic industry, Commissioner Bragg finds that revocation of each of the orders at issue will lead to a likely discernible adverse impact to the domestic industry. Accordingly, Commissioner Bragg cumulates all subject imports. CR and PR at Tables IV-6 - IV-9; CR and PR at Tables V-8 - V-13; CR at V-13, n.9, PR at V-10, n.9; USITC Pub. 2856 at I-16 - I-17.

[23] 19 U.S.C. § 1675a(a)(7).

[24] 19 U.S.C. § 1675a(a)(7).

[25] SAA, H.R. Rep. No. 103-316, vol. I (1994).

impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.[26]

The Commission has generally considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[27] Only a "reasonable overlap" of competition is required.[28] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are revoked. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[29]

In these reviews, the statutory requirement that all of the stainless steel bar reviews be initiated on the same day is satisfied.

B. No Discernible Adverse Impact

No party has argued that imports from Brazil, India, or Japan would not be likely to have a discernible adverse impact on the domestic industry if those orders are revoked. The Spanish respondents, however, have argued that subject imports from Spain will have no discernible adverse impact on the domestic industry if the antidumping duty order with respect to Spain is revoked.[30]

Because of the conditions of competition, the likely volume of imports from Spain, and the

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[26] For a discussion of the analytical framework of Chairman Koplan and Commissioners Miller and Hillman regarding the application of the "no discernible adverse impact" provision, see Malleable Cast Iron Pipe Fittings From Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review), USITC Pub. 3274 (Feb. 2000). For a further discussion of Chairman Koplan's analytical framework, see Iron Metal Castings From India; Heavy Iron Construction Castings From Brazil; and Iron Construction Castings From Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review) and 731-TA-262, 263, and 265 (Review), USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

[27] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

[28] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994, aff'd, 96 F. 3d 1352 (Fed. Cir. 1996)).

[29] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

[30] E.g., Spanish Producers' Prehearing Brief at 16-20 (characterizing historic and current volumes as "low," and arguing that production capacity is *** and there are *** inventories of Spanish bar).

current condition of the domestic industry, we find that subject imports from Spain would likely have a discernible adverse impact on the domestic industry if the antidumping duty order is revoked.

Subject imports from Spain have remained in the U.S. market in the years since the orders were imposed, albeit at substantially reduced levels.[31] The continuing presence of these subject imports in the domestic market indicates that subject foreign producers continue to have contacts and channels of distribution necessary to make sales in the U.S. market.

As discussed further in the volume section of these views, production capacity in Spain remains large and, indeed, has grown since the original investigations. Moreover, the Spanish industry maintains excess capacity and is oriented to supply export markets.

We therefore find that subject imports from Spain, which are moderately to highly substitutable with domestic stainless steel bar, would likely enter the U.S. market in sufficient quantities and at sufficiently low prices that they would have a discernible adverse impact on the domestic industry absent the order.

C. Reasonable Overlap of Competition

In the original determination the Commission found that subject imports from Brazil, India, Japan and Spain competed with each other and with the domestic like product and therefore cumulated the volume and price effects of those imports.[32] In these reviews, we find that there will likely be a reasonable overlap of competition among the subject imports from Brazil, India, Japan, and Spain, and between those subject imports and the domestic like product if the orders are revoked. There is a moderate to high degree of substitutability among the domestic like product and imports from these subject countries. Most U.S. producers and importers agree that the subject imports and the domestic like product were always or frequently interchangeable.[33] In this regard, virtually all firms purchasing stainless steel bar require some form of certification, such as qualification under standards of the American Society for Testing and Meterials (ASTM) and American Society of Mechanical Engineers

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[31] CR and PR at Table I-1.

[32] USITC Pub. 2856 at I-15.

[33] Quality was identified most frequently among the three most important factors considered by purchasers. CR and PR at Table II-2. All nine purchasers that responded to the question reported that imported and domestic stainless steel bar are used in the same applications (although their knowledge pertained mostly to nonsubject imports). CR at II-14, PR at II-9. Eight of eleven purchasers responded in the negative when asked if certain grades/types/sizes of stainless steel bar were available from only a single source; those responding affirmatively identified Carpenter as producing certain proprietary and little-used grades that other producers do not make because of economics. CR at II-14, PR at II-9. Importers similarly reported that U.S.-produced and imported stainless steel bar from all subject countries could be used interchangeably in most cases. CR at II-14, PR at II-10. Eight importers stated that differences in product characteristics and sales conditions between U.S.- produced and subject imported stainless steel bar did not affect their firms' sales of stainless steel bar, and four importers reported different characteristics did affect their sales. Every responding U.S. producer considered all subject stainless steel bar to be used interchangeably with domestic product, and most U.S. producers stated that there were no differences in product characteristics or sales conditions between the domestic like product and the subject imports that were significant factors in their sales of stainless steel bar. CR at II-14 - II-15 , PR at II-10. That there may be certain limited end uses which only the Japanese product or a Carpenter product can satisfy, some perception of the Indian product as of lower quality, or instances in which the U.S. or subject imported product failed a purchaser's qualification standards do not mean that subject imports from the four countries and the U.S. product do not generally compete with each other.

(ASME), and in only a few instances were U.S. or subject-country firms cited as failing to meet purchasers' quality standards.[34]

We note that a significant portion of both domestic producers' shipments and shipments of the subject imports from Brazil, India and Spain in 1999 were of grades 303, 304/304L, and 316/316L.[35] Although the limited volume of reported imports from Japan in 1999 was solely in other grades, the domestic producers' shipments and, to some extent, those of the other subject countries also included shipments of other grades.[36] Moreover, any current differences in grades do not prevent us from concluding that there is likely to be a reasonable overlap of competition among the subject imports and between the subject imports and the domestic like product if the orders are revoked. In a five-year review, the proper focus is on likely post-revocation behavior, and the composition of current imports, affected by the discipline of an antidumping or countervailing duty order, is not necessarily indicative of likely post-revocation competition. While current imports from Japan may be specialized or limited to particular grades, these imports are subject to the antidumping duty order and are in small quantities. We note that at least 89 percent of the subject imports from Japan in the final year of the original investigation period were of grades 303, 304, 316 and 416, the same grades that account currently for significant proportions of both the domestic product and imports from other subject countries.[37]

We also find that the domestic like product and the subject imports from Brazil, India, Japan, and Spain are or are likely to be sold through similar channels of distribution, often through service centers to end users, as they were during the original investigations. Although current distribution practices are not dispositive of what will occur if the orders are revoked, the record indicates that domestic, Indian, and Spanish stainless steel bar are sold in varying percentages to all four principal channels: service centers/distributors, mill depots, cold finishers, and end users.[38] The Brazilian product is sold only to service centers/distributors and mill depots and the Japanese product is sold only to service centers/distributors and end users.[39] We find that a significant overlap in channels of distribution, via service centers, is likely upon revocation.[40]

Our analysis of current and prospective overlap of geographic markets and simultaneous presence is limited by low current volumes of imports that are subject to the outstanding orders. Most

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[34] CR at II-13, PR at II-9. One purchaser identified ***, as having failed to meet its quality requirements, and another identified ***, as failing to qualify because of quality and delivery problems.

[35] CR and PR at Tables E-1 and E-2.

[36] Id.

[37] USITC Pub. 2856 at I-14; CR and PR at Tables E-1 and E-2.

[38] CR and PR at Table IV-3. Only small quantities of the domestic like product are sold at the mill depot level and only a small quantity of subject imports enter the chain of distribution at the end user level. Id.

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

[40] CR and PR at Table IV-3. The Spanish producers correctly note that a higher percentage of their imports, compared with imports from other subject countries and the domestic like product, enter the distribution chain at the mill depot level. However, mill depots sell most often to service centers and, as the Spanish producers therefore acknowledge, the mill depot is simply "one-step-removed upstream in the distribution chain" from stainless steel bar sold directly to service centers. CR at IV-11 - IV-13, PR at IV-8. Any differences in the point at which stainless steel bar enters the distribution chain are not sufficient to conclude that channel differences result in there being no likely reasonable overlap in competition among the Spanish subject imports, the other subject imports, and the domestic like product. Moreover, there is nothing to prevent sales of the Spanish product directly to service centers, as was common during the original investigations, upon revocation.

U.S. producers reported that they served the national market, although some concentrated in regional markets.[41] Importers tended to have a greater regional focus than producers, although some importers reported selling nationwide.[42] Subject imports from each country have been present during the period considered in these reviews, albeit on a limited basis.[43] In the original investigations, the Commission found that U.S. producers and importers of the subject merchandise sold on a nationwide basis, that importers were not geographically concentrated, and that subject imports of stainless steel bar from Brazil, India, Japan, and Spain were simultaneously present in the U.S. market during the entire period of investigation.[44]

We therefore find that there likely would be a reasonable overlap of competition between the subject imports and the domestic like product, and among the subject imports themselves, if the orders are revoked.

We have taken into account other significant conditions of competition that are likely to prevail if the orders are revoked in evaluating whether to cumulate imports. We find that subject imports from Brazil, India, Japan, and Spain would compete in the U.S. market under similar conditions of competition, discussed below. Therefore, based on the foregoing, we exercise our discretion to cumulate subject imports from Brazil, India, Japan, and Spain.[45]

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORSEEABLE TIME IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order unless: (1) it makes a determination that dumping or a countervailable subsidy would be likely to continue or recur, and (2) the Commission makes a determination that revocation of an order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[46] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation [of the order] . . . and the elimination of its restraining effects on volumes and prices of imports."[47] Thus, the

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[41] CR at V-5, PR at V-6.

[42] CR at V-7 , PR at V-6.

[43] CR and PR at Table I-1.

[44] USITC Pub. 2856 at I-14.

[45] Roldan, a Spanish producer, states confidentially that it ***. E.g., Attachment 5 of Spanish Producers' Posthearing Brief at 1-2. Roldan argues that the *** distinguishes the conditions under which the Spanish product will compete in the U.S. market from the conditions under which the other subject imports will compete and, on that basis, asks that the Commission decline to exercise its discretion to cumulate subject imports from Spain with the other subject imports. Id. We do not view *** as constituting a condition of competition that would lead us not to exercise our discretion to cumulate all subject country imports.

[46] 19 U.S.C. § 1675(d)(2).

[47] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury (continued...)

likelihood standard is prospective in nature.[48] The statute states that "the Commission shall consider that the effects of revocation . . . may not be imminent, but may manifest themselves only over a longer period of time."[49] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis [in antidumping and countervailing duty investigations]."[50] [51]

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked."[52] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.[53]

We note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence.

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[47] (...continued)
standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry)." SAA at 883.

[48] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[49] 19 U.S.C. § 1675a(a)(5).

[50] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[51] In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define "reasonably foreseeable time" by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

[52] 19 U.S.C. § 1675a(a)(1).

[53] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive."[54] In these grouped reviews, a number of respondent interested parties did not provide questionnaire responses and/or participate in these proceedings. Accordingly, we have relied on the facts available in these reviews, which consist primarily of the evidence in the record from the Commission's original investigations, the information collected by the Commission since the institution of these reviews, and information submitted by the domestic producers and other parties in these reviews.

For the reasons stated below, we find that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[55] In performing our analysis under the statute, the following conditions of competition in the U.S. market for stainless steel bar are among those we have taken into account.

While there has apparently been an increase in demand for stainless steel generally,[56] apparent consumption of stainless steel bar declined from 246,436 short tons in 1995 to 236,927 short tons in 1999, although it increased in interim 2000, compared with interim 1999.[57] Demand for stainless steel bar is derived from demand for the end use products in which it is incorporated.[58] Stainless steel bar is used in the automotive industry and for chemical processing, dairy and food processing, marine applications, and pharmaceutical equipment.[59] While stainless steel bar is sold as hot-finished and cold-finished, the majority of subject imports were cold-finished, as was most stainless steel bar sold on the open market by U.S. producers.[60] Purchasers generally require certification or prequalification of their suppliers, and once a product is qualified, price becomes an important factor in purchasing decisions.[61]

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[54] SAA at 869.

[55] 19 U.S.C. § 1675a(a)(4).

[56] CR at II-11, PR at II-7.

[57] See CR and PR at Table I-1. In the first nine months of 2000, apparent consumption increased to 225,473 short tons from 169,168 short tons in the same period in 1999. Id.

[58] CR at II-11, PR at II-8.

[59] CR at I-15, PR at I-13.

[60] CR and PR at Table IV-2; CR at I-16, PR at I-14. Domestic producers reported that 89.5 percent of domestically produced hot-finished stainless steel bar is captively consumed in the manufacture of cold-finished stainless steel bar.

[61] CR at II-13, PR at II-9.

The price of important raw materials, such as nickel, has an impact on the selling price of stainless steel bar.[62]

The domestic industry added capacity over the period of review, and its capacity utilization generally declined.[63] Nonsubject imports increased their presence in the U.S. market during the period of review, from 26.9 percent in 1995 to 34.1 percent in 1999, in terms of quantity. Nonsubject imports' share of the market in terms of quantity increased further to 40.9 percent in interim 2000 as compared to 32.5 percent in interim 1999.[64]

The vast majority of domestic producers' shipments of stainless steel bar are through service centers, although a small fraction of shipments are to end users.[65] Subject imports are also sold to service centers, as well as to master distributors (mill depots), cold finishers, and end users.[66] Master distributors may hold significant inventories of imports, and sell most of their product to service centers.[67]

Stainless steel bar can be produced on the same equipment used to produce other products, such as stainless steel angle and wire rod.[68]

Based on the record evidence, we find that these conditions of competition in the U.S. stainless steel bar market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions in the domestic stainless steel bar market provide us with a sufficient basis upon which to assess the likely effects of revocation of the antidumping duty orders at issue within a reasonably foreseeable time.

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[69] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the

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[62] CR at V-4 - V-7, PR at V-3 - V-5.

[63] The industry's capacity was 289,002 short tons in 1995, 285,352 short tons in 1996, 285,127 short tons in 1997, 285,767 short tons in 1998, and 304,777 short tons in 1999. CR and PR at Table III-1. The increase appears to have continued in 2000, as capacity was 236,471 short tons in the first nine months of 2000 as compared to 229,564 short tons in the first nine months of 1999. CR and PR at Table I-1. Capacity utilization declined from 60.8 percent in 1995, to 50.8 percent in 1999. Id. However, in the first nine months of 2000, capacity utilization was 55.5 percent while it was only 48.7 percent in the same period in 1999. Id.

[64] Id. Imports from nonsubject countries were 66,304 short tons in 1995, 74,196 short tons in 1996, 88,612 short tons in 1997, 89,520 short tons in 1998, and 80,774 short tons in 1999. In January through September 2000, nonsubject imports were 92,196 short tons, compared with 55,012 short tons in the same period in 1999. Id. As already discussed, their market share displayed similar trends. Id.

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

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

[67] CR at IV-9, PR at IV-4 - IV-7.

[68] CR at I-17 - I-18, III-3 - III-4; PR at I-15, III-1 - III-3.

[69] 19 U.S.C. § 1675a(a)(2).

United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[70]

In its original determinations, the Commission found the subject import volumes to be significant.[71] The cumulated subject import volume for these four countries was 25,983 short tons in 1991, 26,551 short tons in 1992, and 31,687 short tons in 1993. In 1993, the cumulated market penetration for these four countries, measured by quantity, was 15.7 percent.[72]

Subject imports have maintained a presence in the U.S. market since the orders were imposed, although at much lower levels than in the original investigations. Cumulated subject import volume for Brazil, India, Japan, and Spain was 5,792 short tons in 1995, 3,802 short tons in 1996, 4,063 short tons in 1997, 5,055 short tons in 1998, and 6,546 short tons in 1999. Import volumes in interim 1999 and interim 2000 were 4,064 short tons and 7,439 short tons, respectively.[73] We conclude that the orders were primarily responsible for the reduction in exports of stainless steel bar from these subject countries to the United States.[74]

Our assessment of the likely volume of subject imports upon revocation is hindered by the failure of a number of foreign producers to provide data in response to the Commission's questionnaires, particularly producers in Brazil and Japan, and to a lesser extent, India. U.S. embassies in Brazil and Japan have provided us with some data, which we have used in our analysis, as appropriate, along with information from the original investigations, and other available facts. The record indicates there is significant unused capacity in the subject countries.[75] Moreover, all of the subject countries export a

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[70] 19 U.S.C. § 1675a(a)(2)(A)-(D).

[71] USITC Pub. 2856 at I-15.

[72] CR and PR at Table I-1.

[73] CR & PR at Table I-1.

[74] In the original investigations, the Commission found that an initial decline in subject imports during the period of investigation was in response to the filing of the petition: "[b]ased on a review of the record it appears that the filing of the petition on December 30, 1993 led to a significant reduction in subject import volumes during the January-September 1994 period for which data were collected." USITC Pub. 2856 at I-16.

[75] Capacity utilization of those Brazilian stainless steel bar producers reporting in the original investigations was *** percent in 1993. CR and PR at Table IV-6. The U.S. Embassy reports 1999 stainless steel bar production in Brazil of 36,577 short tons. Id. This is an increase in annual production since the original investigations, which may be due in part to the Embassy data's coverage of a greater number of producers than had reported in the original investigations. See CR and PR at Table IV-6, note. Although current Brazilian capacity information is not available, even if the current production levels in Brazil were achieved at the ***, significant unused capacity remains and Brazilian producers would be able to increase their exports to the United States significantly without adding capacity. See CR and PR at Table IV-6. Although Indian capacity information is incomplete, representing only 4 of 8 responding producers, Indian capacity utilization for producers reporting both capacity and production was 51.5 percent in 1999, and was 34.5 percent and 66.4 percent in interim 1999 and interim 2000, respectively, leaving significant unused capacity and an ability to increase exports significantly over current levels. CR and PR at Table IV-7. Only one *** Japanese producer responded to our questionnaire, and data from the U.S. Embassy in Tokyo includes production but not capacity information. Comparing capacity levels for Japan in the original investigations with production in 1999 and the interim periods reported by the U.S. Embassy would indicate that Japan too has significant unused capacity and the ability to increase its exports significantly over current levels. CR at Table IV-8. Similarly, Spanish producers report significant unused capacity, with 1999 production of *** short

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significant share of their production.[76] There is no record information indicating any likely limitations on the subject countries' resumption of significant export shipments to the United States if the orders are revoked.[77] [78] In addition, there are barriers on importation of certain stainless steel bar from each of the subject countries into third country markets.[79] We also note that subject producers possess some ability to shift production and export from other stainless steel products to production and export of stainless steel bar.[80] Moreover, given that U.S. antidumping duty orders or cash deposit/bond requirements are currently in place on two of the other stainless products, stainless steel wire rod and stainless steel angle, subject producers would have an incentive to shift production from those other products to stainless steel bar if the subject orders are revoked.[81] [82] In sum, we find that, if the orders are revoked, subject producers would have the ability and motivation to increase exports to the United States.[83] Accordingly,

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[75] (...continued)
tons and capacity of *** short tons, leaving unused Spanish capacity alone equivalent to about *** percent of 1999 U.S. apparent consumption. Data for the interim period also show available capacity. CR and PR at Table IV-1, Table IV-9.

[76] In 1999, Brazilian producers exported 50 percent of their stainless steel bar shipments (CR and PR at Table IV-6), Indian producers exported 69.9 percent of their total shipments (CR and PR at Table IV-7), Japanese producers exported 30.7 percent of their production (CR and PR at Table IV-8), and Spanish producers exported *** percent of their total shipments (CR and PR at Table IV-9).

[77] The Spanish producers argue that their current relationships with purchasers in third countries and their need to supply related distribution companies would limit their ability to increase exports to the United States. E.g., Spanish Producers' Prehearing Brief at 21-23. While these factors may have some effect, we do not find them sufficient to conclude that exports from Spain to the United States would not increase significantly if the order regarding Spain was revoked.

[78] Commissioner Bragg did not find the Spanish producers' argument that they are limited in their ability to increase exports to the United States by existing relationships with purchasers in third country markets persuasive.

[79] Canada has antidumping duty orders in place with respect to stainless steel round bar of 25 to 570 mm in diameter from Brazil, India, Japan, and Spain, as well as countervailing duty orders on that merchandise from Brazil and India. CR at IV-32, PR at IV-21. We note that the Spanish producers maintain that they had *** and that total Spanish exports to Canada were extremely low in the years leading up to the Canadian investigation. Id. The EU has a countervailing duty order on stainless steel bright bar from India. Id.

[80] See CR at I-18, III-3 - III-4, IV-28 - IV-31; PR at I-15 - I-16, III-1 - III-3, IV-19 - IV-21 (manufacturers' ability to use same facilities to produce stainless steel bar, stainless steel wire rod, and stainless steel angles).

[81] Imports of stainless steel wire rod from Brazil, India, Japan and Spain are covered by U.S. antidumping duty orders: 59 Fed. Reg. 4021 (Jan. 28, 1994) (Brazil); 58 Fed. Reg. 63335 (Dec. 1, 1993) & 58 Fed. Reg. 67909 (Dec. 22, 1993) (India); 63 Fed. Reg. 49328 (Sept. 15, 1998) (Japan); 63 Fed. Reg. 49330 (Sept. 15, 1998) (Spain). Stainless steel angle from Japan and Spain is subject to a preliminary Commerce finding of dumping, and thus is subject to the cash deposit, bond, or other security requirements. 66 Fed. Reg. 2880 (Jan. 12, 2001); see also Stainless Steel Angle From Japan, Korea, and Spain, Inv. Nos. 731-TA-888-890 (Preliminary), USITC Pub. 3356 (Oct. 2000).

[82] Inventories of subject merchandise in either the home markets or in the United States were not a significant factor in our affirmative determination. We note that *** produce to order. CR at IV-25, PR at IV-18.

[83] Several purchasers commented that they expect the volume of subject imports to increase if the orders are revoked. CR at D-11 - D-13, PR at D-7 - D-8.

we find that the likely volume of cumulated subject imports would be significant both in absolute terms and relative to U.S. consumption if the antidumping duty orders are revoked.[84]

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with domestic like products and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of domestic like products.[85]

In the original determinations, the Commission found that subject imports undersold the domestic like product in 292 of 518 price comparisons, and that underselling averaged 11.2 percent.[86] The Commission found that subject imports depressed or suppressed domestic prices to a significant degree.[87]

Information from U.S. producers and importers in these reviews indicates that domestically-produced stainless steel bar and subject imports are generally substitutable, that most producers, both domestic and subject, meet purchasers' qualification requirements, and that price is an important factor in purchasing decisions.[88] Thus, for any individual source of supply, increases in sales volume are likely to be achieved through lower prices. The pricing patterns observed in the original investigations are therefore likely to recur and the subject imports would likely significantly undersell the domestic like product.[89]

Available data in these reviews continue to reflect underselling by the subject imports,[90] although there are relatively few price comparisons in these reviews due to the limited presence of subject imports following issuance of the antidumping duty orders.[91] [92]

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[84] Commissioner Bragg infers that, upon revocation, subject producers from Brazil, India, and Japan would revert to their historical emphasis on exporting to the United States, as evidenced in the Commission's original determinations. Based upon the record in these grouped reviews, Commissioner Bragg finds that the historical emphasis will likely result in significant volumes of subject imports into the United States if the orders are revoked.

[85] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[86] USITC Pub. 2856 at I-17. The Commission also found that, even when comparing domestic producers' prices to service centers with import prices from mill depots to service centers, as respondents had urged, underselling was significant. Id.

[87] USITC Pub. 2856 at I-17.

[88] E.g., CR at II-13 - II-15, Table II-2; PR at II-9 - II-10, Table II-2.

[89] Several purchasers commented that they expect the prices of subject imports to decline if the orders are revoked. CR at D-11 - D-13, PR at D-7 - D-8.

[90] CR at V-10 - V-14, PR at V-8 - V-10; CR and PR at Tables V-1 - V-13; CR and PR at Appendix F.

[91] No pricing data were reported by importers of stainless steel bar from Brazil and Japan and coverage for India and Spain was limited. Pricing data for India were generally for small quantities. A portion of the sales of subject imports, notably those from Spain, are to mill depots/master distributors and, thus, are at a different level of

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The domestic producers' prices for the ten products for which price comparison data were gathered trended downward from 1996 to 1998, then recovered a bit in 1999 before declining in most instances in the third quarter of 2000.[93] Prices of subject imports of the ten products also trended downward from 1995 to 2000 in nearly all instances.[94] While we are mindful of possible differences and changes in the product mix, we note that unit values for imports from all subject countries combined and domestically-produced stainless steel bar declined from 1997 to 1999.[95] [96]

As noted above, the likelihood standard is prospective in nature and we find that subject imports from Brazil, India, Japan, and Spain are generally substitutable with the domestic like product, and are likely to increase significantly in the reasonably foreseeable future if the antidumping duty orders are revoked. In addition, the likely increased volumes of subject imports would likely be sold, as in the original investigations, at generally lower prices that would be likely to have significant depressing and suppressing effects on the prices of the domestic like product.[97]

E. Likely Impact of the Subject Imports

In evaluating the likely impact of imports of subject merchandise if the orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[98] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the

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[91] (...continued)
trade than sales to service centers/distributors. CR at V-10, V-13, PR at V-8, V-9.

[92] Commissioner Bragg again points out that subject imports from Spain would continue to generally undersell the domestic like product at the service center level even if one were to include a *** percent mark-up for sales of subject merchandise sold through mill depots to service centers. CR and PR at Tables V-8-V-13; CR at V-13, n.9, PR at V-10, n.9.

[93] CR at V-10 - V-12, PR at V-8 - V-9.

[94] CR and PR at Tables V-1 - V-13, CR and PR at Appendix F.

[95] See CR and PR at Table C-1.

[96] We also are mindful of the price trends for raw materials, particularly ferrochromium, nickel, and stainless steel scrap, and their impact on the cost of producing stainless steel bar, but note that increases in nickel and scrap prices in 1999 through the first quarter of 2000 appear to be larger than any increases in the prices of either the subject imports or the domestic like product. CR at V-4 - V-7, V-10 - V-28; PR at V-4 - V-5, V-8 - V-12; CR and PR at Appendix F.

[97] Commissioner Bragg infers that, in the event of revocation, subject producers in Brazil, India, and Japan will revert to aggressive pricing practices in connection with exports of subject merchandise to the United States, as evidenced in the Commission's original determinations.

[98] 19 U.S.C. § 1675a(a)(4).

extent to which any improvement in the state of the domestic industry is related to the antidumping duty orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.[99]

In the original investigations, the Commission found that increased subject imports and the declines in prices from 1991 to 1993 had a significant adverse impact on the domestic industry.[100] The Commission cited operating losses, reduced investment, and stagnant shipments even in a growing market.[101]

In these reviews, we find that, although the industry's condition has improved since the original investigations, its performance deteriorated over the review period. During the review period, production and capacity utilization declined in 1997, 1998, and 1999 from peaks in 1996.[102] The domestic industry's market share declined from 70.7 percent in 1995 to 63.1 percent in 1999, and to 55.8 percent in the interim 2000 period, compared with 65.1 percent in interim 1999.[103] The quantity of U.S producers' shipments also decreased 14.2 percent from 1995 to 1999, before increasing 14.3 percent in the interim 2000 period compared with the interim 1999 period.[104] The number of U.S. producers' production workers also decreased during the review period, from 2,150 in 1995 to 1,873 in 1999, then increased slightly in the interim period, to 1,910 in interim 2000, compared with 1,814 in interim 1999.[105]

In these reviews, the Commission gathered financial data for the domestic industry on two bases in light of the fact that certain domestic producers transfer stainless steel bar to related service centers or distributors for final sales to unrelated end users.[106] [107] Operating income based on data for production operations only declined from $71.1 million in 1995 to $3.6 million in 1999, then recovered somewhat to

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[99] The SAA states that in assessing whether the domestic industry is vulnerable to injury if an order is revoked, the 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[100] USITC Pub. 2856 at I-17 - I-18.

[101] Id.

[102] CR at Table I-1. We note that production capacity increased somewhat in the latter part of the review period.

[103] CR at Table I-1.

[104] CR at Table C-1.

[105] CR at Table C-1.

[106] See CR at III-9, PR at III-5 - III-6. CR and PR at Tables III-5 and III-6 present data for the U.S. producers' production operations only, including sales by the producers to related distributors, but not the operations of the distributors themselves. By contrast, CR and PR Tables III-3 and III-4 present data that include the operations of the producers and related distributors, including sales by the distributors to unrelated customers.

We are mindful that the statute directs the Commission to consider the impact of subject imports only in the context of U.S. production operations. 19 U.S.C. § 1677(7)(B)(I). We have examined both sets of financial data out of concern that producers' data on production operations alone may not present an accurate picture of the overall financial performance of the production operations of the industry, in view of the fact that a significant portion of sales by certain producers are at transfer prices.

[107] Commissioner Bragg notes that while she took into account domestic producers' related distributor revenues in analyzing the domestic industry's financial performance, she relied principally on financial data which excluded related distributor revenues.

*** in interim 2000, compared with *** in interim 1999.[108] Operating income as a percent of sales declined from 9.5 percent in 1995 to 0.7 percent in 1999 and was *** percent in interim 1999 as compared to *** percent in interim 2000. Operating income based on data that include related distributor sales to unrelated parties declined from *** in 1995 to *** in 1999, and was *** and *** in interim 1999 and interim 2000, respectively. Operating income as a percentage of sales followed similar trends, declining from *** percent in 1995 to *** percent in 1999, and was *** percent in interim 2000 compared to *** percent in interim 1999. According to either measure, net sales values and per-unit profitability also decreased between 1995 and 1999, and increased somewhat in the interim period.[109]

While some indicators showed some improvement in interim 2000, as compared to interim 1999, we find that the likely increased lower priced imports from the subject countries would likely push the domestic industry further into a decline and prevent the industry from improving its financial condition. Accordingly, we find based on the above that the domestic industry is vulnerable to material injury if the orders are revoked.[110] [111]

Given the generally substitutable nature of the subject and domestic products, we find that the likely significant volume of low-priced subject imports, when combined with the expected negative price effects of those imports, would likely have a significant adverse impact on the production, shipments, sales, and revenues of the domestic industry. This reduction in the industry's production, sales, and revenues would have a direct adverse impact on the industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the antidumping duty orders are revoked, the subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we conclude that revocation of the antidumping duty orders covering stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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[108] CR and PR at Tables III-5, C-1.

[109] CR and PR at Tables III-3, III-5, C-1.

[110] CR and PR at Tables III-3, III-5, C-1. We find that the financial data that do not include related service center/distributor operations suggest a greater degree of vulnerability than the data that do include such operations. Nevertheless, we find that either set of data supports an affirmative determination in these reviews.

[111] Commissioner Hillman does not join this paragraph, but does join the footnote preceding this footnote. She finds the industry's trade, employment, and financial data to be mixed regarding whether the industry is in a vulnerable condition.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On December 30, 1999, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective April 6, 2000, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in the following tabulation.[1]

Effective date(s)	Action
February 21, 1995 and March 2, 1995	Commerce's antidumping duty orders for Brazil, India, and Japan (60 FR 9661, February 21, 1995) and Commerce's antidumping duty order for Spain (60 FR 11656, March 2, 1995)
December 30, 1999	Commission's institution of the reviews (64 FR 73579)
April 6, 2000	Commission's decision to conduct full reviews (65 FR 20834, April 18, 2000)
May 4, 2000	Commerce's final results of expedited reviews (65 FR 25909)[1]
June 28, 2000	Commission's scheduling of the reviews (65 FR 41728, July 6, 2000)
January 30, 2001	Commission's hearing[2]
March 14, 2001	Commission's vote
March 26, 2001	Commission's determinations transmitted to Commerce

[1] Commerce's notice of final results is presented in appendix A.
[2] A list of witness appearing at the Commission's hearing is presented in appendix B.

The Original Investigations

On December 30, 1993, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of stainless steel bar from Brazil, India, Japan, and Spain.[2] Effective December 28, 1994, Commerce made final affirmative dumping determinations, with margins as follows: Brazil (19.43 percent for Villares and all others), India (3.87 percent for Grand Foundry, 21.02 percent for Mukand, and 12.45 percent for all others),

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[1] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission's web site (internet address www.usitc.gov). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site.

[2] The petition was filed by counsel for AL Tech, Carpenter, Crucible, Electralloy, Republic, Slater, Talley, and the United Steelworkers of America (AFL-CIO/CLC). The petition also alleged material injury and threat of further material injury by reason of LTFV imports of stainless steel bar from Italy. Commerce, however, made a negative final LTFV determination with respect to Italy and, on January 23, 1995, the Commission terminated its investigation (Inv. No. 731-TA-680 (Final)) concerning imports of stainless steel bar from Italy.

