

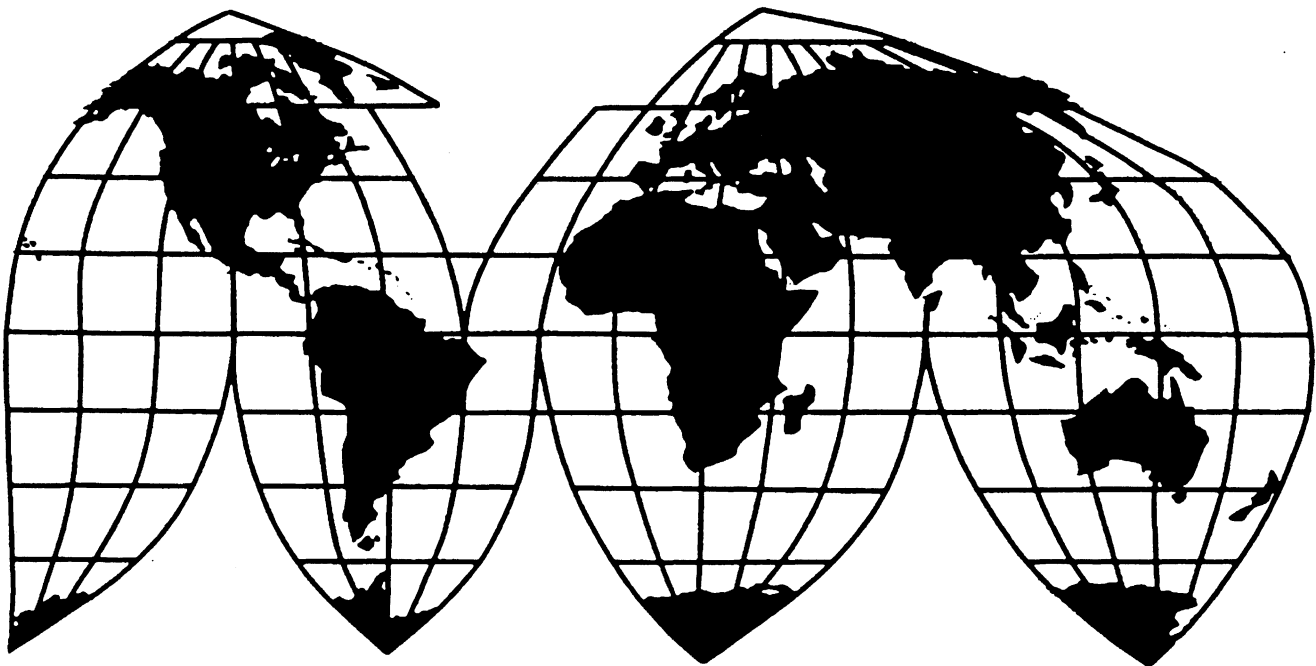
# Certain Ceramic Station Post Insulators From Japan

Investigation No. 731-TA-1023 (Preliminary)

Publication 3578

February 2003

**U.S. International Trade Commission**



Washington, DC 20436

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# U.S. International Trade Commission

Washington, DC 20436

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**NOTE**

**Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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



**UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation No. 731-TA-1023 (Preliminary)

**CERTAIN CERAMIC STATION POST INSULATORS**

**DETERMINATION**

On the basis of the record<sup>1</sup> developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Japan of certain ceramic station post insulators, provided for in subheading 8546.20.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

**COMMENCEMENT OF FINAL PHASE INVESTIGATION**

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

**BACKGROUND**

On December 31, 2002, a petition was filed with the Commission and Commerce by Lapp Insulator Company LLC, Le Roy, NY; Newell Porcelain Co., Inc., Newell, WV; Victor Insulators, Inc., Victor, NY; and the IUE-CWA, AFL-CIO, Washington, DC, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain ceramic station post insulators from Japan. Accordingly, effective December 31, 2002, the Commission instituted antidumping duty investigation No. 731-TA-1023 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 8, 2003 (68 FR 1068). The conference was held in Washington, DC, on January 21, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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<sup>1</sup> 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 this investigation, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain ceramic station post insulators (“CSPI”) from Japan that allegedly are sold in the United States at less than fair value (“LTFV”).

### **I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS**

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.<sup>1</sup> In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”<sup>2</sup>

### **II. DOMESTIC LIKE PRODUCT**

#### **A. In General**

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”<sup>3</sup> Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>4</sup> In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation.”<sup>5</sup>

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.<sup>6</sup> No single factor is dispositive, and the Commission

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<sup>1</sup> 19 U.S.C. §§ 1671b(a), 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354-55 (1996). We note that no party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

<sup>2</sup> American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

<sup>3</sup> 19 U.S.C. § 1677(4)(A).

<sup>4</sup> Id.

<sup>5</sup> 19 U.S.C. § 1677(10).

<sup>6</sup> See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990). (continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.<sup>7</sup> The Commission looks for clear dividing lines among possible like products, and disregards minor variations.<sup>8</sup> Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly subsidized or sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.<sup>9</sup>

## **B. Product Description**

Commerce has defined the imported merchandise within the scope of this investigation as:

*station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength, solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kilovolt Basic Impulse Insulation Level (BIL) and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. (ANSI) standard class specifications: T.R.- 286, T.R.- 287, T.R.-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.- 308, T.R.-312, T.R.-316, T.R.-362 and T.R.-391. Subject merchandise is classifiable under subheading 8546.20.0060 of the Harmonized Tariff Schedule of the United States (HTSUS) Annotated. While the HTSUS subheading is provided for convenience and U.S. Customs purposes, the written description above remains dispositive as to the scope of the investigation.*<sup>10</sup>

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<sup>6</sup> (...continued)

Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

<sup>7</sup> See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

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

<sup>9</sup> Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single domestic like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission’s determination of six domestic like products in investigations where Commerce found five classes or kinds).

<sup>10</sup> 68 Fed. Reg. 4169, 4170 (January 28, 2003). Commerce’s discussion of the scope also notes that “[s]tation post insulators are manufactured in various styles and sizes, and are classified primarily according to the voltage they are designed to withstand. Under the governing industry standard issued by the Institute of Electrical and Electronic Engineers (IEEE), the voltage spectrum is divided into three broad classes: ‘medium’ voltage (i.e., less than or equal to 69 kilovolts), ‘high’ voltage (i.e., from 115 to 230 kilovolts), and ‘extra-high’ or ‘ultra-high’ voltage (i.e., greater than 230 kilovolts).” With respect to the tariff classifications, Commerce indicates that “HTSUS subheading 8546.20.00 includes ceramic electrical insulators in general. Station post insulators are classified under HTSUS

(continued...)

CSPI are one-piece solid or hollow core porcelain columns with multiple petticoats or skirts from top to bottom.<sup>11</sup> They are composed of a porcelain body that has been turned on a lathe to form the characteristic shape.<sup>12</sup> They are manufactured in various styles and sizes, and are classified according to the voltage they are designed to withstand.<sup>13</sup>

High and extra-high voltage CSPI are designed and sold for use in electrical substations where electrical power is “stepped up” from generation voltage to transmission voltage or “stepped down” from transmission voltage to distribution voltage.<sup>14</sup>

### **C. Domestic Like Product**

Petitioners urge the Commission to define the domestic like product coextensively with the scope of the investigation, which covers CSPI rated at 115 kV and above. Respondents do not oppose this definition.<sup>15</sup> After considering the domestic like product factors, we define the domestic like product coextensively with the scope of the investigation and do not expand it to include medium voltage CSPI (which are rated at 69 kV and below), even though several domestic producers manufacture both medium voltage CSPI as well as both high and extra-high voltage CSPI.<sup>16</sup>

The record indicates that many physical characteristics of medium, high and extra-high voltage station post insulators are similar.<sup>17</sup> However, medium voltage CSPI are used as single units unlike high and extra-high voltage CSPI, which are often stacked;<sup>18</sup> moreover, high and extra-high voltage CSPI are used for transmission of electricity while medium voltage CSPI are used for distribution.<sup>19</sup> With respect to interchangeability, high, extra-high and medium voltage CSPI cannot be used in the same applications because of their different voltage ratings.<sup>20</sup> These classes of station post insulators are, to a large extent,

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<sup>10</sup> (...continued)  
number 8546.20.0060 which also includes non-subject merchandise.” *Id.*

<sup>11</sup> Confidential Staff Report, INV-AA-012, February 7, 2003 (“CR”) at I-5, Public Report (“PR”) at I-4.

<sup>12</sup> *See* Petition at Annex E.

<sup>13</sup> CR at I-4, PR at I-3.

<sup>14</sup> CR at I-6, PR at I-5.

<sup>15</sup> Petitioners’ Postconference Brief at 4; Respondents’ Postconference Brief at 31. Respondents are Locke Insulators, Inc., NGK Insulators, Ltd., and NGK-Locke, Inc.

<sup>16</sup> According to an IEEE standard, “medium” voltage is considered to be less than or equal to 69 kV, and “high” voltage is from 115 kV to 230 kV. CR at I-4, n.4, PR at I-3 n.4. There is no domestic consumption of station post insulators in the 70 kV to 114 kV range. CR at I-6 n.11, PR at I-5 n.11. Thus, there is a clear dividing line between medium voltage CSPI, on the one hand, versus high and extra-high voltage CSPI.

<sup>17</sup> Petitioners’ Postconference Brief at 26.

<sup>18</sup> CR at I-11 n.22, PR at I-8 n.22.

<sup>19</sup> CR at I-11 n.22, PR at I-8 n.22

<sup>20</sup> CR at I-11 n.22, PR at I-8 n.22.

made on the same equipment in the same facilities by the same employees<sup>21</sup> and are sold through similar channels of distribution.<sup>22</sup>

Customers perceive medium voltage CSPI to be a less demanding, easier product to use that does not require a crane for installation.<sup>23</sup> Further, high and extra-high voltage CSPI command a price premium relative to medium voltage station post insulators.<sup>24</sup>

Accordingly, for purposes of this preliminary determination, we define a single domestic like product co-extensive with the scope, *i.e.* encompassing both high and extra-high voltage station post insulators and excluding medium voltage CSPI.<sup>25</sup>

### III. DOMESTIC INDUSTRY AND RELATED PARTIES

#### A. Domestic Industry

The domestic industry is defined as “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.”<sup>26</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.<sup>27</sup>

Based on our domestic like product finding and for purposes of this preliminary determination, we determine that the domestic industry consists of all U.S. producers of high and extra-high voltage CSPI, with the exception of Locke Insulators, Inc. (“Locke”), which we exclude from the domestic industry as a related party, as discussed below.

#### B. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are

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<sup>21</sup> CR at I-11 n.22, PR at I-8 n.22. See also, Conference Transcript at 64 (January 21, 2003) (“Tr.”) (indicating domestic producer Newell manufactures medium and high voltage station post insulators on the same equipment and with the same employees).

<sup>22</sup> CR at I-11 n.22, PR at I-8 n.22.

<sup>23</sup> CR at I-11 n.22, PR at I-8 n.22.

<sup>24</sup> Petitioners’ Postconference Brief at 26.

<sup>25</sup> For the remainder of this determination, we refer to subject merchandise and the domestic like product simply as “CSPI.”

<sup>26</sup> 19 U.S.C. § 1677(4)(A).

<sup>27</sup> See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int’l Trade 1994), aff’d, 96 F. 3d 1352 (Fed. Cir. 1996).



related to an exporter or importer of subject merchandise or which are themselves importers.<sup>28</sup> Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.<sup>29</sup>

There are four domestic producers of station post insulators in the United States: Lapp Insulator Co. LLC ("Lapp"), Newell Porcelain Co. ("Newell"), Victor Insulators, Inc., ("Victor"), and Locke Insulators, Inc.<sup>30</sup> Locke was \*\*\* U.S. importer of the subject merchandise during the period of investigation<sup>31</sup> and is a wholly owned subsidiary of NGK Insulators of Japan ("NGK"), the \*\*\* of the subject merchandise.<sup>32</sup> Thus, Locke is a related party by virtue of being owned by an exporter of the subject merchandise as well as by virtue of its importation of the subject merchandise.

We must consider whether appropriate circumstances exist to exclude Locke from the domestic industry. The petitioners urge the Commission to exclude Locke from the domestic industry, contending that Locke, \*\*\* of the subject merchandise, was shielded from the effects of competition with the subject imports.<sup>33</sup>

Respondents argue that appropriate circumstances do not exist to exclude Locke from the domestic industry.<sup>34</sup> They note that Locke is the \*\*\* U.S. producer of CSPI, accounts for \*\*\* percent of U.S. production and is continuing to make significant investments to \*\*\*.<sup>35</sup> They assert that Locke imported the subject merchandise in order to serve the spike in demand between 2000 and 2002,<sup>36</sup> and state that Locke placed its last order for subject imports in October 2002 for delivery by April 2003.<sup>37</sup>

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<sup>28</sup> 19 U.S.C. § 1677(4)(B).

<sup>29</sup> Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related 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 (3) the position of the related producers vis-a-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 (Ct. Int'l Trade 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 interests of the related producers lie in domestic production or in importation. *See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan*, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14, n.81.

<sup>30</sup> CR at III-1, PR at III-1.

<sup>31</sup> CR at IV-1, PR at IV-1.

<sup>32</sup> CR at VI-1, PR at VI-1.

<sup>33</sup> Petitioners' Postconference Brief at 23.

<sup>34</sup> Respondents' Postconference Brief at 11-12, Exh. 1 at 3-5.

<sup>35</sup> Respondents' Postconference Brief at 12, Exh. 1 at 3-5.

<sup>36</sup> Respondents' Postconference Brief at 12, Exh. 1 at 3-5.

<sup>37</sup> Respondents' Postconference Brief at 12, Exh. 1 at 3-5.