Japan (61.47 percent for Aichi, Daido, Sanyo, and all others), and Spain (62.85 percent for Acerinox and successor companies, 7.74 percent for Roldan, and 25.80 percent for all others).[3] The Commission transmitted its final affirmative injury determinations to Commerce on February 14, 1995, and Commerce issued antidumping duty orders on February 21, 1995, for Brazil, India, and Japan and, on March 2, 1995, it issued an antidumping duty order for Spain.[4]

Table I-1 presents a summary of data from the original investigations and from these reviews; figure I-1 shows U.S. imports of stainless steel bar from Brazil, India, Japan, and Spain since 1991. The Commission, in analyzing the data reviewed during its original investigations (*i.e.,* for the 1991-93, January-September 1993, and January-September 1994 periods), stated in its original views that:

> *as subject imports increased their volume and market share, the value of domestic shipments and domestic market share declined. As a consequence, the domestic industry experienced operating losses in 1992 and 1993. Operating losses led directly to a significant decline in capital investment in this capital intensive industry, thereby adversely affecting the long term ability of the domestic industry to compete with subject imports. ... Prices, profitability, and investment declined between 1991 and 1993 despite increased demand. It is particularly noteworthy that, during the upswing in demand between 1992 and 1993, the value of consumption increased but the value of domestic shipments remained essentially unchanged.*[5]

Imports of stainless steel bar from Brazil, India, Japan, and Spain fell sharply after the imposition of the antidumping duty orders and have remained at comparatively low levels throughout the post-order period (figure I-1). In their response to the Commission's notice of institution, petitioners state that "{i}n light of the long-term trends in imports of the subject merchandise, it is clear that the antidumping duty orders have been effective in reducing the volume of dumped imports."[6] The quantity, value, and unit value of U.S. producers' domestic shipments rose by 21.6 percent, 46.9 percent, and 20.8 percent, respectively, from 1993 to 1995 (table I-1). Further, the operating margins on production-only operations reported by the domestic industry in 1992 and 1993, negative 4.0 percent and negative 0.7 percent, respectively, improved to 7.4 percent in 1995. There was, however, virtually no change in the quantity and value of domestic market shares from 1993 to 1995. While the market share, in terms of quantity, of subject imports fell from 15.7 percent in 1993 to 2.4 percent in 1995, or by 13.3 percentage points, that held by nonsubject imports rose from 13.5 percent in 1993 to 26.9 percent in 1995, for a gain of 13.4 percentage points. The upswing in demand noted by the Commission in its original views continued into 1995,

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[3] 59 FR 66914, December 28, 1994 (Brazil), 59 FR 66915, December 28, 1994 (India), 59 FR 66930, December 28, 1994 (Japan), and 59 FR 66931, December 28, 1994 (Spain).

[4] Effective March 2, 1995, Commerce amended its final determination for Spain to reflect the correction of ministerial errors made in the margin calculations (60 FR 11656, March 2, 1995). The amended margins are as follows: 62.85 percent for Acenor (and all successor companies, including Digeco and Clorimax), 7.72 percent for Roldan, and 25.77 percent for all others.

[5] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, USITC Pub. 2856, February 1995, p. I-17.

[6] *Response* of petitioners, p. 10. Respondents, however, argue that the domestic industry did not materially benefit from the relief that arose from the original determinations, stating that "... the antidumping duty orders imposed on Brazil, India, Japan and Spain had mixed results for the domestic industry. Producers that were *** and producers that were ***. ... Other domestic producers have seen a *** while the order{s} {have} been in effect." *Prehearing brief* of Roldan and Olarra, p. 35.

I-2

Table I-1
Stainless steel bar: Summary data from the original investigations and current reviews, 1991-93, 1995-99, January-September 1999, and January-September 2000

(Quantity in *short tons*; value in *1,000 dollars*; and unit values and unit financial data per *short ton*)										
Item	1991	1992	1993	1995	1996	1997	1998	1999	January-September	
									1999	2000
U.S. consumption quantity	181,303	180,218	202,376	246,436	249,440	262,846	254,700	236,927	169,168	225,473
Producers' share[1]	75.2	74.1	70.8	70.7	68.7	64.7	62.9	63.1	65.1	55.8
Importer's share:										
Brazil[1]	1.8	2.3	2.3	(2)	(2)	0.5	0.3	0.6	0.5	0.6
India[1]	0.8	1.2	2.1	1.7	0.8	0.3	0.8	1.1	0.9	1.3
Japan[1 3]	8.6	8.1	7.7	0.1	0.1	(2)	0.1	0.1	0.1	0.1
Spain[1 3]	3.1	3.1	3.6	0.5	0.6	0.7	0.7	1.0	1.0	1.3
Subtotal	14.3	14.7	15.7	2.4	1.5	1.5	2.0	2.8	2.4	3.3
All other sources[1]	10.5	11.2	13.5	26.9	29.7	33.7	35.1	34.1	32.5	40.9
Total imports[1]	24.8	25.9	29.2	29.3	31.3	35.3	37.1	36.9	34.9	44.2
U.S. consumption value	618,305	576,025	599,309	872,574	917,970	877,589	814,288	672,804	488,650	656,635
Producers' share[1]	78.9	78.8	76.4	77.1	75.0	71.9	70.2	70.5	71.8	65.4
Importer's share:										
Brazil[1]	1.4	1.7	1.5	(2)	(2)	0.3	0.3	0.4	0.3	0.4
India[1]	0.6	0.9	1.5	1.1	0.5	0.2	0.5	0.6	0.5	0.8
Japan[1 3]	7.2	6.6	6.7	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Spain[1 3]	2.6	2.4	2.9	0.5	0.5	0.6	0.5	0.7	0.7	0.9
Subtotal	11.8	11.6	12.7	1.8	1.1	1.2	1.5	1.8	1.5	2.2
All other sources[1]	9.4	9.6	10.9	21.2	23.9	26.9	28.4	27.7	26.7	32.4
Total imports[1]	21.1	21.2	23.6	22.9	25.0	28.1	29.8	29.5	28.2	34.6

I-3

Table I-1
Stainless steel bar: Summary data from the original investigations and current reviews, 1991-93, 1995-99, January-September 1999, and January-September 2000

(Quantity in *short tons*; value in *1,000 dollars*; and unit values and unit financial data per *short ton*)										
Item	1991	1992	1993	1995	1996	1997	1998	1999	January-September	
									1999	2000
U.S. imports from-- Brazil: Quantity	3,334	4,209	4,594	51	51	1,250	871	1,355	764	1,381
Value	8,529	9,697	9,267	110	135	2,965	2,189	2,386	1,312	2,893
Unit value	$2,558	$2,304	$2,017	$2,157	$2,654	$2,371	$2,514	$1,762	$1,716	$2,095
India: Quantity	1,402	2,186	4,243	4,142	1,952	747	2,047	2,626	1,527	2,879
Value	3,607	5,220	9,089	9,741	4,427	1,597	4,027	4,238	2,402	5,139
Unit value	$2,574	$2,388	$2,142	$2,352	$2,268	$2,136	$1,967	$1,614	$1,573	$1,785
Japan:[3] Quantity	15,621	14,511	15,515	324	245	116	353	164	85	269
Value	44,811	37,791	40,160	1,392	1,132	654	1,293	593	298	976
Unit value	$2,869	$2,604	$2,588	$4,301	$4,627	$5,620	$3,667	$3,605	$3,508	$3,626
Spain:[3] Quantity	5,626	5,645	7,335	1,276	1,554	1,949	1,784	2,401	1,687	2,910
Value	15,844	13,939	17,508	4,038	4,484	4,899	4,419	4,622	3,334	5,729
Unit value	$2,816	$2,469	$2,387	$3,165	$2,885	$2,514	$2,477	$1,925	$1,976	$1,969
Subtotal: Quantity	25,983	26,551	31,687	5,792	3,802	4,063	5,055	6,546	4,064	7,439
Value	72,792	66,647	76,025	15,280	10,178	10,115	11,928	11,839	7,346	14,737
Unit value	$2,802	$2,510	$2,399	$2,638	$2,677	$2,490	$2,360	$1,809	$1,808	$1,981
All other sources: Quantity	19,027	20,168	27,368	66,304	74,196	88,612	89,520	80,774	55,012	92,196

I-4

Table I-1
Stainless steel bar: Summary data from the original investigations and current reviews, 1991-93, 1995-99, January-September 1999, and January-September 2000

(Quantity in *short tons*; value in *1,000 dollars*; and unit values and unit financial data per *short ton*)										
Item	1991	1992	1993	1995	1996	1997	1998	1999	January-September	
									1999	2000
Value	57,877	55,418	65,426	184,765	219,351	236,138	230,875	186,436	130,393	212,779
Unit value	$3,042	$2,748	$2,391	$2,787	$2,956	$2,665	$2,579	$2,308	$2,370	$2,308
All countries: Quantity	45,010	46,719	59,056	72,096	77,998	92,675	94,575	87,320	59,076	99,635
Value	130,669	122,065	141,450	200,045	229,529	246,253	242,803	198,275	137,739	227,516
Unit value	$2,903	$2,613	$2,395	$2,775	$2,943	$2,657	$2,567	$2,271	$2,332	$2,283
U.S. producers'-- Capacity quantity	276,643	273,143	262,483	289,002	285,352	285,127	285,767	304,777	229,564	236,471
Production quantity	134,832	135,318	138,284	175,764	182,431	170,625	166,545	154,711	111,699	131,341
Capacity utilization[1]	48.7	49.4	52.6	60.8	63.9	59.8	58.3	50.8	48.7	55.5
U.S. shipments: Quantity	136,293	133,499	143,320	174,340	171,442	170,171	160,125	149,607	110,092	125,838
Value	487,636	453,960	457,859	672,529	688,441	631,336	571,485	474,529	350,911	429,119
Unit value	$3,578	$3,400	$3,195	$3,858	$4,016	$3,710	$3,569	$3,172	$3,187	$3,410
Ending inventory quantity	26,185	27,597	21,659	22,081	28,314	23,936	24,772	24,407	22,318	23,305
Inventories/total shipments[1]	19.2	20.7	15.0	***	***	***	***	***	***	***
Production workers	2,189	2,066	2,159	2,150	2,234	2,142	2,056	1,873	1,814	1,910
Hours worked (*1,000 hours*)	4,387	4,222	4,281	4,795	4,940	4,760	4,512	3,939	2,937	3,213
Wages paid (*1,000 dollars*)	77,098	75,267	80,780	97,080	104,641	106,034	100,526	85,906	63,087	72,040
Hourly wages	$17.57	$17.83	$18.87	$20.25	$21.18	$22.28	$22.28	$21.81	$21.48	$22.42
Productivity (*short tons per 1,000 hours*)	28.2	29.5	31.4	36.7	36.9	35.8	36.9	39.3	38.0	40.9

I-5

Table I-1
Stainless steel bar: Summary data from the original investigations and current reviews, 1991-93, 1995-99, January-September 1999, and January-September 2000

(Quantity in *short tons*; value in *1,000 dollars*; and unit values and unit financial data per *short ton*)										
Item	1991	1992	1993	1995	1996	1997	1998	1999	January-September	
									1999	2000
Financial data for production and distribution:										
Net sales:										
Quantity[4]	***	***	***	***	***	***	***	***	***	***
Value[4]	***	***	***	***	***	***	***	***	***	***
Unit value[4]	***	***	***	***	***	***	***	***	***	***
Cost of goods sold[4]	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)[4]	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)[4]	***	***	***	***	***	***	***	***	***	***
Unit cost of goods sold[4]	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)[4]	***	***	***	***	***	***	***	***	***	***
Cost of goods sold/sales[1 4]	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales[1 4]	***	***	***	***	***	***	***	***	***	***
Financial data for production only:										
Net sales:										
Quantity	136,211	135,240	146,135	188,527	181,475	177,474	161,793	161,733	***	***
Value	476,425	451,543	462,166	746,207	721,318	659,431	569,963	527,825	***	***
Unit value	$3,498	$3,339	$3,163	$3,958	$3,975	$3,716	$3,523	$3,264	***	***
Cost of goods sold	436,839	434,372	432,112	628,501	634,066	582,513	507,809	487,632	***	***
Gross profit or (loss)	39,586	17,171	30,054	117,706	87,252	76,918	62,154	40,193	***	***
Operating income or (loss)	5,690	(18,233)	(3,460)	71,059	42,036	24,244	19,911	3,631	***	***
Unit cost of goods sold	$3,207	$3,212	$2,957	$3,334	$3,494	$3,282	$3,139	$3,015	***	***
Unit operating income or (loss)	$42	($135)	($24)	$377	$232	$137	$123	$22	***	***

I-6

Table I-1
Stainless steel bar: Summary data from the original investigations and current reviews, 1991-93, 1995-99, January-September 1999, and January-September 2000

(Quantity in *short tons*; value in *1,000 dollars*; and unit values and unit financial data per *short ton*)

Item	1991	1992	1993	1995	1996	1997	1998	1999	January-September	
									1999	2000
Cost of goods sold/sales[1]	91.7	96.2	93.5	84.2	87.9	88.3	89.1	92.4	***	***
Operating income or (loss)/sales[1]	1.2	(4.0)	(0.7)	9.5	5.8	3.7	3.5	0.7	***	***

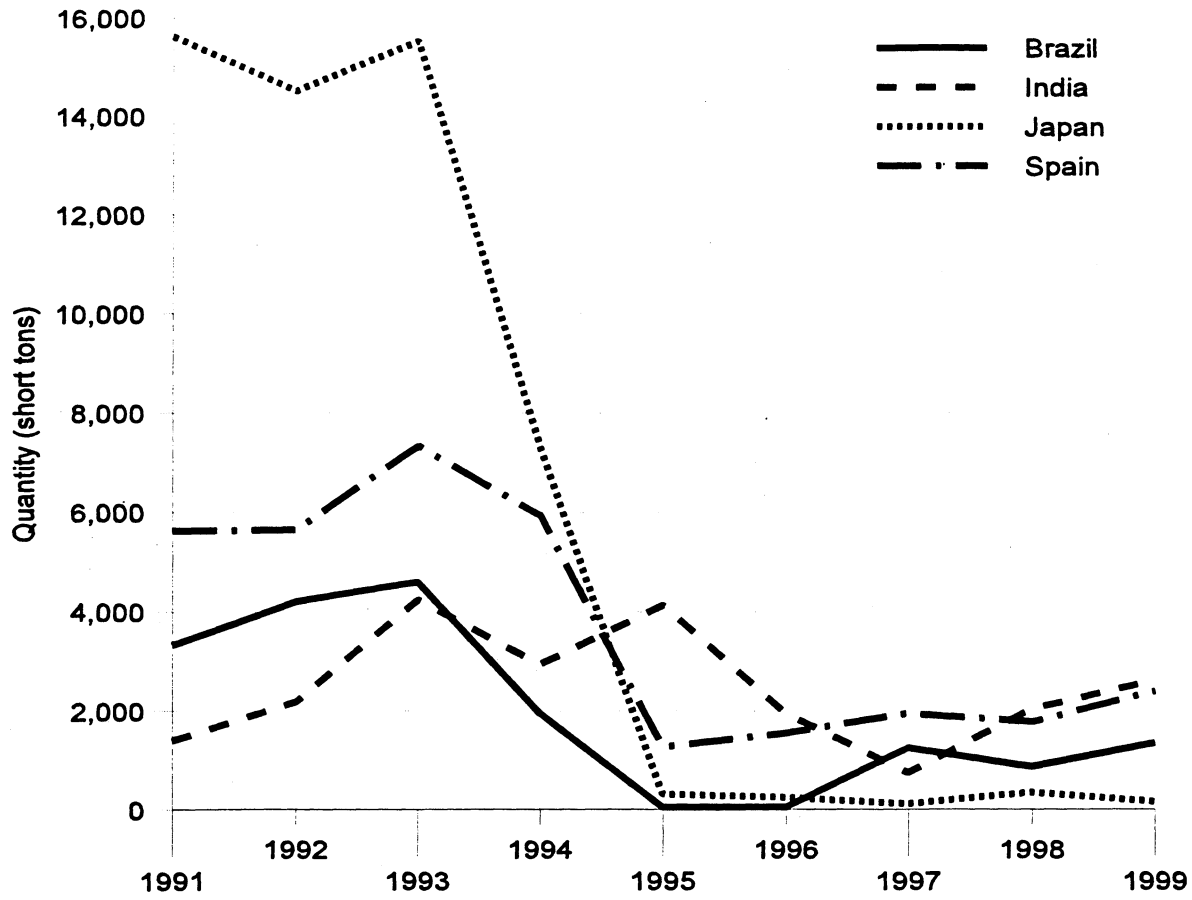
[1] In *percent*.
[2] Less than 0.05 percent.
[3] Official Commerce statistics were adjusted for Japan in 1995 through September 2000 and for Spain in 1997-98 to exclude data for firms that reported that they did not import stainless steel bar.
[4] Financial values shown include revenues and costs related with the sale of stainless steel bar from producers' integrated service centers to their customers. The data shown for 1991-93 include only such sales made by Carpenter whereas data shown for 1995 on include such sales made by Carpenter, Crucible, and Talley.

Note.–Data reported during the original investigations did not include the operations of three firms (*i.e.*, Allvac, Hi Specialty, and Handy & Harman) that were in fact manufacturing during 1991-93. These firms accounted for *** percent of total U.S. production in 1995. Because of rounding, figures may not add to the totals shown. Unit values are calculated from the unrounded data; January-September inventory ratios are annualized; and capacity utilization, productivity, and inventory ratios for 1991-93 are calculated using data of firms supplying both numerator and denominator information. Financial data are on a fiscal-year basis.

Source: Imports compiled from official Commerce statistics, except as noted; U.S. producers' data for 1991-93 from *Staff Report of January 24, 1995*; U.S. producers' data for 1995-99, January-September 1999, and January-September 2000 compiled from data submitted in response to Commission questionnaires.

I-7

Figure I-1
Stainless steel bar: U.S. imports from Brazil, India, Japan, and Spain, 1991-99



Source: *Stainless Steel Bar from Brazil, India, Japan, and Spain*, USITC Pub. 2856, February 1995, table 37, for 1991-93 (which were from official Commerce statistics), and official Commerce statistics for 1994-99, as adjusted by responses to Commission questionnaires for the 1995-99 period.

the year in which the antidumping duty orders were put into place.[7] In fact, as shown in table I-1, apparent U.S. consumption rose until 1997,[8] then subsequently declined in both 1998 and 1999, although interim 2000 consumption figures are considerably higher than those reported for the 1999 interim period.[9]

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[7] As indicated earlier, Commerce issued the antidumping duty orders for Brazil, India, and Japan in February 1995; the antidumping duty order for Spain was issued in March 1995.

[8] The actual figures for 1994, however, are not available.

[9] *See* the section of this report entitled "Apparent U.S. Consumption and Market Shares" for a more detailed (continued...)

Statutory Criteria and Organization of the Report

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including–

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

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[9] (...continued)
discussion of trends in U.S. consumption.

I-9

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix C. U.S. industry data are based on questionnaire responses of 12 firms that accounted for almost all U.S. production of stainless steel bar during the period reviewed. U.S. import data are based on official Commerce statistics that in certain instances were adjusted by staff.[10] Responses by U.S. producers, importers, and purchasers of stainless steel bar and producers of stainless steel bar in Brazil, India, Japan, and Spain to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation are presented in appendix D.

COMMERCE'S RESULTS OF EXPEDITED REVIEWS

Effective May 4, 2000, Commerce found that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would likely lead to continuation or recurrence of dumping at margins as follows: Brazil (19.43 percent for Villares and all others), India (3.87 percent for Grand Foundry, 21.02 percent for Mukand, and 12.45 percent for all others), Japan (61.47 percent for Aichi, Daido, Sanyo, and all others), and Spain (62.85 percent for Acenor and all successor companies

[10] The nature and extent of these adjustments are addressed later in the report.

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including Digeco and Clorimax, 7.72 percent for Roldan, and 25.77 percent for all others).[11] Commerce has not issued any duty absorption determinations with respect to these orders.[12]

COMMERCE'S ADMINISTRATIVE REVIEWS

Brazil

Commerce has not conducted any administrative reviews of the antidumping duty order on stainless steel bar from Brazil.

India

Commerce has conducted eight administrative reviews (including new shipper administrative reviews) of the antidumping order on stainless steel bar from India since the implementation of the order and published the final results of the reviews as shown in the following tabulation:

Period of review	*Federal Register* cite	Firms and margins (*percent*)[1]
2/1/95-7/31/95	January 28, 1997 (62 FR 4029)	Akai[2] ..... 4.83 Viraj[2] 0.00
8/4/94-1/31/96	July 10, 1997 (62 FR 37030)	Isibars 0.00
2/1/96-1/31/97	March 20, 1998 (63 FR 13622)	Mukand 5.53
2/1/96-1/31/97	April 21, 1998 (63 FR 19712)	Panchmahal and Facor[2] 0.00
2/1/97-1/31/98	March 22, 1999 (64 FR 13771)	Bhansali ..... 0.00 Venus ..... 0.23 Sindia[2] ..... 0.19 Chandan[2] ..... 0.00 Madhya[2] 12.45
2/1/98-7/31/98	January 24, 2000 (65 FR 3662)	Jyoti[2] ..... 0.00 Parekh and Shah[2] 21.02
2/1/98-1/31/99	August 10, 2000 (65 FR 48965)	Chandan ..... 0.00 Facor ..... 19.54 Isibars and Venus ..... *de minimis* Panchmahal ..... 10.24 Parekh ..... 21.02 Sindia ..... 1.33 Viraj ..... 2.50 Meltroll[2] 0.00
2/1/99-1/31/00	December 5, 2000 (65 FR 75923)	Atlas Stainless[2] 0.00
Continued.		

[11] As noted earlier, Commerce's notice is presented in appendix A.

[12] *See* Commerce's *Issues and Decision Memo* found at http://ia.ita.doc.gov/sunset/index.html.

Continuation.

[1] All previously examined firms retain their company-specific rates published for the most recent period. The cash deposit rate for all other manufacturers is 12.45 percent (from original investigation).
[2] Firm(s) examined in a new shipper administrative review.

Note.--In addition, effective March 30, 2000, Commerce initiated administrative reviews for Chandan, Isibars, Panchmahal, and Viraj for the February 1, 1999-January 31, 2000 period (65 FR 16875). Panchmahal was preliminary assigned a rate of 19.54 percent for the February 1, 1999-January 31, 2000 period on February 5, 2001 (66 FR 8939). On September 11, 2000, a new shipper review for Snowdrop was initiated (65 FR 54840).

Japan

Commerce has conducted two administrative reviews of the antidumping order on stainless steel bar from Japan since the implementation of the order and published the final results of the reviews as shown in the following tabulation:

Period of review	*Federal Register* cite	Firm and margin (*percent*)[1]
2/1/97-1/31/98	July 6, 1999 (64 FR 36333)	Aichi 6.62
2/1/98-1/31/99	March 14, 2000 (65 FR 13717)	Aichi 1.24

[1] All previously examined firms retain their company-specific rates published for the most recent period. The cash deposit rate for all other manufacturers is 61.47 percent (from original investigation).

Spain

Commerce has not conducted any administrative reviews of the antidumping duty order on stainless steel bar from Spain.[13]

THE SUBJECT PRODUCT

The imported product subject to the antidumping orders under review is stainless steel bar, which was defined by Commerce in its "Final Results of Antidumping Duty Expedited Sunset Reviews" as:

> *{A}rticles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. Stainless steel bar includes cold-finished stainless steel bar that is turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other*

[13] In response to a request from Roldan, Commerce initiated an antidumping duty review, effective April 25, 1996, for the order covering Spain for the August 4, 1994, to February 29, 1996, period. Effective September 26, 1996, Commerce terminated the review at the request of Roldan.

deformations produced during the rolling process. Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (i.e., cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections.[14]

Stainless steel bar is covered by *HTS* statistical reporting numbers 7222.11.0005, 7222.11.0050, 7222.19.0005, 7222.19.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075, and 7222.30.0000.[15] The column-1 general (normal trade relations) rate of duty for the subject product, applicable to imports from Brazil, India, Japan, and Spain under all of the pertinent *HTS* subheadings, is 3.2 percent ad valorem. This duty rate, which became effective January 1, 2001, is subject to staged reductions pursuant to concessions granted by the United States under the Uruguay Round of Multilateral Trade Negotiations (Presidential Proclamation 6763); it is scheduled to be eliminated on January 1, 2004.

Physical Characteristics and Uses

Stainless steel[16] bars are articles of stainless steel in straight lengths having a uniform solid cross section along their whole length, in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, or other convex polygons. The subject product includes stainless steel concrete reinforcing bar, which has identations, ribs, grooves, or other deformations produced during the rolling process.

Stainless steel bar is used to produce a wide variety of parts for use where its corrosion resistance, heat resistance, or appearance are desired. Applications include, but are not limited to, the automotive industry; chemical processing equipment; dairy, food processing, and pharmaceutical equipment; marine applications such a shafts and propellers; and pumps and connectors for fluid handling systems. Stainless steel concrete reinforcing bar is used in highly corrosive environments such

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[14] 65 FR 25909, May 4, 2000. On October 15, 1997, Commerce ruled that "Keystone 2000," a specialty stainless steel bar product imported from Japan, was within the scope of the antidumping duty order. 63 FR 6722, February 10, 1998. Effective September 16, 1999, it determined that imports of K-M35FL steel bar manufactured by Tohoku and exported from Japan should be excluded from the scope of the antidumping duty order on stainless steel bar from Japan. Tohoku indicated to Commerce that the leaded steel product in question is not produced in commercial quantities in the United States; petitioners agreed to Tohoku's request. 64 FR 50273, September 16, 1999.

[15] In its Notice of Final Results, Commerce references statistical reporting numbers 7222.10.0005 and 7222.10.0050. These statistical reporting numbers are obsolete, having been replaced by 7222.11.0005, 7222.11.0050, 7222.19.0005, and 7222.19.0050 on January 1, 1996.

[16] Stainless steel is defined in the *HTS* as 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. Stainless steel is distinguished from carbon steel and alloy steels chiefly by its superior resistance to corrosion, which is achieved through the addition of chromium. Steel is produced in many grades, each containing a different combination of chemical elements. Alloying elements commonly used in stainless steel, in addition to chromium, include nickel, molybdenum, and manganese. *See* note 1(e) to chapter 72 of the *HTS*; *see* also note 1(m) to chapter 72 concerning the term "other bars and rods" and statistical note 1 as to "high-nickel alloy steel."

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as for bridges and highways where salt is used for ice control. It is also used where nonmagnetic reinforcing bars are needed, such as for certain military applications.

The subject bar is distinguished from rod and wire in that bar is in straight lengths as opposed to being coiled. (Small-diameter bar, however, can be produced from rod or wire by the processes of straightening and cutting-to-length.) Although there are no limitations specified in the scope as to the dimensions of the subject product, round bar is available from about 0.032 inch (1/32 inch) through 25 inches in diameter. Flat (rectangular) bar is available in thicknesses of about 0.125 inch through about 10 inches.[17] Square and hexagonal bars are available as cold-drawn bar in sizes up to about 3 inches.

Stainless steel bar is available in several finishes: (a) scale not removed (excluding spot conditioning); (b) rough turned; (c) pickled or blast cleaned; (d) cold-drawn or cold-rolled; (e) centerless ground; and (f) polished.[18] Product produced to finishes (a), (b), or (c) is considered to be "hot-finished." However, because the corrosion resistant property of stainless steel is derived from descaling the product in some manner, the only potential uses for product in condition (a) would be for further processing into one of the other finishes, or for reheating and forging into a nonsubject product. Product produced to finishes (d), (e), or (f) is considered to be "cold-finished" and has a smoother surface finish and closer dimensional tolerance than does hot-finished SSB.

As a practical matter, all stainless steel bar is descaled in some manner. Hot-finished product is mostly limited to large diameter (over about 8 inches) bar, which is usually rough-turned, and to flats and reinforcing bar, which are blasted and/or pickled. In fact, most domestically-produced hot-finished SSB is an intermediate product that is captively consumed in integrated manufacturing operations to produce cold-finished SSB. Producers responding to Commission questionnaires reported that 89.5 percent of domestically-produced hot-finished SSB was used internally in 1999 to manufacture the downstream product.[19] That hot-finished SSB which is sold on the open market is used for applications where surface appearance is not critical or where the cold-finishing steps will be performed by end users during downstream fabrication processing.

As indicated above, small-diameter cold-finished bar can be produced from rod or wire rather than from hot-formed bar. In 1999, 72.3 percent of cold-finished SSB bar was produced from bar and the remaining 27.7 percent was manufactured from rod or wire.[20]

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[17] Products in straight lengths that are less than 4.75 mm (3/16 inch) in thickness and have a width at least 10 times the thickness, as well as products having a width of 150 mm (6 inches) that measure at least twice the thickness, are considered to be flat-rolled product and are specifically excluded from these reviews. In addition, bars that have been produced from flat-rolled products (*i.e.,* from plate or from strip) by slitting or shearing were considered in the original investigations not to be subject product *(see Stainless Steel Bar from Brazil, India, Japan, and Spain,* pp. II-11 and II-13).

[18] Finishes (b), (e), and (f) are applicable only to round bars.

[19] The Commission's views for the original investigations stated that "{a}pproximately 85 percent of hot-formed SSB is captively consumed by cold-finished SSB manufacturers. The remaining 15 percent is sold to service centers, manufacturers of forgings, and machine shops (*e.g.*, for the production of fasteners, turbines, and electrical and industrial equipment)." *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. I-6.

[20] *Producer questionnaire responses.* The Commission's views for the original investigations indicated that, "{cold-finished SSB} made from wire rod accounted for 26.6 percent of total U.S. production of cold-finished SSB in 1993." *Stainless Steel Bar from Brazil, India, Japan, and Spain,* p. I-6.

Manufacturing Processes

The material inputs for the production of stainless steel bars are semifinished stainless steel billets. Most manufacturers of stainless steel bars follow an integrated production process that consists of three stages: (1) melting and casting; (2) hot-forming; and (3) finishing. Some manufacturers purchase stainless steel billets on the open market for transformation into bar.

Melting and Casting

Melting of stainless steel takes place in an electric-arc furnace. Raw materials 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 cost of nickel is the most important element for those grades, called nickel-chromium grades, that contain high amounts of nickel. For the grades (called straight chromium grades) that do not contain high amounts of nickel, the cost of the chromium is most significant. The price of stainless steel scrap is highly influenced by the prices of nickel and chromium.

After melting, the molten steel is refined in an argon-oxygen-decarburization (AOD)[21] vessel, in which the carbon content is reduced to very low levels, and final additions of alloys are made. The steel is then either continuous cast into billets or cast into ingots in cast iron ingot molds. Ingots are reheated and rolled into billets on a primary rolling mill. Once the steel is cast, its essential chemical characteristics are fixed.

Several special melting methods are used to produce stainless steel of higher purity or lower nonmetallic inclusion content than conventional electric-arc furnace product when the demands of the application justify the added costs. These methods include melting under vacuum (vacuum induction melting (VIM), electron beam melting, or vacuum arc remelting (VAR)) or melting under a blanket of molten slag (electroslag remelting (ESR)).

Hot Forming

Billets are reheated to over 2,000 degrees Fahrenheit and hot rolled on a multistand bar mill. Depending upon the final size to be produced, the product of each billet may be cut to length and discharged from the bar mill in straight lengths or formed into a coil and discharged from the mill in that form (known as wire rod). Depending upon the capabilities of each mill and its finishing equipment, product smaller than about 1 inch in diameter is coiled, and larger product is discharged in straight lengths. The bar mills have rolls with grooves that form the desired shapes. When producing stainless steel concrete reinforcing bar, rolls in the final mill have special patterns in the grooves to form the ridges or deformations on the surface of the bars. The bar mills may also be used to produce nonsubject stainless steel angle and products of other (non-stainless steel) alloys.

While most stainless steel bar is hot formed by hot rolling on a bar mill as described above, there are several other methods of hot forming that are used to produce special sizes or to form stainless steel grades that are difficult to roll. Large diameter rounds and large flat bars may be forged directly from an ingot or from a continuous cast billet on a forging press. In a forging press, the steel is pressed

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[21] 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.

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repetitively between a moving die and a fixed die, while the material is held in tongs of a manipulating machine. The steel is advanced and rotated to gradually be formed into the desired shape. A different type of forging machine has four hammers set at 90 degree angles. Here the steel is held by a manipulating machine while the forging machine rapidly and repetitively strikes the steel with blows alternating between the two pairs of opposed hammers.

Regardless of the hot-forming method chosen, after hot forming the product has a tight, dark oxide scale on the surface that must be removed for the steel to have the corrosion resistance of stainless steel. Several methods are used, as discussed below.

Finishing

Flat bars, concrete reinforcing bars, and large hexagons are finished by descaling and straightening. The descaling is a combination of grit blasting and pickling (dipping in acid) to remove the scale. Large diameter round bars are straightened and rough turned or peeled to remove the scale. These products are considered to be hot finished.

Round bars are cold finished by either bar-to-bar processing or coil-to-bar processing, depending upon the diameter. Bar-to-bar processing, used for bar larger than about 1 inch in diameter, consists of straightening, turning, and either planishing,[22] centerless grinding, or belt polishing to yield a bright finish and close dimensional tolerance. Coil-to-bar processing includes straightening the product and cutting to length, followed by turning, planishing and centerless grinding, or polishing. To produce round bars smaller than those that can be rolled, coiled product is descaled by blasting or pickling and cold drawn through dies to the final diameter, followed by straightening, cutting to length, and centerless grinding or polishing. Hexagonal and square bars are often cold drawn in cut lengths, as are round bars in some cases.

Product that is either cold drawn or centerless ground or polished is called cold-finished SSB and has a bright, smooth surface and close dimensional tolerance. Some grades of stainless steel require annealing before cold finishing. In addition, some stainless steel bar products are sold in a hardened and tempered condition, which requires special heat treatment.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations the Commission found the appropriate domestic like product to be all stainless steel bar.[23] The only like product issue in the original investigations was whether hot-finished SSB and cold-finished SSB constituted separate like products.[24] It further found the domestic industry to consist of all domestic producers of stainless steel bar, including independent cold-finishers.[25] In response to a question soliciting comments regarding the appropriate domestic like product in the Commission's notice of institution for these reviews, petitioners stated that, "{t}he domestic industry

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[22] Planishing is the smoothing of the surface by rolling with polished rolls. The resulting product is referred to as "smooth-turned."