The record indicates that Locke is the \*\*\* domestic producer, accounting for \*\*\* of domestic production in 2001,<sup>38</sup> and appears committed to domestic production (as evidenced by its recent \*\*\*).<sup>39</sup> Moreover, Locke's shipments of its domestic production \*\*\*.<sup>40</sup> Its shipments of its domestic production accounted for approximately \*\*\* of apparent U.S. consumption during the POI.<sup>41</sup>

Locke was \*\*\* during the POI. Shipments of subject imports accounted for \*\*\* percent of apparent U.S. consumption in 2001 and \*\*\* percent from January to September ("interim") 2002.<sup>42</sup>

Because Locke and its parent corporation \*\*\*,<sup>43</sup> Locke \*\*\* shielded from the competition with the subject imports that the three other U.S. producers faced. Locke's financial performance also was \*\*\* than that of the other three domestic producers.<sup>44</sup> This may be due in part to the benefit to Locke as a result of its being shielded from competition with the subject merchandise. It also may be due in part to financial or other benefits that Locke may have derived from its relationship to NGK, its Japanese parent corporation.<sup>45</sup> In any final investigation, we intend to examine the nature and extent of any benefits Locke may have received by virtue of its importing or its relationship with its corporate parent.

Based on the record in this preliminary investigation, we find the question of whether appropriate circumstances exist to exclude Locke from the domestic industry as a related party to be a close one. On the one hand, Locke is the \*\*\* of subject merchandise and a wholly owned subsidiary of the only exporter of the subject merchandise. In addition, Locke opposes the petition and \*\*\* members of the industry. On the other hand, it is the \*\*\* and appears committed to domestic production. On balance, for purposes of this preliminary investigation, we find appropriate circumstances exist to exclude Locke. We intend to reconsider this issue fully in any final investigation.

#### **IV. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LESS THAN FAIR VALUE IMPORTS<sup>46</sup>**

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.<sup>47</sup> In making this determination, the Commission must consider the volume of imports, their effect on prices for the

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<sup>38</sup> CR/PR at Table III-1 (about \*\*\* percent).

<sup>39</sup> Locke increased its capacity from \*\*\* units in 1999 to \*\*\* units in 2001. CR/PR at Table III-2.

<sup>40</sup> See CR/PR at Table III-2.

<sup>41</sup> CR/PR at Table IV-5.

<sup>42</sup> CR/PR at Table IV-5. Locke imported \*\*\* units in 1999, \*\*\* units in 2000, \*\*\* units in 2001, \*\*\* units in Jan-Sep. 2001, and \*\*\* units in Jan-Sep. 2002. CR/PR at Table III-2.

<sup>43</sup> See CR at IV-1 n.2, PR at IV-1 n.2.

<sup>44</sup> See CR/PR at Table VI-5. Locke was \*\*\*. *Id.*

<sup>45</sup> See Petitioners' Postconference Brief at 17.

<sup>46</sup> The statute indicates the Commission is to terminate the investigation if subject imports constitute less than three percent of total imports for the 12 months preceding the filing of the petition. There is no issue regarding negligibility because imports of CSPI from Japan constituted substantially more than 3 percent of total imports in the period. See 19 U.S.C. §1677(24) and CR/PR at Table IV-1, Fig. IV-1.

<sup>47</sup> 19 U.S.C. §§ 1671b(a), 1673b(a).

domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.<sup>48</sup> The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”<sup>49</sup> In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.<sup>50</sup> No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>51</sup>

For the reasons discussed below, we determine that there is a reasonable indication that the domestic industry producing CSPI is materially injured by reason of subject imports from Japan that allegedly are sold in the United States at LTFV.

#### **A. Conditions of Competition**

The following conditions of competition in the CSPI industry inform our determination.

Demand for CSPI is highly dependent upon electric utilities’ investment in power plants and substations.<sup>52</sup> Apparent U.S. consumption rose steadily throughout the period of investigation.<sup>53</sup> The increase in consumption was due to the investment in power generation that resulted from increased energy demand. However, in the aftermath of the bankruptcy of Enron in 2002 and resulting disruption in energy markets, energy projects were perceived as being less attractive and financing became difficult to obtain.<sup>54</sup> Consequently, there was reportedly a decline in orders for CSPI at the end of 2002, outside of our data collection period in this preliminary phase investigation.<sup>55</sup>

There are five companies competing for sales in the U.S. market, *i.e.* Lapp, Newell, Victor, Locke/NGK, and Ceram Insulators.<sup>56</sup> Electric utilities, packagers and original equipment manufacturers are the primary purchasers of CSPI from the domestic producers.<sup>57</sup> Sales to original equipment manufacturers are generally under blanket agreements whereas sales to the electric utilities occur mostly

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<sup>48</sup> 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each [such] factor . . . [a]nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B); see also *Angus Chemical Co. v. United States*, 140 F.3d 1478 (Fed. Cir. 1998).

<sup>49</sup> 19 U.S.C. § 1677(7)(A).

<sup>50</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>51</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>52</sup> CR at II-4, PR at II-3.

<sup>53</sup> Apparent U.S. consumption was 95,951 CSPI in 1999, 125,977 CSPI in 2000, and 146,837 CSPI in 2001. During interim 2002, apparent U.S. consumption was 119,034 CSPI versus 111,239 CSPI in interim 2001. Similarly, in dollar terms, apparent U.S. consumption increased from \$30.3 million in 1999 to \$40.6 million in 2000 to \$52.1 million in 2001. Apparent U.S. consumption was \$38.6 million in interim 2001 and \$42.3 million in interim 2002. CR/PR at Table IV-5.

<sup>54</sup> CR at II-4, PR at II-3.

<sup>55</sup> See CR at II-4, PR at II-3; Tr. at 33.

<sup>56</sup> Respondents’ Postconference Brief at 13.

<sup>57</sup> CR at II-1, PR at II-1.

on the spot market.<sup>58</sup> Price is an important factor in purchasing decisions as CSPI are standardized to ANSI and IEEE specifications.<sup>59</sup>

The ceramic insulator industry is a long-established industry in the United States. Locke has been in existence for more than one hundred years.<sup>60</sup> Started in 1916, Lapp developed CSPI in the 1940s.<sup>61</sup> Victor was founded in 1935.<sup>62</sup> \*\*\* domestic producers added substantial capacity during the period of investigation, although \*\*\*.<sup>63</sup>

The different domestic producers manufacture CSPI through different processes.<sup>64</sup> \*\*\* use the wet (green) process while \*\*\* use the dry process.<sup>65</sup> The wet process uses electric current and heat to reduce moisture in the ceramic “blanks” that become CSPI while the dry process only utilizes heat to dry the blanks.<sup>66</sup> The wet process appears to be a more efficient method of CSPI production.<sup>67</sup>

Natural gas is a large cost component in the production of CSPI and natural gas prices tripled toward the end of the POI.<sup>68</sup> Locke asserts that it better managed natural gas prices through use of the futures market and as a result, unlike the other domestic producers, it did not attempt to add on an energy surcharge to its customers’ orders in 2001.<sup>69</sup>

Nonsubject imports increased over the POI along with subject imports; between interim periods, however, nonsubject imports \*\*\*.<sup>70</sup> Lapp purchased CeramTec of Germany in 2000 and Lapp now imports CSPI from Germany.<sup>71</sup>

## **B. Volume of the Subject Imports**

Section 771(C)(I) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”<sup>72</sup>

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<sup>58</sup> CR at II-1, PR at II-1.

<sup>59</sup> CR at II-5, PR at II-4. Internet sales are growing in importance, suggesting increasing open competition for sales. CR at II-2, PR at II-1.

<sup>60</sup> Respondents’ Postconference Brief at 1

<sup>61</sup> Petition of December 31, 2002, at 14.

<sup>62</sup> Respondents’ Postconference Brief at 1

<sup>63</sup> See CR/PR at Table III-2.

<sup>64</sup> See CR at I-8 n.18, PR at I-6 n.18.

<sup>65</sup> See CR at I-8 n.18, PR at I-6 n.18.

<sup>66</sup> CR at I-8, PR at PR at I-6.

<sup>67</sup> CR at I-10, PR at I-8.

<sup>68</sup> CR at V-1, PR at V-1.

<sup>69</sup> CR at V-1, PR at V-1; CR at V-1 n.3, PR at V-1 n.3; CR at VI-10 n.9, PR at VI-3 n.9.

<sup>70</sup> CR/PR at Fig. IV-1.

<sup>71</sup> CR/PR at Table III-1.

<sup>72</sup> 19 U.S.C. § 1677(7)(C)(I).

The volume of subject imports nearly \*\*\* from 1999 to 2001.<sup>73</sup> Over that period, subject imports increased their share of the U.S. market from \*\*\* percent to \*\*\* percent.<sup>74</sup> We note that Locke accounts for all known imports of the subject product. Locke claims it imported the subject product only to meet an unexpected surge in demand.<sup>75</sup> In any final investigation, we will further investigate the reasons for Locke's importations. Nonsubject imports also captured a growing share of the U.S. market, although \*\*\*.<sup>76</sup>

For purposes of this preliminary determination, we find the volume and increase in volume of the subject imports, both in absolute terms and relative to apparent consumption in the United States, to be significant.

### C. Price Effects of the Subject Imports

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

- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
- (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.<sup>77</sup>

Subject imports and the domestic like product appear to be moderately to highly substitutable when made according to ANSI and IEEE specifications.<sup>78</sup> Thus, price is an important factor in purchasing decisions,<sup>79</sup> and competition for sales in the U.S. market appears to be intense.<sup>80</sup>

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<sup>73</sup> Subject imports rose from \*\*\* CSPI in 1999 to \*\*\* CSPI in 2000, and \*\*\* CSPI in 2001. There was a decrease between the interim periods, with imports falling from \*\*\* CSPI in interim 2001 to \*\*\* CSPI in interim 2002. CR/PR at Table IV-1. The value of subject imports followed a slightly different trend, falling from \*\*\* in 1999 to \*\*\* in 2000 and then rising to \*\*\* in 2001. The value of subject imports fell in the interim period comparison, from \*\*\* in interim 2001 to \*\*\* in interim 2002. *Id.* Reflecting \*\*\*, shipments of subject imports in the United States continued to increase in the interim comparison, while, as noted, the volume of subject imports decreased in this comparison. *See* CR/PR at Table IV; CR/PR at Table IV-4 n.1. Both subject imports and shipments of subject imports increased substantially over the POI.

<sup>74</sup> CR/PR at Table IV-5. The increase continued in the interim comparison, from \*\*\* in interim 2001 to \*\*\* in interim 2002. CR/PR at Table IV-5. In value terms, shipments of subject imports captured \*\*\* of the U.S. market in 1999, \*\*\* in 2000, and \*\*\* in 2001. Their share increased from \*\*\* in interim 2001 to \*\*\* in interim 2002. *Id.*

<sup>75</sup> Respondents Postconference Brief at 2.

<sup>76</sup> In quantity terms, nonsubject import market share rose from \*\*\* percent in 1999 to \*\*\* percent of the U.S. market in 2001, and from \*\*\* percent in interim 2001 to \*\*\* percent in interim 2002. CR/PR at Table IV-5.

<sup>77</sup> 19 U.S.C. § 1677(7)(C)(ii).

<sup>78</sup> All domestic producers indicated that CSPI produced in the United States and Japan are used interchangeably. CR at II-6, PR at II-4. Customers apparently are unaware whether Locke has sold them a Japanese or domestically produced product. CR at IV-1, PR at IV-1.

<sup>79</sup> CR at II-5, PR at II-4.

<sup>80</sup> Respondents' Postconference Brief at 1; CR at II-2, PR at II-1 (indicating growing prevalence of internet sales).

The Commission sought pricing data for three pricing products.<sup>81</sup> Subject imports undersold the domestic product in \*\*\* calendar quarters in which comparisons between subject imports and the domestic product were possible.<sup>82</sup> The margins of underselling were \*\*\*, ranging from \*\*\* percent to \*\*\* percent for product 1, and \*\*\* percent to \*\*\* percent for product 2. The volume of subject imports overselling domestic CSPI was \*\*\*, in comparison to the volume of subject imports that undersold the domestic like product, *i.e.*, \*\*\* units.<sup>83</sup> We find that the underselling by the subject imports was significant.<sup>84</sup>

With respect to price depression or suppression, the limited information obtained by the Commission shows that prices for both the domestic like product and the subject imports generally declined over the period of investigation.<sup>85</sup> However, prices for product 3, for which there were no reported sales of subject imports, did not decline.<sup>86</sup> Based on this record, we find that subject imports depressed domestic prices to a significant degree.

The general decline in domestic prices occurred in a period in which, as described above, demand was increasing strongly. While the U.S. producers each \*\*\*,<sup>87</sup> their \*\*\* was \*\*\*. Thus, the general decline in prices does not appear to be a function of overcapacity. Additionally, the record suggests that domestic producers were unable to maintain elevated prices in the wake of the energy price increases and instead those producers who sought energy surcharges were compelled to withdraw them, suggesting price suppression by subject imports.<sup>88</sup>

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<sup>81</sup> See CR at V-4, PR at V-3. The Commission's pricing data accounted for 4.2 of U.S. producers' shipments and 2.4 percent of U.S. shipments of subject imports. *Id.* In any final investigation, we will seek greater pricing coverage.

<sup>82</sup> CR/PR at Tables V-1 and V-2 (revised to excluded Locke's sales).

<sup>83</sup> CR/PR at Tables V-2 (revised to excluded Locke's sales).

<sup>84</sup> Individual U.S. producers had differing prices and the record indicates that there is strong intra-industry competition. Nonetheless, subject imports undersold the weighted average of domestic industry sales, and undersold at least some of the domestic producers in every quarter in which comparison was possible. See INV-AA-014, Feb. 12, 2003, at Fig. D-1 and Fig. D-2, PR at Fig. D-1 and Fig. D-2. We note, however, that \*\*\* reported the lowest prices toward the end of the period for product 1. In any final investigation, we intend to examine differences among U.S. producers' prices.

<sup>85</sup> CR at V-4 and V-11, PR at V-4; CR/PR at Fig. V-2 (product 1); CR/PR at Fig. V-3 (product 2). See also Tr. at 10, 102 (agreement of parties that prices have declined).