[23] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. I-9.

[24] The Commission indicated that it applied the finished/semifinished product analysis in making its like product finding. *Id.*, pp. I-6 through I-9.

[25] *Id.*, p. I-9.

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concurs with the definition of like product found in the original investigation{s}."[26] Respondents Roldan and Acerinox did not address like product issues either in their *Response* or subsequently during these reviews. Limited data were collected through Commission questionnaires in these reviews for hot-finished SSB[27] and for cold-finished SSB.[28]

U.S. MARKET PARTICIPANTS

U.S. Producers

Almost all U.S. production of stainless steel bar is accounted for by manufacturers returning questionnaires to the Commission during the course of these reviews. The responding firms are identified in table I-2.[29] The majority of these firms were operating and provided a response to

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[26] *Response* of petitioners, p. 18. Further, as petitioners testified during the Commission's hearing, "the nature of the product and the production process have not changed over the last five years." *Hearing transcript*, p. 52.

[27] The following product definition was used in the questionnaire: hot-finished SSB meets the definition for stainless steel bar, and is not further worked than hot-rolled, hot-drawn, or hot-forged (*i.e.*, produced on a hammer mill). It includes both black bar and black bar that has been subjected to limited further processing, including annealing or other heat treatment, spot conditioning, straightening, or mechanical or chemical cleaning of surface oxides (shot blasting, rough turning, or pickling), and excludes process plate flats. Hot-finished SSB when sold on the open market generally meets ASTM A 484 specifications for hot-finished products but does not maintain the smooth finish or tight tolerances of a cold-finished product and, thus, does not meet ASTM A 484 specifications for cold-finished SSB.

[28] The following product definition was used in the questionnaire: cold-finished SSB also meets the definition for stainless steel bar, but has undergone a cold-finishing operation, including cold-rolling or cold-drawing process, in order to improve surface appearance, dimensional tolerances, and grain orientation, and which may have been subjected to additional processing, including centerless grinding, smooth turning, polishing, re-annealing, or re-pickling. Cold-finished SSB meets or exceeds ASTM A 484 specifications for cold-finished SSB.

[29] Additional manufacturers (or possible manufacturers) include First Miss Steel, Inco Alloys, Nortec, Timken, and Universal. None of these firms are believed to have provided any data during the Commission's original final investigations.

(1) First Miss (Holsopple, PA) manufactured bar during the period reviewed, but stopped operating on June 30, 1999. On February 15, 2000, it was sold Hoganas North America, Inc, a subsidiary of Hoganas AB of Sweden. The plant will now be used for that firm's powder metal business. Chemfirst, Inc., the parent company of First Miss, indicated that the records for the bar operation were, for the main part, no longer available. Petitioners attribute First Miss' closure to "surging imports." Petitioners' *prehearing brief*, p. 41.

(2) Inco Alloys was referred to in the original staff report. It was not clear whether that firm provided any information to the Commission during the original investigations. Inco Alloys was sold in 1998 to Special Metals Corp., New Hartford, NY, a leading producer of nonsubject nickel-base alloys.

(3) Nortec, a cold-finisher located in Lubbock, TX, provided limited data during the Commission's original preliminary investigations. It has not responded to the Commission's current questionnaire.

(4) Timken manufactured *** tons of stainless steel bar in 1998 and *** tons in 1999, figures which represented *** percent of its total production of bar during 1998-99. It indicated that, as a consequence, "***." Letter, dated November 20, 2000, from Timken.

(5) Universal is believed to manufacture approximately *** short tons of stainless steel bar on an annual basis in an integrated manufacturing operation. *Telephone conversation* with petitioners' representative (***), January 4, 2001. It has not, however, responded to the Commission's questionnaire or returned telephone calls.

(continued...)

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Table I-2:
Stainless steel bar: U.S. producers, plant locations, positions on revocation, and estimated U.S. shipments in 1999

Firm	Plant location	Position on revocation of the orders[1]	Share of production in 1999	Estimated U.S. shipments[2] in 1999 of–		
				Hot-finished	Cold-finished	Total
			(*percent*)	(*short tons*)		
Allvac[3]	Monroe, NC	***	***	***	***	***
Avesta[4]	Richburg, SC	***	***	***	***	***
Carpenter[5]	Reading, PA	Oppose	***	***	***	***
Crucible[6]	Syracuse, NY	Oppose	***	***	***	***
Electralloy[7]	Oil City, PA	Oppose	***	***	***	***
Empire/AL Tech[8]	Dunkirk, NY	Oppose	***	***	***	***
Handy & Harman[9]	Cockeysville, MD	(10)	***	***	***	***
Hi Specialty[11]	Irwin, PA	***	***	***	***	***
Industrial Alloys[12]	Pomona, CA	***	***	***	***	***
Republic[13]	Baltimore, MD	Oppose	***	***	***	***
Slater[14]	Fort Wayne, IN	Oppose	***	***	***	***
Talley[15]	Hartsville, SC	(16)	***	***	***	***
Total	--	--	100.0	13,854	135,753	149,607

[1] Reported position is for each subject country.
[2] Excludes shipments of hot-finished SSB that the firm consumed to manufacture cold-finished SSB.
[3] Firm is *** owned by Allegheny Technologies, in Pittsburgh, PA. ***.
[4] Firm is *** owned by Avesta NAD, Inc. in Schaumburg, IL. On January 30, 2001, the merger of Avesta and Outokumpu Steel, a Finnish steel manufacturer was announced. The new firm, which is named AvestaPolarit, will reportedly combine the integrated production facilities of Outokumpu Steel with the distribution network of Avesta Sheffield. AvestaPolarit will become the world's second largest stainless steel producer in terms of slab melting capacity. *See* http://biz.yahoo.com/bw/010130/avestapola.hmtl.
[5] Firm is not owned, in whole or in part, by any other firm.
[6] Firm is *** owned by Crucible Materials Corp. in Syracuse, NY.
[7] Firm is *** owned by G.O. Carlson, Inc. in Thorndale, PA.

Continued.

[29] (...continued)
Universal is located in Bridgeville, PA.

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Continuation.

[8] Empire is *** owned by Atlas Specialty in Mississauga, ON, Canada, which was itself purchased by Slater Steel, Inc, also in Mississauga. The firm was formed on November 1, 1999, as a result of the purchase of certain assets of AL Tech; it provided data for its manufacturing operations for November-December 1999 and January-September 2000. AL Tech also provided a response to the Commission's producer questionnaire since it manufactured stainless steel bar from 1995 to October 1999. AL Tech filed for Chapter 11 bankruptcy protection on December 31, 1997, and continued to operate while it reorganized under Chapter 11 until November 1999, when the company was sold to settle bankruptcy claims. The responses for these two firms were consolidated for this report.

[9] Questionnaire covered the operations of Maryland Specialty, which is also *** owned by Handy & Harman, in Rye, NY, which, in turn, is owned by WHX Corp.

[10] ***.

[11] Firm is *** owned by Hitachi America, a subsidiary of Hitachi Metals (Tokyo, Japan).

[12] Firm is *** owned by Fundamental Management in Pomona, CA.

[13] Republic is *** owned by The Blackstone Group and Veritas Capital Fund, L.P. in New York, NY. The firm (previously named Republic Engineered Steels, Inc.) was purchased by The Blackstone Group in October 1998 (when it was renamed Republic Technologies International). It closed its Baltimore, MD, facility in December 2000, shutting down its stainless steel bar manufacturing operations. ***. *Staff conversation* with petitioners' representative (***), January 9, 2001. Republic indicated in its questionnaire response that ***.

[14] Firm is *** owned by Slater Steel, Inc., in Mississauga, ON, Canada.

[15] Talley was acquired by Carpenter in December 1997 and is now a *** owned subsidiary of that firm. Talley conducts independent commercial operations and submitted a separate questionnaire to the Commission. For purposes of this report, data for Carpenter and Talley are presented separately.

[16] Not provided. Talley is now a subsidiary of Carpenter and did not provide independent answers to questions not soliciting data in its questionnaire response. As shown above, Carpenter indicated that it opposed the revocation of the orders.

Source: Compiled from data submitted in response to Commission questionnaires

Commission questionnaires issued during the original investigations. However, data for three manufacturers (specifically, Allvac, Hi Specialty, and Handy & Harman) were not included in the original staff report. Allvac was manufacturing stainless steel bar for *** prior to the implementation of the antidumping duty orders;[30] its U.S. shipments amounted to *** short tons in 1999. Hi Specialty, a cold-finisher, ***.[31] Handy & Harman, a stainless steel redraw mill, manufactures ***. As shown in table I-2, the firm shipped *** short tons of the product in 1999. Handy & Harman indicated in a letter to the Commission that "***."[32] In addition, Avesta, a ***[33] that also ***, started selling stainless steel bar in late 1994. ***.[34] In its questionnaire response, the firm indicated that ***.[35] Finally, as shown in table I-2, Empire was formed in November 1999, having purchased certain assets from AL Tech, which was sold to settle bankruptcy claims.[36]

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[30] *Telephone conversation* with Allvac, February 20, 2001.

[31] *Telephone conversations* with Hi Specialty (***), December 18, 2000, and January 22, 2001.

[32] *Letter*, dated October 27, 2000, and *fax*, dated November 8, 2000, from Handy & Harman.

[33] ***.

[34] ***. *See* the notes to table I-2 for information on Avesta's recent merger with a Finnish manufacturer.

[35] *Questionnaire response* of Avesta.

[36] Petitioners indicate that Empire has been forced out of the commodity bar business and now concentrates on more specialized bar products "due to the unfairly-priced imports from France, Germany, Italy, Korea, Taiwan and

(continued...)

Changes to the character of existing U.S. producers' stainless steel bar manufacturing operations and anticipated future changes are listed in table I-3. Included is Republic's shutting down of its Baltimore, MD, stainless steel bar operations in December 2000.[37] Further, in 1998, Talley's stainless steel bar operations were purchased by Carpenter and that firm is now operated as a subsidiary of Carpenter.

Manufacturers of stainless steel bar are generally categorized either as integrated producers or as finishers. Integrated producers first melt, then pour or cast stainless steel. Next such firms (plus non-melting but hot-rolling firms that purchase stainless steel billets) hot-roll the bar on rolling mills and finish the product for sale either as a hot-finished or cold-finished bar. As shown in table I-2, most (91 percent in 1999) of U.S.-produced stainless bar is shipped as a cold-finished product. Finishers purchase hot-rolled bar or wire rod and perform only finishing operations.[38] Of the responding firms, nine manufacturers (including all the petitioners, Allvac, and Avesta ***) are integrated or hot-rolling manufacturers[39] and three (Hi Specialty, Industrial Alloys, and Handy & Harman) are cold-finishers.[40]

As shown in table I-2, almost all of the responding producers indicated that they are subsidiaries or divisions of larger firms. Carpenter, in contrast, is an independent, publicly-owned firm. It *** U.S. producer of stainless steel bar, with a *** percent share of U.S. production in 1999 (excluding the operations of its subsidiary, Talley).[41] With the addition of the Talley subsidiary, Carpenter held a *** percent share of U.S. production in 1999.[42]

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[36] (...continued)
the United Kingdom." *Prehearing brief* of petitioners, p. 41.

[37] Respondents state that "***." *Prehearing brief* of Roldan and Olarra, p. 36.

[38] As indicated earlier, the Commission determined to include independent cold-finishers within its definition of the domestic industry in its original investigations. It stated in its final views that, "{o}ur final investigation did not discern any significant domestic production by independent cold-finishers ... ({which accounted for} less than 2 percent of domestic production). Those independent cold-finishers remain part of the domestic industry, however." *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. I-9. There is no evidence on the record that cold-finishers have since expanded their role in U.S. production of stainless steel bar. As shown in table IV-3 (which is presented later in this report), domestic and subject import sources were reported to have shipped only *** short tons and *** short tons, respectively, of stainless steel bar to cold-finishers in 1999.

[39] These firms consist of Allvac, Avesta, Carpenter, Crucible, Electralloy, Empire, Republic, Slater, and Talley. ***. (As indicated earlier, AL Tech's manufacturing assets were purchased by Empire; ***.) ***. Talley is a rolling and finishing mill that purchases stainless steel billets either on the open market or from its parent company, Carpenter.

[40] A fourth identified cold-finisher, Nortec, did not respond to the Commission's questionnaire. There is a potential double-counting when producers at difference levels are considered part of the same industry. However, inasmuch as ***, there is no double counting as a result of the inclusion of these firms in the industry.

[41] In 1993, Carpenter was the largest U.S. producer of stainless steel bar and held a ***-percent share, by value, of U.S. shipments. *Staff Report of January 24, 1995*, p. I-43. The corresponding value figure for 1999 is *** percent (excluding the operations of its subsidiary, Talley).

[42] Respondents attribute Carpenter's dominance to "the success of {Carpenter's} broad product line and distinct, competitive strategy." *Prehearing brief* of Roldan and Olarra, p. 5.

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Table I-3
Stainless steel bar: Responses by U.S. manufacturers to questions in the Commission's producer questionnaire concerning their operations

Selected questions		
II-2	Has your firm experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials; or any other change in the character of your operations or organization relating to the production of stainless steel bar since February 1995?	
II-3	Does your firm anticipate any changes in the character of your operations or organization (as noted above) relating to the production of stainless steel bar in the future?	
Firm	**Question No.**	
	II-2	**II-3**
Allvac	***	***
Avesta	***	***
Carpenter	***	***
Crucible	***	***
Electralloy	***	***
Empire/AL Tech	***	***
Handy & Harman	***	***
Hi Specialty	***	***
Industrial Alloys	***	***
Republic	***	***
Slater	***	***
Talley	***	***
Source: Compiled from responses to Commission questionnaires.		

In contrast to other manufacturers, Carpenter sells *** of its production through company-owned distributor outlets.[43] (Crucible and Talley also distribute *** amounts of their total U.S. shipments through their related distributors.) Carpenter testified at the conference during the Commission's original preliminary investigations that this system "helps the firm achieve better control over inventories and ensures customer satisfaction." Carpenter/Talley's affiliated service centers acquire the majority of their product from Carpenter, however smaller amounts are also purchased from the other domestic producers.[44] Respondents argued in their prehearing brief that Carpenter and its related distribution network "cannot be portrayed as 'vulnerable' to imports," adding that the firm is "known to concentrate shipments of the high-volume commodity grades through its captive channel, limiting the

[43] ***.

[44] *Hearing transcript*, pp. 78-79.

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supply of such products to other channels."[45] Petitioners, in turn, argued at the Commission's hearing that "Carpenter's sales of stainless steel bar to these affiliated distributors are not insulated from import competition because these distributors, whether affiliated or not, must compete directly with U.S. imports at the end user or the regional steel service level."[46] Petitioners further testified that there are minimal differences in the product mix between that product transferred to its service centers and that sold commercially.[47] ***.[48]

With the exception of ***, no U.S. producer is an importer of the subject merchandise or is related to an exporter or manufacturer of the subject merchandise. Carpenter *** participates in a joint venture with Kalyani Carpenter, a manufacture of stainless steel bar in Pune, India.[49] ***.[50] As indicated earlier, Hi Specialty is related to Hitachi Metals, a manufacturer of stainless steel bar in Japan. ***. ***.[51] ***.[52] [53]

U.S. Importers

During its review, the Commission sent importer questionnaires to 42 firms[54] that were reported by Customs to have imported more than minimal amounts of stainless steel bar from Brazil, India, Japan, and/or Spain during the 1995 to interim 2000 period. Responding firms are listed in table I-4. As shown, firms typically, but not always, imported stainless steel bar from only one subject source. (In addition, some firms reported imports from nonsubject countries.) The majority of importers that are shown as importing from Brazil, Japan, or Spain are subsidiaries of, or related to, larger foreign companies. In contrast, most firms that imported from India were not (with the exception of ***) owned by any other firm. Only two of the responding importers are related to foreign manufacturers of stainless steel bar. Specifically, *** and Acerinox USA (which is *** percent owned by Acerinox of Madrid, Spain, and *** percent owned by Newtec Invest of Zurich, Switzerland) is related, through a common parent, to Roldan, a manufacturer of stainless steel bar in Spain.[55]

As shown in table I-4, firms responding to the Commission's importer questionnaire accounted for the great majority of subject imports from Brazil (except for 1995) and Spain. According to Customs data, most imports of stainless steel bar from Brazil in 1995 were by ***. Acerinox USA imported ***

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[45] *Prehearing brief* of Roldan and Olarra, p. 6.

[46] *Hearing transcript*, p. 50.

[47] *Hearing transcript*, p. 78.

[48] *Posthearing brief* of petitioners, exhibit 1, p. 19.

[49] The Commission sent a foreign producer questionnaire to Kalyani Carpenter; the firm did not complete the questionnaire but instead provided a statement that ***.

[50] ***. *Fax*, dated February 22, 2001, from petitioners.

[51] ***.

[52] *Fax*, dated February 22, 2001, from petitioners.

[53] ***.

[54] This figure does not include the U.S. manufacturers of stainless steel bar that also received importer questionnaires.

[55] Also, a non-responding U.S. importer *** is affiliated with ***.

Table I-4
Stainless steel bar: U.S. imports from subject sources, by importing firm, 1995-99

Firm	1995	1996	1997	1998	1999	2000[1]	Foreign manufacturer(s)
	(*short tons*)						
Brazil							
***	***	***	***	***	***	***	***
Commerce data[2]	51	51	1,250	871	1,355	1,381	--
India							
***	***	***	***	***	***	***	***
Commerce data[2]	4,142	1,952	747	2,047	2,626	2,879	--
Japan							
***	***	***	***	***	***	***	***
Commerce data[2]	348	254	118	382	387	276	--
Revised Commerce data[3]	324	245	116	353	164	269	--
Spain							
***	***	***	***	***	***	***	***
Commerce data[2]	1,276	1,555	2,266	3,336	2,401	2,910	--
Revised Commerce data[3]	1,276	1,555	1,949	1,784	2,401	2,910	--

[1] January-September.
[2] As reported in official Commerce statistics.
[3] As adjusted by the Commission to exclude data for firms that indicated they did not, in fact, import stainless steel bar. Specifically, the following imports from Japan were excluded for ***. In addition, the following imports from Spain were excluded for ***.

Note.–Data may not add to totals shown due to rounding.

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

of the stainless steel bar from Spain that was exported to the United States during the period reviewed.[56] ***, a relatively large number of firms imported stainless steel bar from India and Japan during the period subsequent to the imposition of the antidumping duty orders. A number of these firms did not respond to the Commission's importer questionnaire. Firms importing more than minimal amounts of stainless steel bar from India that are not accounted for in table I-4 include those firms which (1) were

[56] ***.

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reported to be out of business (***); (2) could not be located by the Commission (***); (3) provided minimal data (***); (4) were located off-shore and did not respond (***); and (5) did not respond (***[57]). With respect to Japan, significant non-responding importers consist of firms which (1) were reported to be out of business (***); (2) no longer handle the product and could not locate the records (***); and (3) did not respond (*i.e.*, ***).

As shown in a footnote to table I-4, several firms indicated that they did not, in fact, import stainless steel bar from Japan and Spain. Using data provided by Customs, staff adjusted official Commerce data to subtract out the erroneous entries. The most significant adjustment was that made for Spain in 1998, where the official import figure of 3,336 short tons was adjusted downward to 1,784 short tons. Where necessary, proportional adjustments were also made for January-September 1999.

U.S. Purchasers

A total of 46 questionnaires were sent to firms believed to be purchasers of stainless steel bar, of which 14 firms provided the Commission with usable data. Of the firms responding to the purchaser questionnaire, two firms were end users and the others were distributors, master distributors, or service centers. The purchasers were located throughout the United States.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-5 presents apparent U.S. consumption and market shares for the review period.[58] As shown, apparent consumption of stainless steel bar rose by 6.7 percent, in terms of quantity, from 1995 to 1997, then fell by 9.9 percent from 1997 to 1999. Somewhat less stainless steel bar was reported to be consumed domestically in 1999 than was consumed in 1995. However, petitioners pointed out in their *Response* that current apparent U.S. consumption is still "well above" 1993 levels (*see* table I-1). They attribute the growth in domestic demand for stainless steel bar to the strength of the U.S. economy.[59] Further, apparent U.S. consumption of stainless steel bar is again rising with an increase of 33.3 percent, in terms of quantity, from interim 1999 to interim 2000. Respondents indicated in their prehearing brief that the demand for stainless steel bar is expected to increase in the future due to the favorable

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[57] ***.

[58] Apparent U.S. consumption is calculated in table I-5 using U.S. shipments of domestically-produced product and U.S. imports. The use of U.S. imports (rather than U.S. importers' U.S. shipments, for which complete data are unavailable) will distort consumption trends to the extent that imported product is inventoried in the United States at the importer level and sold in variable amounts from year to year. (Available data do not, however, indicate that importers inventory subject stainless steel bar in large amounts.) Further, the consumption figures presented in table I-5 will not accurately measure actual demand in the end-use markets to the extent that inventories are held by service centers and master distributors/mill depots. Petitioners allege that master distributors were holding "substantial" inventories of stainless steel bar in 1998, which were sold into the U.S. market in 1999. *Prehearing brief* of petitioners, p. 15. They further stated at the Commission's hearing that "{t}he same situation is happening all over again" with imports surging at the end of 1999 into 2000. *Hearing transcript*, pp. 40-41. If inventory gain/loss could be adjusted, according to petitioners, "you would see the consumption curve smooth out and be a lot more stronger and not have these dips and ups and downs ..." *Hearing transcript*, p. 90.

[59] *Response* of petitioners, p. 18.

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Table I-5
Stainless steel bar: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1995-99, January-September 1999, and January-September 2000

Item	1995	1996	1997	1998	1999	January-September 1999	January-September 2000
	Quantity (short tons)						
U.S. producers' U.S. shipments	174,340	171,442	170,171	160,125	149,607	110,092	125,838
U.S. imports from–							
Brazil	51	51	1,250	871	1,355	764	1,381
India	4,142	1,952	747	2,047	2,626	1,527	2,879
Japan	324	245	116	353	164	85	269
Spain	1,276	1,554	1,949	1,784	2,401	1,687	2,910
Subtotal	5,792	3,802	4,063	5,055	6,546	4,064	7,439
All other sources	66,304	74,196	88,612	89,520	80,774	55,012	92,196
Total U.S. imports	72,096	77,998	92,675	94,575	87,320	59,076	99,635
Apparent consumption	246,436	249,440	262,846	254,700	236,927	169,168	225,473
	Value ($1,000)						
U.S. producers' U.S. shipments	672,529	688,441	631,336	571,485	474,529	350,911	429,119
U.S. imports from–							
Brazil	110	135	2,965	2,189	2,386	1,312	2,893
India	9,741	4,427	1,597	4,027	4,238	2,402	5,139
Japan	1,392	1,132	654	1,293	593	298	976
Spain	4,038	4,484	4,899	4,419	4,622	3,334	5,729
Subtotal	15,280	10,178	10,115	11,928	11,839	7,346	14,737
All other sources	184,765	219,351	236,138	230,875	186,436	130,393	212,779
Total U.S. imports	200,045	229,529	246,253	242,803	198,275	137,739	227,516
Apparent consumption	872,574	917,970	877,589	814,288	672,804	488,650	656,635
	Share of quantity (percent)						
U.S. producers' U.S. shipments	70.7	68.7	64.7	62.9	63.1	65.1	55.8
U.S. imports from–							
Brazil	(1)	(1)	0.5	0.3	0.6	0.5	0.6
India	1.7	0.8	0.3	0.8	1.1	0.9	1.3
Japan	0.1	0.1	(1)	0.1	0.1	0.1	0.1
Spain	0.5	0.6	0.7	0.7	1.0	1.0	1.3
Subtotal	2.4	1.5	1.5	2.0	2.8	2.4	3.3
All other sources	26.9	29.7	33.7	35.1	34.1	32.5	40.9
Total U.S. imports	29.3	31.3	35.3	37.1	36.9	34.9	44.2
	Share of value (percent)						
U.S. producers' U.S. shipments	77.1	75.0	71.9	70.2	70.5	71.8	65.4
U.S. imports from–							
Brazil	(1)	(1)	0.3	0.3	0.4	0.3	0.4
India	1.1	0.5	0.2	0.5	0.6	0.5	0.8
Japan	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Spain	0.5	0.5	0.6	0.5	0.7	0.7	0.9
Subtotal	1.8	1.1	1.2	1.5	1.8	1.5	2.2
All other sources	21.2	23.9	26.9	28.4	27.7	26.7	32.4
Total U.S. imports	22.9	25.0	28.1	29.8	29.5	28.2	34.6

(1) Less than 0.05 percent.

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics, as adjusted by the Commission for Japan in all periods and for Spain in 1997-98.

economy which is expected to continue in the United States and to the use of stainless steel in applications that have traditionally used carbon steel because of life cycle costing considerations.[60] [61] Petitioners forecast that apparent consumption will decline in the short-term (*i.e.*, for 2001) then rise "modestly" in the years 2002 and 2003.[62]

As presented in table I-5, the share of the U.S. market held by domestic manufacturers fell from 70.7 percent in 1995, in terms of quantity, to 63.1 percent in 1999. A further decline of 9.3 percentage points occurred between the January-September 1999 and January-September 2000 periods. The subject countries' market share has remained below 3.5 percent since the antidumping orders were issued. The share of the U.S. market held by nonsubject imports, however, rose steadily from 1995 to 1998, declined slightly in 1999, and grew in interim 2000 to its highest level during the reporting period. The current U.S. market share for nonsubject imports (as of January-September 2000) is 40.9 percent, up from 32.5 percent in January-September 1999. Petitioners allege that the growth in supply of nonsubject imports causes the domestic stainless steel bar industry to remain vulnerable to any "resurgence" of unfairly traded imports from Brazil, India, Japan, and Spain.[63]

On December 28, 2000, a petition was filed with the Commission and Commerce alleging that the domestic industry is injured or threatened with injury by reason of imports of stainless steel bar from France, Germany, Italy, Korea, Taiwan, and the United Kingdom that are allegedly dumped and by such imports
from Italy that are allegedly subsidized. In response, the Commission instituted investigations Nos. 701-TA-413 (Preliminary) and 731-TA-913-918 (Preliminary) and, on February 12, 2001, voted in the affirmative.

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[60] Life cycle costing considerations refer to the switch to stainless steel by end users "because it lasts longer and is less expensive over the life of a product or structure than carbon steel." *Prehearing brief* of Roldan and Olarra, p. 34.

[61] Respondents elaborated, however, during their testimony at the Commission's hearing that it will be hard to predict demand during the short term. *Hearing transcript*, p. 200.

[62] Hearing testimony as summarized in the *posthearing brief* of petitioners, exhibit 1, p. 2.

[63] *Response* of petitioners, p. 18.

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

There is substantial world capacity and trade in stainless steel bar. Besides the United States and the subject countries, Korea, Italy, and Germany are major producers of stainless steel bar. Although U.S. exports have increased somewhat, U.S. imports continue to dominate exports by a wide margin.

U.S. MARKET SEGMENTS

U.S. producers' value share of consumption, which was 78.9 percent in 1991, decreased continuously to 70.2 percent in 1998, rose slightly to 70.5 percent in 1999, and decreased to 65.4 percent during January-September 2000. Subject imports' market share ranged from 11.6 to 12.7 percent from 1991 to 1993 and dropped to a range of from 1.1 to 2.2 percent from 1995 to September 2000. The market share held by nonsubject imports rose from 21.2 percent in 1995 to 27.7 percent in 1999 and increased to 32.4 percent during January-September 2000.

Twelve U.S. producers[1] and 15 importers provided data on shipments to the U.S. markets. At the time of the original investigations, there were 11 U.S. producers and at least 35 U.S. importers.[2] The industry's Herfindahl index calculated from this data was 0.18 in 1995, 0.30 in 1998, 0.32 in 1999, and 0.26 during January-September 2000.[3] These data, however, understate the amount of competition in the domestic market because many importers are not represented. For example, 11 purchasers that responded to the Commission questionnaire regarding their top 10 suppliers in 1999 indicated that they had bought stainless steel bar from 41 different suppliers.

Some industry consolidation and investment has nevertheless occurred since 1995. Carpenter, ***, acquired Talley in December 1997. The combined Carpenter/Talley market share based on value has been close to *** percent since this acquisition. Slater, ***, acquired Atlas in August of 2000, which was then owned by Sammi of Korea. Its market share ranged from *** to *** percent. *** with market shares ranging from *** to *** percent. ***, which reported some additional investments, saw its market share increase from *** percent in 1995 to *** percent in 1999. Although Charter Steel in Wisconsin has announced its intention to enter the stainless steel bar market, further consolidation is likely, as Republic, whose market share was over *** percent from 1995 to 1997, stopped stainless production in December 2000. Most U.S. producers are integrated in the sense that they melt, cast, hot form, cold finish, and grind and polish stainless steel bar, although some do not melt and cast. Reporting importers' market shares based on the value of U.S. shipments were generally less than 1 percent, except that *** percent during January-September 2000.

Besides importers and domestic producers, the stainless steel bar market consists of mill depots or master distributors, major national and mill-owned service centers, regional and local service centers, and end users.[4] Mill depots tend to hold inventory, not further process the bar products, and sell to

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[1] Empire was formed in 1999 with assets from AL Tech, which had ceased to exist after failure to emerge from bankruptcy. Empire and AL Tech were counted as one firm. Carpenter and Talley were counted as two firms, which they were until the end of 1997.

[2] *Final Economic Memorandum*, January 27, 1995, p. 6.

[3] Higher values of the Herfindahl index, which is the sum of squares of the producers' and importers' market shares, indicate greater concentration. For example, the Herfindahl index would be 1 for a monopoly and 0.1 for 10 equally sized firms.

[4] This classification is based on Ed Blot's delineation, as shown in exhibit 10 of the *petitioners' posthearing*

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national and regional service centers. National service centers sell primarily to end users but also to regional and local service centers. Domestic producers tend to sell primarily to major national and mill-owned service centers with a sizable amount of sales direct to the end users. Most importers' sales are to mill depots[5] with almost no sales to end users. The portion of importer sales sold through mill depots has increased since the early 1990s.[6] Petitioners aver that mill depots and service centers are somewhat similar because both hold significant inventories, usually do not further process stainless steel bar, and can arrange delivery to customers.[7] Spanish respondents have stated that *** percent of Spanish imports are sold to mill depots, while most of the domestic product is sold to service centers and end users.[8] Respondents state that mill depots are clearly differentiated from service centers because mill depots sell primarily to service centers, while service centers sell primarily to end users.[9] Respondents state that mill depots are able to charge a relatively higher price than domestic producers for the stocking service they provide in their sales to service centers.[10] Five distributors and service centers reported, in their questionnaire responses, that they compete for sales with U.S. producers and with importers from which they purchase stainless steel bar; four said that they did not compete, and two said that they sometimes compete.

U.S. SUPPLY: DOMESTIC PRODUCTION

Based on available information, U.S. stainless steel bar producers are likely to respond to price decreases with moderate changes in the quantity of shipments of U.S.-produced stainless steel bar to the U.S. market. The main contributing factor to the moderate degree of responsiveness of supply is the large capital-intensive installed capacity, which may make the domestic industry likely to remain in business and compete with imports. Costs are also an important determinant of supply, as they determine whether firms will remain in operation when facing declining prices.[11] There have been no major technological advances in the production process at home or abroad since the antidumping duties were put in place. However, the domestic industry has made some investments to improve efficiency.[12]

Domestic production decreased by 12.0 percent between 1995 and 1999, but increased by 17.6 percent during January-September 2000 compared with January-September 1999. The quantity of U.S. producers' domestic shipments in 1999 was 4.4 percent greater than it was in 1993 before the orders were put in place.

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[4] (...continued)
brief.

[5] Most subject import sales were to mill depots because of the ***; however, *** was sold to service centers/distributors and cold-finishers than to mill depots.

[6] *Petitioners' posthearing brief*, p. 16.

[7] *Id.* pp. 16-17.

[8] *Respondent's posthearing brief*, p. 4.

[9] *Id.* p. 13.

[10] *Id.* pp. 13-14.

[11] See the financial section in Part III for a general discussion of costs. Raw materials costs are also discussed in Part V. *** reported that energy costs are a major upcoming concern.

[12] *See Response* of petitioners, p. 18, and *questionnaire responses* regarding supply factors.

Industry Capacity

Domestic capacity is large compared to output and has fluctuated since the original investigations. For example, capacity was estimated at 276,643 short tons in 1991 and at 262,483 short tons in 1993.[13] Domestic production capacity was 289,002 short tons in 1995. Despite generally declining production from 1995 to 1999, capacity increased by 5.5 percent during this period. Also, domestic capacity increased by 3.0 percent from January-September 1999 to the similar period in 2000. Capacity utilization rates for stainless steel bar production decreased irregularly from 60.8 percent in 1995 to 50.8 percent in 1999. Capacity utilization rates ranged from 48.7 percent to 52.6 percent at the time of the original investigations.[14] Capacity during the original investigations exceeded apparent total U.S. consumption by a wide margin.[15] U.S. capacity during the last 5 years has tended to come more in line with apparent consumption but has continued to be greater than total apparent U.S. consumption. The capacity expansion that occurred in 1999 and 2000 reflects producer optimism that demand conditions will be strong. After acquiring Talley, Carpenter reported making investments to expand capacity at the former Talley site.[16] ***.

Investments in capacity by the domestic producers have likely decreased short-run average variable costs while increasing fixed costs, and producers with lower short-run average variable costs are more likely to stay in operation in the event of a downturn in price. Investments in capacity have likely increased the minimum efficient scale at which a firm will operate, and excess capacity provides the option of increasing production and lowering price. However, if costs associated with excess capacity result in persistent losses, the firm would be expected to reduce capacity or exit the market.

Alternative Markets

U.S. exports of stainless steel bar are a small portion of total sales and are likely to remain so. Exports as a percentage of the quantity of total shipments did increase, however, from *** percent in 1995 to *** percent in 1999. U.S. producers reported in their questionnaire responses that there were no quotas or dumping fees on U.S. stainless steel bar but that freight charges, unfavorable exchange rates, and low foreign price levels made it extremely difficult to participate in foreign markets. *** stated that it was impossible to shift to export markets in general, but that it did export small quantities to Canada and Mexico.

Inventory Levels

U.S. inventories increased irregularly from 22,081 short tons in 1995 to 24,407 short tons in 1999. Inventories as a share of U.S. shipments increased from 12.7 percent in 1995 to 16.5 percent in 1996 and were 16.3 percent of U.S. shipments in 1999. U.S. producers are likely to attempt to accelerate their sales of existing inventory, even at lower prices, if they expect a permanent downshift in prices.

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[13] Table I-1.

[14] *Id.*

[15] *Id.*

[16] *See*, for example, the *conference transcript* of the preliminary investigations of stainless steel bar from France, Germany, Italy, Korea, Taiwan, and the United Kingdom, p. 78.

II-3

After prices adjust, inventory levels will depend upon expected future prices relative to the cost of holding those inventories.

SUPPLY OF SUBJECT IMPORTS TO THE U.S. MARKET

Brazil

Based on quantity, Brazil's U.S. market share ranged from 1.8 percent to 2.5 percent during the period from 1991 to September 1994,[17] but fell after the order was imposed and ranged from less than 0.05 percent to 0.6 percent during the period from 1995 to September 2000. According to U.N. trade statistics, the value of Brazilian exports of stainless steel bar ranged from $14.7 million to $28.9 million from 1996 to 1999 (*see* table II-1). The share of those exports that went to the United States ranged from 0.2 percent to 9.5 percent. Germany, Argentina, and the United Kingdom were the primary recipients of these exports. Petitioners stated in their prehearing brief that Brazilian firms had made substantial investments in modernization of production facilities.[18] The information provided also states that the Brazilian economy is recovering from a severe economic downturn, and one domestic producer reportedly is concentrating on the Brazilian market, where it can now sell a mix of more value-added products.[19] Based on available information,[20] Brazilian exporters are likely to respond with increased shipments to the U.S. market if the antidumping duty order is removed.

India

Based on quantity, India's U.S. market share ranged from 0.8 percent to 2.3 percent during the period from 1991 to September 1994[21] and ranged from 0.3 percent to 1.7 percent during the period from 1995 to September 2000. Questionnaire data are incomplete because four of eight Indian producers supplying questionnaire data did not provide capacity information. For those producers that did provide capacity information (which accounted for *** percent of reported 1999 production), data reveal that India's capacity to produce stainless steel bar increased from 14,700 short tons in 1995 to 21,931 short tons in 1999, which is still relatively small in comparison to the U.S. market. Petitioners pointed out that the number of stainless steel bar producers and exporters in India has increased since the original investigations, and some of these exporters did not submit questionnaire responses; therefore, Indian capacity is greater than that reported in the questionnaire responses.[22] Capacity utilization was low, ranging from 15.7 percent to 66.4 percent during the period examined. The portion of Indian shipments to the home market and internally consumed declined from 62.5 percent in 1995 to 30.1 percent during 1999 and was 33.3 percent during January-September 2000. Third-country exports ranged from 34.9 to 62.3 percent of total Indian shipments; this variability is in part a reflection of the irregular performance of the Indian economy. Questionnaire data based on quantity show that India's exports to the United

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[17] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, USITC Pub. 2856, February 1995, p. II-81.

[18] *Petitioners' prehearing brief*, p. 20 and exhibit 1.

[19] Michael Kepp, "Special Report: Mini-Mills," AMM.com, December 5, 2000, shown as exhibit 1 of *petitioners' prehearing brief.*

[20] Brazilian producers did not respond to the Commission's foreign producer questionnaire.

[21] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. II-81.

[22] *Petitioners' prehearing brief*, pp. 21-23.

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Table II-1
Exports of stainless steel bar from subject countries (exports in U.S. dollars f.o.b., shares in percent), 1996-99

Country	1996	1997	1998	1999
Brazilian exports	14,718,661	28,864,884	26,057,547	26,344,853
Share to: Germany	4.4	11.9	21.8	22.9
Argentina	51.4	26.8	26.0	21.4
United Kingdom	10.0	17.2	7.4	12.9
United States	0.2	9.5	7.2	9.2
Canada	0.4	2.7	2.2	7.9
Netherlands	3.9	6.8	12.2	5.5
Rest of world	29.6	25.1	23.3	20.2
Indian exports	35,955,877	46,704,179	[1]	[1]
Share to: Germany	29.8	30.3	[1]	[1]
Belgium	14.5	9.9	[1]	[1]
United Kingdom	6.1	8.0	[1]	[1]
Netherlands	13.0	8.0	[1]	[1]
United States	5.2	6.8	[1]	[1]
Singapore	0.1	5.3	[1]	[1]
Rest of world	31.3	31.7	[1]	[1]
Japanese exports	128,187,490	128,929,283	106,234,925	119,725,517
Share to: Thailand	15.7	14.8	15.9	18.5
Hong Kong	15.3	16.8	16.6	17.6
Singapore	8.6	10.7	9.7	11.9
Korea	11.2	10.1	7.6	10.8
Taiwan	0.0	0.0	10.0	9.0
China	3.8	5.9	6.8	6.5
United States	0.4	0.5	0.8	0.7
Rest of world	45.0	41.3	32.6	24.9
Spanish exports	217,795,821	129,743,738	135,969,409	114,781,664
Share to: Germany	37.5	32.9	34.9	35.1
Italy	14.4	16.6	17.2	18.4
United Kingdom	11.1	12.0	10.5	10.6
France	7.4	8.3	7.4	7.4
United States	3.0	3.1	2.4	3.3
Sweden	2.2	2.5	2.8	3.2
Rest of world	24.5	24.7	24.8	22.0

[1] Not available.

Source: U.N. trade statistics.

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States ranged from 2.6 percent to 9.6 percent of its total shipments during the period from 1995 to September 2000. UN data based on value (reported in table II-1) show that 5.2 and 6.8 percent of Indian exports went to the United States during 1996 and 1997, respectively. EU member states, the United States, and Singapore have been the main recipients of Indian exports.

Indian producers expected demand to grow in the United States and in third-country markets but to remain the same in India. Two Indian producers stated that the product range and marketing of stainless steel bar in India and the United States are similar; another Indian producer stated that there were differences but did not elaborate, while another Indian producer stated that there was no domestic market for stainless steel bar.[23] One Indian producer stated that prices are 7 to 8 percent higher in the United States than in the home market. Another Indian producer stated that U.S. prices are higher than in third-country markets. Indian exporters have the capability to increase shipments to the United States if the antidumping duty order is removed.

Japan

Based on quantity, Japan's U.S. market share ranged from 4.2 percent to 8.6 percent during the period from 1991 to September 1994[24] and ranged from less than 0.05 percent to 0.1 percent from 1995 to September 2000. According to UN trade statistics during 1996-99, the value of Japanese exports of stainless steel bar ranged from $106.2 million to $128.9 million. Thailand, Hong Kong, and Singapore were the primary recipients of Japanese stainless steel bar exports. The U.S. share of Japanese exports ranged from 0.4 percent to 0.8 percent during 1996-98 based on UN trade statistics. Petitioners have stated that the Japanese stainless steel bar industry has problems with overcapacity and weak domestic and regional demand.[25] Based on available information, Japan has the capability to increase exports to the United States by a significant degree. Shifting Japanese exports to the United States may be difficult for Japanese exporters, however, to the extent that they have commitments to supply their home market and that other Asian economies recover.

Spain

Based on quantity, Spain's U.S. market share ranged from 2.8 percent to 3.6 percent during the period from 1991 to September 1994[26] and from 0.5 to 1.3 percent during the period from 1995 to September 2000. Spain's capacity to produce stainless steel bar increased from *** tons in 1995 to *** tons in 1999 and was *** percent higher in January-September 2000 than in January-September 1999. Capacity utilization ranged from *** percent to *** percent. Spain's shipments to its home market ranged from *** percent to *** percent of its total shipments. Exports to third-country markets ranged from *** percent to *** percent. Exports to the United States ranged from *** to *** percent of total shipments according to questionnaire quantity data, and from 2.4 to 3.3 percent of total exports based on UN value data. Other EU countries were the primary recipients of Spanish stainless steel bar exports.

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[23] Petitioners emphasized that India's poor economic performance is another reason to expect increased imports from India if the order is lifted. *Petitioners prehearing brief*, pp. 23-25.

[24] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. II-81.

[25] *Petitioners' prehearing brief*, p. 27.

[26] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. II-81.

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There are only two producers of stainless steel bar in Spain, Roldan and Olarra. These producers expect demand for stainless steel bar in Spain, the United States, and the world to continue to grow. The Spanish producers sell mainly commodity products in the United States and a wider variety of products in their home market. In the United States, Roldan sells to master distributors, but in the EU it sells to affiliated distributors and ***.[27] ***. ***.

Petitioners stated that there are over 20 large producers of stainless steel bar in Europe and that the European market is saturated and has low prices.[28] Respondents presented an article from *Stainless Steel Focus* stating that European firms, despite lower demand for the second half of 2000, expect demand to grow in 2001.[29] Respondents included an article "OECD Economic Outlook" that projected real GDP in Europe to increase by about 3 percent in both 2001 and 2002.[30] The respondents also presented a chart from *Metal Bulletin Research* that showed stable-to-improving prices for cold-drawn stainless steel bar between January and November 2000 in European markets.[31]

Respondents also allege that ***.[32] The Spanish respondents stated that they do not have long-term contracts with Spanish and European customers, but that they do have long-standing commitments with customers to supply products. Respondents added that ***.[33]

Petitioners stated that the Spanish producers have the capability to switch from production of stainless steel wire rod to stainless steel bar.[34] Respondents argued that *** long-term commitments to provide angle and wire rod to non-U.S. customers and its current *** in those products limit its ability to shift out of production of those products.[35]

Given the size of Spain's stainless steel bar industry and the small share of its exports presently destined for the United States, it could increase shipments to the United States if the dumping duties were removed. Although long-term commitments in the European market might limit the Spanish response somewhat, the degree of the response would likely be determined, in part, by relative prices in the U.S. and European markets.

U.S. DEMAND

Overall demand for stainless steel appears to have increased. For example, U.S. consumption is estimated to have risen from 12 pounds per capita in 1992 to 19 pounds per capita in 2000.[36] The increase is apparently due to new uses of stainless steel, such as in consumer appliances. The extent that this broad increase in stainless steel demand translates into increases in the demand for stainless steel bar is unclear, but there has been an irregular growth in apparent U.S. consumption of stainless steel bar

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[27] *See*, for example, *hearing transcript*, pp. 129 and 158.

[28] *Petitioners' posthearing brief*, exhibit 1, pp. 4-11.

[29] *Respondent's posthearing brief*, exhibit I.

[30] *Id.*, exhibit J.

[31] *Id.*, exhibit K.

[32] ***.

[33] *Respondent's posthearing brief*, Respondents' Answers to Commissioners' Questions, pp. 1-2.

[34] *Petitioners' posthearing brief*, p. 9.

[35] *Respondents posthearing brief*, p. 6.

[36] Ted Slowik, "Stainless Market Shines," *Metal Center News*, July 2000, p. 28.

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since 1983.[37] USITC data place apparent consumption at 181,303 short tons in 1991 and show it irregularly increasing to 262,846 short tons in 1997 before decreasing to 236,927 short tons in 1999. Ed Blot, a domestic industry consultant, has forecast demand to decrease slightly in 2001, but to then increase slightly in 2002 and 2003.[38]

Demand for stainless steel bar is ultimately derived from the demand for end uses in which it is employed. Questionnaire responses indicate that stainless steel bar is used in automobiles, fasteners, bearings, food processing equipment, pulp and paper mills, machine shops, tanks, fitness equipment, energy exploration and transmission, and other uses. Because of the broad number of uses and customer base, some purchasers have stated that only general economic conditions affect demand. General performance of the domestic economy and the "Asian crisis" were two factors that were noted as affecting demand. Demand was alleged to have been strong in 1995 and 1996, to have deteriorated in late 1997, and to have improved since the fourth quarter of 1999. Purchasers expect demand for stainless steel bar to continue to increase as new applications are developed. No changes in end uses were reported since 1995, but purchasers expect that new uses of stainless steel bar will continue to be developed.

Substitute Products

Although substitutes are rare or non-existent for certain uses, aluminum, titanium, plated carbon bar, alloy bar, ceramics, and plastics were mentioned as potential substitutes. There were reportedly no changes in substitute products since 1995. *** stated that plastic valves are continuing to replace stainless valves and that it now also sells plastic values and buys less stainless steel bar. In other end uses, stainless steel has replaced some other products, such as carbon steel. Some purchasers believe continued conversion to stainless steel is likely because of reportedly lower costs over the life cycle of some products. Most responding purchasers stated that the prices of competing alloys had not changed significantly since 1995, although two purchasers said that stainless steel was more favorably priced in comparison to competing alloys.

Cost Share

Stainless steel bar typically accounts for a small percentage of the price of the final product. The limited number of questionnaire responses by end users indicate that the cost shares in valves, fittings, and reinforcing bar range from 1 to 25 percent. Data gathered in the original investigations indicate that stainless steel bar accounts for very small portions of the cost of automobiles and aircraft parts.[39] The small cost shares indicate that changes in price would be unlikely to lead to large changes in quantity demanded.

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[37] American Iron and Steel Institute (AISI). Although AISI data differs from USITC data, both show similar trends. For example, 1997 was the peak year in both series, and partial year 2000 figures were greater than partial year 1999 figures.

[38] *Petitioners' posthearing brief*, exhibit 1, pp. 1-2 and exhibit 8.

[39] *Final Economic Memorandum*, January 27, 1995, pp. 18-19.

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SUBSTITUTABILITY ISSUES

Factors Affecting the Purchase Decision

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase stainless steel bar. Quality and price were the most frequently mentioned factors (*see* table II-2).

Table II-2
Most important factors in selecting a stainless steel bar supplier

Factor	First	Second	Third
Quality	11	2	0
Price	1	8	5
Lead time	0	1	4
Reliability	1	0	1
Other	1	2	3
Source: Compiled from data submitted in response to Commission questionnaires.			

Virtually all responding purchasers reported that all of their firms' purchases of stainless steel bar required some form of certification or prequalification. Certification to the standard grades of the ASTM and the ASME was most common. Quality, price, reliability, lead times, and other factors were important in qualification. The time required to qualify varied from a few days to a year. Processes to qualify a supplier ranged from trial shipments to independent audits. Only 4 of 13 responding purchasers stated that a domestic or foreign producer had failed to qualify their stainless steel bar since 1995. *** had failed to qualify for quality reasons. *** had failed to qualify because of very poor quality and delivery problems. Also a Russian firm and a UK firm were alleged not to have qualified.

U.S. producers reported highly variable lead times. Typical times were 1 to 2 days from stock and 3 to 4 months if ordered. Importers' lead times were also highly variable with 4 or 5 months being a typical time, although some could respond more quickly.

Comparison of Domestic Products and Subject Imports

All nine purchasers that responded to the Commission's question on whether imported and domestic stainless steel bar are used in the same applications responded in the affirmative, although these purchasers' knowledge mostly pertained to nonsubject imports. When asked if certain grades/types/sizes of stainless steel bar were available only from a single source, eight purchasers responded in the negative and three in the affirmative. Purchasers responding affirmatively identified Carpenter as having proprietary grades and as producing some little-used grades that other manufacturers do not make because of economics.

Importers stated that U.S.-produced and imported stainless steel bar from all subject countries could be used interchangeably in most cases. Some importers stated that the quality of Indian stainless

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steel bar is considered to be lower than that of other countries. Another importer stated that India does not make all of the grades used in the United States but that its stainless steel bar is interchangeable in the grades that it does make. Two importers considered Japanese stainless steel bar to be interchangeable with the domestic product. Another importer reported that Japan was the sole producer of certain grades, such as 440C, ATS34, and ACD34. Spain's stainless steel bar was reported to be of high quality and generally interchangeable with the domestic product. Three importers stated that the Brazilian product was used interchangeably with the domestic product. Every responding U.S. producer considered all subject imported stainless steel bar to be used interchangeably with the domestic product.

Purchasers that bought from a single source were asked to explain their reasons for doing so. There were a variety of responses. Several purchasers stated that quality was a given and that price and lead times were the most important factors. A couple of purchasers bought from North American sources due to reliability and quality. One purchaser bought Korean product because of short lead times. In contrast to purchasing from a single source, one purchaser reported trying to target percentages from different sources in order to ensure a reliable supply.

Purchasers considered availability, product consistency, product quality, reliability of supply, technical support, delivery terms, and price as very important. Purchasers considered discounts offered, minimum quantity requirements, packaging, product range, transportation network, and U.S. transportation costs as somewhat important. Purchasers tended not to respond to the Commission's question asking for country-by-country comparisons on the purchase factors cited in this paragraph.

Most U.S. producers stated that there were no differences in product characteristics or sales conditions between U.S.-produced and subject imported stainless steel bar that were significant factors in their firms' sales of stainless steel bar. Eight importers stated that differences in product characteristics or sales conditions between U.S.-produced and subject imported stainless steel bar did not affect their firms' sales of stainless steel bar, and four importers reported different characteristics did affect their sales. One importer stated that it could sell more Indian bar if it were perceived to be of better quality compared to the domestic product. Foreign bar was considered to be readily available at attractive prices. The U.S. product was considered to be available, of high quality with good technical support, but more expensive and more likely to have surcharges for changes in prices of raw materials than the foreign product.

ELASTICITIES

In the prehearing report, for reasons discussed earlier in this part of the report, staff proposed a U.S. supply elasticity ranging from 2 to 4; import supply elasticities of from 2 to 4 for Brazil, from 2 to 4 for India, from 8 to 10 for Japan, and from 4 to 6 for Spain; an aggregate demand elasticity of -0.7 to -0.5, and substitution elasticities of 3 to 5 for all countries. Spanish respondents commented that the domestic supply elasticity should be in the range of 5 to 10 and that Spain's import supply elasticity should be in the range of 1 to 3.[40] Reasons for the change in domestic supply were based on the existence of excess capacity. Sunset proceedings, however, address the question of how the domestic industry would respond to a decrease in price brought about by increased imports; thus, in this context, excess capacity does not imply a more elastic supply. Staff still believe the 2 to 4 range to be relevant. Respondents argued that Spain's import supply is less elastic because of its commitments in other markets. Although staff believe that Spain has the capability to switch sales to the U.S. market,

[40] *Respondent's prehearing brief*, p. 42.

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commitments in other markets may limit this response. Staff believe that Spanish import supply may be in the 2 to 4 range.

Staff considered using the COMPAS model to estimate the effects on the domestic economy of removing the antidumping orders. Subject countries's value shares of the U.S. market are very low and were 0.4 percent, 0.6 percent, 0.1 percent, and 0.7 percent, respectively, for Brazil, India, Japan, and Spain in 1999. Because of these low market shares, the COMPAS model, which is based on percentage changes, may not provide a realistic estimate of the effect of removing the orders; therefore, staff did not use the model.

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PART III: CONDITION OF THE U.S. INDUSTRY

Information in this section is based on the questionnaire responses of the 12 firms that are believed to account for about 95 percent of U.S. production of stainless steel bar during the period reviewed.

U.S. CAPACITY, PRODUCTION, SHIPMENTS, INVENTORIES AND EMPLOYMENT[1]

U.S. Capacity, Production, and Capacity Utilization

Table III-1 presents the U.S. stainless steel bar industry's capacity, production, and capacity utilization figures for the period reviewed. As shown, average reported capacity increased by 5.5 percent from 1995 to 1999 while production of stainless steel bar declined by 12.0 percent, resulting in a decrease in capacity utilization of 10 percentage points. U.S. capacity and production increased by 3.0 percent and 17.6 percent, respectively, in interim 2000 compared with interim 1999, with capacity utilization rising by 7 percentage points. The capacity increases shown for 1998 to 1999 and, again, for the interim 1999 to interim 2000 periods are a result of ***. However, the capacity to manufacture stainless steel bar in the United States will fall in 2001 by the amount of production capacity at Republic's facility, or by *** short tons annually.[2] As discussed earlier, Republic stopped manufacturing stainless steel bar in December 2000. Reported capacity utilization figures varied widely by firm for the integrated manufacturers, from a high of *** percent in 1999 for *** to lows of *** percent and *** percent for *** and ***, respectively.[3] Average reported capacity utilization on an annual basis ranged from a high of 63.9 percent in 1996 to a low of 50.8 percent in 1999. Respondents, citing a time series of 30 years derived from Commission reports on stainless steel bar, state that capacity utilization rates in the industry have been "low for more than a generation." They further note that Republic's exit "leaves a domestic industry with an average capacity utilization rate of *** percent in interim 2000, which is the highest rate enjoyed in the past decade, before accounting for prospective gains in volume formerly shipped by Republic prior to its exit from the market."[4]

In response to the question of whether there are any constraints that set limits on production capacity, Allvac indicated that ***; Carpenter reported ***; Crucible indicated that the *** was its limit; Electralloy reported *** as constraints; Empire indicated that it ***; Hi Specialty identified ***; and, finally, Slater reported that *** were constraints."[5] Further, the majority of firms in the industry (specifically ***) reported manufacturing other products on the same equipment and machinery used in

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[1] The industry data presented in both this section and Part I correspond with data presented in exhibit B-1 to the petition concerning stainless steel bar from France, Germany, Italy, Korea, Taiwan, and the United Kingdom. However, the data shown in this report include data for petitioning firms that no longer jibe with exhibit B-1 of the petition because of corrections made to petitioners' questionnaire responses.

[2] ***.

[3] ***. As indicated earlier, Empire purchased AL Tech's assets in November 1999 and Republic closed its bar operations in December 2000.

[4] *Prehearing brief* of Roldan and Olarra, pp. 6-7. Revised capacity utilization in January-September 2000 for a U.S. industry excluding Republic (but including the volume of production it reported) is *** percent.

[5] ***.

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Table III-1
Stainless steel bar: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 1995-99, January-September 1999, and January-September 2000

Item	1995	1996	1997	1998	1999	January-September 1999	January-September 2000
Capacity (short tons)	289,002	285,352	285,127	285,767	304,777	229,564	236,471
Production (short tons)	175,764	182,431	170,625	166,545	154,711	111,699	131,341
Capacity utilization (percent)	60.8	63.9	59.8	58.3	50.8	48.7	55.5
U.S. shipments:							
Quantity (short tons)	174,340	171,442	170,171	160,125	149,607	110,092	125,838
Value ($1,000)	672,529	688,441	631,336	571,485	474,529	350,911	429,119
Unit value (per short ton)	$3,858	$4,016	$3,710	$3,569	$3,172	$3,187	$3,410
Export shipments:							
Quantity (short tons)	***	***	***	***	***	***	***
Value ($1,000)	***	***	***	***	***	***	***
Unit value (per short ton)	***	***	***	***	***	***	***
Total shipments:							
Quantity (short tons)	***	***	***	***	***	***	***
Value ($1,000)	***	***	***	***	***	***	***
Unit value (per short ton)	***	***	***	***	***	***	***
Inventories (short tons)	22,081	28,314	23,936	24,772	24,407	22,318	23,305
Ratio of inventories to U.S. shipments (percent)	12.7	16.5	14.1	15.5	16.3	15.2	13.9
Ratio of inventories to total shipments (percent)	***	***	***	***	***	***	***
PRWs (number)	2,150	2,234	2,142	2,056	1,873	1,814	1,910
PRW hours worked (1,000s)	4,795	4,940	4,760	4,512	3,939	2,937	3,213
PRW wages paid ($1,000)	97,080	104,641	106,034	100,526	85,906	63,087	72,040
PRW hourly wages	$20.25	$21.18	$22.28	$22.28	$21.81	$21.48	$22.42
Productivity (short tons per 1,000 hours)	36.7	36.9	35.8	36.9	39.3	38.0	40.9
Unit labor costs (per short ton)	$552.33	$573.59	$621.44	$603.60	$555.27	$564.79	$548.50

Note.--January-September inventory ratios are annualized. Inventory, production, and shipment data do not reconcile because of reporting discrepancies.

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

III-2

the production of stainless steel bar.[6] Other stainless steel products (*i.e.,* wire rod and wire and angles) and other alloy and tool steels can be and are manufactured on common equipment.[7] Also, some stainless steel bar is manufactured *** within the U.S. industry. As described earlier, ***.

U.S. Producers' Shipments

Table III-1 also presents figures for the industry's U.S. shipments and export shipments of stainless steel bar during the review period. More detailed shipment data (*i.e.,* commercial shipments, internal consumption, and transfers to related firms) are provided in table III-2.[8] The quantity of U.S. shipments of the subject product declined continually from 1995 to 1999, falling by 14.2 percent, and then rose by 14.3 percent in January-September 2000 compared to January-September 1999. The unit value of U.S. shipments rose from 1995 to 1996 then continually fell from 1996 to 1999, decreasing by 21.0 percent. ***. Recently, however, the unit value has begun to rise, with an increase of 7.0 percent shown for interim 2000 compared to interim 1999. The unit value of U.S. shipments of stainless steel bar in interim 2000 ($3,410 per short ton), however, is still below that reported in 1995 ($3,858 per short ton). There were a wide range of unit values reported by indvidual firms for 1999, with product manufactured by specialty producers (*i.e.,* ***) valued much higher than that manufactured by the majority of firms whose unit values ranged from $*** per short ton for *** to $*** per short ton for ***.

As shown in table III-2, *** reported captive consumption of stainless steel bar.[9] However, approximately *** percent of total shipments of domestically-produced stainless steel bar during 1995-99 were transferred to related firms (***). U.S. exports were minimal; during the 1995-99 period, less than *** percent of U.S. producers' shipments of stainless steel bar were exported.

U.S. Producers' Inventories

During the 1995 to September 2000 periods, end-of-period inventories of stainless steel bar held by domestic producers ranged from a low of 22,081 short tons (with a ratio of inventories to total shipments of *** percent) in 1995 to a high of 28,314 short tons (with a ratio of inventories to total shipments of *** percent) in 1996 (table III-1). As of September 30, 2000, inventories of 23,305 short tons were reported.

U.S. Producers' Employment, Compensation, and Productivity

From 1995 to 1999, the number of production and related workers in the domestic stainless steel bar industry, their hours worked, and wages paid decreased by 12.9 percent, 17.9 percent, and 11.5 percent, respectively (table III-1). Figures for all three indicators increased during interim 2000 as

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[6] ***. Typically, melting and hot-rolling facilities are used for a variety of products (including stainless steel bar, rod, seamless tubing, angles, shapes, and sections as well as similar products of non-stainless steel alloys). In contrast, the finishing lines are used only for bar, although they could be used to finish bar of non-stainless steel alloys.

[7] In addition, *** indicated that *** and *** reported common production with (1) carbon and alloy bar, (2) remelt stainless and alloy bar, and (3) tool steel.

[8] In addition, U.S. producers' shipment data, by grade and channels of distribution, are presented in Part IV of this report.

[9] This excludes that hot-finished SSB used internally by producers to manufacture the cold-finished product.

Table III-2
Stainless steel bar: U.S. producers' shipments, by types, 1995-99, January-September 1999, and January-September 2000

Item	1995	1996	1997	1998	1999	January-September 1999	January-September 2000
				Quantity (short tons)			
Commercial shipments	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***
U.S. shipments	174,340	171,442	170,171	160,125	149,607	110,092	125,838
Export shipments	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
				Value ($1,000)			
Commercial shipments	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***
U.S. shipments	672,529	688,441	631,336	571,485	474,529	350,911	429,119
Export shipments	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***
				Unit value (per short ton)			
Commercial shipments	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***
U.S. shipments	$3,858	$4,016	$3,710	$3,569	$3,172	$3,187	$3,410
Export shipments	***	***	***	***	***	***	***
Average	***	***	***	***	***	***	***

(1) Not applicable.

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

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

III-4

compared to interim 1999. In contrast to the annual trends reported for the other employment indicators, productivity rose irregularly from 36.7 short tons produced per 1,000 hours in 1995 to 39.3 short tons in 1999; interim 2000 productivity also reflected an increase over the interim 1999 level. Petitioners stated in their *Response* that, "the domestic industry has made capital improvements to increase its productivity following the imposition of the order{s}."[10] Unit labor costs to manufacture stainless steel bar rose for the 2 years following the imposition of the antidumping duty orders (from $552 per short ton in 1995 to $621 per short ton in 1997) then fell over the next 2 years, reaching $555 per short ton in 1999. Interim period unit labor costs also fell, from $565 per short ton for January-September 1999 to $548 per short ton for January-September 2000.

FINANCIAL CONDITION OF THE U.S. INDUSTRY

Background

Twelve producers,[11] accounting for about 95 percent of known U.S. production of stainless steel bar in 1999, provided usable financial data on their stainless steel bar operations. ***. The Commission requested profit-and-loss data from U.S. producers in two different ways: (1) reporting transfers from their production facilities to their integrated service centers as "transfers to related firms" and (2) reporting the sales (and related cost data) made by their integrated service centers to their unrelated customers as "commercial sales." Three firms, Carpenter, Crucible, and Talley, that have integrated service centers[12] reported their transfers in the two different ways mentioned above.

. With respect to an inquiry for the method of allocation used for reporting data, Carpenter indicated that "."[13] AL Tech filed for chapter 11 bankruptcy protection on December 31, 1997. The company was sold to settle bankruptcy creditors' claims. Empire was formed on November 1, 1999, as the result of the purchase of certain assets of the former AL Tech. Republic closed its Baltimore, MD, plant for all business effective December 31, 2000, and is out of the stainless steel bar business. Slater reported that it operated on a reduced schedule with salaried staff due to a local union strike during May 17 - June 23, 1999.

Operations on Stainless Steel Bar

All producers sell their stainless steel bar to unrelated service centers, distributors, mill depots, or cold-finishers, while Carpenter, Crucible, and Talley also transfer products at market prices to their related service centers or distributors for final sales to unrelated end users. Income-and-loss data for the U.S. producers on their stainless steel bar operations, including the above mentioned firms' revenues and related costs for sales from their integrated service centers to unrelated end users, are presented in table

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[10] *Response* of petitioners, p. 18.

[11] U.S. producers of stainless steel bar and their fiscal year ends are Allvac (***), Avesta (***), Carpenter (***), Crucible (***), Electralloy (***), Empire (***), Handy & Harman (***), Hi Specialty (***), Industrial Alloys (***), Republic (***), Slater (***), and Talley (***). Crucible's producers' questionnaire data were verified by the Commission. Some minor changes due to this verification are reflected in the data presented in this report. ***.

[12] *See, e.g., hearing transcript*, pp. 65 and 99 (testimony of David A. Hartquist and Richard Santoro).

[13] Carpenter's letter dated November 30, 2000, and *hearing transcript*, pp. 60-61 and 80-81 (testimony of William Pendleton when he discussed the return on assets methodology that Carpenter developed in the early 1990s and has used in subsequent stainless steel bar proceedings since then).

III-3 and selected financial data, by firm, are presented in table III-4. The data in these two tables reflect revenues and costs from first melt to final sale. Carpenter, Crucible, and Talley accounted for about *** percent of total net sales value in 1999.[14]

Table III-3
Results of operations of U.S. producers in the production and distribution of stainless steel bar, fiscal years 1995-99, January-September 1999, and January-September 2000

* * * * * * *

Table III-4
Results of operations of U.S. producers in the production and distribution of stainless steel bar, by firms, fiscal years 1995-99, January-September 1999, and January-September 2000

* * * * * * *

Carpenter's transfers to its integrated service centers accounted for *** percent of total quantity sold in short tons during the period examined; for Crucible the transfers were *** percent and for Talley the transfers were *** percent. The transfer value of these firms may or may not be at fair market value as if sold to unrelated service centers or distributors because these transfers were not arms-length transactions. Further, integrated service centers' financial results of operations are always consolidated with the production operations of these firms in their annual reports as per Generally Accepted Accounting Principles (GAAP). These firms distribute some of their stainless steel bar through their integrated service centers rather than selling all of their stainless steel bar through unrelated service centers or distributors. Table III-3 attempts to collect the final commercial value of sale (with its related costs by the integrated service centers) and production costs to obtain a fair presentation of the financial results of operations in the production and arms-length sale of stainless steel bar. The financial results of operations of unrelated service centers or distributors are **not** included in table III-3.