<sup>86</sup> \*\*\*. See CR/PR at Fig. V.

<sup>87</sup> The three domestic producers we included in the industry (Lapp, Newell, and Victor) \*\*\* from \*\*\* units from 1999 to 2001. CR/PR at Table III-2. Locke \*\*\* from \*\*\* CSPI in 1999 to \*\*\* CSPI in 2001. CR/PR at Table III-2. Apparent U.S. consumption increased from 95,591 CSPI in 1999 to 146,837 CSPI in 2001. CR/PR at Table IV-5.

<sup>88</sup> Prices for natural gas increased significantly during the POI and \*\*\* unsuccessfully attempted to pass the added cost on to their customers. CR at V-1, PR at V-1. As noted earlier, Locke did not attempt to pass on an energy surcharge in 2001 and it asserts that it had better managed natural gas prices through the use of the futures market.

Accordingly, for purposes of this preliminary investigation, we find a reasonable indication that there has been significant price underselling by the subject imports, and that increasing volumes of the subject merchandise depressed prices and suppressed price increases to a significant degree.<sup>89</sup>

#### **D. Impact of the Subject Imports**

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.<sup>90</sup> These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>91 92 93</sup>

Faced with an expanding market, the domestic industry<sup>94</sup> increased \*\*\* over the period examined although by less than the increase in apparent U.S. consumption.<sup>95</sup> However, as the subject imports increased, the domestic industry’s capacity utilization rates \*\*\*<sup>96</sup> and Lapp and Newell were forced to idle kilns during 2002.<sup>97</sup> The domestic industry experienced declining market share despite increases in apparent U.S. consumption.<sup>98</sup>

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<sup>89</sup> In any final phase investigation, we intend to further explore the various factors, e.g., intra-industry competition, increased domestic capacity, and increased nonsubject imports, that may have caused price depression and suppression.

<sup>90</sup> 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 (“In material injury determinations, 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” *Id.* at 885).

<sup>91</sup> 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

<sup>92</sup> The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its notice of initiation, Commerce reported that petitioners have alleged an estimated dumping margin of 105.8 percent. 68 Fed Reg. 4169, 4171 (Jan. 28, 2003).

<sup>93</sup> Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on the domestic producers. See Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996); Anhydrous Sodium Sulfate from Canada, Inv. No. 731-TA-884 (Preliminary), USITC Pub. 3345 (Sept. 2000) at 11, n.63.

<sup>94</sup> As we have excluded Locke from the definition of the domestic industry, we examine the impact of the subject imports on the domestic industry consisting of the other three producers.

<sup>95</sup> The industry’s capacity was \*\*\* CSPI in 1999, \*\*\* CSPI in 2000, and \*\*\* CSPI in 2001. CR/PR at Table C-2 (revised by INV-AA-015, Feb.12, 2003 to exclude Locke). Apparent U.S. consumption was 95,951 CSPI in 1999, 125,977 CSPI in 2000, and 146,837 CSPI in 2001. CR/PR at Table IV-5.

<sup>96</sup> Capacity utilization rates were \*\*\* percent in 1999, \*\*\* percent in 2000, \*\*\* percent in 2001; and \*\*\* percent and \*\*\* percent, respectively, in interim 2001 and interim 2002. CR/PR at Table C-2 (excluding Locke).

<sup>97</sup> Tr. at 25, 30.

<sup>98</sup> The domestic industry captured \*\*\* percent of the market in 1999, \*\*\* percent in 2000 and \*\*\* percent in 2001. Its share \*\*\* to \*\*\* percent in interim 2002 from \*\*\* percent in interim 2001. CR/PR at Table C-2

(continued...)

Most of the indicators of the domestic industry's condition declined late in the period examined, or were weak throughout the period. The industry's production, shipments and net sales showed modest improvement during the early part of the POI, yet these indicators worsened when subject imports surged into the U.S. market in 2001.<sup>99</sup> Likewise, the domestic industry's employment \*\*\* during the period,<sup>100</sup> and capital expenditures trended \*\*\*.<sup>101</sup> The industry's productivity \*\*\* in the interim comparison.<sup>102</sup>

Despite the greater than fifty percent growth in apparent U.S. consumption from 1999-2001,<sup>103</sup> the domestic industry was never able to \*\*\*.<sup>104</sup> While the unit value of the domestic industry's net sales \*\*\*<sup>105</sup>\*\*\*, so the domestic industry remained \*\*\*.<sup>106</sup> The industry was unable to raise prices in response to \*\*\* in 2001.<sup>107</sup>

Based on significant declines or sustained weaknesses in most of the performance indicators of the domestic industry during a period of increasing demand and at the same time that the subject merchandise was being imported in significantly increasing quantities and sold at prices significantly

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<sup>98</sup> (...continued)  
(excluding Locke).

<sup>99</sup> The industry's production was \*\*\* CSPI in 1999, \*\*\* CSPI in 2000, and \*\*\* CSPI in 2001. Production fell in the interim period comparison, from \*\*\* CSPI in interim 2001 to \*\*\* CSPI in interim 2002. CR/PR at Table C-2 (excluding Locke).

The industry's U.S. shipments were \*\*\* CSPI in 1999, \*\*\* CSPI in 2000, and \*\*\* CSPI in 2001. The interim period comparison reveals some \*\*\* from \*\*\* CSPI in interim 2001 to \*\*\* CSPI in interim 2002. CR/PR at Table C-2 (excluding Locke). Net sales were \*\*\* million in 1999, \*\*\* million in 2000, and \*\*\* million in 2001. However, net sales fell between the interim periods, from \*\*\* million to \*\*\* million. CR/PR at Table C-2 (excluding Locke).

<sup>100</sup> The number of production workers increased from \*\*\* in 1999 to \*\*\* in 2000 to \*\*\* in 2001, and declined between the interim periods, from \*\*\* in interim 2001 to \*\*\* in interim 2002. CR/PR at Table C-2 (excluding Locke). The domestic industry paid its workers \*\*\* million in 1999, \*\*\* million 2000, and \*\*\* million in 2001, but the total fell from \*\*\* million in interim 2001 to \*\*\* million in interim 2002. *Id.* The declines in 2002 reflect layoffs by \*\*\*. Tr. at 24; CR at VI-10 n.10, PR at VI-3 n.10.

<sup>101</sup> Capital expenditures were \*\*\* in 1999, \*\*\* in 2000, \*\*\* in 2001, and \*\*\* and \*\*\* in interim 2001 and interim 2002, respectively. CR/PR at Table C-2 (excluding Locke).

<sup>102</sup> The industry's productivity was \*\*\* units per 1,000 hours in 1999, \*\*\* units per 1,000 hours in 2000, and \*\*\* units per 1,000 hours in 2001. In interim 2001 and interim 2002 productivity was \*\*\* units per 1,000 hours and \*\*\* units per 1,000 hours, respectively. CR/PR at Table C-2 (excluding Locke).

<sup>103</sup> See CR/PR at Table IV-5.

<sup>104</sup> The domestic industry's operating income as a ratio to net sales was \*\*\* percent in 1999, \*\*\* percent in 2000, and \*\*\* percent in 2001. The ratio was \*\*\* in interim 2002 compared to \*\*\* in interim 2001. CR/PR at Table C-2 (excluding Locke).

<sup>105</sup> This occurred despite falling prices as \*\*\*. See CR at VI-10 n.11, PR at VI-3 n.11.

<sup>106</sup> See CR/PR at Table C-2 (excluding Locke) (unit value of net sales \*\*\* from \*\*\* in 1999 to \*\*\* in 2001 and the unit value of COGS \*\*\* from \*\*\* in 1999 to \*\*\* in 2001. We note the \*\*\*. See CR/PR at Table VI-5. In any final phase investigation, we intend to examine the relative efficiencies of the individual producers.

\*\*\*. In any final investigation, we will examine the effects that these restructurings had on the cost structure of the domestic industry.

<sup>107</sup> See CR at VI-10, PR at VI-3. Customers reportedly were unwilling to accept energy surcharges that domestic producers attempted to impose. CR at VI-10 n.9, PR at VI-3 n.9; CR at V-1, PR at V-1.



below the weighted average of domestic industry sales, we find that the subject imports had a significant adverse impact on the domestic industry.

In any final phase investigation we intend to examine further the other factors that affect the domestic industry and prices for the domestic like product. Further, while we examine the condition of the domestic industry as a whole, there is considerable variation in the condition of the individual domestic producers, and we will seek additional information regarding the reasons for such variations in any final investigation.

### **CONCLUSION**

For the reasons stated above, we determine that there is a reasonable indication that the domestic industry producing CSPI is materially injured by reason of subject imports from Japan that allegedly are sold in the United States at less than fair value.



## PART I: INTRODUCTION

### BACKGROUND

This investigation was instituted in response to a petition filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) on December 31, 2002, by Lapp Insulator Company LLC (Lapp), Le Roy, NY; Newell Porcelain Co., Inc. (Newell), Newell, WV; Victor Insulators, Inc. (Victor), Victor, NY; and the IUE-CWA, AFL-CIO, Washington, DC. The petition alleges that an industry in the United States is materially injured, and threatened with material injury, by reason of imports from Japan of certain ceramic station post insulators (CSPI)<sup>1</sup> that are alleged to be sold in the United States at less than fair value (LTFV). Information relating to the background of this investigation is presented in table I-1.

**Table I-1**  
**CSPI: Chronology of investigation No. 731-TA-1023 (Preliminary)**

Date	Action
December 31, 2002	Petition filed with Commerce and the Commission
December 31, 2002	Commission institutes investigation No. 731-TA-1023 (Preliminary)
January 8, 2003	Commission publishes its notice of institution in the <i>Federal Register</i> <sup>1</sup>
January 21, 2003	Commission's conference <sup>2</sup>
January 28, 2003	Commerce publishes its notice of initiation in the <i>Federal Register</i> <sup>3</sup>
February 13, 2003	Commission's vote
February 14, 2003	Commission's determination transmitted to Commerce
February 24, 2003	Commission's views transmitted to Commerce
<sup>1</sup> 68 FR 1068, January 8, 2003, presented in app. A. <sup>2</sup> A list of witnesses appearing at the conference is presented in app. B. <sup>3</sup> 68 FR 4169, January 28, 2003, presented in app. A.	
Source: Various <i>Federal Register</i> notices.	

<sup>1</sup> This investigation covers station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength, solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kilovolt Basic Impulse Insulation Level (BIL) and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. (ANSI) standard class specifications: T.R.-286, T.R.-287, T.R.-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.-308, T.R.-312, T.R.-316, T.R.-362 and T.R.-391. The subject merchandise is classifiable under subheading 8546.20.00 (statistical reporting number 8546.20.0060) of the Harmonized Tariff Schedule of the United States (HTS). *See*, 68 FR 4169, January 28, 2003.

During its initiation proceedings, Commerce sought additional information from the petitioners concerning the scope of the investigation. The petitioners originally proposed that the scope cover subject merchandise rated at greater than 69 kV voltage class and above (350 kV BIL and above). *See*, petition, pp. 11-12. However, the petitioners noted to Commerce that they do not manufacture station post insulators rated between 70 kV and 114 kV. As a result of this supplemental information, Commerce changed the voltage class of covered merchandise to 115 kV and above. *See*, 68 FR 4169, January 28, 2003.

## PREVIOUS INVESTIGATIONS

The Commission has not previously conducted antidumping or countervailing duty investigations concerning CSPI.

## ORGANIZATION OF THE REPORT

Information on the subject merchandise, alleged dumping margins, and the domestic like product are presented in Part I. Information on conditions of competition and other economic factors are presented in Part II. Information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment, are presented in Part III. Information on the volume of imports of the subject merchandise, apparent consumption, and market shares is presented in Part IV. Part V presents data on prices in the U.S. market. Part VI presents information on the financial experience of U.S. producers. Information on the subject country foreign producers and U.S. importers' inventories is presented in Part VII.

## SUMMARY OF DATA PRESENTED IN THE REPORT

A summary of data collected in the investigation is presented in appendix C. U.S. industry data are based on the questionnaire responses of four firms accounting for all known U.S. production during January 1999 through September 2002. Data on U.S. imports from Japan are based on the questionnaire response of one firm accounting for \*\*\* U.S. imports of CSPI from Japan during this period.<sup>2</sup> Data on the industry in Japan are based on the questionnaire response of one firm believed to account for approximately \*\*\* percent of Japanese production of the subject merchandise, and virtually all known exports of the subject merchandise to the United States during January 1999 through September 2002.

## THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On January 28, 2003, Commerce published its notice of initiation in the *Federal Register*. Based upon a comparison of constructed export price (CEP) to normal value (NV), the estimated dumping margin at initiation is 105.8 percent *ad valorem*. The anticipated period of investigation for Commerce's dumping investigation is October 1, 2001, through September 30, 2002.<sup>3</sup>

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<sup>2</sup> Information on imports from sources other than Japan are based on adjusted U.S. Customs Service (Customs) import data. For details regarding the use of adjusted Customs data, see *Part IV: U.S. Imports, Apparent Consumption, and Market Shares*.

<sup>3</sup> See, 68 FR 4169, January 28, 2003.

## THE SUBJECT PRODUCT

### Scope

The imported product subject to this investigation is defined by Commerce as—

*...station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength,<sup>4</sup> solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kilovolt Basic Impulse Insulation Level (BIL) and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. (ANSI) standard class specifications: T.R.-286, T.R.-287, T.R.-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.-308, T.R.-312, T.R.-316, T.R.-362 and T.R.-391. The subject merchandise is classifiable under subheading 8546.20.0060 of the HTS. While the HTS subheading is provided for convenience and U.S. Customs purposes, the written description above remains dispositive as to the scope of the investigation.<sup>5</sup>*

During its initiation proceedings, Commerce sought additional information from the petitioners concerning the scope of the investigation. The petitioners originally proposed that the scope cover subject merchandise rated at greater than 69 kV voltage class and above (350 kV BIL and above).<sup>6</sup> However, the petitioners noted to Commerce that they do not manufacture station post insulators rated between 70 kV and 114 kV. As a result of this supplemental information, Commerce changed the voltage class of covered merchandise to 115 kV and above.<sup>7</sup>

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<sup>4</sup> Station post insulators are manufactured in various styles and sizes, and are classified primarily according to the voltage they are designed to withstand. Under the governing industry standard issued by the Institute of Electrical and Electronic Engineers (IEEE), the voltage spectrum is divided into three broad classes: “medium” voltage (i.e., less than or equal to 69 kilovolts), “high” voltage (i.e., from 115 to 230 kilovolts), and “extra-high” or “ultra-high” voltage (i.e., greater than 230 kilovolts).