The operating income margin for production and distribution, combined, declined each year from *** percent of total net sales in 1995 to *** percent in 1999. During January-September 2000, the operating income margin increased to *** percent, compared with a *** percent margin in January-September 1999. From 1995 to 1999, per-short-ton average selling price either decreased while average cost of goods sold and SG&A expenses increased in some periods or declined *** faster than the average costs and expenses, resulting in a decreasing operating income each year. During January-September 2000, the per-short-ton average selling price increased more than the average cost of goods sold while average SG&A expenses declined, resulting in a higher operating income, compared with January-September 1999. Most of the producers indicated that the raw materials cost increased in January-September 2000 compared to earlier years, mainly due to the increase in the price of nickel, which accounts for a significant portion of the raw materials cost.

*** stated that "the lower gross profit and operating margins in 1998 were the result of severe price competition during that period especially from imports."[15] With respect to gross losses ***, *** stated that:

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[14] Financial data for these firms not including operations of their related service centers are presented later in this section.

[15] ***.

*during the reporting periods of 1995 and early 1996, the stainless markets were able to sustain several price increases due to increased product demand coupled with favorable exchange rates. This followed several years of declining prices and significant dumping of low-price imports. ***'s strategy was to remove itself from the low-price, high-volume market segment and to focus on segments that fit into the company's strengths and that felt little impact from foreign sources. Subsequent reporting periods (1997-2000) have seen a continual decline in stainless pricing, both in the high-volume market segments that *** does not service and in those segments targeted by ***. Several factors have contributed to this decline. First, imports have penetrated every segment of the stainless market to the extent that those segments targeted by *** have been greatly impacted by imports. Second, the advent of "Master Distributors" cannot be minimized. These were created to capitalize on the continued dumping of low-price imports. Finally, the exchange rates have favored exports from South America, Asia, Canada, and Europe. Although the exchange rates have stabilized somewhat, the advantage is still considerable. Coupled together, these factors have had a major impact on the consolidation of both the stainless bar producers and the stainless service centers in the United States.*[16]

With respect to operating losses ***, *** stated that:

*the major factor contributing to operating losses of *** is the impact of imported Specialty Steels. The influx of low cost foreign imports has impacted this Company by depressing prices and consuming a major portion of domestic usage. These anemic prices ***. This pricing is the cause of predatory pricing in the remaining market. Because of ***, our costs increase because of various mill outages which increase inefficiencies as well as inefficient use of consumables such as natural gas and various chemicals. Hourly layoffs are a direct result of the low cost foreign imports and add another cost to the Company in the form of higher cost of healthcare per ton produced as well as higher unemployment insurance rates that result directly from these layoffs.*[17]

With respect to gross losses ***, *** indicated that "we were *** and cutting out many stainless products. Also we lost the ability to ***. This greatly increased our costs."[18] *** stated that "operating losses *** resulted from lost orders due to competition from imports."[19]

The data presented in tables III-5 and III-6 reflect industry data with Carpenter, Crucible, and Talley's transfer of stainless steel bar from their production facilities to their integrated service centers reported as "transfers to related firms" at values which the firms reported to be at fair market values in

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[16] ***.

[17] ***.

[18] ***.

[19] ***.

III-7

Table III-5
Results of operations of U.S. producers in the production of stainless steel bar,[1] fiscal years 1995-99, January-September 1999, and January-September 2000

Item	Fiscal years					Jan.-Sept.	
	1995	1996	1997	1998	1999	1999	2000
	Quantity (*short tons*)						
Commercial sales	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***
Total net sales	188,527	181,475	177,474	161,793	161,733	***	***
	Value (*$1,000*)						
Commercial sales	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***
Total net sales	746,207	721,318	659,431	569,963	527,825	***	***
Cost of goods sold [2]	628,501	634,066	582,513	507,809	487,632	***	***
Gross profit	117,706	87,252	76,918	62,154	40,193	***	***
SG&A expenses [3]	46,647	45,216	52,674	42,243	36,562	***	***
Operating income or (loss)	71,059	42,036	24,244	19,911	3,631	***	***
Interest expense	11,580	12,118	12,646	9,200	11,136	***	***
Other expense	4,778	5,516	2,552	1,215	1,433	***	***
Other income items	614	635	150	322	486	***	***
Net income or (loss)	55,315	25,037	9,196	9,818	(8,452)	***	***
Depreciation/amortization	21,431	20,278	20,823	21,261	26,489	***	***
Cash flow	76,746	45,315	30,019	31,079	18,037	***	***
	Ratio to net sales (*percent*)						
Cost of goods sold [2]	84.2	87.9	88.3	89.1	92.4	***	***
Gross profit	15.8	12.1	11.7	10.9	7.6	***	***
SG&A expenses [3]	6.3	6.3	8.0	7.4	6.9	***	***
Operating income or (loss)	9.5	5.8	3.7	3.5	0.7	***	***
Net income or (loss)	7.4	3.5	1.4	1.7	(1.6)	***	***
	Unit value (*per short ton*)						
Net sales	$3,958	$3,975	$3,716	$3,523	$3,264	***	***
Cost of goods sold [2]	3,334	3,494	3,282	3,139	3,015	***	***
Gross profit	624	481	433	384	249	***	***
SG&A expenses [3]	247	249	297	261	226	***	***
Operating income or (loss)	377	232	137	123	22	***	***
	Number of firms reporting						
Operating losses	2	2	4	5	6	6	5
Data	12	12	12	12	12	12	12

[1] The data in this table reflect Carpenter's, Crucible's, and Talley's revenues and related costs for the transfer of stainless steel bar from their production facilities to their integrated service centers.
[2] ***.
[3] ***.

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

Table III-6
Results of operations of U.S. producers in the production of stainless steel bar, by firms, fiscal years 1995-99, January-September 1999, and January-September 2000

* * * * * * *

their response to the Commission's questionnaire.[20] Such transactions, at fair market values, would be comparable to the sales made by all other producers to unrelated service centers or distributors.

The operating income margin trend is similar to that shown in table III-3 and discussed earlier in this section for all the periods under review; however, the operating income margin presented in table III-5 is lower in each period. The operating income margin declined each year from 9.5 percent of total net sales in 1995 to 0.7 percent in 1999. During January-September 2000, the operating income margin increased to *** percent, compared with *** percent margin in January-September 1999.

A variance analysis for the 12 U.S. producers of stainless steel bar is presented in table III-7.

Table III-7
Variance analysis for U.S. producers on their stainless steel bar production and distribution operations, fiscal years 1995-99, January-September 1999, and January-September 2000

* * * * * * *

This variance analysis is derived from information presented in table III-3. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. This analysis is most effective when the product involved is a homogeneous product with no variation in product mix within a firm and between firms. The analysis shows that the decrease in operating income from 1995 to 1999 is attributable to the much higher unfavorable price and net volume variances compared to the favorable net cost/expense variance. The increase in operating income during the interim periods is attributable mainly to the higher favorable price variance compared to the unfavorable net cost/expense variance. The variance analysis presented in table III-8 is prepared from information derived from table III-5 and generally shows the same trend as shown in table III-7.

[20] The data presented in tables III-5 and III-6 correspond with the financial data presented by petitioners in exhibit B-1 of the petition concerning stainless steel bar from France, Germany, Italy, Korea, Taiwan and the United Kingdom. However, the data shown in table III-6 (and included in table III-5) for petitioning firms no longer jibe with exhibit B-1 of the petition because of corrections made to petitioners questionnaire responses.

Table III-8
Variance analysis for U.S. producers[1] on their stainless steel bar operations, fiscal years 1995-99, January-September 1999, and January-September 2000

Item	Fiscal years					Jan.-Sept.
	1995-99	1995-96	1996-97	1997-98	1998-99	1999-2000
	Value (*$1,000*)					
Commercial sales:						
Price variance	***	***	***	***	***	***
Volume variance	***	***	***	***	***	***
Sales variance	***	***	***	***	***	***
Transfers to related firms:						
Price variance	***	***	***	***	***	***
Volume variance	***	***	***	***	***	***
Transfer variance	***	***	***	***	***	***
Total net sales:						
Price variance	(112,329)	3,023	(45,984)	(31,203)	(41,927)	***
Volume variance	(106,053)	(27,912)	(15,903)	(58,265)	(211)	***
Total net sales variance	(218,382)	(24,889)	(61,887)	(89,468)	(42,138)	***
Cost of sales:						
Cost variance	51,545	(29,075)	37,574	23,235	19,989	***
Volume variance	89,324	23,510	13,979	51,469	188	***
Total cost variance	140,869	(5,565)	51,553	74,704	20,177	***
Gross profit variance	(77,513)	(30,454)	(10,334)	(14,764)	(21,961)	***
SG&A expenses:						
Expense variance	3,455	(314)	(8,455)	5,777	5,665	***
Volume variance	6,630	1,745	997	4,654	16	***
Total SG&A variance	10,085	1,431	(7,458)	10,431	5,681	***
Operating income variance	(67,428)	(29,023)	(17,792)	(4,333)	(16,280)	***
Summarized as:						
Price variance	(112,329)	3,023	(45,984)	(31,203)	(41,927)	***
Net cost/expense variance	55,000	(29,388)	29,119	29,012	25,654	***
Net volume variance	(10,099)	(2,658)	(927)	(2,142)	(7)	***

Continued.

III-10

Continuation.

[1] The data in this table reflect Carpenter's, Crucible's, and Talley's revenues and related costs for the transfer of stainless steel bar from their production facilities to their integrated service centers.

Note.--Unfavorable variances are shown in parentheses; all others are favorable. Variances are calculated from the unrounded data.

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

Investment in Productive Facilities, Capital Expenditures, and Research and Development Expenses

The responding firms' data on capital expenditures, R&D expenses, and the value of their property, plant, and equipment for their stainless steel bar operations are shown in table III-9. ***.

Table III-9
Capital expenditures, research and development expenses, and value of assets of U.S. producers of stainless steel bar, fiscal years 1995-99, January-September 1999, and January-September 2000

Item	Fiscal years					Jan.-Sept.	
	1995	1996	1997	1998	1999	1999	2000
	Value (*$1,000*)						
Capital expenditures	35,878	53,448	54,764	73,186	52,862	50,035	24,541
R&D expenses	6,138	5,305	5,919	5,863	5,789	4,365	4,063
Fixed assets:							
Original cost	571,047	600,968	651,337	702,338	755,496	721,141	758,120
Book value	277,883	299,221	321,052	358,404	419,863	401,986	420,645

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

III-11

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Trends in U.S. Imports

U.S. imports of stainless steel bar are provided for under *HTS* statistical reporting numbers 7222.11.0005, 7222.11.0050, 7222.19.0005, 7222.19.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075, and 7222.30.0000. These *HTS* numbers are almost identical to the scope of these reviews;[1] therefore, the data for the quantity and value of U.S. imports for consumption of stainless steel are based on official Commerce statistics, as adjusted by staff.[2] As shown in table IV-1, total imports have risen steadily, in terms of quantity, since 1995, except for a dip in 1999. The quantity of imports from subject countries rose by 13.0 percent between 1995 and 1999 and then increased by 83.0 percent in interim 2000 compared to the interim period in 1999. The quantity of imports from nonsubject sources increased by 21.8 percent between 1995 and 1999 (when, in fact, there were fewer imports of stainless steel bar than in either 1997 or 1998) and then rose 67.6 percent in interim 2000. Rather than speaking of a "dip" in import levels in 1999, petitioners instead speak in their prehearing brief of two "waves" of (nonsubject) imports in 1998 and 2000, which were reportedly "a result of distributors who were stockpiling inventory of low-priced stainless steel bar."[3] After falling during the 1995-96 period, subject stainless steel bar imports in aggregate have consistently risen. However, post-order shipping patterns differ somewhat for each of the individual subject sources. As shown in tables I-1 and I-4, Brazil largely withdrew from the U.S. market following the imposition of the order. Then in 1997, one of the Brazilian manufacturers, ***, began to export more than minimal quantities,[4] ***. Imports of stainless steel bar from India remained in 1995 at levels comparable to those found before the order; however, Indian imports then

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[1] Differences between the scope and the applicable *HTS* statistical reporting numbers for stainless steel bar apparently include imports of flat bars cut from strip or plate or "process plate flats." The staff report for the original investigations indicated that process plate flats did not fall within the scope of the investigations. (Importers accounting for 61 percent of total imports responded to the Commission's importer questionnaires in the preliminary investigations concerning stainless steel bar from France, Germany, Italy, Korea, Taiwan, and the United Kingdom ; they reported immaterial imports of process plate flats (only *** short tons from Korea)).

Also, nonsubject K-M35FL steel bar manufactured by Tohoku and exported from Japan would be included in official Commerce data. Finally, some product that is further worked than hot-finishing or cold-finishing could be entered under *HTS* reporting number 7222.30.000 ("other bars and rods"). ***.

[2] As discussed in a footnote to table I-4, some entries for products other than stainless steel bar were reportedly mistakenly classified as stainless steel bar for the 1995 to September 2000 period. Official Commerce statistics have been adjusted wherever possible to exclude any imports that were not stainless steel bar.

[3] *Prehearing brief* of petitioners, p. 15. They state, "{a}lthough imports declined in 1999, the strong volume of imports from 1998 continued to have a significant impact on the financial health of the U.S. stainless steel bar industry. By 1998, the distributors were holding substantial inventories of low-priced stainless steel bar. As these distributors released this inventory into the marketplace in 1999, the U.S. prices of bar remained depressed, creating further financial difficulties for the U.S. producers. As these inventories declined, a resurgence of imports began during the end of 1999 and continued through 2000 to restock, which resulted in the highest level of U.S. imports of stainless steel bar ever." *Id.*

[4] In determining which importers should receive importer questionnaires, the Commission used a cut-off point of $50,000 to $100,000 in annual imports. Imports by firms in amounts lower than those values were considered to be "minimal" and questionnaires were not sent to them.

IV-1

Table IV-1
Stainless steel bar: U.S. imports, by sources, 1995-99, January-September 1999, and January-September 2000

Item	1995	1996	1997	1998	1999	January-September 1999	January-September 2000
	Quantity (short tons)						
Brazil	51	51	1,250	871	1,355	764	1,381
India	4,142	1,952	747	2,047	2,626	1,527	2,879
Japan	324	245	116	353	164	85	269
Spain	1,276	1,554	1,949	1,784	2,401	1,687	2,910
Subtotal	5,792	3,802	4,063	5,055	6,546	4,064	7,439
Other sources	66,304	74,196	88,612	89,520	80,774	55,012	92,196
Total	72,096	77,998	92,675	94,575	87,320	59,076	99,635
	Value ($1,000)						
Brazil	110	135	2,965	2,189	2,386	1,312	2,893
India	9,741	4,427	1,597	4,027	4,238	2,402	5,139
Japan	1,392	1,132	654	1,293	593	298	976
Spain	4,038	4,484	4,899	4,419	4,622	3,334	5,729
Subtotal	15,280	10,178	10,115	11,928	11,839	7,346	14,737
Other sources	184,765	219,351	236,138	230,875	186,436	130,393	212,779
Total	200,045	229,529	246,253	242,803	198,275	137,739	227,516
	Unit value (per short ton)						
Brazil	$2,157	$2,654	$2,371	$2,514	$1,762	$1,716	$2,095
India	2,352	2,268	2,136	1,967	1,614	1,573	1,785
Japan	4,301	4,627	5,620	3,667	3,605	3,508	3,626
Spain	3,165	2,885	2,514	2,477	1,925	1,976	1,969
Average	2,638	2,677	2,490	2,360	1,809	1,808	1,981
Other sources	2,787	2,956	2,665	2,579	2,308	2,370	2,308
Average	2,775	2,943	2,657	2,567	2,271	2,332	2,283
	Share of quantity (percent)						
Brazil	0.1	0.1	1.3	0.9	1.6	1.3	1.4
India	5.7	2.5	0.8	2.2	3.0	2.6	2.9
Japan	0.4	0.3	0.1	0.4	0.2	0.1	0.3
Spain	1.8	2.0	2.1	1.9	2.7	2.9	2.9
Subtotal	8.0	4.9	4.4	5.3	7.5	6.9	7.5
Other sources	92.0	95.1	95.6	94.7	92.5	93.1	92.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)						
Brazil	0.1	0.1	1.2	0.9	1.2	1.0	1.3
India	4.9	1.9	0.6	1.7	2.1	1.7	2.3
Japan	0.7	0.5	0.3	0.5	0.3	0.2	0.4
Spain	2.0	2.0	2.0	1.8	2.3	2.4	2.5
Subtotal	7.6	4.4	4.1	4.9	6.0	5.3	6.5
Other sources	92.4	95.6	95.9	95.1	94.0	94.7	93.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note.--Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded data.

Source: Compiled from official Commerce statistics, as adjusted for Japan in all periods and for Spain in 1997-98 to exclude data for firms that reported that they did not import stainless steel bar.

declined, falling sharply to a period low in 1997 before rising somewhat during the later part of the period reviewed. Several Indian manufacturers have continued to export stainless steel bar to a number of U.S. importers. Well over one-half of the quantity of total subject imports were from Japan in the period examined during the original investigations. Imports from that source fell dramatically with the imposition of the orders and have remained low to date. Post-order Japanese stainless steel bar imports appear to consist, at least in part, of a specialty or niche product (*i.e.,* based upon a comparison of Japanese unit values to those from other sources as shown in table IV-1).[5] In contrast, the unit values for pre-order Japanese imports closely approximated those reported for other sources (table I-1). As shown in table I-1, imports of stainless steel bar from Spain fell sharply after the antidumping duty order was imposed, then have gradually risen.[6] Respondents maintain that the continued presence of product from Spain in the U.S. market demonstrates "Spain's capacity to serve the U.S. market without dumping."[7]

During the original investigations, Brazil, India, Japan, and Spain accounted for a large and rapidly increasing share of foreign-supplied stainless steel bar in the United States. About 54 percent of the total tonnage of imports in 1993 was supplied by these four countries (table I-1).[8] While the quantities shipped were increasing, the average unit values of stainless steel bar from these countries were falling (table I-1). Imports from subject sources accounted for 7.5 percent of the quantity of total U.S. imports of stainless steel bar in 1999 (table IV-1). The average unit values reported for all subject bar combined remained consistently below those reported for imports from other sources throughout the period reviewed. As was the case for U.S. shipments of domestically-produced stainless steel bar (table III-2), the unit values of total imports fell sharply from 1998 to 1999, decreasing by 11.6 percent (table IV-1). However, the unit values for all imports of stainless steel bar continued to fall in January-September 2000 as compared to January-September 1999, in contrast to the trend found for the unit value of U.S. shipments of domestically-produced bar.

Cumulation Considerations

The Commission determined in the original investigations to cumulatively assess the volume and price effects of all subject imports in determining whether there was material injury by reason of those imports.[9] Data gathered on U.S. shipments by grade and channels of distribution follows; additional information concerning interchangeability may be found in Part II of this report.

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[5] ***.

[6] Acerinox USA, *** importer of stainless steel bar from Spain, indicates that, "***." *Questionnaire response* of Acerinox USA. *See* appendix D for Acerinox USA's full response.

[7] *Prehearing brief* of Roldan and Olarra, p. 8.

[8] Other countries with substantial volumes during both the original investigations and these reviews were Italy, Canada, Germany, Korea, and Taiwan.

[9] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. I-15. In its original views, the Commission cited the interchangeability in use between domestic stainless steel bar and subject imports and the lack of significant quality differences as well as overlaps in the geographical areas served by domestic and imported product. Subject imports were in all the principal grades of stainless steel bar; also, there were overlaps in the pricing categories used by the Commission. Finally, stainless steel bar was found to be "sold primarily through the same channels of distribution" and was "simultaneously present in the U.S. market during the entire period of investigation." *Id.*, pp. I-13 through I-14.

IV-3

U.S. Shipments By Grade

During the original investigations, the Commission collected information on U.S. shipments of several common grades of stainless steel bar. Comparable data for 1999 are presented in table IV-2. As shown, there were U.S. shipments of both hot-finished and cold-finished SSB by the domestic industry as well as by each subject source, with the exception of Spain. All U.S. exports by Spanish producers were of the cold-finished product, although Spanish-produced hot-finished SSB is exported to destinations other than the United States. Product from both U.S. producers as well as from Brazilian, Indian, and Spanish manufacturers were heavily represented in grades 303, 304/304L, and 316/316L. There were, however, relatively large shipments of "other" graded stainless steel bar manufactured in the United States, India, and Japan;[10] also, a number of the Indian imports were grade 416 material. No subject exports of grade 630 (17-4) were reported.

Respondents indicate that this manufacturing of "other" grades by domestic producers (as well as their proportionately greater representation in the manufacture of what they label the "non-standard" grades including 410, 416, 630 (17-4) and, to a lesser extent, 316) is evidence of the movement towards the production of specialty products by the U.S. industry.[11] *** imports were of specialty bar and respondents argue that "imports from Spain do not compete with a wide range of the domestic like product."[12] Petitioners testified at the Commission's hearing that each individual domestic producer manufactures standard-graded product (specifically the dual certified 304/304-L and 316/316-L, which are labeled the "bread and butter of the industry") although some concentrate on specific sizes and shapes.[13] During the original investigations, 59.3 percent of the total shipments of the domestic industry fell within grades 303, 304, 316, 410, and 416.[14] As shown in table IV-2, the comparable percentage for 1999 is 58.2 percent.

Channels of Distribution

The market for stainless steel bar in the United States was described during the Commission's hearing as being "unique" in that it is influenced by the existence of master distributors, sometimes referred to as mill depots.[15] Mill depots purchase large quantities of stainless bar from offshore sources and maintain extensive inventories of these products in their warehouses, from which they sell primarily

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[10] As discussed earlier, at least a large portion of the Japanese imports may well be of specialty or niche bar. The average unit value of Japanese imports in 1999 was $3,605 per short ton (table IV-1); the average unit value of U.S. producers' U.S. shipments of "other" grades in 1999 was $*** per short ton. *See* appendix E for a complete listing of the unit values of specified grades of stainless steel bar manufactured by U.S. producers and imported from subject sources. More than 89 percent of the Japanese product reported by grade during the original investigations, however, fell into grades 303, 304, 316, and 416. *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. I-14.

[11] Respondents state that, even within the standard grades, the domestic industry (in particular, Carpenter) has developed and marketed many specialty bar products. *Prehearing brief* of Roldan and Olarra, p. 15. Also *see* exhibit N of the *prehearing brief* of Roldan and Olarra.

[12] *Prehearing brief* of Roldan and Olarra, p. 16.

[13] *Hearing transcript*, pp. 23 and 25. For example, Avesta, Carpenter, Empire, and Talley were reported to concentrate their production on small- and medium-sized bar, while Empire, Slater, and Universal specialize in producing medium- and large-diameter bar. *Hearing transcript*, p. 24.

[14] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, pp. I-13 and I-14.

[15] *Hearing transcript*, p. 17. Master distributors and/or mill depots are typically the selling agent of a foreign mill. *Id.*, p. 40.

Table IV-2
Stainless steel bar: U.S. producers' U.S. shipments and subject foreign manufacturers' U.S. exports and total exports by product and grade, 1999

Item	Shipments within or to the United States				Total exports			
	HF SSB[1]	CF SSB[2]	Total	Share	HF SSB[1]	CF SSB[2]	Total	Share
	Quantity (*short tons*)			*Percent*	Quantity (*short tons*)			*Percent*
	U.S. manufacturers							
Grade 303	***	***	26,017	17.4	(3)	(3)	(3)	(3)
Grade 304/304L	***	***	19,256	12.9	(3)	(3)	(3)	(3)
Grade 316/316L	***	***	24,396	16.3	(3)	(3)	(3)	(3)
Grade 410	***	***	3,999	2.7	(3)	(3)	(3)	(3)
Grade 416	***	***	13,356	8.9	(3)	(3)	(3)	(3)
Grade 630 (17-4)	***	***	13,444	9.0	(3)	(3)	(3)	(3)
Other	***	***	49,139	32.8	(3)	(3)	(3)	(3)
Total	13,854	135,753	149,607	100.0	(3)	(3)	(3)	(3)
	Brazilian manufacturers[4]							
Grade 303	***	***	***	***	(5)	(5)	(5)	(5)
Grade 304/304L	***	***	***	***	(5)	(5)	(5)	(5)
Grade 316/316L	***	***	***	***	(5)	(5)	(5)	(5)
Grade 410	***	***	***	***	(5)	(5)	(5)	(5)
Grade 416	***	***	***	***	(5)	(5)	(5)	(5)
Grade 630 (17-4)	***	***	***	***	(5)	(5)	(5)	(5)
Other	***	***	***	***	(5)	(5)	(5)	(5)
Total	***	***	***	***	(5)	(5)	(5)	(5)
	Indian manufacturers[6]							
Grade 303	***	***	***	***	***	***	***	***
Grade 304/304L	***	***	***	***	***	***	***	***
Grade 316/316L	***	***	***	***	***	***	***	***
Grade 410	***	***	***	***	***	***	***	***
Grade 416	***	***	***	***	***	***	***	***
Grade 630 (17-4)	***	***	***	***	***	***	***	***
Other	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

Continued.

IV-5

Table IV-2--*Continued*
Stainless steel bar: U.S. producers' U.S. shipments and subject foreign manufacturers' U.S. exports and total exports by product and grade, 1999

Item	Shipments within or to the United States				Total exports			
	HF SSB[1]	CF SSB[2]	Total	Share	HF SSB[1]	CF SSB[2]	Total	Share
	Quantity (*short tons*)			*Percent*	Quantity (*short tons*)			*Percent*
	Japanese manufacturers							
Grade 303	***	***	***	***	***	***	***	***
Grade 304/304L	***	***	***	***	***	***	***	***
Grade 316/316L	***	***	***	***	***	***	***	***
Grade 410	***	***	***	***	***	***	***	***
Grade 416	***	***	***	***	***	***	***	***
Grade 630 (17-4)	***	***	***	***	***	***	***	***
Other	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***
	Spanish manufacturers[7]							
Grade 303	***	***	***	***	***	***	***	***
Grade 304/304L	***	***	***	***	***	***	***	***
Grade 316/316L	***	***	***	***	***	***	***	***
Grade 410	***	***	***	***	***	***	***	***
Grade 416	***	***	***	***	***	***	***	***
Grade 630 (17-4)	***	***	***	***	***	***	***	***
Other	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

[1] Hot-finished SSB.
[2] Cold-finished SSB.
[3] Not applicable.
[4] Data for importers' U.S. shipments of imports, by grade, of stainless steel bar are used in lieu of foreign manufacturers' U.S. exports for Brazil since no responses to the Commission's foreign producer questionnaire were submitted.
[5] Not available.
[6] ***.
[7] ***. Petitioners' argue in their posthearing brief that *** Roldan's "claims that its imports should not be cumulated with other imports because it concentrates on commodity products." *Posthearing brief* of petitioners, p. 3. Respondents indicate that "virtually all" U.S. shipments by Acerinox in 1999 were of standard grade products; the imports were misclassified in Acerinox's importer questionnaire response. *Letter*, dated February 22, 2001, from Roldan and Olarra.

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

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

IV-6

to service centers.[16] There are two principal types of service centers operating in the United States, namely, the major national and mill-owned service centers and the regional and local service centers.[17] The smaller regional service centers were described as a "distinct entity" from the national centers in the Commission's hearing in that they maintain only limited inventories and rely on national service centers or mill depots for support.[18] Both national service centers and the regional centers sell directly to end users, as do the domestic mills. As indicated, the inventory of national service centers is broader than that maintained at the regional level; that held by the master distributors or mill depots is broader yet.[19] Typically, mill depots do not add any value to the stainless steel bar they distribute.[20] Service centers, in contrast, may maintain processing equipment and further work (*i.e.,* cut-to-length and bundle) the bar to the requirements of their end-user customers.[21] Respondents indicated at the Commission's hearing that the focus of service centers on adding value and the role of mill depots in maintaining inventory have evolved and expanded since the original investigations and represent a change in how the stainless steel bar market functions in the United States.[22] Petitioners emphasize that both service centers and mill depots carry "significant inventories" and that "only a small share of stainless steel bar is further processed at the steel service center or mill depot level."[23]

At the Commission's hearing both petitioners and respondents reported that more imported stainless steel bar is now distributed through mill depots than was the case in 1993. Specifically, petitioners described "the phenomenon of {the added} volume of imports flowing into these mill depots," attributing it to the need for the on-time delivery that can be provided by landed imports.[24] Respondents state that " ... mill depots in the marketplace today play a much larger role than they did

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[16] *Hearing transcript*, p. 17. Mill depots also sell directly to end users in some instances. *Id.*, p. 17. They rarely buy, however, from the domestic manufacturers. Petitioners testified that U.S. mills do not generally compete at the master distribution level "because they cannot compete with low {offshore} prices." *Id.*, p. 30.

[17] Distributors reportedly inventory U.S.-produced and imported products "side by side in their warehouses." According to petitioners, "the channel of distribution system affords distributors the opportunity to inventory a full line of stainless steel bar products from a variety of sources while allowing producers to concentrate on the production of certain types of stainless steel bar and achieve optimal efficiency levels." *Prehearing brief* of petitioners, p. 14.

[18] *Hearing transcript*, pp. 27-28 and 96-97.

[19] *Hearing transcript*, pp. 97-98. Respondents testified that, "{b}asically the main purpose of the master distributors is to keep the stock for the service centers." *Id.*, p. 172. Respondents also indicated in their prehearing brief that, "mill depots carry large inventories of both standard and specialized products while service centers typically carry only smaller inventories of standard grades and sizes." *Prehearing brief* of Roldan and Olarra, pp. 13-14.

[20] *Hearing transcript*, p. 30.

[21] Respondents state that "this processing neither imparts any essential physical difference to the SSB as acquired by the service center, nor constitutes a significant manufacturing operation. The processing done by service centers is not comparable to the manufacturing done by toll producers." *Posthearing brief* of Roldan and Olarra, exhibit 5, p. 19.

[22] *Hearing transcript*, p. 185.

[23] Specifically, "{l}ess than *** percent of stainless steel bars are further cut and less than *** percent are further finished. Furthermore, both mill depots and steel service centers perform these functions." *Posthearing brief* of petitioners, exhibit 1, p. 17.

[24] *Hearing transcript*, p. 83.

back in the early 1990s for a variety of factors including ... the prevalence of just in time deliveries."[25] With reference to Spain, Mr. Camos, Managing Director of Roldan, testified that, "in 1993 we were selling much more through service centers than what we're doing right now." Mr. Camos indicated that this a result of the preference by service centers to purchase from the stock held by master distributors instead of ordering directly from an offshore mill.[26] Petitioners argue that any increase in the prominence of mill depots in the U.S. market results from the rise in imports and not to "any shift in the distribution system."[27]

Table IV-3 presents the channels of distribution into which domestically-produced and subject imported stainless steel bar were sold in 1999. As shown, both domestically-produced stainless steel bar and that imported from subject sources are sold into each of the four channels of distribution within the U.S. market, *i.e.,* to service centers/distributors, mill depots, cold-finishers, and end users. Most domestic product was sold to service centers/distributors; combined imports, in contrast, competed heavily in the mill depot sector of the U.S. market.[28] Almost no domestically-produced stainless steel bar was sold to mill depots; likewise, few imports were purchased directly by end users. The staff report for the original investigations reported that, "{b}ased on questionnaire responses in the {original} final investigations, 71 percent of reported 1993 U.S. producer shipments of stainless steel bar were to service center distributors, ... {23} percent of the shipments went directly to end users, 5 percent to mill depots ... and less than 1 percent to independent cold-finishers. For importers, 73 percent of 1993 shipments were sold through service center distributors, ... {22} percent of the shipments went to mill depots ... while 4 percent went directly to end users and less than 1 percent to independent cold-finishers."[29] A comparison of the 1999 distribution data to that gathered for 1993 demonstrates a reduced use of mill depots by U.S. producers in 1999 with greater quantities of subject imported stainless steel bar being sold through mill depots compared to service centers/distributors and end users. Referring to the role of mill depots, respondents maintain that "imports from Spain ... enter the U.S. market one-step-removed upstream in the distribution chain from domestic producers selling directly to service centers. The foregoing disparities in distribution philosophy serve to insulate the domestic industry at large from any conceivable pricing pressure associated with future imports from Spain following the existing order's revocation."[30] Petitioners, however, argue that competition exists at the point where sales are made at the national service center level.[31]

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[25] *Hearing transcript*, p. 187.

[26] *Hearing transcript*, p. 172. None of the stainless steel bar imported from Spain during the original investigations entered through mill depots; instead it was sold through service centers. *Id.*, p. 186.

[27] *Posthearing brief* of petitioners, exhibit 1, p. 16. They estimate that the amount of stainless steel bar sold through mill depots has increased from about *** percent in the mid-1980s to *** percent in 2000. *Id.*

[28] *** reported sales to mill depots were by ***. *** product was sold to mill depots in 1999 whereas *** product was sold to service centers/distributors and the *** product was sold to end users.

[29] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. II-29. During the preliminary investigations, however, respondents had estimated that at least 50 percent of subject imports were sold through the mill depots. *Id.*

[30] *Prehearing brief* of Roldan and Olarra, p. 9. Further, with reference to cumulation, Spanish respondents claim that imports from Spain compete at a difference level of trade than U.S. produced steel bar. *Id.*, p. 12.

[31] *Hearing transcript*, p. 30.