<sup>5</sup> See, 68 FR 4169, January 28, 2003.

<sup>6</sup> See, petition, pp. 11-12.

<sup>7</sup> The petitioners notified Commerce prior to its initiation that they do not oppose this change. See, petitioners’ postconference brief, p. 4.

### U.S. Tariff Treatment

Table I-2 presents current tariff rates for CSPI. The subject CSPI are classified under a tariff rate line that includes nonsubject ceramic electrical insulators, such as insulators with a voltage classification of 69 kV or less; suspension, line, and apparatus insulators; and insulators used in small electronic devices such as cell phones. The applicable statistical reporting number likewise covers nonsubject goods.

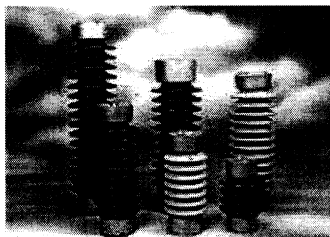
**Table I-2**  
**CSPI: Tariff rates, 2003**

HTS provision	Article description <sup>1</sup>	General <sup>2</sup>	Special <sup>3</sup>	Column 2 <sup>4</sup>
		<b>Rates (percent ad valorem)</b>		
8546.20.0060	Electrical insulators of ceramics: Used in high-voltage, low-frequency electrical systems: Other	3.0	Free	60.0
<p><sup>1</sup> An abridged description is provided for convenience; however, an unabridged description may be obtained from the respective headings, subheadings, and legal notes of the HTS.</p> <p><sup>2</sup> Normal trade relations, formerly known as the most-favored-nation duty rate, applicable to imports from Japan.</p> <p><sup>3</sup> For eligible goods under the Generalized System of Preferences, African Growth and Opportunity Act, Caribbean Basin Economic Recovery Act, Andean Trade Preference Act, Automotive Products Trade Act, Israel Free Trade Agreement, Jordan Free Trade Agreement, and NAFTA-originating goods of Canada and Mexico.</p> <p><sup>4</sup> Applies to imports from a small number of countries that do not enjoy normal or preferential trade relations duty status.</p>				
Source: Harmonized Tariff Schedule of the United States (2003).				

### Physical Characteristics and Uses

The scope in this investigation covers products that are recognized by the marketplace as high- and extra-high voltage ceramic station post insulators. Figure I-1 presents an example of different voltage-class ceramic station post insulators.<sup>8</sup>

**Figure I-1**  
**Example of different voltage-class ceramic station post insulators**



<sup>8</sup> For additional pictures of CSPI, see, petitioners' postconference brief, annex G.

These devices are used exclusively in electrical transmission and distribution substations where electrical voltages from power generating plants are increased or “stepped up” from approximately 25 kV to transmission line voltages ranging typically from 115 to 765 kV; and where transmission line voltages are subsequently reduced or “stepped down” to subtransmission voltages of 45 to 69 kV or distribution voltages of 36 kV and below.<sup>9</sup>

High and extra-high voltage CSPI are produced to ANSI and IEEE specifications in voltage classes ranging from 115 kV to over 1,000 kV. The most common voltage classes are 115 kV, 230 kV, 500 kV, and 765 kV.<sup>10</sup> CSPI are not produced in voltage classes between 70 kV to 114 kV because there are no applications for such voltages.<sup>11</sup> Station post insulators are produced in voltage classes of 69 kV and lower; however, such products are typically used in different applications.<sup>12</sup>

Station post insulators differ from other types of high voltage insulators such as those used on high voltage transmission towers. Station post insulators are single piece, solid or hollow core units that are designed to be rigid. On the other hand, transmission insulators are generally individual bell-shaped units that are connected together to form a “string” that is flexible enough to withstand the sway inherent in any component that is exposed to the wind. Line post insulators are visibly, mechanically, and electrically the most similar in configuration to station post insulators, but because these units are typically mounted horizontally on transmission poles or towers, the ends of these insulators are configured to accept different mounting hardware and the configuration of the skirts, or “sheds,” of the insulator have a distinctively different profile from station post insulators that are mounted vertically. Apparatus insulators are also distinguished from station post units in that their voltage ratings are significantly lower, they have a significantly larger internal cavity to slide over exposed metallic apparatus surfaces, and do not have external sheds.

An estimated 1 to 2 percent of U.S. installations in which station post insulators are employed are affected by environmental contaminants such as salt spray and industrial pollutants that can significantly impair the ability of traditional ceramic insulators to function as intended.<sup>13</sup> In these applications, the station post industry and other producers have responded by developing a class of

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<sup>9</sup> According to the IEEE, CSPI are used to support incoming and outgoing transmission and distribution power lines and internal substation electrical buses (rigid hollow conducting tubes) because of their ability to (1) efficiently block the flow of electrical current; (2) isolate the current in these high-voltage electrical conductors from undesired electrical pathways to prevent “shorts” to the ground through structural metal supports, equipment, or personnel; and (3) prevent “flashover” between equipment and structural members. Staff interview with \*\*\*.

<sup>10</sup> Staff interview with \*\*\*. A copy of the IEEE Standards Board’s *IEEE Standard for Insulation Coordination—Definitions, Principles, and Rules* (June 12, 2002), is presented in the petition, annex A.

<sup>11</sup> No U.S. producer reported producing CSPI between 70 kV and 114 kV, and there were no imports of such merchandise from Japan.

<sup>12</sup> All four U.S. producers produce CSPI in voltage classes of 69 kV and lower. However, the average unit value for these products ranged from \*\*\* in comparison to average unit values of \*\*\* for CSPI in voltage classes of 115 kV and higher.

<sup>13</sup> The accumulation of environmental pollutants on standard composition ceramic insulators has, in areas of high contamination (e.g., seashore locations), created electrical conditions favorable to a relatively high level of failure (i.e., corona discharge and flashover).

ceramic insulator with special semiconducting glazes<sup>14</sup> as well as non-ceramic composition insulators made from such materials as silicon rubber and polymers (such as ethylene propylene diene monomer). Because semiconducting-glaze insulators are typically sold at a premium, and non-ceramic insulators are, under normal operating conditions, not considered to be as reliable as their standard-glaze ceramic counterparts, the U.S. market for these products has generally been restricted to the small percentage of installations that have experienced severe environmental contamination problems.<sup>15</sup> In these applications, however, semiconducting glaze and composite material insulators would generally be in direct competition for these sales.

### **Manufacturing Process**

The manufacturing process for high- and extra-high voltage CSPI is summarized below. In general, there are three distinct stages that include: (1) mixing and extruding the raw materials, (2) drying, shaping, and glazing the extruded ceramic blanks, and (3) kiln-firing and finishing operations.

#### **Mixing and Extruding**

The mixing and extruding processes begin with the arrival of dried and powdered clay (predominately kaolinite, or  $\text{Al}_2\text{Si}_2\text{O}_5(\text{OH})_4$ ) and alumina<sup>16</sup> ( $\text{Al}_2\text{O}_3$ ), which are mixed together with water to form a slurry. The slurry mixture is blended and run through fine vibrating screens to eliminate any impurities and oversized particles. Excess moisture is eliminated from the mixture by pumping the slurry under high pressure through a filter press.<sup>17</sup> This process reduces the moisture content of the clay mixture from approximately 50 percent to between 15 and 20 percent. The pliable clay mixture is passed into a vacuum pug mill that removes any trapped air in the material that could form voids in the finished insulator. The material is subsequently extruded under high pressure into a cylindrical "pug" or blank and cut to length.

At this stage in the production process, the U.S. and Japanese manufacturers diverge into either a wet (green) or dry process. In the green process, the ends of the blanks are fitted with electrodes and an electric current is employed to reduce the moisture to between 15 and 17 percent, while in the dry process the blanks go to an area where controlled air or heat drying reduces the internal moisture content to around 3 percent.<sup>18</sup>

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<sup>14</sup> Semiconducting glazes impart two unique operating characteristics that are not associated with non-conductive glazes. They permit the passage of a low leakage current that produces a mild heating effect, which in turn helps to dry the insulator; and they suppress partial electrical discharges by keeping voltage distribution around the insulator uniform.

<sup>15</sup> \*\*\*. Staff interview with \*\*\*.

<sup>16</sup> Alumina is added to increase the mechanical strength of the finished insulator.

<sup>17</sup> The amount of water that is removed depends upon whether the insulator will be shaped using a dry or wet (green) process.

<sup>18</sup> \*\*\*. Staff interview with \*\*\*. \*\*\*. Staff interview with \*\*\*. \*\*\*. \*\*\*. Staff interview with \*\*\*.



## Drying, Shaping, and Glazing

After a short drying period, the “green” blanks are placed on vertical turntables where a computer numerically controlled (CNC) tool gradually removes material until the appropriate external shape (with external skirt, or “sheds”) of the insulator is obtained. At this point, the shaped blanks are moved to a drying area and the electrodes at either end of the piece are again connected to an electrical source. The residual moisture in the piece helps to conduct an electric current that permits a more uniform drying of the shaped insulator than would be possible with regular air drying. This process also helps to reduce warpage.

Dry process insulators arrive from their drying areas with a much lower moisture content than wet blanks. As a result, the clay material is already significantly hardened and the tooling that must be used to shape each individual piece must be significantly more durable. The process used to machine the excess material is essentially the same as that for “green” pieces but takes longer because the hardened material is more difficult to remove. After the insulator is shaped, it is sent to a glazing area. Each piece is either dipped in glazing material or placed on a revolving turntable that spins the piece and indexes it to different positions where it is successively wetted, sprayed with glazing material, and dried. At this stage in the process, sand is also applied to both ends of the insulator to create a rough surface that improves the adhesion of mounting hardware. “Green” process insulators undergo virtually identical operations.

## Kiln-Firing and Finishing

After glazing, both “green” and dry process insulators are placed in vertical racks on wheeled rail cars. These cars are subsequently rolled into large stationary kilns (for taller insulators) or tunnel kilns (for shorter insulators). The insulators are subjected to high temperatures in the natural-gas fired kilns for a number of hours before being removed. After the pieces are cooled, final finishing consists of attaching mounting and connecting hardware caps and/or bases to one or both ends of each insulator.<sup>19</sup> This is accomplished by first applying an asphalt coating to the inside of the cast iron end caps or bases (and also often to the insulator itself). The end caps or bases are then affixed to the insulator with Portland cement, which is subsequently steam-cured.

Although station post insulators represent relatively mature production technology with regard to materials and firing processes, significant technological strides have been made in moving from hollow or cavity core insulators to what is today the industry standard solid core insulator. The only cavity core station post insulators that reportedly are still produced are replacements for damaged units.<sup>20</sup>

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<sup>19</sup> \*\*\*. Staff interview with \*\*\*.

<sup>20</sup> \*\*\*. Staff interview with \*\*\*.

The green production process for station post insulators is also recognized as a significant development in production technology although one industry source maintains that cost differentials for the wet versus the dry process are insignificant.<sup>21</sup>

### DOMESTIC LIKE PRODUCT ISSUES<sup>22</sup>

The petitioners argue that there is a single domestic like product corresponding to the scope definition.<sup>23</sup> The respondents do not object to the petitioners' proposed definition of the domestic like product, as amended.<sup>24</sup>

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<sup>21</sup> \*\*\*. Staff interview with \*\*\*.

<sup>22</sup> The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

The Commission's questionnaires asked firms to discuss the similarities and differences between medium voltage CSPI (69 kV or lower) and high and extra-high voltage CSPI (115 kV and higher) in terms of the six factors listed above. A summary of comments received is presented below:

Physical characteristics.—Most firms identified size and weight as distinguishing factors; the fact that medium voltage products are typically single units rather than stacked units, and the fact that medium voltage CSPI are typically used in distribution applications while high and extra-high voltage CSPI are used in transmission applications.

Common manufacturing facilities and production employees.—The clay making processes are similar, regardless of voltage; however, the machining, firing, and assembly processes for high and extra-high voltage CSPI are more sophisticated and demanding than medium voltage CSPI. Some manufacturers use different production methods for medium vs. higher voltage CSPI (e.g., \*\*\*).

Interchangeability.—No interchangeability among CSPI of different voltage classes. Each voltage class meets distinct ANSI-IEEE standards.

Customer and producer perceptions.—High and extra-high voltage CSPI are typically viewed as more sophisticated products than are medium voltage CSPI; and because of their greater size and weight, high and extra-high voltage CSPI must be installed by mechanical means (i.e., by manipulators or cranes) while medium voltage CSPI may be lifted by hand.

Channels of distribution.—Similar distribution channels among different voltage classes, with sales through manufacturers' representatives, direct sales, and distributors; however, high and extra-high voltage CSPI are more likely to be sold directly to utilities or through packagers dealing directly with utilities.

Price.—Pricing for medium voltage CSPI are significantly lower than high and extra-high voltage CSPI, even when comparing the largest medium voltage CSPI (69 kV) to the smallest high voltage CSPI (115 kV).

See, producers' questionnaire, question II-15, and importers' questionnaire, question II-8. Responses may be viewed on the Commission's EDIS II web site at <http://edis.usitc.gov>.

<sup>23</sup> See, petition, p. 25. The petitioners have amended the definition of the domestic like product in the petition (p. 11) to conform with Commerce's revised scope (i.e., voltage class rating of 115 kV and above). See, petitioners' postconference brief, p. 4.

<sup>24</sup> See, testimony of Robert Cassidy, counsel to respondents, conference transcript, p. 89. See also, respondents' postconference brief, p. 31.

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

### CHANNELS OF DISTRIBUTION

CSPI are sold through three primary channels of distribution: “packagers” and distributors, original equipment manufacturers (OEMs), and electric utilities. Over the past five years, utilities have sought to reduce inventory costs and outsource maintenance functions. This has led to a decrease in sales directly to electric utilities and a corresponding increase in sales to packagers/ distributors. Sales to OEMs are mostly under “blanket” agreements, and sales to electric utilities are mostly on the spot market.<sup>1</sup> Data for the four U.S. producers’ shipments to each of the channels can be found in table II-1. All producers and importers noted selling throughout the entire United States. The four producers noted selling \*\*\* percent of their CSPI at distances of greater than 1,000 miles.

**Table II-1**  
**CSPI: Percentage of producers’ and importer’s shipments sent to different channels of distribution, 2001**

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\* \* \* \* \*

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Most sales of CSPI are made through independent sales agents. In 2001, the four U.S. producers noted making \*\*\* percent of their sales via independent sales agents. Lapp noted that \*\*\*. Locke replied that \*\*\* percent of its imports were sold via independent agents.

The overall market commission rate is 5 percent, though petitioners note in some cases a lower rate applies.<sup>2</sup> Lapp’s average commission rate in 2001 was \*\*\* percent, however.<sup>3</sup> Sales agents for Lapp selling to OEMs make an average commission of \*\*\* percent.<sup>4</sup> Victor stated that its sales agents make commissions of \*\*\* percent, and Newell’s representatives received an average commission of \*\*\* percent in 2001.<sup>5</sup> Locke’s reported average commission rate for 2001 was \*\*\* percent.<sup>6</sup> Direct sales account for a smaller portion of sales, and are typically to OEMs who purchase under “blanket” agreements. A third, more recent, avenue of sales is via internet auction. Petitioners note that there have been four significant auctions in the last 4 months, three won by NGK.<sup>7</sup>

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<sup>1</sup> Petition, p. 22.

<sup>2</sup> Id., p. 23.

<sup>3</sup> Id., p. 23.

<sup>4</sup> See, petitioners’ postconference brief, p. 29.

<sup>5</sup> Id., p. 29.

<sup>6</sup> See, respondents’ postconference brief, app. 1, p. 6.

<sup>7</sup> Petition, p. 23.

### **Lead Times**

The average lead time for producers in their delivery of CSPI varies greatly, especially with regard to whether the item is in inventory or not. Newell and Victor reported average lead times of \*\*\*, respectively. Lapp and Locke \*\*\*. Lead times can be one of the most important factors in determining if a company gets a sale.<sup>8</sup>

### **Internet Sales**

Recently, there have been some sales via “reverse auctions” on the internet. All four firms noted in their questionnaire responses that the internet has had a significant impact on the market for CSPI, with all four noting that it has driven prices lower than they otherwise would have been. \*\*\* estimated the impact to be five to ten percent lower prices. \*\*\* noted that it removed all service aspects of the industry, placing a heavier emphasis on price, a sentiment that \*\*\* echoed in its questionnaire response. Petitioners noted that they are aware of four significant auctions during the past 18 months, noting that in three of the four cases, NGK (Locke) was the winner.<sup>9</sup> Locke noted that \*\*\* percent of its import sales in 2001 were via internet auction. \*\*\* via internet auction in 2001. \*\*\*.

## **SUPPLY AND DEMAND CONSIDERATIONS**

### **U.S. Supply**

There are four producers of CSPI in the United States. In the short term, CSPI producers are likely to respond to changes in price with small changes in the quantity shipped to the U.S. market. Supply responsiveness is constrained by the amount of inventory on hand, the time it takes to produce CSPI, and a lack of production alternatives.

U.S. producers’ reported capacity to produce CSPI increased throughout the period of study, increasing by 39.4 percent from 1999 to 2001 and increasing by 3.4 percent in interim 2002 compared to interim 2001. The industry’s capacity utilization rate fell, however, from 91.7 percent in 1999 to 81.5 in 2001 and from 79.4 percent in interim 2001 to 77.1 percent in interim 2002.

U.S. producers’ export shipments have been relatively moderate compared to shipments to the U.S. market. On a quantity basis, the percentage of producers’ export shipments relative to their total shipments fluctuated between \*\*\* and \*\*\* percent during the period of study.

Ending inventories as a percentage total shipments dipped between 1999 and 2000 from \*\*\* percent to \*\*\* percent. Inventories grew at the end of 2001, though, to \*\*\* percent of shipments. In interim 2002, inventories grew even larger, reaching \*\*\* percent of annualized 2002 U.S. shipments.

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<sup>8</sup> See, testimony of John Dippold, Locke, conference transcript, pp. 74, 77, and 79.

<sup>9</sup> Petition, p. 23.

## U.S. Demand

Demand for CSPI is highly dependent on the demand of electric utilities. The market for CSPI varies with the level of investment by these firms. Most CSPI are used in the upgrade or construction of power plants or electrical substations, but some are used as replacements for CSPI damaged by things such as vandals or hurricanes. Lapp, Newell, and Victor estimated that replacement CSPI make up approximately \*\*\* percent of sales, respectively.<sup>10</sup>

During the period of study, the market increased from 1999 to the first quarter of 2002 as electric utility companies were building larger plants and upgrading the electricity grid. However, since then the market has become tighter, back down to 1999 levels. \*\*\* noted that economic conditions brought the market down. As there is less overall construction in the economy, there is less demand for new electrical equipment to outfit the new construction, and, therefore, less demand for CSPI. Also, \*\*\* reported that the post-Enron fallout has made securing financing in the utilities industries more difficult, which has cut back on upgrading and the construction of new power facilities. The petition states that demand follows multi-year cycles, with surges about every 10 years,<sup>11</sup> and Newell noted that \*\*\*. Locke disagrees with petitioners' characterization of demand being "cyclical," opting instead to note that the market is subject to demand spikes. It noted that there was a spike in demand for transmission line construction in 1989-90 and a spike in 2000-2002 for power generation as a result of the deregulation of the power industry and the electricity crisis.<sup>12</sup>

## Cost Share

CSPI are typically part of electric substations and switches. Newell, Lapp, and Locke, respectively, estimated that they account for \*\*\* percent of the cost of a manufactured switch. Replies were more varied with respect to use as bus supports for electrical substations: Locke estimated that CSPI make up \*\*\* percent of the cost, whereas Newell put the estimate at \*\*\* percent. Lapp, on the other hand, noted that it believes the CSPI \*\*\* of the cost of an electrical substation.

## Substitute Products

There is very little in the way of substitutes for CSPI. Non-ceramic (polymer) station post insulators are in the marketplace, but represent less than one percent of the market.<sup>13</sup> These products are not thought of as the same industry and are only purchased by those who need these specialty products and are willing to pay a premium of 60 to 100 percent for them.<sup>14</sup> All four responding firms noted that substitution would occur only in very limited applications, for example, in \*\*\* seismic areas.<sup>15</sup>

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<sup>10</sup> See, petitioners' postconference brief, p. 28.

<sup>11</sup> Petition, p. 43.

<sup>12</sup> See, respondents' postconference brief, p. 14.

<sup>13</sup> See, testimony of Andrew Sheldrick, conference transcript, p. 56.

<sup>14</sup> See, testimony of Robert Johnson, Lapp, and Richard Boltuck, Charles River Associates, p. 57.

<sup>15</sup> \*\*\* questionnaire response.

## **SUBSTITUTABILITY ISSUES**

The degree of substitution between domestic and imported CSPI depends on a number of factors. The characteristics of the product must meet certain ANSI-IEEE specifications before it can be sold. Companies may manufacture CPSI to go beyond these minimum specifications, however. Relative prices are an important factor in this market, too, since CSPI have become somewhat of a commodity product in recent years.<sup>16</sup> Furthermore, lead times for delivery are an important factor in the marketplace.<sup>17</sup>

### **Comparison of Domestic Products with Subject Imports**

When asked if CSPI made in the United States and Japan are used interchangeably, all producers responded "yes." All CSPI must meet the ANSI-IEEE standards for station posts or else they will not be purchased. \*\*\* noted that the only exception would be for insulators for specialty applications, and \*\*\* qualified its response, stating that the station post must have prior approval at the end user's facility or system.

When asked if differences other than price between CSPI produced in the United States and Japan were a significant factor in deciding the firms' sales, \*\*\* replied affirmatively and \*\*\* replied negatively. \*\*\* pointed out that domestic manufacturers may enjoy a shorter lead time while \*\*\* also described a price break a domestic firm might receive for a government contract and \*\*\* said that domestic availability may be higher.

### **Comparison of Domestic Products and Subject Imports with Nonsubject Imports**

The main countries producing CSPI are Austria, Brazil, France, Germany, India, Slovakia, and Sweden.<sup>18</sup> Three of the four responding firms noted interchangeability between U.S.-produced CSPI and nonsubject CSPI. \*\*\* answered negatively, averring that although they are physically similar, nonsubject CSPI are far less accepted due to quality, uniformity, and approval issues. Responses were the same with regard to the interchangeability of subject imports and nonsubject imports: three of four stated they are interchangeable, with \*\*\* giving the same negative reply.

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<sup>16</sup> See, testimony of Robert Cassidy, conference transcript, p. 102, and respondents' postconference brief, p. 2.

<sup>17</sup> See, testimony of John Dippold, Locke, conference transcript, pp. 74, 77, and 79.

<sup>18</sup> See, respondents' postconference brief, p. 13, and app. 7.

## **PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT**

Information on capacity, production, shipments, inventories, and employment is presented in this section of the report and is based on the questionnaire responses of four U.S. producers of CSPI representing all known U.S. production during January 1999-September 2002. A summary of U.S. producer data is presented in appendix C.

### **U.S. PRODUCERS**

Four firms, Lapp, Locke, Newell, and Victor, currently produce CSPI in the United States.<sup>1</sup> Table III-1 presents U.S. producers responding to the Commission's questionnaires, including information on the locations of production facilities and the shares of reported U.S. production and U.S. shipments in 2001.

The petitioners argue that Locke should be excluded from the domestic industry for purposes of determining whether the domestic industry has been materially injured or threatened with material injury by reason of the subject imports.<sup>2</sup> Therefore, for purposes of this analysis, industry data are presented separately for the three petitioners and Locke.

### **U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION**

U.S. producers' capacity, production, and capacity utilization data are presented in table III-2 and figure III-1. Lapp, Newell, and Victor produce a full line of ceramic insulators including station post and line post insulators. Locke produces only station post insulators.<sup>3</sup>

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<sup>1</sup> One other firm, Porcelain Products, produces only low-voltage ceramic station post insulators in the United States. See, web site of Insulator News & Market Report, [http://www.inmr.com/bg2003/indexes/station\\_post\\_insulators.htm](http://www.inmr.com/bg2003/indexes/station_post_insulators.htm).

<sup>2</sup> See, petitioners' postconference brief, pp. 21-23.

<sup>3</sup> \*\*\*.

**Table III-1**  
**CSPI: U.S. producers, locations of production facilities, positions taken with respect to the petition, shares of U.S. production, and shares of U.S. shipments, 2001**

Firm	Location of production facilities	Position taken with respect to the petition			Share of production based on units	Share of U.S. shipments based on units
		Response	Public			
			Yes	No	Percent	
Lapp <sup>1</sup>	LeRoy, NY	Petitioner	✓		***	***
	Sandersville, GA					
Newell <sup>2</sup>	Newell, WV	Petitioner	✓		***	***
Victor <sup>3</sup>	Victor, NY	Petitioner	✓		***	***
Subtotal					***	***
Locke <sup>4</sup>	Baltimore, MD	Opposes	✓		***	***
Total					100.0	100.0

<sup>1</sup> Lapp is a wholly-owned subsidiary of privately-held Lapp Holdings LLC, LeRoy, NY. In June 2000, Lapp purchased CeramTec AG, Wunsiedel, Germany and subsequently renamed it Lapp Insulator GmbH & Co. See, letter of Andrew Sheldrick, counsel to petitioners, February 4, 2003. Lapp has U.S. manufacturing facilities in LeRoy, NY, and Sandersville, GA. Including its Germany subsidiary, Lapp states that it is now the second largest electrical insulator company in the world. For additional information see, Lapp's web site at <http://www.lappinsulator.com>.

<sup>2</sup> Newell is a wholly-owned subsidiary of Newell Holding Co., Inc., Newell, WV. Newell produces low-voltage (7.5 kV to 69 kV) station post insulators, high-voltage (115kV to 230 kV) station post insulators, and extra-high voltage (345 kV to 500 kV) station post insulators. For additional information see, Newell's web site at <http://www.newellporcelain.com>.

<sup>3</sup> Victor is a privately-held employee-owned company. Victor produces low-voltage (7.5 kV to 69 kV) station post insulators, high-voltage (115kV to 230 kV) station post insulators, and extra-high voltage (345 kV to 500 kV) station post insulators. Victor also produces a full line of porcelain distribution insulators (pin type, spool, strain, line post, suspension, and pin post); polymer distribution insulators (15 kV to 35 kV); switch insulators; and cap and pin replacement insulators. For additional information see, Victor's web site at <http://www.victorinsulators.com>.

<sup>4</sup> Locke is a wholly-owned subsidiary of NGK North America Inc., which in turn is a wholly-owned subsidiary of NGK Insulators, Ltd., Nagoya, Japan. NGK also owns NGK-Locke Polymer Insulators, Virginia Beach, VA, a producer of silicone polymer insulators for transmission lines and substations. For additional information, see, NGK-Locke Polymer Insulators' web site at <http://www.ngk-polymer.com>. All of Locke's sales (U.S. production and imports) are sold through a related entity, NGK-Locke.