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Table IV-3
Stainless steel bar: U.S. shipments of domestically-produced product and U.S. shipments of subject imports by channels of distribution, 1999

Quantity (in *short tons*); share (in *percent*)								
Item	U.S. shipments of--							
	U.S.-produced product		Product imported from--					
			Brazil	India	Japan	Spain	Total	
	Quantity	Share	Quantity					Share
Service centers/ distributors: Related	***	***	***	***	***	***	***	***
Unrelated	***	***	***	***	***	***	***	***
Total	120,092	80.3	***	***	***	***	***	***
Mill depots: Related	***	***	***	***	***	***	***	***
Unrelated	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***
Cold-finishers: Related	***	***	***	***	***	***	***	***
Unrelated	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***
End users: Related	***	***	***	***	***	***	***	***
Unrelated	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***
Total: Related	***	***	***	***	***	***	***	***
Unrelated	***	***	***	***	***	***	***	***
Total	149,607	100.0	***	***	***	***	***	100.0

Note.–Importer questionnaire responses were somewhat incomplete, particularly for India and Japan. These data should, therefore, be used with caution for those sources.

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

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U.S. IMPORTERS' INVENTORIES

Only 8 of 15 reporting importers reported holding inventories of stainless steel bar from the subject countries. As shown in table IV-4, the end-of-period inventories from these countries fell, in terms of quantity, from 1995 to 1996, then rose sharply during the 1996-99 period and have continued to climb in interim 2000 as compared to interim 1999. The quantity of inventories held as of September 30, 2000, was *** percent more than that reported for September 30, 1999. As of September 30, 2000, the annualized ratio of inventories to preceding-period imports for reporting importers was *** percent and the ratio of inventories to preceding-period U.S. shipments was *** percent.

Table IV-4
Stainless steel bar: U.S. importers' end-of-period inventories of subject imports, 1995-99, January-September 1999, and January-September 2000

* * * * * * *

Figures for U.S. importer inventories do not, of course, provide a measure of those inventories held by the national service centers and master distributors/mill depots. Petitioners estimated that approximately *** tons of stainless steel bar (including domestically-produced product as well as imports) were inventoried by large national service centers and master distributors/mill depots on September 30, 2000. Inventories began to be drawn down in the fourth quarter of 2000; as of December 31, 2000, inventories amounted to about *** tons.[32]

THE FOREIGN INDUSTRIES

Subject Country Producers

Only the Spanish producer and its related importer that responded to the Commission's notice of institution are represented by counsel in these reviews; these firms provided responses to Commission questionnaires. The Commission also sent questionnaires to all known manufacturers of stainless steel bar in the subject countries.[33] As shown in table IV-5, the Indian producers Chandan, Facor, Jyoti, Meltroll, Mukand, Sindia, Venus, and Viraj as well as the Japanese manufacturer Hitachi Metals and the Spanish producers Roldan and Olarra responded to the Commission's request for information. No Brazilian manufacturers provided data.[34] Telegrams requesting information on the stainless steel bar industries in the subject countries were also sent to the respective U.S. embassies.

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[32] *Posthearing brief* of petitioners, exhibit 1, p. 13.

[33] Questionnaires were sent via e-mail, fax, and/or international Federal Express to the headquarters of the respective manufacturers. Additional questionnaires were sent, where possible, to the specific contact persons named by U.S. firms that reported importing from various manufacturers.

[34] Accordingly, petitioners' argue that "the Commission should rely on facts available and conclude that the Brazilian stainless steel bar producers have been unable to sell product in the U.S. market at fair prices since the imposition of the antidumping duty order. The Commission should assume that the Brazilian producers will resume exporting stainless steel bar to the United States at volumes similar to those at the time of the original investigations." *Prehearing brief* of petitioners, p. 21. Petitioners make a comparable argument for Japan due to the minimal response of manufacturers from that source. *Id.*, pp. 27-28.

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Table IV-5
Stainless steel bar: Subject manufacturers' location, capacity, production, and exports in 1999, by firm

Firm	Location	Capacity	Pro-duction	Capacity utilization (*percent*)	U.S exports	Other exports	Total exports
		Quantity *(short tons, except as noted)*					
Japan							
Hitachi Metals	Tokyo	***	***	***	***	***	***
India							
Chandan	Gujarat	***	***	***	***	***	***
Facor	Nagpur	***	***	***	***	***	***[2]
Jyoti	Mira	***	***	***	***	***	***[2]
Meltroll	Mumbai	***	***	***	***	***	***
Mukand	Thane	***	***	***	***	***	***
Sindia	Mumbai	***	***	***	***	***	***
Venus	Mumbai	***	***	***	***	***	***
Viraj	Maharashtra	***	***	***	***	***	***
All firms		21,931	29,714	51.5	2,222	18,299	20,521
Spain							
Olarra	Ioiu-Vizcaya	***	***	***	***	***	***
Roldan	Madrid	***	***	***	***	***	***
All firms		***	***	***	***	***	***

[1] Not available.
[2] Data is for the fiscal year ***.

Note.–No responses were received from manufacturers of stainless steel bar in Brazil. Capacity utilization is calculated using data of firms providing both capacity and production information.

Source: Compiled from responses to Commission questionnaires.

The Industry in Brazil

During the original investigations, there were four known producers of stainless steel bar in Brazil–Acesita, Electrometal, Piratini, and Villares.[35] Each exported stainless steel bar to the United

[35] Only Acesita, Electrometal, and Villares responded to the Commission's questionnaires during the original (continued...)

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States. According to the U.S. embassy in Brazil, only Piratini[36] and Villares are currently manufacturing the subject product. Acesita has not produced stainless steel bar since 1996.[37] Electrometal's facility in Sumare SP was acquired by Villares in February 1996, at which time the firm disassembled its Acos Villares plant.[38] ***.

The following statistics on the Brazilian stainless steel bar industry were provided by the U.S. embassy (table IV-6).[39] Capacity and inventory figures were not available. As shown, the production of the subject product in Brazil rose irregularly by 10.8 percent from 1995 to 1999 and then increased 7.5 percent from interim 1999 to interim 2000. In 1999, approximately one-half of Brazilian-produced stainless steel bar was shipped within the country and one-half was exported. Investment in the Brazilian stainless steel industry is on the rise with capital expenditures reported for the manufacturers that produce stainless steel bar. In March 2000, Piratini completed a 2-year expansion of its stainless steel mini-mill that included a $45-million investment in a rolling facility, which resulted in a rise in annual rolling capacity from 110,000 metric tons to 240,000 metric tons.[40] Further, the Spanish Sidenor group acquired a 58-percent share in Villares in August 2000; the special steel long products division of Villares (which includes bar production) is reported to be scheduled for a $170 million investment for modernization.[41]

The Industry in India

During the original investigations, the petitioners identified five producers of stainless steel bar in India. Only Mukand, however, with reported capacity of *** short tons in 1990-92,[42] submitted data to the Commission (during its preliminary investigations). Mukand was believed to be the largest stainless steel bar manufacturer in India at the time of the original investigations. The firm accounted for *** percent, by volume, of U.S. imports of stainless steel bar from India in 1992. In 1999, Mukand was *** and accounted for *** percent of production of those firms responding to the Commission's foreign producer questionnaire (table IV-5). The firm, however, ***. It is reportedly attempting to lower its

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[35] (...continued)
investigations.

[36] Subsequent to the original investigations, Piratini (Acos Finos Piratini S.A.) was purchased by the Gerdau Group, a Brazilian steel manufacturer. *State Department telegram* 003910. As indicated earlier, Gerdau did not respond to the Commission's foreign producer questionnaire. ***.

[37] *State Department telegram*. ***. *Staff Report of January 24, 1995*, p. I-100. The firm is now part of the French group, Usinor. *State Department telegram* 003910.

[38] Acos Villares of Sao Paulo no longer manufactures stainless steel bar. With the acquisition of the Electrometal facility, the Villares name was changed from Acos Villares S.A. to Villares Metals S.A. *State Department telegram* 003910.

[39] Table IV-6 also presents data for 1991-93 that was gathered during the original investigations. As indicated in the note to table IV-6, data for the 1991-93 period are not directly comparable to those for the 1995-99, January-September 1999, and January-September 2000 periods.

[40] "Gerdau Invests to Update, Consolidate," Mini-Mills, December 5, 2000 (presented as exhibit 1 of the *prehearing brief* of petitioners).

[41] "Latin American Steel: Globalisation Surfaces," 2000 Metal Bulletin (presented as exhibit 2 of the *prehearing brief* of petitioners).

[42] *Staff Report of January 24, 1995*, p. I-106.

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Table IV-6
Stainless steel bar: Data for producers in Brazil, 1991-93, 1995-99, January-September 1999, and January-September 2000

Item	1991	1992	1993	1995	1996	1997	1998	1999	January-September	
									1999	2000
	Quantity (*short tons*)									
Capacity	***	***	***	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Production	***	***	***	33,017	30,161	32,066	27,353	36,577	26,236	28,197
End-of-period inventories	***	***	***	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Shipments:										
Home-market	***	***	***	17,437	16,180	14,790	13,740	14,920	10,761	13,029
Exports to:										
United States	***	***	***	121	96	1,263	828	1,545	993	1,059
All other markets	***	***	***	14,465[2]	10,663[2]	10,897[2]	11,376[2]	13,398[2]	9,766[2]	9,639[2]
Total exports	***	***	***	14,586	10,759	12,160	12,204	14,943	10,759	10,698
Total shipments	***	***	***	32,023	26,939	26,950	25,944	29,863	21,520	23,727
	Ratios and shares (*percent*)									
Capacity utilization	***	***	***	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inventories to production	***	***	***	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Share of total shipments:										
Home market	***	***	***	54.5	60.1	54.9	53.0	50.0	50.0	54.9
Exports to:										
United States	***	***	***	0.4	0.4	4.7	3.2	5.2	4.6	4.5
All other markets	***	***	***	45.2	39.6	40.4	43.8	44.9	45.4	40.6
Total exports	***	***	***	45.5	39.9	45.1	47.0	50.0	50.0	45.1

Continued.

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Continuation.

[1] Not available.
[2] Exports are to a number of destinations, including Europe, Argentina, and Canada.

Note.–Data for the period covering 1991-93 and for the period covering 1995-99, January-September 1999, and January-September 2000 are not directly comparable in that the earlier period does not include data from one of the four then-existing firms (*i.e.,* Piratini). Because of rounding, figures may not add to totals shown.

Source: Data for 1991-93 compiled from responses to Commission questionnaires issued during the original investigations (*Staff Report of January 24, 1995*, p. I-101); data for 1995-99, January-September 1999, and January-September 2000 provided by the Brazilian Steel Institute through the U.S. embassy (*State Department telegram* 003910).

dependence on the Indian home market, which is in recession, and developing export markets in Asia, Latin America, South Africa, and the Middle East.[43]

The stainless steel bar industry in India is divided between a few (approximately 15) primary and over 2,500 small producers.[44] For these reviews, the Commission sent questionnaires to 19 firms in India.[45] As indicated earlier, eight producers responded to the questionnaires.

Table IV-7 presents data for the Indian stainless steel bar industry gathered during the review investigations.[46] As shown, capacity of the subject product in India increased from 1995 to 1999 and, again, from interim 1999 to interim 2000. Indian production of stainless steel bar decreased irregularly from 1995 to 1999, then rose sharply in interim 2000 compared to interim 1999. Capacity utilization ratios rose from 15.7 percent in 1995 to 51.5 percent in 1999 and continued to rise in interim 2000, increasing from 34.5 percent in January-September 1999 to 66.4 percent in January-September 2000.[47]

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[43] "Mukand to Revamp Product Portfolio," Financial Express, February 26, 1999 (presented as exhibit 4 to the *Prehearing brief* of petitioners).

[44] *State Department telegram* 008962.

[45] These firms are Akai, Atlas Stainless, Bhansali, Chandan, Facor, Grand Foundry, Isibars, Jyoti, Madhya, Meltroll, Mukand, Panchmahal, Parekh, Shah, Shinghal, Sindia, Snowdrop, Venus, and Viraj. Petitioners testified at the Commission's hearing that most of these companies are cold-finishing operations that do not require a "substantial amount" of capital investment. *Hearing transcript*, pp. 38-39.

[46] These data include information supplied by Chandan, Facor, Jyoti, Meltroll, Mukand, Sindia, Venus, and Viraj. As indicated earlier, only Mukand responded to questionnaires issued during the original investigations. Table IV-7 does not, therefore, list data for the Indian industry during the period reviewed in the original investigations. According to the *Staff Report of January 24, 1995*, p. I-106, Mukand reported stainless steel bar production of *** short tons in 1990, *** short tons in 1991, and *** short tons in 1992. The questionnaire response provided by Mukand for these review investigations show stainless steel bar production of *** short tons in 1995, *** short tons in 1996, *** short tons in 1997, *** short tons in 1998, *** short tons in 1999, *** short tons in January-September 1999, and *** short tons in January-September 2000. Mukand responded on February 28, 2001 to a Commission inquiry as to the *** in production figures between the original and review investigations. The firm stated that ***.

[47] Information concerning capacity is based on a fewer number of firms (four firms) than the total responding eight firms).

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Table IV-7
Stainless steel bar: Data for producers in India, 1995-99, January-September 1999, and January-September 2000

Item	1995	1996	1997	1998	1999	January-September 1999	January-September 2000
	Quantity (short tons)						
Capacity	14,700	15,200	20,491	20,711	21,931	15,748	16,448
Production	30,182	25,458	35,225	27,032	29,714	18,634	31,404
End-of-period inventories	2,929	3,176	5,695	5,205	5,557	5,325	5,265
Shipments:							
Home market	17,985	13,148	15,048	12,129	8,671	5,205	9,978
Internal consumption/transfers	170	187	113	107	163	158	263
Exports to:							
United States	763	1,240	970	1,659	2,222	1,687	2,557
All other markets	10,137	10,635	16,563	13,640	18,299	10,509	17,960
Total exports	10,900	11,875	17,534	15,299	20,521	12,196	20,517
Total shipments	29,055	25,210	32,695	27,535	29,355	17,559	30,758
	Ratios and shares (percent)						
Capacity utilization	15.7	32.7	48.5	41.0	51.5	34.5	66.4
Inventories/production	9.7	12.5	16.2	19.3	18.7	21.4	12.6
Inventories/shipments	10.1	12.6	17.4	18.9	18.9	22.7	12.8
Share of total shipments:							
Home market	61.9	52.2	46.0	44.0	29.5	29.6	32.4
Internal consumption/transfers	0.6	0.7	0.3	0.4	0.6	0.9	0.9
Exports to:							
United States	2.6	4.9	3.0	6.0	7.6	9.6	8.3
All other markets	34.9	42.2	50.7	49.5	62.3	59.9	58.4
Total exports	37.5	47.1	53.6	55.6	69.9	69.5	66.7

Note.--Because of rounding, figures may not add to the totals shown. January-September inventory ratios are annualized. Capacity utilization is calculated using data of firms providing both capacity and production information.

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

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While home market shipments (including consumption and transfers) fell by almost half during the 1995-99 period, export shipments increased by 88.3 percent. However, home market shipments (including internal consumption and transfers) of stainless steel bar increased 91.0 percent in interim 2000 compared to interim 1999 as total exports continued to rise, increasing by 68.3 percent. In 1999, the home market in India accounted for 30.1 percent of total shipments and exports accounted for the remaining 69.9 percent.[48]

The Industry in Japan

During the original investigations, there were eight known producers of stainless steel bar in Japan, five of which were integrated manufactures and three of which cold-finished stainless bar. While each of the firms provided information to the Commission during its original preliminary investigations, none did so during the final portion of the original investigations.[49] Current manufacturers of the subject product in Japan are believed to consist of Aichi, Daido, Hitachi Metals, Sanyo, Sumitomo, and Tohoku, with Aichi, Daido, and Sanyo being the largest producers.[50] Only Hitachi Metals responded to questionnaires issued by the Commission during the review investigations.

The following statistics on the Japanese stainless steel bar industry were provided by the U.S. embassy in Tokyo (table IV-8);[51] also shown are data for 1990-92 gathered during the original preliminary investigations. As shown, Japanese production and total exports of stainless steel bar rose by comparable percentages (*i.e.,* 4.3 percent and 4.2 percent, respectively) from 1992 to 1995. Both production and export figures were shown to continue rising until 1997, with declines in 1998 and then increases in 1999 and again in interim 2000 compared to interim 1999. However, Japanese production of stainless steel bar in 1999 was the lowest shown for any period except for 1998. The product appeared to be shipped in large quantities within the Japanese home market from 1990 to 1992. Total exports figures in 1999 were 30.7 percent of the quantity produced. The sole Japanese manufacturer that responded to the foreign producer questionnaire–Hitachi Metals–manufactured *** short tons of stainless steel bar in 1999, which amounts to *** percent of total Japanese production.

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[48] According to the Indian Stainless Steel Development Association, the stainless steel industry in India is working at 80 to 90 percent capacity. Further, domestic demand for stainless steel has been growing in India. *State Department telegram* 008962.

[49] According to the report of the original investigations, the firms indicated to the U.S. Embassy in Tokyo that they " 'decided their small export volume to the U.S. does not justify the high attorney fees they previously paid to submit information to the ITC.' " *State Department telegram* 016068 as cited in *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. II-71.

[50] *Prehearing brief* of petitioners, p. 27. Petitioners also named Pacific Metals in their *Response*. That firm, however, no longer manufacturers stainless steel bar. *State Department telegram* 008350. Also, as shown in table I-4, *** reported imports of the subject product in 1995 manufactured by *** in Japan. *** indicated in its response to the Commission's foreign producer questionnaire, however, that has not "produced or exported" stainless steel bar since ***.

[51] Capacity, home market shipments, and inventory figures were not available.

IV-16

Table IV-8
Stainless steel bar: Data for producers in Japan, 1990-92, 1995-99, January-September 1999, and January-September 2000

Item	1990	1991	1992	1995	1996	1997	1998	1999	January-September	
									1999	2000
	Quantity (*short tons*)									
Capacity	185,550	185,550	185,550	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Production	204,430	194,870	163,620	170,654	175,316	184,136	153,090	155,538	102,016	120,058
End-of-period inventories	9,140	10,790	9,540	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Shipments:										
Home-market	164,380	159,100	127,400	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Exports to:										
United States	14,840	13,630	13,660	257	57	169	214	182	118	227
All other markets	22,830	20,170	23,560	38,530[2]	43,029[2]	49,612[2]	42,014[2]	47,568[2]	33,437[2]	39,972[2]
Total exports	37,670	33,800	37,220	38,787	43,086	49,781	42,228	47,750	33,555	40,199
Total shipments	202,050	192,900	164,620	(1)	(1)	(1)	(1)	(1)	(1)	(1)
	Ratios (*percent*)									
Capacity utilization	110.2	105.0	88.2	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inventories to production	4.5	5.5	5.8	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Ratio to production:										
Home market	80.4	81.6	77.9	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Exports to:										
United States	7.3	7.0	8.4	.2	(3)	.1	.1	.1	.1	.2
All other markets	11.2	10.4	14.4	22.6	24.5	26.9	27.4	30.6	32.8	33.3
Total exports	18.4	17.3	22.8	22.7	24.6	27.0	27.6	30.7	32.9	33.5

Continued.

IV-17

Continuation.

[1] Not available.
[2] Exports are to a number of destinations, including Thailand, Hong Kong, Taiwan, and South Korea. Hitachi Metals reported that its five largest export destinations for stainless steel bar in 1999 were ***.
[3] Less than 0.05 percent.

Note.–Data for the period covering 1990-92 and for the period covering 1995-99, January-September 1999, and January-September 2000 are believed to be directly comparable. All known Japanese manufacturers responded to Commission questionnaires issued during the original preliminary investigations; the State Department telegram (008350) lists production and export data provided by the Japanese Ministry of International Trade and Industry. Because of rounding, figures may not add to totals shown.

Source: Data for 1990-92 are from questionnaire data presented in *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. II-72, and data for 1995-99, January-September 1999, and January-September 2000 from *State Department telegram* 008350 and (for Hitachi Metals) response to Commission questionnaire.

The Industry in Spain

During the original investigations there were two producers of stainless steel bar in Spain–Acenor and Roldan. Acenor reportedly sold that part of its industrial assets "dedicated" to the production of stainless steel bar in July 1994 and, as it informed Commerce, was no longer a producer or exporter of the subject product.[52] Currently, Olarra[53] and Roldan manufacture stainless steel bar in Spain. As indicated above, the Spanish producer Roldan and its related importer, Acerinox USA, are represented by counsel in these sunset reviews. Data on its manufacturing operations, as well as those of Olarra, are presented in table IV-9, along with that data gathered by the Commission during the original preliminary investigations. As shown, capacity, production, and total shipments of stainless steel bar manufactured in Spain each rose from 1992 to 1995 and were higher in 1995 than at any time during the 1990-92 period. The indices continued to rise during the 1995-99 period, increasing by *** percent, *** percent, and *** percent, respectively. As a consequence, capacity utilization ratios and the ratios of inventories to production and shipments fluctuated *** during 1995-99.[54] Spanish capacity, production, and shipments of stainless steel bar continued to increase from interim 1999 to interim 2000. The 1999 capacity utilization figure for the production of stainless steel bar in Spain was *** percent.[55] In 1999, home market shipments accounted for *** percent of total shipments and total exports accounted for the remaining *** percent. End-of-period inventories rose irregularly from *** short tons on December 31, 1995, to *** short tons on December 31, 1999; interim end-of-period inventories fell *** from *** short tons on September 30, 1999, to *** short tons on September 30, 2000. *** produce stainless steel bar to order; ***.[56]

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[52] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, p. II-71. Capacity for Roldan during the original investigations was *** short tons in 1991-93. *Staff Report of January 24, 1995*, p. I-111.

[53] Olarra is the successor firm to Acenor.

[54] However, production did dip *** from 1995 to 1996 and capacity utilization fell from *** percent in 1995 to *** percent in 1996.

[55] ***. *Prehearing brief* of Roldan and Olarra, p. 18.

[56] *Prehearing brief* of Roldan and Olarra, p. 20. Also *see questionnaire response* of Olarra.

IV-18

Table IV-9
Stainless steel bar: Data for producers in Spain, 1990-91, 1995-99, January-September 1999, and January-September 2000

* * * * * * *

Respondents state that the demand for stainless steel bar in Europe is "expanding at a fast rate" and demand within Spain "is increasing faster still," thus limiting Spanish exports to the United States. Further, Roldan-produced bar is sold in Europe through a series of service centers affiliated with Roldan's parent, Acerinox S.A; sales to end users through the captive sales channels are given priority over export sales outside Europe.[57] Respondents testified at the Commission's hearing that "{t}his distribution network provides us with a guaranteed outlet for our products. But the outlet requires a commitment by Roldan to assure the supply of bar and other products to these related service centers."[58] Petitioners counter that the European market for stainless steel bar is "saturated."[59] In their posthearing brief, respondents provide articles indicating that shipments of stainless steel long products in Europe will increase in 2001 over 2000, that the overall economic indicators in Europe are expected to be favorable over the next two years, and that stainless steel bar prices in Europe have risen over the past year.[60]

"***."[61] The firm indicated in its posthearing brief that "***". ***[62] ***.[63]

Additional Considerations

Table IV-10 lists responses by subject manufacturers to a series of questions in the foreign producer questionnaire concerning their manufacturing operations. As shown, stainless steel bar operations comprised between *** percent and *** percent of total sales of responding manufacturers in their most recent fiscal year. The manufacturers did not, as a rule, anticipate future changes in the character of their firms' operations or organization for manufacturing stainless steel bar. ***. No responding manufacturers in any of the subject countries reported any significant changes in their production technology for stainless steel bar since 1995.

In their *Response* to the Commission's notice of institution, petitioners point out that "{stainless steel bar} and stainless steel wire rod are manufactured using the same production facilities and workers. As there are presently U.S. antidumping duty orders on stainless steel wire rod from Brazil, India, Japan, and Spain,[64] termination of the antidumping duty orders covering {stainless steel bar} from those four

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[57] *Prehearing brief* of Roldan and Olarra, p. 9.

[58] *Hearing transcript*, p. 129.

[59] *Posthearing brief* of petitioners, p. 10.

[60] *Posthearing brief* of Roldan and Olarra, exhibit 5, pp. 29-30, citing *Stainless Steel Focus* (presented in exhibit I), *OECD Economic Outlook* (presented in exhibit J), and *Metal Bulletin Research* (presented in exhibit K).

[61] *Prehearing brief* of Roldan and Olarra, p. 10.

[62] *Posthearing brief* of Roldan and Olarra, exhibit 5, p. 2.

[63] *Letter*, dated February 22, 2001, from Roldan and Olarra.

[64] Petitioners are referring to the antidumping dumping duty orders for stainless steel wire rod from Brazil and India that were imposed on January 28, 1994, and December 1, 1993, respectively (invs. Nos. 731-TA-636 and 638) (continued...)

countries will create a substantial incentive for manufacturers to reduce their production of the product that remains under order (*i.e.,* stainless steel wire rod) and significantly increase their production of the product formerly under order (*i.e.,* {stainless steel bar})."[65] As shown in table IV-10, a number of producers in India, Japan, and Spain reported manufacturing nonsubject products (including stainless steel rod and angle) since 1995 on equipment and machinery used in the production of stainless steel bar; in particular, *** specifically mentioned stainless steel wire rod in its response to question II-6 in the Commission's foreign producers questionnaire.[66] The firm indicated, however, that "it would be unlikely for us to change the production mix from one product to another in response to a sudden change in price"[67] (*see* quotes in the notes to table IV-10). Respondents further argued in their prehearing brief that the antidumping order on stainless steel wire rod from Spain had "only a minimal short term effect on Roldan's shipments of wire rod to the United States." The margin was at what they characterized as "low" 4.72 percent. Further, Roldan has been assigned a preliminary de minimis margin of 0.38 percent in an on-going administrative review for wire rod.[68]

In addition to the U.S. antidumping duty orders, there are antidumping duty orders in place in Canada for stainless steel round bar imported from India, Japan, and Spain that is sized from 25 mm (1 inch) in diameter up to 570 mm (22 inches) in diameter; the orders were issued in September 1998.[69] In October 2000, Canada also found that certain round bar sized from 25 mm up to 570 mm in diameter from Brazil was dumped and that such product from Brazil and India was subsidized.[70] Finally, there is a countervailing duty order in place in the EU (which includes the Spanish home market) as of November 1998 for imports of stainless steel bright bar from India.[71] Petitioners argue that the existence of these orders "will create a significant incentive for producers in those countries to export to the United

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[64] (...continued)
and to the orders for Japan and Spain that were imposed on September 15, 1998 (invs. Nos. 731-TA-771 and 773). Full five-year reviews were conducted on the orders with respect to Brazil and India and the orders were continued on August 2, 2000. (Concurrently a full five-year review was conducted on a countervailing duty order with respect to stainless steel bar from Spain that resulted in the revocation of the order after the Commission made a negative determination.)

[65] *Response* of petitioners, p. 12. Also, the Commission has made a preliminary finding of injury with respect to allegedly dumped stainless steel angle produced in Japan, Korea, and Spain (USITC invs. Nos. 731-TA-888-890 (Preliminary)) and Commerce has made a preliminary affirmative determination of dumping with respect to stainless steel angle from all three countries.

[66] An additional question (II-19) in the foreign producer questionnaire requested that firms report their capacity to produce (and actual production of) all products on the machinery and equipment that they used (or had used and could readily use again) to manufacture stainless steel bar. With respect to India, *** indicated that it had produced a variety of products including stainless steel flats and stainless steel wire and wire rod on common machinery and equipment, *** listed carbon and alloy steel as did ***, *** responded that it produced "mild steel wire rods," and *** also produced other non-stainless steels. With respect to ***, *** indicated that it manufactured tool steel bar and structural and other steel bars on common machinery and equipment. With respect to ***, *** provided figures for common stainless steel wire rod and angle production.

[67] *Questionnaire response* of ***.

[68] *Prehearing brief* of Roldan and Olarra, p. 19.

[69] *See* exhibit 6 of the *prehearing brief* of petitioners.

[70] *See* exhibit 7 of the *prehearing brief* of petitioners.

[71] Stainless steel bright bar is another term for cold-finished product. *See* exhibit 8 of the *prehearing brief* of petitioners.

IV-20

Table IV-10
Stainless steel bar: Responses by subject manufacturers to selected questions in the Commission's foreign producer questionnaire

Abbreviated version of questions	
II-1	Any changes in the character of firm operations or organization for stainless steel bar since February 1995?
II-2	Any anticipated future changes in the character of firm operations or organization for stainless steel bar?
II-4	Any plans to add, expand, curtail, or shut down stainless steel bar production capacity/production?
II-6	Any production of nonsubject product since 1995 on equipment and machinery used to produce stainless steel bar?
II-7	Any production of nonsubject product since 1995 using same workers employed to produce stainless steel bar?
II-9	Percentage of firm's total sales in its most recent fiscal year that was represented by sales of stainless steel bar.
II-10	Is firm able to switch production (using the same equipment and labor) between stainless steel bar and other products in response to a relative price change?
* * * * * * *	

States."[72] (Roldan, in its prehearing brief, states that "{i}t is important to note that {the Canadian} order did not affect Roldan, as it had ***.")[73] Further, total Spanish exports to Canada (including shipments from ***) were "extremely low in the years leading up to the Canadian investigation."[74]

[72] *Prehearing brief* of petitioners, p. 31.

[73] *Prehearing brief* of Roldan and Olarra, p. 21. Morever, a substantial amount of both Roldan's and Olarra's total export shipments are to Europe (*i.e.,* *** percent of Roldan's total exports were to Europe in the January-September 2000 period and Olarra's European shipments account for about *** percent of its sales.) Spain, as a member of the EU, cannot be the subject of trade barriers imposed by other EU members. Respondents argue, therefore, that "there is no possibility of Spanish producers losing their largest export market because of trade barriers and then subsequently diverting their production to the United States." *Prehearing brief* of Roldan and Olarra, pp. 21-22. As dicussed earlier, Roldan also states that it has a strong commitment to the European market in that it distributes its stainless steel bar in Europe (and elsewhere) through the distribution network of its parent, Acerinox. Roldan indicates that "{t}he Acerninox sales network consists of a network of service centers and warehouses mostly throughout Europe that depend on Roldan for the bar and the long products produced by Roldan." *Id.*, p. 22.

[74] *Posthearing brief* of Roldan and Olarra, p. 10.

IV-21

PART V: PRICING AND RELATED DATA

CHARACTERISTICS OF LIKELY DUMPING

Company-level detail of the dumping margins are reported in Part I. Sunset margins are 19.43 percent for Brazil, from 3.87 to 21.02 percent for India, 61.47 percent for Japan, and from 7.72 to 62.85 percent for Spain. The general duty on stainless steel bar from the subject countries is 3.2 percent ad valorem.

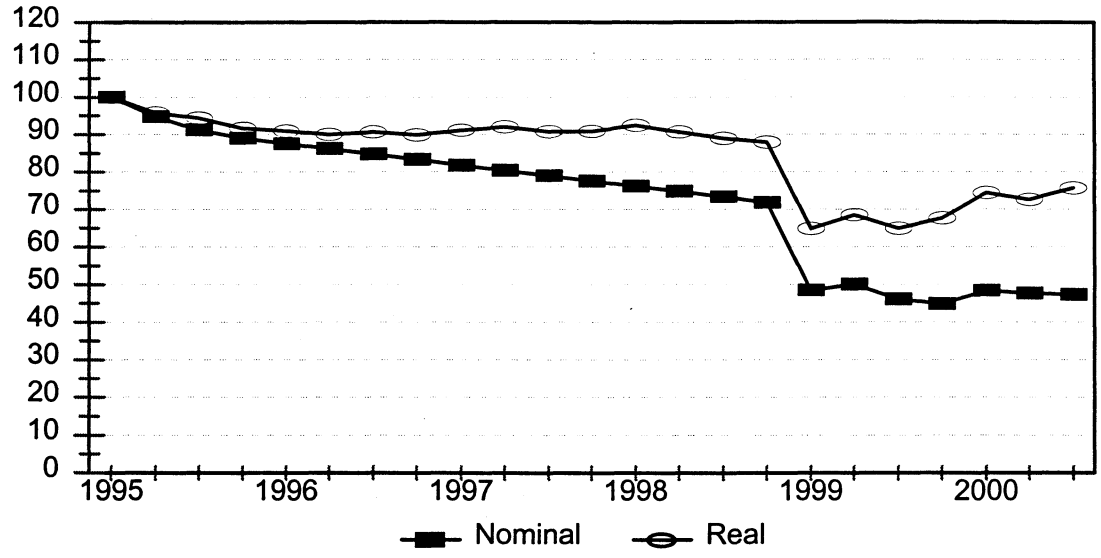
EXCHANGE RATES

The nominal and real exchange rates of the Brazilian real relative to the U.S. dollar each dropped by approximately 23 index points between the fourth quarter of 1998 and the first quarter of 1999 (*see* figure V-1). The Brazilian real lost more than half of its nominal value relative to the dollar between the first quarter of 1995 and the third quarter of 2000. The real rate, which was above the nominal rate, was down by about 24 percent between the first quarter of 1995 and the third quarter of 2000.

The nominal value of the Indian rupee depreciated relative to the U.S. dollar between the third quarter of 1995 and the first quarter of 1996 and between the third quarter of 1997 and the third quarter of 1998 (*see* figure V-2). The nominal exchange rate and the real exchange rate declined by, respectively, 30.8 percent and 14.6 percent between the first quarter of 1995 and the third quarter of 2000.