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

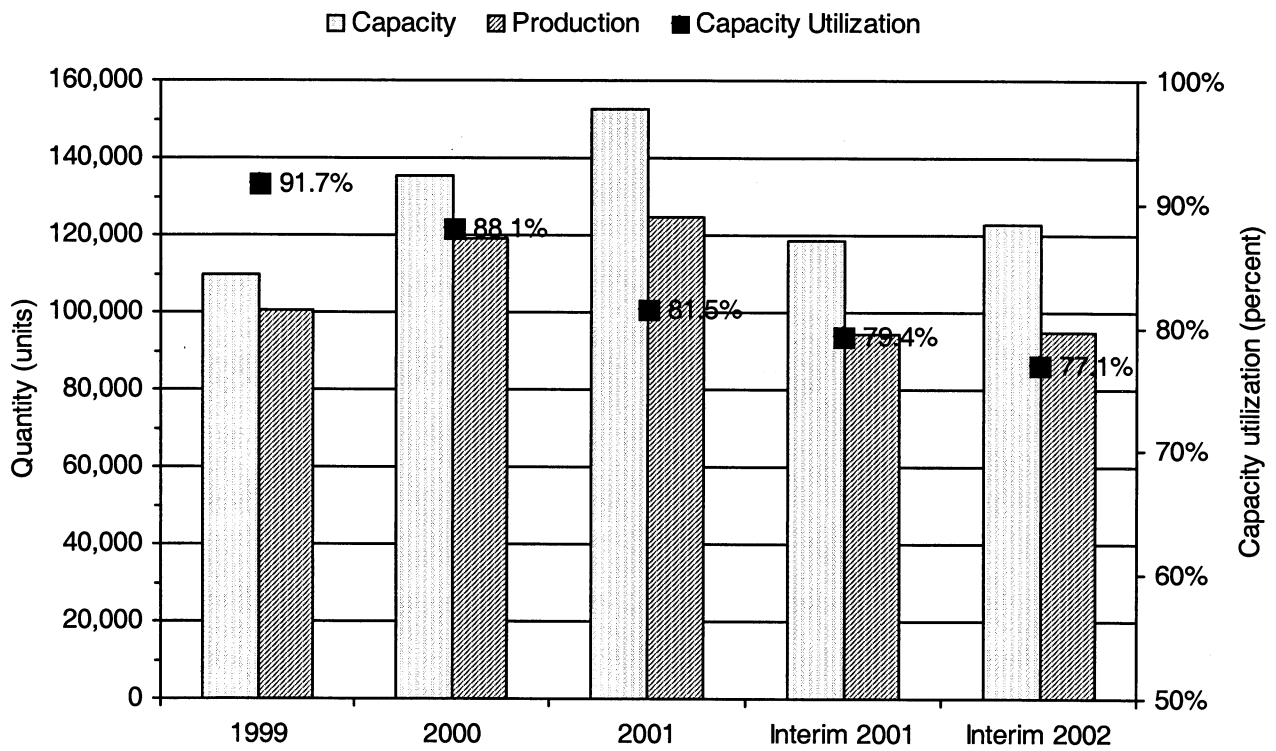
Source: Compiled from data submitted in response to Commission questionnaires.



**Table III-2**  
**CSPI: U.S. producers' capacity, production, and capacity utilization, by firms, 1999-2001, January-September 2001, and January-September 2002**

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<b>Quantity (units)</b>				
Capacity:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	109,613	135,215	152,752	118,701	122,817
Production:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke <sup>1</sup>	***	***	***	***	***
Total	100,562	119,135	124,482	94,296	94,733
	<b>Ratio (percent)</b>				
Capacity utilization:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	91.7	88.1	81.5	79.4	77.1
<p><sup>1</sup> Locke imported *** units of the subject merchandise in 1999, *** units in 2000, *** units in 2001, *** units in January-September 2001, and *** units in January-September 2002. Locke's subject imports as a share of its production were *** percent in 1999, *** percent in 2000, *** percent in 2001, *** percent in January-September 2001, and *** percent in January-September 2002.</p>					
Source: Compiled from data submitted in response to Commission questionnaires.					

**Figure III-1**  
**CSPI: U.S. producers' capacity and production, 1999-2001, January-September 2001, and January-September 2002<sup>1</sup>**



<sup>1</sup> Includes data for Locke.

Source: Table III-2.

### **U.S. PRODUCERS' SHIPMENTS**

Data on U.S. producers' shipments are presented in table III-3. Table III-4 presents data on U.S. producers' shipments by voltage class. Data on U.S. producers' shipments by market segments are presented in table III-5.

### **U.S. PRODUCERS' PURCHASES**

\*\*\*<sup>4</sup>

### **U.S. PRODUCERS' INVENTORIES**

Data on U.S. producers' inventories of CSPI are presented in table III-6.

### **U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY**

U.S. producers' employment data are presented in table III-7.

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<sup>4</sup> \*\*\*.

**Table III-3**  
**CSPI: U.S. producers' shipments, by firms, 1999-2001, January-September 2001, and January-September 2002**

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<b>Quantity (units)</b>				
<b>Commercial U.S. shipments:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke <sup>1</sup>	***	***	***	***	***
Total	***	***	***	***	***
<b>Transfers to related firms:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke <sup>1</sup>	***	***	***	***	***
Total	***	***	***	***	***
<b>U.S. shipments:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	86,071	109,301	106,442	80,588	80,073
<b>Export shipments:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***
<b>Total shipments:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***
Table continued on next page. See footnotes at end of table.					

Table III-3--Continued

CSPI: U.S. producers' shipments, by firms, 1999-2001, January-September 2001, and January-September 2002

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	Value (\$1,000)				
Commercial U.S. shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke <sup>1</sup>	***	***	***	***	***
Total	***	***	***	***	***
Transfers to related firms:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke <sup>1</sup>	***	***	***	***	***
Total	***	***	***	***	***
U.S. shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	25,006	33,182	36,923	27,375	26,245
Export shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***
Total shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***

Table continued on next page. See footnotes at end of table.

Table III-3--Continued

CSPI: U.S. producers' shipments, by firms, 1999-2001, January-September 2001, and January-September 2002

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	Unit value (per unit)				
Commercial U.S. shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***
Transfers to related firms:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***
U.S. shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	\$291	\$304	\$347	\$340	\$328
Export shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***
Total shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***
<sup>1</sup> All of Locke's commercial shipments are sold through its sales arm, NGK-Locke. <sup>2</sup> Not applicable.					
Source: Compiled from data submitted in response to Commission questionnaires.					

**Table III-4**  
**CSPI: U.S. producers' shipments, by firms and by voltage class, 1999-2001, January-September 2001, and January-September 2002**

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
<b>Quantity (units)</b>					
<b>Voltage class of 115 kV-242 kV:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	72,437	85,096	74,988	56,924	59,291
<b>Voltage class of 243 kV and above:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	6,080	11,787	14,805	11,259	7,562
<b>Total:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	78,517	96,883	89,793	68,183	66,853
<b>Value (\$1,000)</b>					
<b>Voltage class of 115 kV-242 kV:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	20,020	23,218	24,364	17,647	19,051
<b>Voltage class of 243 kV and above:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	4,982	9,045	12,839	9,887	7,254
<b>Total:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	25,002	32,263	37,203	27,534	26,305
Table continued on next page.					

*Ceramic Station Post Insulators*

**Table III-4--Continued**

**CSPI: U.S. producers' shipments, by firms and by voltage class, 1999-2001, January-September 2001, and January-September 2002**

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
<b>Unit value (per unit)</b>					
<b>Voltage class of 115 kV-242 kV:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	\$276	\$273	\$325	\$310	\$321
<b>Voltage class of 243 kV and above:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	819	767	867	878	959
<b>Total:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	318	333	414	404	393
<b>Share of quantity (percent)</b>					
<b>Voltage class of 115 kV-242 kV:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
<b>Voltage class of 243 kV and above:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
<b>Total:</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Note.--Due to inconsistencies in reporting, shipment totals may differ from those presented elsewhere in the report.					
Source: Compiled from data submitted in response to Commission questionnaires.					



**Table III-5**  
**CSPI: U.S. producers' shipments, by firms and by market segments, 1999-2001, January-September 2001,**  
**and January-September 2002**

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<b>Quantity (units)</b>				
Electric utilities:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	26,138	34,159	28,132	21,327	23,202
Packagers and distributors: <sup>1</sup>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	15,952	17,531	27,321	19,378	18,321
Original equipment manufacturers: <sup>2</sup>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	36,427	45,193	34,340	27,478	25,330
Total:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	78,517	96,883	89,793	68,183	66,853
Table continued on next page. See footnotes and end of table.					

Table III-5--Continued

CSPI: U.S. producers' shipments, by firms and by market segments, 1999-2001, January-September 2001, and January-September 2002

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	Value (\$1,000)				
Electric utilities:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	9,327	11,522	14,984	10,671	10,409
Packagers and distributors: <sup>1</sup>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	5,728	6,788	10,929	7,658	8,435
Original equipment manufacturers: <sup>2</sup>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	9,947	13,953	11,290	9,205	7,461
Total:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	25,002	32,263	37,203	27,534	26,305
Table continued on next page. See footnotes and end of table.					

Table III-5--Continued

CSPI: U.S. producers' shipments, by firms and by market segments, 1999-2001, January-September 2001, and January-September 2002

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<i>Unit value (per unit)</i>				
Electric utilities:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	\$357	\$337	\$533	\$500	\$449
Packagers and distributors: <sup>1</sup>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	359	387	400	395	460
Original equipment manufacturers: <sup>2</sup>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	273	309	329	335	295
Total:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	318	333	414	404	393
Table continued on next page. See footnotes at end of table.					

Table III-5--Continued

CSPI: U.S. producers' shipments, by firms and by market segments, 1999-2001, January-September 2001, and January-September 2002

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<b>Share of quantity (percent)</b>				
Electric utilities:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Packagers and distributors: <sup>1</sup>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Original equipment manufacturers: <sup>2</sup>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Total:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Packagers and distributors are usually substation designers, builders, or contractors. <sup>2</sup> Original equipment manufacturers are usually manufacturers of high-voltage switches.					
Note.--Due to inconsistencies in reporting, shipment totals may differ from those presented elsewhere in the report.					
Source: Compiled from data submitted in response to Commission questionnaires.					

**Table III-6**  
**CSPI: U.S. producers' end-of-period-inventories, by firms, 1999-2001, January-September 2001, and**  
**January-September 2002**

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<b>Quantity (units)</b>				
End-of-period inventories:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	16,818	14,730	20,665	19,332	27,040
	<b>Ratios (percent)</b>				
Inventories to production:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	16.7	12.4	16.6	15.4	21.4
Inventories to U.S. shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	19.5	13.5	19.4	18.0	25.3
Inventories to total shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	***	***	***	***	***
<p>Note.—Due to certain inconsistencies in reporting, production, shipments, and inventories may not reconcile. Partial-year ratios are calculated using annualized production and shipment data.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table III-7

Average number of production and related workers producing CSPI, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, by firms, 1999-2001, January-September 2001, and January-September 2002

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
<b>Production and related workers</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	245	274	300	303	269
<b>Hours worked (1,000 hours)</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	516	604	700	547	452
<b>Wages paid (\$1,000)</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	7,436	9,265	10,845	8,319	7,197
<b>Hourly wages (per hour)</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	\$14.41	\$15.34	\$15.49	\$15.21	\$15.92
<b>Productivity (units per 1,000 hours)</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	195	197	178	172	210
<b>Unit labor costs (dollars)</b>					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	74	78	87	88	76
Source: Compiled from data submitted in response to Commission questionnaires.					

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

### U.S. IMPORTERS

The Commission sent questionnaires to 14 firms believed to import CSPI from January 1999 through September 2002, and received responses from all firms.<sup>1</sup> Only one firm, Locke, reported imported CSPI from Japan during this period and accounted for \*\*\* imports of the subject merchandise.<sup>2</sup> \*\*\*.

### U.S. IMPORTS

Data on imports from Japan are based on the questionnaire response of Locke, while imports from all other sources are based on adjusted Customs data.<sup>3</sup> Figure IV-1 and table IV-1 present data on U.S. imports of CSPI.

#### Figure IV-1

CSPI: U.S. imports, 1999-2001, January-September 2001, and January-September 2002

\* \* \* \* \*

Almost all of Locke's imports from NGK display the "Locke" brand, not the NGK brand. Therefore, purchasers do not necessarily know whether a Locke product was imported or produced in the United States.<sup>4</sup>

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<sup>1</sup> A list of potential importers was derived from information provided by Customs. However, because the subject HTS subheading contains merchandise outside of the scope of this investigation, 12 of these firms indicated that they had not imported CSPI from any source during this period.

<sup>2</sup> Based on information from Customs, \*\*\*. \*\*\*.

<sup>3</sup> Commission staff asked parties to provide additional information regarding the identification of foreign producers outside of Japan that were known to produce or are capable of producing CSPI, and whether or not they exported CSPI to the United States from January 1999 to September 2002. The petitioners identified 15 such firms (*see*, petitioners' postconference brief, exh. C) and the respondents identified 3 such firms (*see*, respondents' postconference brief, exh. 1, p. 9). Based on this information and on questionnaire responses from importers stating that they had not imported CSPI, adjustments were made to the Customs data to approximate imports of CSPI from nonsubject sources. *See*, Fred Fischer's note to the record containing the adjusted Customs import data runs and details of adjustments made to the data.

<sup>4</sup> \*\*\*. *See*, e-mail to Fred Fischer from \*\*\*.

**Table IV-1**  
**CSPI: U.S. imports, by sources, 1999-2001, January-September 2001, and January-September 2002**

Source	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<b>Quantity (units)</b>				
Japan <sup>1</sup>	***	***	***	***	***
All other sources <sup>2</sup>	***	***	***	***	***
Total	10,875	18,005	49,867	38,521	33,507
	<b>Value (\$1,000)</b>				
Japan <sup>1</sup>	***	***	***	***	***
All other sources <sup>2</sup>	***	***	***	***	***
Total	5,042	6,921	16,518	12,792	13,129
	<b>Unit value (per unit)</b>				
Japan <sup>1</sup>	***	***	***	***	***
All other sources <sup>2</sup>	***	***	***	***	***
Average	\$464	\$384	\$331	\$332	\$392
	<b>Share of quantity (percent)</b>				
Japan <sup>1</sup>	***	***	***	***	***
All other sources <sup>2</sup>	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
	<b>Share of value (percent)</b>				
Japan <sup>1</sup>	***	***	***	***	***
All other sources <sup>2</sup>	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Data for Japan are based on the questionnaire response of Locke. ***. See, table IV-4. <sup>2</sup> Data for "all other sources" are based on adjusted Customs data. "All other sources" consists of imports from Austria, France, Germany, India, Norway, Spain, and Sweden.					
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires and Customs data.					



### U.S. IMPORTERS' SHIPMENTS

Data on U.S. importers' shipments of subject imports from Japan by voltage class and by market segments are presented in table IV-2 and table IV-3, respectively.

Table IV-2

CSPI: U.S. importers' shipments of imports from Japan, by voltage class, 1999-2001, January-September 2001, and January-September 2002

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\* \* \* \* \*

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Table IV-3

CSPI: U.S. importers' shipments of imports from Japan, by market segments, 1999-2001, January-September 2001, and January-September 2002

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\* \* \* \* \*

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### U.S. IMPORTERS' CURRENT ORDERS

Since September 30, 2002, Locke has arranged for \*\*\* shipments that include \*\*\* CSPI from Japan valued at \$\*\*\*.<sup>5</sup> Locke stated that it placed its last order for imports from NGK in October 2002, and that it will no longer import CSPI from Japan after April 2003.<sup>6</sup>

### U.S. PRODUCERS' IMPORTS

Other than Locke, \*\*\*. \*\*\*.<sup>7</sup>

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<sup>5</sup> See, Locke's importer questionnaire response, question II-3, attachment 2.

<sup>6</sup> See, testimony of John Dippold, Locke, conference transcript, pp. 82 and 85. See also, Locke's importer questionnaire response (question II-3 and attachment 2) and respondents' postconference brief, pp. 29-30.

<sup>7</sup> \*\*\*.

## **APPARENT U.S. CONSUMPTION**

Figure IV-2 and table IV-4 present data on apparent U.S. consumption of CSPI.

**Figure IV-2**  
**CSPI: Apparent U.S. consumption, by sources, 1999-2001, January-September 2001, and January-September 2002**

\* \* \* \* \*

## **U.S. MARKET SHARES**

Table IV-5 presents data on U.S. market shares based on apparent U.S. consumption of CSPI.

**Table IV-4**

**CSPI: U.S. shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1999-2001, January-September 2001, and January-September 2002**

Item	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<b>Quantity (units)</b>				
U.S. producers' domestic shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	86,071	109,301	106,442	80,588	80,073
U.S. importers' domestic shipments:					
Japan <sup>1</sup>	***	***	***	***	***
All other sources <sup>2</sup>	***	***	***	***	***
Subtotal	***	***	***	***	***
Apparent U.S. consumption	95,951	125,977	146,837	111,239	119,034
	<b>Value (\$1,000)</b>				
U.S. producers' domestic shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	25,006	33,182	36,923	27,375	26,245
U.S. importers' domestic shipments:					
Japan <sup>1</sup>	***	***	***	***	***
All other sources <sup>2</sup>	***	***	***	***	***
Subtotal	***	***	***	***	***
Apparent U.S. consumption	30,317	40,597	52,094	38,573	42,266
<sup>1</sup> ***. See, table IV-1. <sup>2</sup> Data for "all other sources" are for U.S. imports rather than shipments of imports, which were not available..					
Note.—Because of rounding, figures may not add to totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires and Customs data.					

**Table IV-5**  
**CSPI: Apparent U.S. consumption and market shares, by sources, 1999-2001, January-September 2001,**  
**and January-September 2002**

Source	Calendar year			January-September	
	1999	2000	2001	2001	2002
	<b>Quantity (units)</b>				
Apparent U.S. consumption	95,951	125,977	146,837	111,239	119,034
	<b>Value (\$1,000)</b>				
Apparent U.S. consumption	30,317	40,597	52,094	38,573	42,266
	<b>Share of quantity (percent)</b>				
U.S. producers' domestic shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	89.7	86.8	72.5	72.4	67.3
U.S. importers' domestic shipments:					
Japan	***	***	***	***	***
All other sources <sup>1</sup>	***	***	***	***	***
Subtotal	10.3	13.2	27.5	27.6	32.7
	<b>Share of value (percent)</b>				
U.S. producers' domestic shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	82.5	81.7	70.9	71.0	62.1
U.S. importers' domestic shipments:					
Japan	***	***	***	***	***
All other sources <sup>1</sup>	***	***	***	***	***
Subtotal	17.5	18.3	29.1	29.0	37.9
<sup>1</sup> Data for "all other sources" are for U.S. imports rather than shipments of imports, which were not available.					
Note.—Because of rounding, figures may not add to totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires and Customs data.					

## PART V: PRICING AND RELATED INFORMATION

### FACTORS AFFECTING PRICES

#### Raw Material Costs

The main raw materials used to make CSPI are clay and natural gas. Altogether, raw materials account for approximately \*\*\* percent of the cost of goods sold. At the end of 2000, the price of natural gas rose dramatically, with petitioners noting that “it went from about \$3 a decitherm to \$10 a decitherm where it closed on December 30th of 2000 for January of 2001.”<sup>1</sup> Since natural gas is a large cost in the production and distribution processes, the petitioners decided to add on an energy surcharge of 6.0 percent for Newell, 6.2 percent for Victor, and 7.0 percent for Lapp in the first quarter of 2001.<sup>2</sup> Locke did not add an energy surcharge to its orders.<sup>3</sup> Newell and Victor did not maintain their surcharges, which petitioners attributed to Locke’s aggressive pricing.<sup>4</sup> Locke noted that \*\*\*.<sup>5</sup>

#### Transportation Costs

Transportation costs for CSPI from Japan to the United States (excluding U.S. inland costs) are estimated to be approximately 6.8 percent of the total cost for CSPI.<sup>6</sup> These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

The producers and importers of CSPI were asked to estimate the cost of U.S. inland transportation of their products. Three of four firms noted that transportation costs are around \*\*\* percent, but \*\*\* estimated its are around \*\*\* percent.

#### Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Japanese yen depreciated 11 percent relative to the U.S. dollar from January 1999 to September 2002 (figure V-1). The real value of the Japanese yen depreciated 13 percent vis-a-vis the U.S. dollar in that time period.

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<sup>1</sup> See, testimony of Robert Johnson, Lapp, conference transcript, p. 23.

<sup>2</sup> Id., p. 23, and petitioners’ postconference brief, annex E. The letter informing purchasers of the surcharge, however, only notes that the charge will be “a flat rate.”

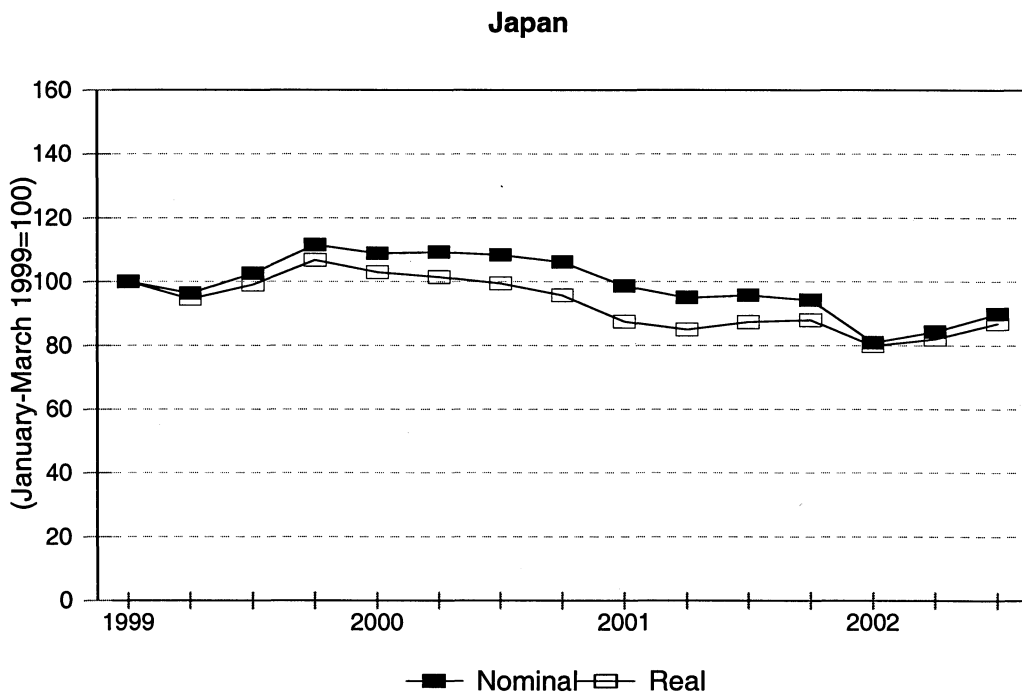
<sup>3</sup> Locke noted that it did a better job of managing rising gas prices through the futures market. Respondent’s postconference brief, p. 27.

<sup>4</sup> See, testimony of Robert Johnson, Lapp, conference transcript, p. 24.

<sup>5</sup> See, respondent’s postconference brief, pp. 26-27. \*\*\*.

<sup>6</sup> This is based on import data for HTS 8546.20.0060 which includes other products besides CSPI.

**Figure V-1**  
**Exchange rates: Indices of the nominal and real exchange rates between the Japanese yen and the U.S. dollar, by quarters, January 1999-September 2002**



Source: International Monetary Fund, *International Financial Statistics*, January 2003.

## PRICING PRACTICES

### Pricing Methods

The responding producers varied somewhat with regard to how much of their CSPI are sold on a spot versus contract basis. \*\*\* estimated that 30 percent of sales are on the spot market and 70 percent are via contracts. \*\*\* makes a lower percentage of its sales on the spot market (20 percent), while \*\*\* sells a larger percentage on the spot market (60 percent). \*\*\*.

All responding producers and importers noted that contracts are typically one year in length, only include a fixed price, and have no minimum quantity requirements. \*\*\*, however, charge premiums of \*\*\* percent for sub-minimum shipments and all of their contracts contain meet-or-release provisions. \*\*\* described the provision, stating that the price is then renegotiated. \*\*\*.

### Sales Terms and Discounts

Prices are mostly quoted on a delivered basis for the petitioners, unless a minimum order amount is not satisfied (\*\*\*). Locke noted its practice as \*\*\*. Delivery of CSPI is most often arranged by the producer or importer. All firms carry net 30 terms of payment.

\*\*\* noted using price lists to help determine the pricing of a product. \*\*\* reported only using a price list for OEM customers. Discounts off of list price are used by \*\*\* according to the competitive environment. Other factors noted that help determine pricing include: \*\*\*. Price lists are not used by \*\*\*. Instead, prices are determined by \*\*\*.<sup>7</sup>

## PRICE DATA

The Commission requested U.S. producers and importers of CSPI to provide quarterly data for the total quantity and value of CSPI that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 1999 to September 2002. The products for which pricing data were requested are as follows:

**Product 1.**—Porcelain station post insulators of 138 kV service class, 650 kV Basic Impulse Insulation Level (BIL), 2200 lb. cantilever strength.

**Product 2.**—Porcelain station post insulators of 230 kV service class, 900 kV BIL, 2750 lb. cantilever strength.

**Product 3.**—Porcelain station post insulators of 500 kV service class, 1800 kV BIL, 2500 lb. cantilever strength.

All four U.S. producers and the one importer provided usable pricing data for sales of products 1 and 2. Three U.S. producers provided data for product 3; there were no reported sales of product 3 imported from Japan. Pricing data reported by these firms accounted for approximately 4.2 percent of U.S. producers' shipments of CSPI and \*\*\* percent of U.S. shipments of subject imports from Japan in

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<sup>7</sup> \*\*\* response to Commission questionnaires.

2001. Pricing data are shown in tables V-1 to V-3 and figures V-2 to V-4.<sup>8</sup> In addition, appendix D contains figures showing individual producer prices.

### **Price Trends**

In general, prices have had a downward trend over the period of study. For product 1, the data for domestic producers shows a downward trend from the second quarter of 1999 through the second quarter of 2000. In the third quarter of 2000, though, prices jumped by \*\*\* percent. Since then, prices have gradually slipped and are off \*\*\* percent since the 2000 spike. Domestic prices for product 2 were more erratic than for product 1, especially during 1999. This is in part due to the low quantity shipped during this year. Prices for product 2 fell throughout 2000, stayed about even in 2001, but have started falling again since the first quarter of 2002. Since the first quarter of 2000, prices for product 2 have dropped \*\*\* percent. Prices for product 3 were highly erratic and highly influenced by which firms were gaining most of the sales during each quarter. Appendix D presents sales prices by company and country for the period of study for all three pricing products.

Reported pricing data for imports were more sparse, with only six quarters of reported data for product 1, seven for product 2, and none for product 3. Imported product 1 was only sold during the first quarter of 1999, and the second quarter of 2001 to the second quarter of 2002. In general, prices followed the same downward trend that domestically-produced product 1 did. For product 2, the first two quarters of 1999 had some sales of imported CSPI, but then no more until the first quarter of 2001. That quarter saw the highest pricing for imported product 2 during the period of study. Since then, however, prices for imported product 2 have declined.

### **Price Comparisons**

For product 1, during all six quarters with comparable pricing data, there was underselling by the imported CSPI. Margins ranged from \*\*\* to \*\*\* percent. For the seven possible comparisons of domestic and imported product 2, imports undersold domestic CSPI four times with margins between \*\*\* and \*\*\* percent, and oversold domestic CSPI three times with margins between \*\*\* and \*\*\* percent. No comparisons are available for product 3.