Relative to the U.S. dollar, the Japanese yen increased by 14 and 10 percent, respectively, in nominal and real terms between the first and second quarters of 1995 (*see* figure V-3). The yen then

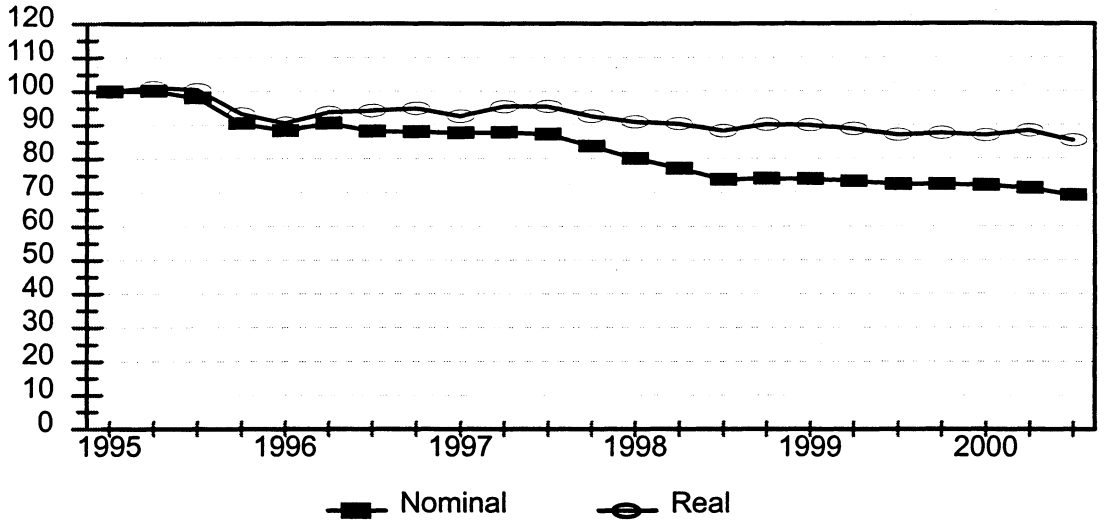
Figure V-1
Exchange rates: Indexes (January-March 1995=100) of the nominal and real U.S. dollar price of the Brazilian real, by quarters, January 1995-September 2000



Source: *IMF Financial Statistics*, February 2000.

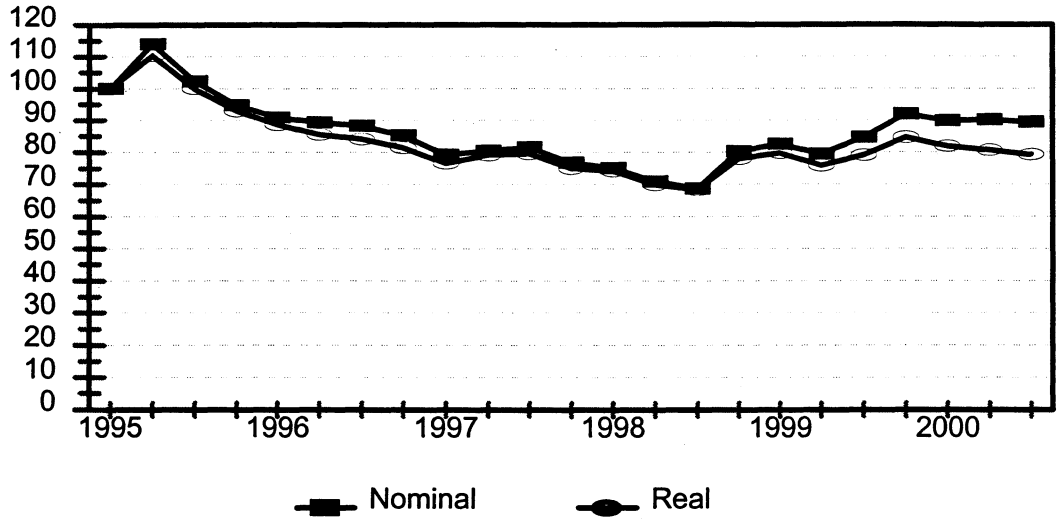
V-1

Figure V-2
Exchange rates: Indexes (January-March 1995=100) of the nominal and real U.S. dollar price of the Indian rupee, by quarters, January 1995-September 2000



Source: *IMF Financial Statistics*, February 2000.

Figure V-3
Exchange rates: Indexes (January-March 1995=100) of the nominal and real U.S. dollar price of the Japanese yen, by quarters, January 1995-September 2000

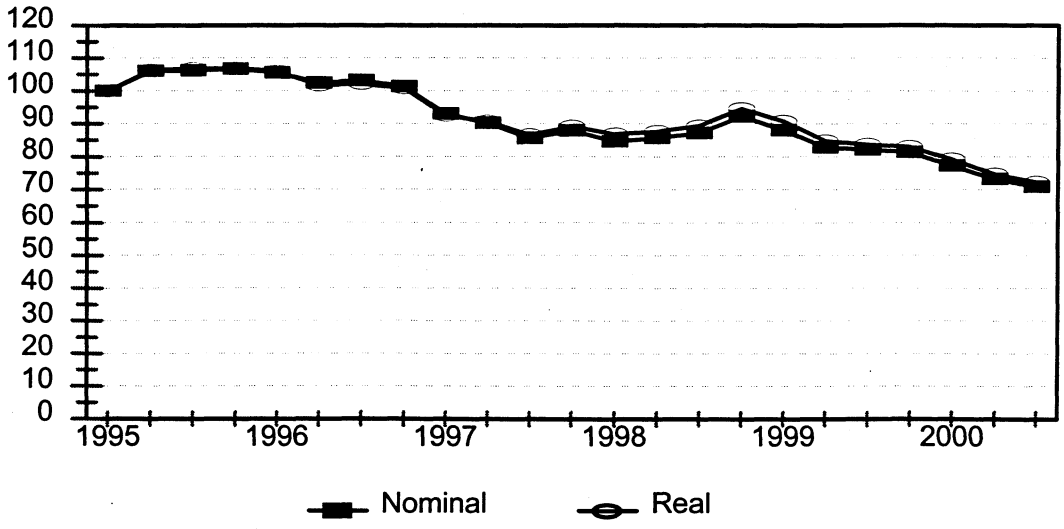


Source: *IMF Financial Statistics*, February 2000.

V-2

depreciated irregularly in both nominal and real terms relative to the dollar through the third quarter of 1998. Since then it has recovered somewhat. Compared to values in the first quarter of 1995, the yen was down approximately 10 percent in nominal terms and 20 percent in real terms in the third quarter of 2000. The Spanish peseta appreciated relative to the U.S. dollar in 1995 and remained above the first quarter 1995 level through 1996 (*see* figure V-4). The peseta then generally trended downward relative to the U.S. dollar through the third quarter of 2000, except for a brief increase in the fourth quarter of 1998. The nominal and real rates were virtually indistinguishable. By the third quarter of 2000, the peseta had lost 29.0 percent and 27.7 percent of its first quarter 1995 nominal and real values, respectively, relative to the dollar.

Figure V-4
Exchange rates: Indexes (January-March 1995=100) of the nominal and real U.S. dollar price of the Spanish peseta, by quarters, January 1995-September 2000



Source: *IMF Financial Statistics*, February 2000.

OTHER FACTORS AFFECTING PRICING

Competition among firms directly affects prices. Purchasers were asked if individual U.S. producers, importers, purchasers, or foreign producers had influenced the wholesale price of stainless steel bar since 1995. Seven purchasers responded in the affirmative and five in the negative. Several purchasers reported that imports had a downward impact on prices. Three purchasers identified Korean firms as lowering prices by over 25 percent in late 1998 and early 1999. *** stated that market consolidation had resulted in slightly higher prices.

Costs and demand conditions are the other main determinants of the price of stainless steel bar. Grade, configuration, size, the number of processing steps, and quantity in storage affect prices. The cost of energy, labor, raw materials, and transportation are also important; these latter two factors are discussed in more detail below.

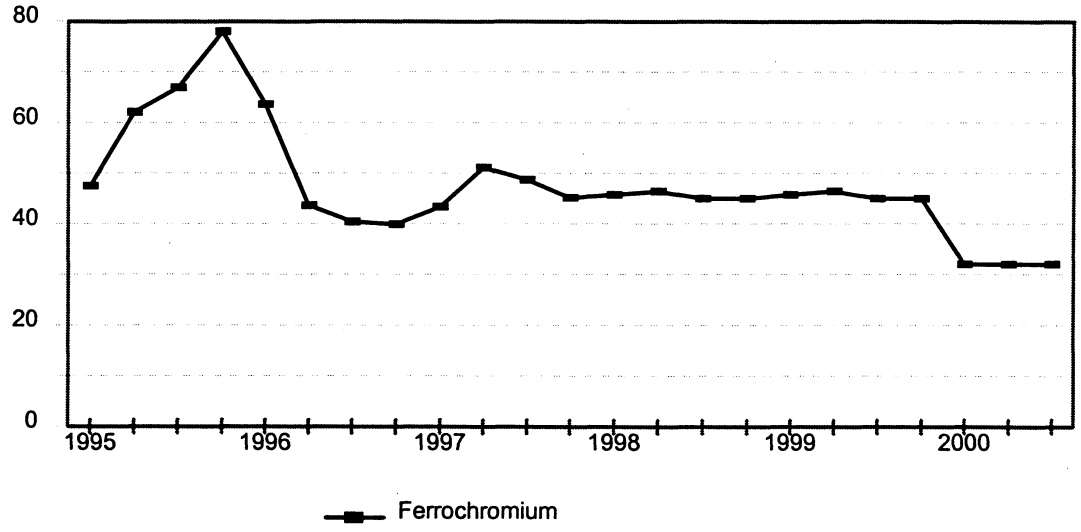
V-3

Raw Material Costs

When asked how raw material prices had affected its selling prices of stainless steel bar, *** replied that raw materials directly affected prices, but that it had surcharges to recover price variations, although it was sometimes difficult to compete because some competitors did not use surcharges. *** reported that raw material prices are frequently volatile and have a significant impact on stainless steel bar prices. Alloying agents, such as nickel, chromium, and molybdenum, and stainless steel scrap are some of the most important raw materials used in making stainless steel bar. Grades 304/304L contain approximately 18 percent chromium and 8 percent nickel, and grades 316/316L contain approximately 16 percent chromium and 10 percent nickel.

Ferrochromium prices peaked in the fourth quarter of 1995 and then declined throughout 1996; since then they have been relatively steadier (*see* figure V-5). Nickel prices trended irregularly downward from the first quarter 1995 until the fourth quarter 1998 and then rose sharply through the first quarter of 2000 (*see* figure V-6). Prices of stainless steel scrap declined irregularly from the third quarter of 1995 to the fourth quarter of 1998; they then rose sharply until the second quarter of 2000 (*see* figure V-7). There was little difference between nominal and real prices, and figures V-5 through V-7 only report nominal prices.

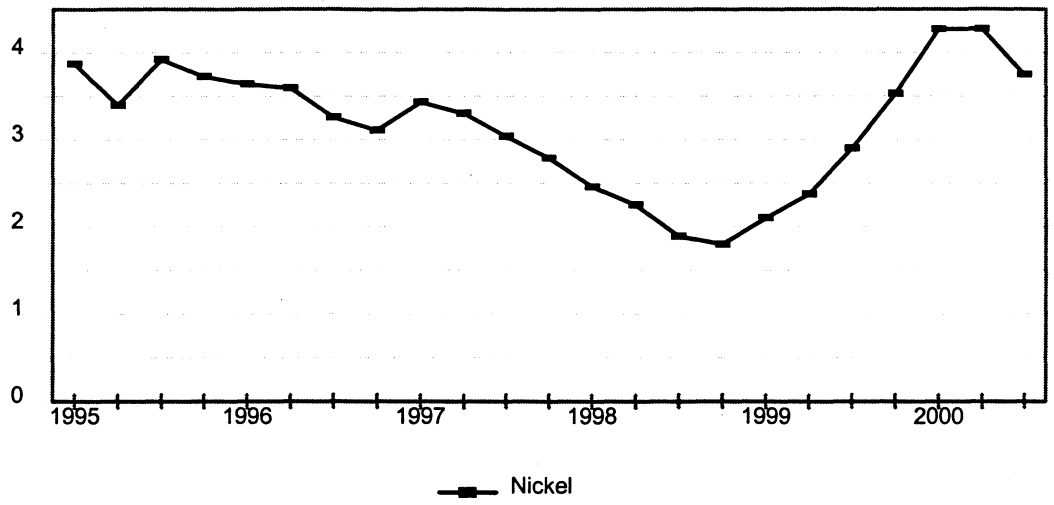
Figure V-5
Ferrochromium: U.S. prices (in cents per pound) for 65-70 percent chromium, by quarters, January 1995-September 2000



Source: Derived from data in *American Metals Market*.

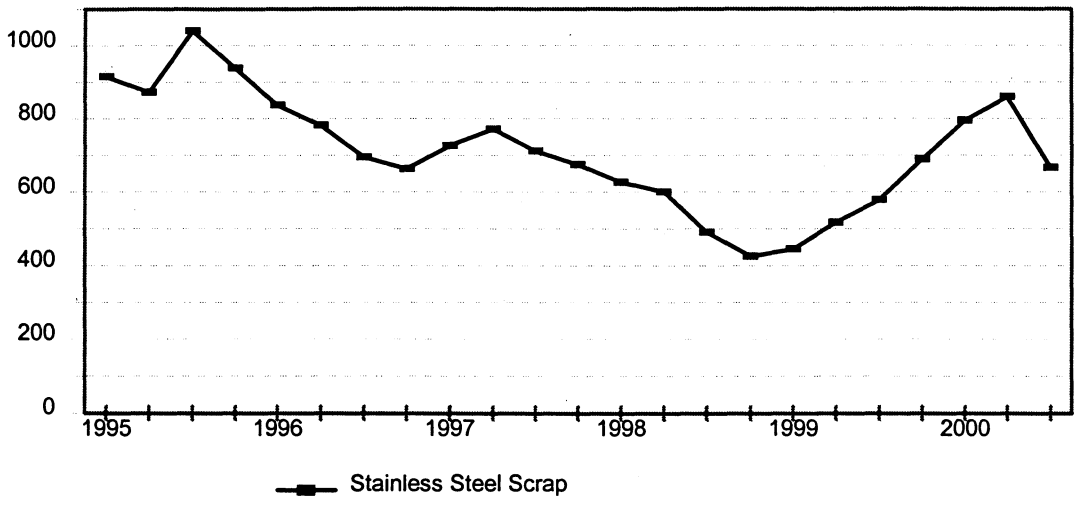
V-4

Figure V-6
Nickel: London Metals Exchange cash price (in U.S. dollars per pound), by quarters, January 1995-September 2000



Source: Derived from data in *Metals Week*.

Figure V-7
Stainless steel scrap: Consumer buying price for 18/8 bundles (in U.S. dollars per short ton), by quarters, January 1995-September 2000



Source: Derived from data in *American Metals Market*.

V-5

Transportation Costs

The difference between c.i.f. value and customs value provides an estimate of the cost to transport stainless steel bar to the U.S. market. Based on 1999 Commerce data, these estimates in share of c.i.f. value are 7.3 percent for Brazil, 6.8 percent for India, 5.4 percent for Japan, and 3.7 percent for Spain.

Most U.S. producers reported that they served the national market, although some concentrated in regional markets. Most producers also reported that their service areas had not changed since 1995. Nine out of 11 responding U.S. producers reported that they arranged U.S. inland transportation to their customers' locations. For these nine producers, average transportation costs weighted by 1999 shipment values were 3.4 percent of the delivered total cost of stainless steel bar. The U.S. producers reported shipping 59.8 percent of their sales to distances greater than 500 miles from their storage or production facility, 35.9 percent to distances between 101 miles and 500 miles, and 4.3 percent to distances less than 100 miles. ***, where the purchaser made the transportation arrangements, were *** and made most of their shipments within 500 miles of their production facilities.

Importers tended to have a greater regional focus than producers, although some importers reported selling nationwide. Other importers reported that their sales were concentrated in the Midwest, the East Coast, the West Coast, or the Gulf Coast areas. Thirteen out of 15 responding importers arranged transportation to their customers' locations, while purchasers made transportation arrangements in the other two cases. Importers' average transportation cost weighted by the value of 1999 shipments was 2.4 percent of total delivered value. Questionnaire responses weighted by the value of 1999 shipments indicate that import sales tended to be over shorter distances than U.S. producer sales: 81.0 percent of sales occurred within 100 miles of their storage facility or point of entry, 17.7 percent between 101 and 500 miles, and 1.3 percent greater than 500 miles.

PRICING PRACTICES

U.S. producers reported various means of determining prices for stainless steel bar. Several producers used price lists and negotiation; two producers used quotes and negotiation, and one relied on a cost model. *** stated that prices were determined by costs, margin goals, and competitive conditions. All but two importers reported that their prices are established through transaction-by-transaction negotiations. One importer reported establishing prices on a cost-plus-margin basis, and another importer reported that the affiliated exporter determined its selling price.

Some U.S. producers reported offering discounts based on sales volume, annual volume purchased, and particular grades and sizes. *** reported having no particular policy but offering discounts based on market conditions. Because importers tended to negotiate each sale, most reported that they did not have a discount policy. Other importers reported offering discounts for large quantity purchases.

All U.S. producers but one reported that prices are quoted f.o.b. their mill or warehouse. Eight U.S. importers reported quoting prices on a delivered basis; four importers quoted on an f.o.b. port or warehouse basis, and two reported quoting on both bases. The most typical sales term for U.S.-produced stainless steel bar was ½ 10 net 30 days. There was no typical sales term for importers, but most required the full amount within 30 days of delivery.

Questionnaire responses weighted by 1999 sales value indicate that 35.3 percent of U.S. producers' sales of stainless steel bar were by contract and that 64.7 percent were spot sales. Ten out of 13 responding U.S. importers reported selling exclusively in the spot market. *** reported selling

exclusively under contract. Weighting importer responses by the value of their 1999 imports shows that approximately 77.6 percent of import sales were under contract and that 22.4 percent were in the spot market.

PRICE DATA

The Commission requested quarterly pricing data from U.S. producers, U.S. importers, and U.S. purchasers from January 1995 through September 2000 for the 10 products listed below.

Product 1–Stainless steel bar, grade AISI 303, 0.500 inch in diameter, annealed, cold-drawn, of round shape.

Product 2–Stainless steel bar, grade AISI 303, 0.750 inch in diameter, cold-finished, from annealed wire rod coil, cut-to-length, straightened, of round shape.

Product 3–Stainless steel bar, grade AISI 304/304L, 0.500 inch in diameter, cold-finished, from annealed wire rod coil, uncoiled, straightened, of round shape.

Product 4–Stainless steel bar, grade AISI 304/304L, 1.000 inch in diameter, annealed, cold-finished, of round shape.

Product 5–Stainless steel bar, grade AISI 316/316L, 2.500 inches in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

Product 6–Stainless steel bar, grade AISI T416, 1.000 inch in diameter, annealed, cold-finished, of round shape.

Product 7–Stainless steel bar, grade AISI 304/304L, 3.500 inches in diameter, annealed, cold finished (smooth turned, peeled and polished, or centerless ground), of round shape.

Product 8–Stainless steel bar, grade AISI 304/304L, 2.000 inches in diameter, annealed, cold-finished, (smooth turned, peeled and polished, or centerless ground), of round shape.

Product 9–Stainless steel bar, grade AISI 303, 0.500 inch hexagonal shape (measured across flats), annealed, cold drawn.

Product 10–Stainless steel bar, grade AISI 303, 1.000 inch hexagonal shape (measured across flats), annealed, cold drawn.

Although grades 304/304L and 316/316L dominate as in other stainless steel products, there are a variety of other grades and also a wide variety of sizes and shapes. This product diversity makes it difficult to obtain broad coverage. The pricing data reported by U.S. producers represents only *** percent of the quantity of U.S. commercial shipments during the time for which data were gathered. U.S. pricing data

were reported by ***.[1] However, *** as sales to distributors in its questionnaire response.[2] After removing ***, U.S. producers' transaction prices in the unrelated distributor market represent 1.8 percent of the quantity of U.S. commercial shipments during the time for which data were gathered.

Coverage for India and Spain was, respectively, 4.5 percent and *** percent of total imports from January 1995 to September 2000. *** provided pricing data, usually in small quantities, for imports from India. *** provided pricing data for imports from Spain. No pricing data were reported for imports from Brazil and Japan.

U.S. producers and importers were asked to report data separately for sales to unrelated distributors/service centers and to unrelated end users. *** pricing data from India and Spain were for sales to distributors. Spanish respondents stated that Spanish imports were actually sold to mill depots or master distributors, which is a distinct market segment from regular distributors.[3] For U.S. producers' sales to unrelated parties, 90.4 percent of the pricing data were sales were to distributors and 9.6 percent were sales to end users. *** reported sales to end users. ***.

Coverage was even sparser for purchaser prices, but there were some data for Japanese imports. Purchaser pricing data covered 0.4 percent of commercial U.S. shipments, less than 0.05 percent of Indian imports, 2.0 percent of Japanese imports, and 1.7 percent of Spanish imports.

Price Trends

The pricing trends for many products sold by U.S. producers to unrelated distributors/service centers were similar. For example, price movements of products 2, 3, 4, 5, 7, and 8 were over 90 percent correlated[4], and a composite average price trend is reported for these products (*see* figure V-8). This trend increased almost 13 percent between the first and fourth quarters of 1995. From that point, it began a long and somewhat irregular decline and in the second quarter of 1999 was 34 percent below its starting value in the first quarter of 1995. The average price of these products then recovered through the second quarter of 2000, but declined in the third quarter of 2000. Prices for products 1, 6, 9, and 10, some of which represented smaller sale quantities, were more irregular. Generally, prices for these products did not decrease as much as for products 2, 3, 4, 5, 7, and 8 and followed a somewhat similar trend. Importer pricing data were too sporadic to present pricing graphs. Trends based on purchaser data were not prepared due to low coverage. Petitioners reported that mill depots or master distributors increased inventories of imports in 1998 and sold those inventories in 1999, which led to lower prices at that time, and that imports increased again at the end of 1999 and led to lower prices in late 2000.[5] The price data, in contrast to this view, show prices decreasing throughout 1998, but increasing in 1999; prices did, however, fall in the third quarter of 2000. Staff were unable to verify inventory levels directly with mill depots or master distributors.[6]

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[1] ***.

[2] Obtaining pricing data from ***.

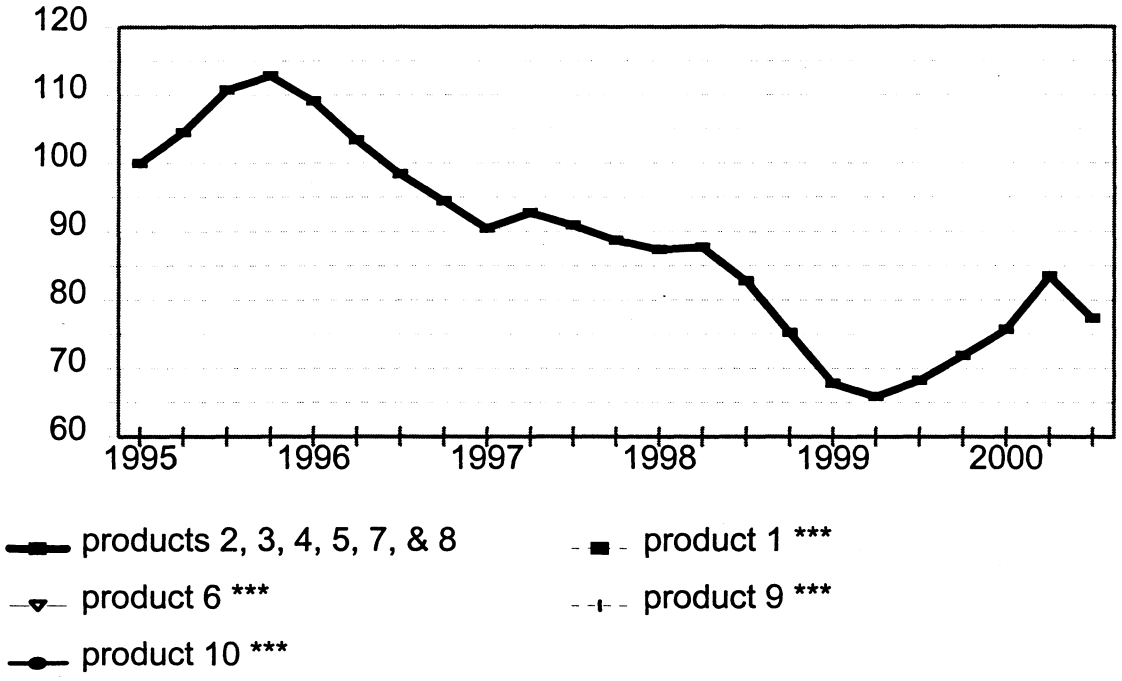
[3] In 1999, *** percent of total U.S. shipments of Spanish stainless steel bar were to mill depots and *** percent went to service centers/distributors (*see* table IV-3).

[4] Pearson product moment correlation coefficients for each pair of these series were greater than 0.9.

[5] *Hearing transcript*, pp. 40-41.

[6] Two purchasers that responded to the Commission's questionnaire identified themselves as master distributors. ***.

Figure V-8
Stainless steel bar: U.S. producer distributor price indexes for the average of products 2, 3, 4, 5, 7, & 8; product 1; product 6; product 9; and product 10, by quarters, January 1995-September 2000



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

Price Comparisons

This section discusses *** in comparison with prices of other U.S. producers' sales to unaffiliated distributors; compares the prices of Spanish and Indian imports; compares U.S. producers' sales to unrelated distributors to sales of Indian imports in the distributor market; and presents the purchaser pricing data. The price comparison tables from the prehearing report that included *** and Spain's imports are included in appendix F, with *** added to the U.S. producers' data.

The pricing data for ***, and other U.S. producers' sales to unaffiliated distributors totaled, respectively, ***. Other U.S. producers' sales to unaffiliated distributors were generally, but not always, priced *** (*see* figures F-1 to F-8 in appendix F[7]). *** were usually ***. *** and other domestic producers' sales to unaffiliated distributors followed somewhat similar trends and were relatively stable. ***.

The complete pricing data for India and Spain's sales are also shown in appendix F. Data was sparse; out of 230 possible matches, importers of Indian and Spanish products only presented data in the

[7] Graphs for products 7 and 9 were not prepared due to sparse data for these products.

same quarter for the same product 12 times. India undersold Spain six times with margins ranging from *** percent to *** percent, and Spain undersold India six times with margins ranging from *** percent to *** percent. The low quantities sold limit the usefulness of these comparisons.

The prehearing report showed that Spanish imports generally undersold the comparable domestic product. Respondents have pointed out that Spanish imports were sold to mill depots, which is a distinct market channel from the distributor channel.[8] Therefore Spanish data are not included in the price comparison tables in this section, although they are presented along with margins derived by comparisons with *** and all U.S. producers' unaffiliated sales in appendix F. Petitioners argue that the underselling margins reported in the prehearing report were large even after taking mill depot margins into account.[9] In this section, U.S. producers' sales to unaffiliated distributors (including *** sales to unaffiliated distributors) are presented and compared to the Indian importers' reported prices in the distributor market. In each case the Indian product undersold the comparable domestic product, although the Indian quantities were very small. For product 1, Indian imports undersold the U.S. product in 3 quarters by *** percent to *** percent (*see* table V-1). For product 2, Indian imports undersold the domestic product in 5 quarters with margins ranging from *** percent to *** percent (*see* table V-2). For product 3, Indian imports undersold the domestic product in 9 quarters, with margins ranging from *** percent to *** percent (*see* table V-3). For product 4, the Indian product undersold the similar domestic product in 15 quarters with margins ranging from *** percent to *** percent (*see* table V-4). For product 5, Indian imports undersold the domestic product in 3 quarters with margins ranging from *** percent to *** percent (*see* table V-5). For product 6, Indian imports undersold the domestic product in 6 quarters by margins ranging from *** percent to *** percent (*see* table V-6). For product 7, *** short tons of Indian imports undersold the comparable domestic product by *** percent in the second quarter of 1998, and *** short tons undersold the comparable domestic product by *** percent in the third quarter of 1998 (not shown in tables). Imports of product 8 from India undersold the similar domestic product in 12 quarters with margins ranging from *** percent to *** percent (*see* table V-7). No importer sales were reported for products 9 and 10.

Table V-1
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to unaffiliated distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-2
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to unaffiliated distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

[8] *See respondents' prehearing brief,* pp. 12-15 and *posthearing brief,* p. 4 and exhibit 5, pp. 12-14.

[9] Petitioners argued that the prices offered by mill depots after their mark-up are often lower than those offered by U.S. mills (*hearing transcript,* pp. 27-30). ***.

Table V-3
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to unaffiliated distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-4
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to unaffiliated distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-5
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 sold to unaffiliated distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-6
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 sold to unaffiliated distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-7
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 sold to unaffiliated distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Purchases of imports were reported sporadically and in small quantities. In the purchaser data, there were two instances of underselling by Spanish imports for product 1 (*see* table V-8). There were four instances of Spanish underselling of product 2 (*see* table V-9). Product 3 had three instances in which Spanish imports were purchased for less than the similar domestic product (*see* table V-10). For product 4, purchases of Indian imports were priced lower than the domestic product in 3 quarters (*see* table V-11). Japanese imports of product 4 were priced less than the domestic product in 7 quarters and priced greater than the domestic product in 1 quarter. Purchases of product 5 from India were priced less than the domestic product in 1 quarter, while purchases of the Spanish product 5 were priced less than the domestic product in 2 quarters and greater than the domestic product in 2 quarters (*see* table V-12). For product 8, purchases from India were priced less than the similar domestic product in 1 quarter and greater than the domestic product in 1 quarter (*see* table V-13). Purchases of product 8 from Japan were priced less than the similar domestic product in 3 quarters and greater than the domestic product in 1 quarter.

V-11

Table V-8
Stainless steel bar: Weighted-average f.o.b. purchase prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-9
Stainless steel bar: Weighted-average f.o.b. purchase prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-10
Stainless steel bar: Weighted-average f.o.b. purchase prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-11
Stainless steel bar: Weighted-average f.o.b. purchase prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-12
Stainless steel bar: Weighted-average f.o.b. purchase prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

Table V-13
Stainless steel bar: Weighted-average f.o.b. purchase prices and quantities of domestic and imported product 8 and margins of underselling/(overselling), by quarters, January 1995-September 2000

* * * * * * *

V-12

APPENDIX A

FEDERAL REGISTER NOTICES AND EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

A-1

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–678, 679, 681, and 682 (Review)]

Stainless Steel Bar From Brazil, India, Japan, and Spain

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be assured of consideration, the deadline for responses is February 22, 2000. Comments on the adequacy of responses may be filed with the Commission by March 20, 2000.

For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207). The Rules may also be found on the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: December 30, 1999.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193) or Vera Libeau (202–205-3176), 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

On February 21, 1995, the Department of Commerce issued antidumping duty orders on imports of stainless steel bar from Brazil, India, and Japan (60 FR 9661). On March 2, 1995, the Department of Commerce issued an antidumping duty order on imports of stainless steel bar from Spain (60 FR 11656). The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions

The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are Brazil, India, Japan, and Spain.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations, the Commission defined the Domestic Like Product as all stainless steel bar. One Commissioner defined the Domestic Like Product differently.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determinations, the Commission defined the Domestic Industry as producers of all stainless steel bar. One Commissioner defined the Domestic Industry differently.

(5) The Order Dates are the dates that the antidumping duty orders under review became effective. In the reviews concerning Brazil, India, and Japan, the

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 00–5–051, expiration date July 31, 2002. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436.

Order Date is February 21, 1995. In the review concerning Spain, the Order Date is March 2, 1995.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

ParticipationintheReviewsandPublic ServiceList

Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **FederalRegister** . The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

LimitedDisclosureofBusiness ProprietaryInformation(BPI)Underan AdministrativeProtectiveOrder(APO) andAPOServiceList

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **FederalRegister** . Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification

Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

WrittenSubmissions

Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is February 22, 2000. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is March 20, 2000. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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. Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

InabilityToProvideRequested Information

Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

InformationToBeProvidedin ResponsetoThisNoticeofInstitution

If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of

subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in each of the Subject Countries that currently export or have exported Subject Merchandise to the United States or other countries since 1993.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 1999 (report quantity data in short tons and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from each of the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1999 (report quantity data in short tons and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandisefrom each of the Subject Countries accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from each of the Subject Countries; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from each of the Subject Countries.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in each of the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1999 (report quantity data in short tons and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in each of the Subject Countries accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from each of the Subject Countries accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in each of the Subject Countries since the Order Dates, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in each of the Subject Countries, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: December 21, 1999.

By order of the Commission.

DonnaR.Koehnke,

Secretary.

[FR Doc. 99–33965 Filed 12–30–99; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–678, 679, 681, and 682 (Reviews)]

Stainless Steel Bar From Brazil, India, Japan, and Spain

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: April 6, 2000.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202–205–3167), 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: On April 6, 2000, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (64 FR 73579, December 30, 1999) was adequate with respect to each review, and that the respondent interested party group response was adequate with respect to Spain but inadequate with respect to Brazil, India, and Japan. The Commission also found that other circumstances warranted conducting full reviews with respect to Brazil, India, and Japan.

A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

Issued: April 10, 2000.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–9589 Filed 4–17–00; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–825; A–533–810; A–588–833; A–469–805]

Stainless Steel Bar From Brazil, India, Japan, and Spain; Final Results of Antidumping Duty Expedited Sunset Reviews

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

ACTION: Notice of final results of antidumping duty expedited sunset reviews: Stainless steel bar from Brazil, India, Japan, and Spain.

SUMMARY: On December 30, 1999, the Department of Commerce ("the Department") published the notice of initiation of sunset reviews of the antidumping duty orders on stainless steel bar ("SSB") from Brazil, India, Japan, and Spain. On the basis of notices of intent to participate and adequate substantive comments filed on behalf of domestic interested parties and inadequate response (in these cases, no response) from respondent interested parties, we determined to conduct expedited reviews. As a result of these reviews, we find that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping at the levels listed below in the section entitled "Final Results of Reviews."

EFFECTIVE DATE: May 4, 2000.

FOR FURTHER INFORMATION CONTACT: Mark D. Young, Import Administration, International Trade Administration, U.S. Department of Commerce, Washington, DC 20230; telephone: (202) 482–6397.

SUPPLEMENTARY INFORMATION:

Statute and Regulations

These reviews are being conducted pursuant to sections 751(c) and 752 of the Tariff Act of 1930, as amended ("the Act"). The Department's procedures for the conduct of sunset reviews are set forth in Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders, 63 FR 13516 (March 20, 1998) ("Sunset Regulations") and 19 CFR part 351 (1999) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin").

Background

On December 30, 1999, the Department published the notice of initiation of the sunset reviews of the antidumping duty orders on SSB from Brazil, India, Japan, and Spain (64 FR 73510). The Department received Notices of Intent to Participate on behalf of Empire Specialty Steel Inc. (formerly AL Tech Specialty Steel Corp.), Carpenter Technology Corp., Republic Technologies International (formerly Republic Engineered Steels, Inc.), Crucible Specialty Metals Division of Crucible Materials Corp., Electralloy Corp., Slater Steels Corporation, and the United Steelworkers of America, AFL–CIO/CLC (collectively "domestic interested parties"), within the deadline specified in section 351.218(d)(1)(i) of the Sunset Regulations. The domestic interested parties claimed interested party status under section 771(9)(C) and (D) of the Act, as U.S. manufacturers of SSB and a certified union. We received complete substantive responses, in the Brazilian, Indian, Japanese, and Spanish reviews, from the domestic interested parties on January 28, 2000, within the 30-day deadline specified in the Sunset Regulations under section 351.218(d)(3)(i). In their substantive responses, the domestic interested parties stated that they were the petitioners in the original investigations of SSB from Brazil, India, Japan, and Spain. Furthermore, the domestic interested parties stated that they have been involved in these proceedings since their inception.[1] We did not receive a substantive response from any respondent interested party to these proceedings. As a result, pursuant to 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C) of the Department's Regulations, the Department determined to conduct expedited, 120-day, reviews of these orders.

[1] Two of the original petitioners have undergone a change of name: AL Tech Specialty Steel Corp. is now Empire Specialty Steel Inc. and Republic Engineered Steel, Inc. is now Republic Technologies International. Talley Metals Technology, Inc. also was a petitioner in these cases; Talley was acquired by Carpenter Technology Corp. and is now a part of Carpenter's operations.

Scope of Review

Imports covered by these reviews are shipments of SSB, specifically articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons. SSB includes cold-finished SSB that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process. Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (i.e., cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections. The SSB subject to these reviews are currently classifiable under subheadings 7222.10.0005, 7222.10.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075, and 7222.30.0000 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this review is dispositive.

With respect to the order on the subject imports from Japan the Department has made two scope rulings. The following product was determined to be within the scope of the order:

The following product was determined to be outside the scope of the order:

Product within scope	Company	Citation
Keystone 2000	Keystone Stainless Inc	63 FR 6722 (February 10, 1998).

Product within scope	Company	Citation
M35FL steel bar	Tohoku Steel Co	64 FR 50273 (September 16, 1999).

These reviews cover all imports from all manufacturers and exporters of SSB from Brazil, India, Japan, and Spain.

Analysis of Comments Received

All issues raised in these cases by parties to these sunset reviews are addressed in the "Issues and Decision Memorandum" ("Decision Memo") from Jeffrey A. May, Director, Office of Policy, Import Administration, to Troy H. Cribb, Acting Assistant Secretary for Import Administration, dated April 28, 2000, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail were the orders revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum, which is on file in room B–099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at www.ita.doc.gov/import_admin/records/frn/. The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty orders on SSB from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of dumping at the following percentage weighted-average margins:

	Margin (percent)
Brazilian Manufacturers/Exporters:	
Acos Villares, S.A	19.43
All Others	19.43
Indian Manufacturers/Exporters:	
Grand Foundry Limited	3.87
Mukand, Limited	21.02
All Others	12.45
Japanese Manufacturers/Exporters:	
Aichi Steel Works, Ltd	61.47
Daido Steel Co., Ltd	61.47
Sanyo Special Steel Co., Ltd	61.47
All Others	61.47
Spanish Manufacturers/Exporters:	
Acensor, S.A. (And all successor companies including Digeco, S.A. and Clorimax, SRL)	62.85
Roldan, S.A	7.72
All Others	25.77

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing these results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: April 28, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–11170 Filed 5–3–00; 8:45 am]

BILLING CODE 3510–DS–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–678–679 and 681–682 (Review)]

Stainless Steel Bar From Brazil, India, Japan, and Spain

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined that these grouped reviews are extraordinarily complicated and has decided to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B), (C)(iv). For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: June 28, 2000.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202–205–3187), 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.—On April 6, 2000, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (65 FR 20834, April 18, 2000). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's

statements are available from the Office of the Secretary and at the Commission's web site.

Participation in the reviews and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

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 reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the reviews will be placed in the nonpublic record on January 9, 2001, and a public version will be issued thereafter, pursuant to § 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on January 30, 2001, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before January 23, 2001. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on January 26, 2001, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.65 of the Commission's rules; the deadline for filing is January 19, 2001. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.67 of the Commission's rules. The deadline for filing posthearing briefs is February 8, 2001; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before February 8, 2001. On March 2, 2001, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before March 6, 2001, but such final comments must not contain new factual information and must otherwise comply with § 207.68 of the Commission's rules. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 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 §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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 reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.By order of the Commission.

Issued: June 29, 2000.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–17078 Filed 7–5–00; 8:45 am]

BILLING CODE 7020–02–P

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Stainless Steel Bar from Brazil, India, Japan, and Spain
Inv. Nos. 731-TA-678-679, 681-682 (Reviews)

On April 6, 2000, the Commission determined that it should proceed to full reviews of the outstanding antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain pursuant to section 751(c) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5). The Commission, in consultation with the Department of Commerce, grouped these reviews because they involve similar domestic like products.[1]

The Commission received an adequate, joint response, with company-specific data, from six domestic producers and a labor union. The domestic producers are: Carpenter Technology Corp.; Crucible Specialty Metals Division of Crucible Materials Corp.; Electralloy Corp.; Empire Specialty Steel Inc.; Republic Technologies International; and Slater Steels Corp. The labor union, the United Steelworkers of America, AFL-CIO/CLC, represents workers engaged in the production of stainless steel bar at each of the domestic producers except Carpenter. The labor union and all the producers were petitioners, or are successors to petitioners, in the original investigations. Because the Commission received an adequate response from domestic producers accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

The Commission also received an adequate, joint response, with company-specific data, from Roldan S.A., a Spanish producer and exporter of the subject merchandise, and from Acerinox USA, Inc., a U.S. importer of subject merchandise from Spain.[2] Because the Commission received an adequate response representing a substantial percentage of the production of stainless steel bar in Spain and a substantial percentage of exports of subject merchandise to the United States from Spain, the Commission determined that the respondent interested party group response for Spain was adequate. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Bar from Spain.*

No responses were received on behalf of respondent interested parties with respect to the reviews concerning subject imports from Brazil, India, and Japan. Nonetheless, the Commission determined to conduct full reviews in *Stainless Steel Bar from Brazil, India, and Japan* because conducting full reviews would promote administrative efficiency in light of the Commission's determination to conduct a full review with respect to *Stainless Steel Bar from Spain.*

A record of the Commissioners' votes is available from the Office of the Secretary and on the Commission's web site.

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[1] *See* 19 U.S.C. § 1675(c)(5)(D).

[2]The Commission rejected a submission from another Spanish producer, A.I. Olarra, S.A., on the basis of failure to comply with the Commission's rules.

APPENDIX B

HEARING WITNESSES

B-1

CALENDAR OF PUBLIC HEARINGS

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

Subject:	*Stainless Steel Bar from Brazil, India, Japan, and Spain*
Invs. Nos.:	*731-TA-678-679 and 681-682 (Review)*
Date and Time:	*January 30, 2001 - 9:30 a.m.*

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

OPENING REMARKS

*In Support of Continuation (**David A. Hartquist**, Collier Shannon Scott, PLLC)*
*In Support of Revocation (**Gary N. Horlick**, O'Melveny & Myers LLP)*

In Support of the Continuation of the Orders:

Collier Shannon Scott, PLLC
Washington, D.C.
on behalf of

Domestic Producers

***Richard Santoro**, Vice President, Distributor Sales,*
Carpenter Technology Corporation

***Edward Blot**, President, Ed Blot & Associates, Incorporated*

***Theodore Toscos**, General Manager, Customer Service and Inventory Control,*
Slater Steels Corporation

***William Pendleton**, Director, Corporate Affairs,*
Carpenter Technology Corporation

***Jack Simmons**, Manager, Marketing and Product Development,*
Ellectralloy Corporation

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In Support of the Continuation of the Orders-Cont'd:

***David Neil**, President, Energy Steels Products*

***Brad Hudgens**, Economic Consultant, Georgetown Economic Services, LLC*

***Joanna Schlesinger**, Economic Consultant, Georgetown Economic Services, LLC*

***David A. Hartquist**)*

***Laurence J. Lasoff**)*

***Robin H. Gilbert**)–OF COUNSEL*

***Mary T. Staley**)*

In Support of the Revocation of the Orders:

O'Melveny & Myers LLP
Washington, D.C.
on behalf of

Roldan, S.A. ("Roldan")
Olarra, S.A. ("Olarra")

***Victoriano Muñoz Camos**, Managing Director of Roldan*

***Bruce Malashevich**, President, Economic Consulting Services*

***Fabian P. Rivelis**, International Trade Consultant*

***Elisabeth Layton**)*
)–OF COUNSEL
***Gary N. Horlick**)*

REBUTTAL/CLOSING REMARKS

*In Support of Continuation (**Laurence J. Lasoff**, Collier Shannon Scott, PLLC)*
*In Support of Revocation (**Elisabeth Layton**, O'Melveny & Myers LLP)*

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APPENDIX C

SUMMARY DATA

C-1

Table C-1
Stainless steel bar: Summary data concerning the U.S. market, 1995-99, January-September 1999, and January-September 2000

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

	Reported data							Period changes					
						January-September							Jan.-Sept.
Item	1995	1996	1997	1998	1999	1999	2000	1995-99	1995-96	1996-97	1997-98	1998-99	1999-2000
U.S. consumption quantity:													
Amount	246,436	249,440	262,846	254,700	236,927	169,168	225,473	-3.9	1.2	5.4	-3.1	-7.0	33.3
Producers' share (1)	70.7	68.7	64.7	62.9	63.1	65.1	55.8	-7.6	-2.0	-4.0	-1.9	0.3	-9.3
Importers' share (1):													
Brazil	(2)	(2)	0.5	0.3	0.6	0.5	0.6	0.6	0.0	0.5	-0.1	0.2	0.2
India	1.7	0.8	0.3	0.8	1.1	0.9	1.3	-0.6	-0.9	-0.5	0.5	0.3	0.4
Japan (3)	0.1	0.1	(2)	0.1	0.1	0.1	0.1	-0.1	-0.0	-0.1	0.1	-0.1	0.1
Spain (3)	0.5	0.6	0.7	0.7	1.0	1.0	1.3	0.5	0.1	0.1	-0.0	0.3	0.3
Subtotal	2.4	1.5	1.5	2.0	2.8	2.4	3.3	0.4	-0.8	0.0	0.4	0.8	0.9
Other sources	26.9	29.7	33.7	35.1	34.1	32.5	40.9	7.2	2.8	4.0	1.4	-1.1	8.4
Total imports	29.3	31.3	35.3	37.1	36.9	34.9	44.2	7.6	2.0	4.0	1.9	-0.3	9.3
U.S. consumption value:													
Amount	872,574	917,970	877,589	814,288	672,804	488,650	656,635	-22.9	5.2	-4.4	-7.2	-17.4	34.4
Producers' share (1)	77.1	75.0	71.9	70.2	70.5	71.8	65.4	-6.5	-2.1	-3.1	-1.8	0.3	-6.5
Importers' share (1):													
Brazil	(2)	(2)	0.3	0.3	0.4	0.3	0.4	0.4	0.0	0.3	-0.1	0.1	0.2
India	1.1	0.5	0.2	0.5	0.6	0.5	0.8	-0.5	-0.6	-0.3	0.3	0.1	0.3
Japan (3)	0.2	0.1	0.1	0.2	0.1	0.1	0.1	-0.1	-0.0	-0.0	0.1	-0.1	0.1
Spain (3)	0.5	0.5	0.6	0.5	0.7	0.7	0.9	0.2	0.0	0.1	-0.0	0.1	0.2
Subtotal	1.8	1.1	1.2	1.5	1.8	1.5	2.2	0.0	-0.6	0.0	0.3	0.3	0.7
Other sources	21.2	23.9	26.9	28.4	27.7	26.7	32.4	6.5	2.7	3.0	1.4	-0.6	5.7
Total imports	22.9	25.0	28.1	29.8	29.5	28.2	34.6	6.5	2.1	3.1	1.8	-0.3	6.5
U.S. imports from:													
Brazil:													
Quantity	51	51	1,250	871	1,355	764	1,381	2,567.3	-0.2	2,365.9	-30.4	55.6	80.7
Value	110	135	2,965	2,189	2,386	1,312	2,893	2,078.4	22.8	2,103.8	-26.2	9.0	120.5
Unit value	$2,157	$2,654	$2,371	$2,514	$1,762	$1,716	$2,095	-18.3	23.0	-10.6	6.0	-29.9	22.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
India:													
Quantity	4,142	1,952	747	2,047	2,626	1,527	2,879	-36.6	-52.9	-61.7	173.9	28.2	88.5
Value	9,741	4,427	1,597	4,027	4,238	2,402	5,139	-56.5	-54.6	-63.9	152.2	5.2	114.0
Unit value	$2,352	$2,268	$2,136	$1,967	$1,614	$1,573	$1,785	-31.4	-3.6	-5.8	-7.9	-17.9	13.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan (3):													
Quantity	324	245	116	353	164	85	269	-49.2	-24.4	-52.4	202.9	-53.4	216.4
Value	1,392	1,132	654	1,293	593	298	976	-57.4	-18.6	-42.2	97.7	-54.2	227.1
Unit value	$4,301	$4,627	$5,620	$3,667	$3,605	$3,508	$3,626	-16.2	7.6	21.5	-34.7	-1.7	3.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Spain (3):													
Quantity	1,276	1,554	1,949	1,784	2,401	1,687	2,910	88.2	21.9	25.4	-8.5	34.6	72.5
Value	4,038	4,484	4,899	4,419	4,622	3,334	5,729	14.5	11.1	9.3	-9.8	4.6	71.9
Unit value	$3,165	$2,885	$2,514	$2,477	$1,925	$1,976	$1,969	-39.2	-8.9	-12.9	-1.5	-22.3	-0.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:													
Quantity	5,792	3,802	4,063	5,055	6,546	4,064	7,439	13.0	-34.4	6.9	24.4	29.5	83.0
Value	15,280	10,178	10,115	11,928	11,839	7,346	14,737	-22.5	-33.4	-0.6	17.9	-0.7	100.6
Unit value	$2,638	$2,677	$2,490	$2,360	$1,809	$1,808	$1,981	-31.4	1.5	-7.0	-5.2	-23.4	9.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Other sources:													
Quantity	66,304	74,196	88,612	89,520	80,774	55,012	92,196	21.8	11.9	19.4	1.0	-9.8	67.6
Value	184,765	219,351	236,138	230,875	186,436	130,393	212,779	0.9	18.7	7.7	-2.2	-19.2	63.2
Unit value	$2,787	$2,956	$2,665	$2,579	$2,308	$2,370	$2,308	-17.2	6.1	-9.9	-3.2	-10.5	-2.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:													
Quantity	72,096	77,998	92,675	94,575	87,320	59,076	99,635	21.1	8.2	18.8	2.1	-7.7	68.7
Value	200,045	229,529	246,253	242,803	198,275	137,739	227,516	-0.9	14.7	7.3	-1.4	-18.3	65.2
Unit value	$2,775	$2,943	$2,657	$2,567	$2,271	$2,332	$2,283	-18.2	6.1	-9.7	-3.4	-11.6	-2.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***

See footnotes at end of table.

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Table C-1--Continued
Stainless steel bar: Summary data concerning the U.S. market, 1995-99, January-September 1999, and January-September 2000

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

	Reported data							Period changes					
						January-September							Jan.-Sept.
Item	1995	1996	1997	1998	1999	1999	2000	1995-99	1995-96	1996-97	1997-98	1998-99	1999-2000
U.S. producers':													
Average capacity quantity	289,002	285,352	285,127	285,767	304,777	229,564	236,471	5.5	-1.3	-0.1	0.2	6.7	3.0
Production quantity	175,764	182,431	170,625	166,545	154,711	111,699	131,341	-12.0	3.8	-6.5	-2.4	-7.1	17.6
Capacity utilization (1)	60.8	63.9	59.8	58.3	50.8	48.7	55.5	-10.1	3.1	-4.1	-1.6	-7.5	6.9
U.S. shipments:													
Quantity	174,340	171,442	170,171	160,125	149,607	110,092	125,838	-14.2	-1.7	-0.7	-5.9	-6.6	14.3
Value	672,529	688,441	631,336	571,485	474,529	350,911	429,119	-29.4	2.4	-8.3	-9.5	-17.0	22.3
Unit value	$3,858	$4,016	$3,710	$3,569	$3,172	$3,187	$3,410	-17.8	4.1	-7.6	-3.8	-11.1	7.0
Export shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	22,081	28,314	23,936	24,772	24,407	22,318	23,305	10.5	28.2	-15.5	3.5	-1.5	4.4
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	2,150	2,234	2,142	2,056	1,873	1,814	1,910	-12.9	3.9	-4.1	-4.0	-8.9	5.3
Hours worked (1,000s)	4,795	4,940	4,760	4,512	3,939	2,937	3,213	-17.9	3.0	-3.7	-5.2	-12.7	9.4
Wages paid ($1,000s)	97,080	104,641	106,034	100,526	85,906	63,087	72,040	-11.5	7.8	1.3	-5.2	-14.5	14.2
Hourly wages	$20.25	$21.18	$22.28	$22.28	$21.81	$21.48	$22.42	7.7	4.6	5.2	0.0	-2.1	4.4
Productivity (tons per 1,000 hours)	36.7	36.9	35.8	36.9	39.3	38.0	40.9	7.1	0.7	-2.9	3.0	6.4	7.5
Unit labor costs	$552.33	$573.59	$621.44	$603.60	$555.27	$564.79	$548.50	0.5	3.8	8.3	-2.9	-8.0	-2.9
Production and distribution operations:													
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)	***	***	***	***	***	***	***	***	***	***	***	***	***
Production operations only:													
Net sales:													
Quantity	188,527	181,475	177,474	161,793	161,733	***	***	-14.2	-3.7	-2.2	-8.8	-0.0	***
Value	746,207	721,318	659,431	569,963	527,825	***	***	-29.3	-3.3	-8.6	-13.6	-7.4	***
Unit value	$3,958	$3,975	$3,716	$3,523	$3,264	***	***	-17.5	0.4	-6.5	-5.2	-7.4	***
Cost of goods sold (COGS)	628,501	634,066	582,513	507,809	487,632	***	***	-22.4	0.9	-8.1	-12.8	-4.0	***
Gross profit or (loss)	117,706	87,252	76,918	62,154	40,193	***	***	-65.9	-25.9	-11.8	-19.2	-35.3	***
SG&A expenses	46,647	45,216	52,674	42,243	36,562	***	***	-21.6	-3.1	16.5	-19.8	-13.4	***
Operating income or (loss)	71,059	42,036	24,244	19,911	3,631	***	***	-94.9	-40.8	-42.3	-17.9	-81.8	***
Capital expenditures	35,878	53,448	54,764	73,186	52,862	***	***	47.3	49.0	2.5	33.6	-27.8	***
Unit COGS	$3,334	$3,494	$3,282	$3,139	$3,015	***	***	-9.6	4.8	-6.1	-4.4	-3.9	***
Unit SG&A expenses	$247	$249	$297	$261	$226	***	***	-8.6	0.7	19.1	-12.0	-13.4	***
Unit operating income or (loss)	$377	$232	$137	$123	$22	***	***	-94.0	-38.5	-41.0	-9.9	-81.8	***
COGS/sales (1)	84.2	87.9	88.3	89.1	92.4	***	***	8.2	3.7	0.4	0.8	3.3	***
Operating income or (loss)/ sales (1)	9.5	5.8	3.7	3.5	0.7	***	***	-8.8	-3.7	-2.2	-0.2	-2.8	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Less than 0.05 percent.
(3) Official Commerce statistics were adjusted for Japan in all periods and for Spain in 1997-98 to exclude data for firms that reported that they did not import stainless steel bar.
(4) Not applicable.
(5) Undefined.

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, shares, and period changes are calculated from the unrounded figures. January-September inventory ratios are annualized.

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

C-4

APPENDIX D

RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS, AND FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

D-1

U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested U.S. producers to describe any anticipated changes in their operations or organization relating to the production of stainless steel bar in the future if the existing orders were revoked (Question II-4).

Allvac.–***.
Avesta.–***.
Carpenter.–***.
Crucible.–***.
Electralloy.–***.
Empire.–***.
Hi Specialty.–***.
Industrial Alloys.–***.
Maryland Specialty.–***.
Republic.–***.
Slater.–***.
Talley.–***.

The Commission requested U.S. producers to describe the significance of the existing orders on their production capacity, production, U.S. shipments, inventories, purchases, and employment (Question II-18).

Allvac.–***.
Avesta.–***.
Carpenter.–***.
Crucible.–***.
Electralloy.–***.
Empire.–***.
Hi Specialty.–***.
Industrial Alloys.–***.
Maryland Specialty.–***
Republic.–***.
Slater.–***.
Talley.–***.

The Commission asked U.S. producers whether they anticipate changes in their production capacity, production, U.S. shipments, inventories, purchases or employment relating to their production of stainless steel bar if the orders were revoked (Question II-19).

Allvac.–***.
Avesta.–***.
Carpenter.–***.
Crucible.–***.
Electralloy.–***.
Empire.–***.

D-3

Hi Specialty.–***.
Industrial Alloys.–***.
Maryland Specialty.–***.
Republic.–***.
Slater.–***.
Talley.–***.

The Commission asked U.S. producers to describe the significance of the orders in terms of their effect on their firm's revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values (Question III-10).

Allvac.–***.
Avesta.–***.
Carpenter.–***.
Crucible.–***.
Electralloy.–***.
Empire.–***.
Handy & Harman.–***.
Hi Specialty.–***.
Industrial Alloys.–***.
Slater.–***.

The Commission asked U.S. producers to describe any anticipated changes in their revenues, costs, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of stainless steel bar in the future if the orders on imports from Brazil, Japan, India, and/or Spain were revoked (Question III-11).

Allvac.–***.
Avesta.–***.
Carpenter.–***.
Crucible.–***.
Electralloy.–***.
Empire.–***.
Handy & Harman.–***.
Hi Specialty.–***.
Industrial Alloys.–***.
Republic.–***.
Slater.–***.

D-4

U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested importers to describe any anticipated changes in their operations or organization relating to the importation of stainless steel bar from Brazil, India, Japan, and/or Spain if the existing orders were revoked (Question II-4).

***, ***, ***, ***, ***, ***, ***, ***, ***, ***, ***, ***, *** and *** responded "No changes."

***.–"We would consider purchasing from these countries should they become competitively available as suppliers."

The Commission requested importers to describe the significance of the existing orders covering imports of stainless steel bar from Brazil, India, Japan, and/or Spain in terms of their effect on their firm's imports, U.S. shipments of imports, and inventories (Question II-11).

***.–"Although there was a reduction of the quantity of imports from *** after the order, the order did not have the effect of eliminating *** bar from the market. We have participated in the U.S. market since ***. Imports from *** are a small percentage of imports. Our strategy *** has been to concentrate on a small customer base that purchases *** bar for its high quality, not to develop a high volume business. Since the imposition of the order, *** has directed more of its production to *** markets than the United States as part of the company's overall marketing strategy. *** we intend to continue to be loyal to and serve our customers that have had a specific demand for ***-produced bar."

***.–"In general an antidumping action restricts the import of bars. In the case of our imports of bar from India, we ceased importing until some mills received zero duties under 'new shipper reviews.'"

***.–"Antidumping duties on imports from Brazil make this producer generally non-competitive in the marketplace, except for certain 'niche' products (that is, not the most common and largest market-demanded products)."

***.–"We see no real difference, since there are enough bars available from countries not affected by {the} dump{ing} order to satisfy our and our customers' needs, not to mention those of our competition. Italy, Korea, Taiwan and, more recently China, to name only a few major ones, have plenty of bar to sell."

***.–"Because the stainless steel bar business is such a small business it has no discernable impact on this company."

***.–"We had no direct imports from any of these countries prior to {the} antidumping duty. We may have considered them as sources without that action. We have found suitable alternate suppliers in other countries."

***.–"We had discontinued the importing of Japanese stainless steel bar due to the antidumping duty order. We had continued importing for about 1 year after the order until our customer could find a source of supply that did not fall under the antidumping order."

***.–"India--it hurts our firms imports if {an} antidumping duty is imposed."

***.–"Due to the fact we imported very little bar, it will not have an affect on our business."

***.–"None."

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of stainless steel bar in the future if the existing orders were revoked (Question II-12).

***, ***, ***, ***, ***, and *** responded "No changes." *** responded "No changes" and added, "Would give us wider range of supplier choice, but would not expect volume or pricing to change significantly." *** also responded "No changes" adding, "{w}e would consider suppliers from these countries if the action were lifted, but only if competitive with current sources of supply."

***.–"Revocation of antidumping duty orders on imports from Brazil could re-establish this producer as a competitive source in the marketplace. No projections available."

***.–"If the antidumping duty order on stainless steel bar were to be revoked, we would look again at importing this material. However, because the standard grades (i.e., T304) are not competitive, we would look at developing applications for specialty items that are not so price sensitive, and would fall under niche-type business."

FOREIGN PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested foreign producers to indicate whether they anticipated any changes in their operations or organization relating to the production of stainless steel bar in the future if the existing orders were revoked, and if yes, to describe those changes (Question II-3).

* * * * * * *

The Commission requested foreign producers to describe the significance of the existing orders covering exports of stainless steel bar from Brazil, India, Japan, and/or Spain in terms of their effects on their firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories (Question II-15).

Chandan (India).–***.
Facor (India).–***.
Jyoti (India).–***.
Meltroll (India).–***.
Mukand (India).–***.
Viraj (India).–***.
Sindia (India).–***.
Olarra (Spain).–***.
Roldan (Spain).–***.
Hitachi Metals (Japan).–***.

D-6

The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of stainless steel bar in the future if the existing orders were revoked (Question II-16).

Chandan (India).–***.
Facor (India).–***.
Jyoti (India).–***.
Meltroll (India).–***.
Mukand (India).–***.
Viraj (India).–***.
Sindia (India).–***.
Olarra (Spain).–***.
Roldan (Spain).–***.
Hitachi Metals (Japan).–***.

PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission asked purchasers to comment on the likely effects of revocation of the antidumping duty orders on (1) the future activities of the their firms and (2) the entire U.S. market (Question III-11).

*** Activities of your firm: "We may add new suppliers."
Entire U.S. market: "Unknown."

*** Activities of your firm: "None."
Entire U.S. market: "No comment."

*** Activities of your firm: "We will most likely have to begin to purchase from some of these mills as market prices fall, since these producers frequently have lower prices. Time frame is through the foreseeable future."
Entire U.S. market: "Market prices will decline as additional supply, sold at low prices, enters a market with adequate supply."

*** Activities of your firm: "Subject countries will ship more product to the USA, which will put immediate downward pressure on pricing overall, and companies like *** will "gain" from it (regardless of where we buy it)."
Entire U.S. market: "Same as above."

*** Activities of your firm: "It would effectively reduce the value of our stainless steel bar inventory due to the lower prices. It would encourage competitors and producers alike to create (false) demand with price."
Entire U.S. market: "Any lower priced goods suddenly available creates a false demand and an increased inventory of lesser-valued goods. Not a good situation."

D-7

*** Activities of your firm: "Potential new sources of supply of imported stainless bar. We would most likely only look at Japan or Spain because of their good quality."
Entire U.S. market: "Increased saturation of import bar. Continued downward pressure on stainless bar pricing with import penetration at almost 50 percent. This could only continue to affect domestic producers negatively."

*** Activities of your firm: "Revocation would bring downward pressure on pricing and force *** to reevaluate its buy-domestic policy."
Entire U.S. market: "Revocation would expand the supply and put further downward pressure on pricing. Low-cost producers, particularly in India, will establish new price levels that will make it even more difficult for U.S. producers to compete."

*** Activities of your firm: "None–next 5 years."
Entire U.S. market: "There will be an increase in the short term, which will then level out with natural supply and demand."

*** Activities of your firm: "Stainless bar from listed countries would probably become more available and pricing would probably decrease. I would probably do business with these producers if it made sense."
Entire U.S. market: "Same as above."

*** Activities of your firm: "None. Other countries have captured their market shares."
Entire U.S. market: "None. Same as above."

*** Activities of your firm: "Likely to increase downward pressure on pricing due to our capacity of import product in the U.S. market."
Entire U.S. market: "No comment."

*** Activities of your firm: "Increased competition from service centers using low-cost imports without regard for quality."
Entire U.S. market: "Imports currently account for around 42 percent of U.S. market. Revocation would lead to a 20 to 30 percent increase, which would adversely affect U.S. producers with an inferior quality product."

*** Activities of your firm: "There will be no impact on the stainless steel purchases of our company in the near future. We could potentially investigate lower-cost options in these countries, but quality would continue to be an issue."
Entire U.S. market: "Don't know."

*** Activities of your firm: "None."
Entire U.S. market: "None."

D-8

APPENDIX E

ADDITIONAL SHIPMENTS-BY-GRADE DATA

E-1

Table E-1
Stainless steel bar: U.S. producers' U. S. shipments and and U.S. importers' U.S. shipments of subject imports, by product and grade, 1999

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Table E-2
Stainless steel bar: U.S. importers' U.S. shipments of subject imports , by source, product, and grade, 1999

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Table E-3
Stainless steel bar: Exports by producers in India, by market, product, and grade, 1999

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Table E-4
Stainless steel bar: Exports by producers in Japan, by market, product, and grade, 1999

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Table E-5
Stainless steel bar: Exports by producers in Spain, by market, product, and grade, 1999

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E-3

APPENDIX F

SUPPLEMENTAL PRICING TABLES AND GRAPHS

F-1

Table F-1
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

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Table F-2
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

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Table F-3
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

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Table F-4
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

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Table F-5
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 sold to distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

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Table F-6
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 sold to distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

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Table F-7
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 sold to distributors and margins of underselling/(overselling), by quarters, January 1995-September 2000

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F-3

Figure F-1
Stainless steel bar: Weighted-average prices of product 1 for *, and other domestic producers' sales to unaffiliated distributors, by quarters, January 1995-September 2000**

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Figure F-2
Stainless steel bar: Weighted-average prices of product 2 for *, and other domestic producers' sales to unaffiliated distributors, by quarters, January 1995-September 2000**

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Figure F-3
Stainless steel bar: Weighted-average prices of product 3 for *, and other domestic producers' sales to unaffiliated distributors, by quarters, January 1995-September 2000**

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Figure F-4
Stainless steel bar: Weighted-average prices of product 4 for *, and other domestic producers' sales to unaffiliated distributors, by quarters, January 1995-September 2000**

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Figure F-5
Stainless steel bar: Weighted-average prices of product 5 for *, and other domestic producers' sales to unaffiliated distributors, by quarters, January 1995-September 2000**

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Figure F-6
Stainless steel bar: Weighted-average prices of product 6 for *, and other domestic producers' sales to unaffiliated distributors, by quarters, January 1995-September 2000**

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Figure F-7
Stainless steel bar: Weighted-average prices of product 8 for *, and other domestic producers' sales to unaffiliated distributors, by quarters, January 1995-September 2000**

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Figure F-8
Stainless steel bar: Weighted-average prices of product 10 for *, and other domestic producers' sales to unaffiliated distributors, by quarters, January 1995-September 2000**

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F-4