### **LOST SALES AND LOST REVENUES**

The Commission requested U.S. producers of CSPI to report any instances of lost sales or revenues they experienced due to competition from imports of CSPI from Japan since January 1999. Of the three responding U.S. petitioners, \*\*\* reported that they had lost sales or reduced prices in order to keep sales. The Commission has received complete information on 10 of these claims from three purchasers. \*\*\*. Staff was unable to investigate the other allegations further.<sup>9</sup>

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<sup>8</sup> Note that the domestic pricing data include the data for Locke, which also sells imported Japanese CSPI.

<sup>9</sup> Specifically, petitioners did not provide contact names and phone numbers of customers named in the allegations or specific quantities and prices despite repeated requests from staff for this information.



**Table V-1**  
**CSPI: Weighted-average f.o.b. prices and quantities of domestic and imported product 1<sup>1</sup> and margins of underselling/(overselling), by quarters, January 1999-September 2002**

Period	United States		Japan		
	Price	Quantity	Price	Quantity	Margin
	<i>Per unit</i>	<i>Units</i>	<i>Per unit</i>	<i>Units</i>	<i>Percent</i>
1999:					
January-March	\$328.47	245	***	***	***
April-June	***	***	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
July-September	317.28	223	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
October-December	302.68	674	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
2000:					
January-March	***	***	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
April-June	295.22	594	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
July-September	***	***	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
October-December	***	***	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
2001:					
January-March	303.79	945	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
April-June	303.18	283	***	***	***
July-September	300.41	590	***	***	***
October-December	286.25	949	***	***	***
2002:					
January-March	285.64	1,225	***	***	***
April-June	271.96	1,025	***	***	***
July-September	***	***	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Porcelain station post insulators of 138 kV service class, 650 kV Basic Impulse Insulation Level (BIL), 2200 lb. cantilever strength.  
<sup>2</sup> No data reported.

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

**Table V-2**  
**CSPI: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 1999-September 2002**

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**Table V-3**  
**CSPI: Weighted-average f.o.b. prices and quantities of domestic product 3, by quarters, January 1999-September 2002**

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\* \* \* \* \*

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**Figure V-2**  
**Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 1999-September 2002**

\* \* \* \* \*

**Figure V-3**  
**Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 1999-September 2002**

\* \* \* \* \*

**Figure V-4**  
**Weighted-average f.o.b. prices and quantities of domestic product 3, by quarters, January 1999-September 2002**

\* \* \* \* \*

## PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

### BACKGROUND

The following companies provided financial data on their U.S. insulator operations: Lapp, Locke, Newell, and Victor. The responding firms reported their financial performance on a calendar-year basis using U.S. generally accepted accounting principles (GAAP). Locke is a wholly-owned subsidiary of NGK Insulators, a Japanese company. The financial information below is therefore presented with Locke, as well as without Locke.

### OPERATIONS ON INSULATORS

Income-and-loss data for Lapp, Locke, Newell, and Victor are presented in table VI-1 and on an average unit basis in table VI-2. Income-and-loss data for Lapp, Newell, and Victor are presented in table VI-3 and on an average unit basis in table VI-4. Selected financial information for all companies is presented in table VI-5.<sup>1 2</sup>

**Table VI-1**  
**Results of CSPI operations of U.S. producers, calendar years 1999-2001, January-September 2001, and January-September 2002**

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\* \* \* \* \*

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**Table VI-2**  
**Results of CSPI operations (per unit) of U.S. producers, calendar years 1999-2001, January-September 2001, and January-September 2002**

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\* \* \* \* \*

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**Table VI-3**  
**Results of CSPI operations of U.S. producers (excluding Locke), calendar years 1999-2001, January-September 2001, and January-September 2002**

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\* \* \* \* \*

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<sup>1</sup> Because changes in product mix took place throughout the period, a variance analysis is not presented.

<sup>2</sup> Internal and/or audited financial statements of all U.S. producers were reviewed during the course of this preliminary phase investigation. Where internal and/or financial results were not generally consistent with CSPI financial information reported to the Commission, company officials were asked to provide additional information.

**Table VI-4**  
**Results of CSPI operations (per unit) of U.S. producers excluding Locke, calendar years 1999-2001, January-September 2001, and January-September 2002**

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\* \* \* \* \*

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**Table VI-5**  
**Results of CSPI operations of U.S. producers, by firms, calendar years 1999-2001, January-September 2001, and January-September 2002**

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\* \* \* \* \*

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CSPI revenue grew during the full-year periods, while corresponding gross profitability only increased in 2000 and subsequently declined in 2001 as average unit cost of goods sold (COGS) increased at a faster rate than average unit revenue. In interim 2002, this pattern was reversed as average unit COGS declined faster than average unit revenue. As a result, higher overall interim 2002 average gross margins were reported compared to the previous period.

When considering financial performance without Locke (see table VI-3), gross profit was \*\*\* throughout the period. As described below, increased input costs and company-specific factors affected COGS, SG&A expenses, and interest expense.

Lapp and Locke account for the majority of financial activity reported during the period examined. Newell and Victor combined accounted for \*\*\* of reported revenue.

On an average unit basis, \*\*\*.<sup>3 4 5</sup> Lapp's financial information shows a relatively \*\*\* in 2000.<sup>6</sup> On a unit basis and as a percentage of sales, Lapp's \*\*\* throughout the rest of the period.<sup>7</sup>

With respect to the two smaller producers, Newell was \*\*\*.<sup>8</sup> In contrast, Victor's \*\*\*.

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<sup>3</sup> \*\*\*.

<sup>4</sup> As indicated previously, average unit sales values and COGS, at least in part, reflect product mix differences among producers, as well as company-specific product mix changes which may have occurred from period to period. Unit-value comparisons should be made with this in mind.

<sup>5</sup> Pursuant to recent restructuring, Locke eliminated other product lines in order to focus solely on station posts. In addition to lowering production costs, Locke also reportedly focused on reducing its lead time. Conference transcript, pp. 74 and 75.

<sup>6</sup> \*\*\*.

<sup>7</sup> \*\*\*.

<sup>8</sup> \*\*\*.

The 2001 increase in average unit COGS (and corresponding reduction in gross profitability reported by \*\*\*) appears to be largely a function of higher input costs.<sup>9</sup> In that year \*\*\*.

For interim 2002, \*\*\* of U.S. producers reported lower material and energy costs<sup>10</sup> which in turn helped to offset lower average unit sales value. The result was higher overall gross profitability for interim 2002 compared to interim 2001. Notwithstanding the relatively large increase in its gross margin at the end of the period, \*\*\*.<sup>11</sup>

### CAPITAL EXPENDITURES AND INVESTMENT IN PRODUCTIVE ASSETS

The U.S. producers' data on capital expenditures and the value of their property, plant, and equipment are shown in table VI-6.<sup>12</sup>

Table VI-6

CSPI: U.S. producer-specific capital expenditures and overall value of property, plant, and equipment for operations on insulators, calendar years 1999-2001, January-September 2001, and January-September 2002

\* \* \* \* \*

Much of Locke's restructuring reportedly took place prior to 1999. In addition to \*\*\*.<sup>13</sup> Lapp and Newell indicated that the need to reduce costs at the end of the period resulted in the idling of kilns.<sup>14</sup> \*\*\*.

### CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of insulators from Japan on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are shown in appendix E.

<sup>9</sup> According to testimony at the staff conference, 2001 increases in natural gas costs had a significant impact on production costs. Conference transcript, p. 22. While Lapp, Newell, and Victor instituted energy surcharges to help cover increased energy costs, the surcharges were reportedly not accepted by customers. \*\*\*.

<sup>10</sup> \*\*\*.

<sup>11</sup> \*\*\*.

<sup>12</sup> \*\*\*. U.S. GAAP has no formal requirements regarding income statement classification of R&D expenses other than it be expensed, under most circumstances, as opposed to capitalized. Items that could be characterized as R&D are likely period expenses included in reported COGS (e.g., as part of other factory costs) or SG&A expenses (i.e., in the general component).

<sup>13</sup> Petitioners' postconference brief, p. 7, fn. 8.

<sup>14</sup> Conference transcript, pp. 25 and 30.



## PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations.<sup>1</sup> Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V, and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

### THE INDUSTRY IN JAPAN

The petition identified three Japanese producers of CSPI; however, only one of these firms, NGK Insulators Ltd. (NGK), Nagoya, Japan, was identified as exporting CSPI to the United States during January 1999 to September 2002.<sup>2</sup> Based on information obtained from its questionnaire response, NGK accounted for \*\*\* exports to the United States during this period, and accounted for approximately \*\*\* percent of production of CSPI in Japan in 2001.<sup>3</sup> Table VII-1 and figure VII-1 present data for NGK.

**Table VII-1**  
**CSPI: Data on the industry in Japan, 1999-2001, January-September 2001, January-September 2002, and projections for 2002-03**

\* \* \* \* \*

**Figure VII-1**  
**CSPI: NGK's capacity, production, and capacity utilization, 1999-2001, January-September 2001, and January-September 2002**

\* \* \* \* \*

<sup>1</sup> See, 19 U.S.C. § 1677(7)(F)(i).

<sup>2</sup> See, petition, pp. 29-30. See also, 68 FR 4169, January 28, 2003.

<sup>3</sup> See, \*\*\*. NGK identified two other producers of CSPI in Japan, Daito Company Ltd. and Koransha Company Ltd. However, to NGK's knowledge, these two firms do not export CSPI to the United States. See, respondents' postconference brief, exh. 1, p. 9.

Japanese capacity \*\*\* throughout January 1999 through September 2002 and is projected to \*\*\* in 2003. Japanese production increased by \*\*\* percent from 1999 to 2001, but decreased by \*\*\* percent in interim 2002 compared to interim 2001. Industry capacity utilization was \*\*\* percent in 1999, \*\*\* percent in 2000, \*\*\* percent in 2001, \*\*\* percent in interim 2001, and \*\*\* percent in interim 2002.<sup>4</sup>

NGK has additional production facilities in Belgium (NGK Europe, S.A.), China (NGK Insulators Tangshan Co., Ltd.), and Indonesia (PT WIKI-NGK Insulators); however, none of these facilities produces the high or extra-high voltage CSPI.<sup>5</sup> NGK stated that it will cease exporting CSPI to the United States as of April 2003.<sup>6</sup>

### U.S. IMPORTERS' INVENTORIES

Table VII-2 presents data on U.S. importers' end-of-period inventories of imported CSPI. Importer NGK-Locke accounted for \*\*\* percent of reported inventories of Japanese product during January 1999-September 2002.

**Table VII-2**  
**CSPI: U.S. importers' end-of-period inventories of imports, by sources, 1999-2001, January-September 2001, and January-September 2002**

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### ANTIDUMPING DUTY ORDERS IN THIRD COUNTRY MARKETS

There are currently no known antidumping duty orders concerning CSPI produced in Japan.<sup>7</sup>

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<sup>4</sup> \*\*\*. See, e-mail to Fred Fischer from \*\*\*.

<sup>5</sup> \*\*\*. See, e-mail to Fred Fischer from \*\*\*.

<sup>6</sup> See, testimony of John Dippold, Locke, conference transcript, p. 82. See also, Locke's importer questionnaire response (question II-3 and attachment 2) and respondents' postconference brief, pp. 29-30.

<sup>7</sup> See, petitioners' postconference brief, p. 21.



**APPENDIX A**

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***FEDERAL REGISTER NOTICES***



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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-1023  
(Preliminary)]

**Certain Ceramic Station Post  
Insulators from Japan**

**AGENCY:** International Trade  
Commission.

**ACTION:** Institution of antidumping  
investigation and scheduling of a  
preliminary phase investigation.

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**SUMMARY:** The United States  
International Trade Commission  
(Commission) hereby gives notice of the  
institution of an investigation and  
commencement of preliminary phase  
antidumping investigation No. 731-TA-  
1023 (Preliminary) under section 733(a)  
of the Tariff Act of 1930 (19 U.S.C.  
1673b(a)) (the Act) to determine  
whether there is a reasonable indication  
that an industry in the United States is  
materially injured or threatened with  
material injury, or the establishment of  
an industry in the United States is  
materially retarded, by reason of  
imports from Japan of certain station

post insulators of ceramics, provided for in subheading 8546.20.00 of the Harmonized Tariff Schedule of the United States (currently reported under statistical reporting number 8546.20.0060), that are alleged to be sold in the United States at less than fair value. Unless the United States Department of Commerce (Commerce) extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by February 14, 2003. The Commission's views are due at Commerce within five business days thereafter, or by February 24, 2003.

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

**EFFECTIVE DATE:** December 31, 2002.

**FOR FURTHER INFORMATION CONTACT:** Fred Fischer (202-205-3179 or [ffischer@usitc.gov](mailto:ffischer@usitc.gov)), 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>). The public record for this investigation may be viewed on the Commission's electronic docket (EDISON-LINE) at <http://dockets.usitc.gov/eol/public>.

**SUPPLEMENTARY INFORMATION:**

**Background.**—This investigation is being instituted in response to a petition filed on December 31, 2002, by Lapp Insulator Company LLC, Le Roy, NY; Newell Porcelain Co., Inc., Newell, WV; Victor Insulators, Inc., Victor, NY; and the IUE Industrial Division of the Communications Workers of America, AFL-CIO, Washington, DC.

**Participation in the investigation and public service list.**—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users

and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

**Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.**—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

**Conference.**—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on January 21, 2002, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Fred Fischer (202-205-3179 or [ffischer@usitc.gov](mailto:ffischer@usitc.gov)) not later than January 14, 2002, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

**Written submissions.**—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before January 24, 2002, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not

authorize filing of submissions with the Secretary by facsimile or electronic means except to the extent provided by 201.8 of the Commission's rules, as amended by 67 FR 68063 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (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:** This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: January 2, 2003.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 03-303 Filed 1-7-03; 8:45 am]

**BILLING CODE 7020-02-P**

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**DEPARTMENT OF COMMERCE****International Trade Administration****[A-588-862]****Notice of Initiation of Antidumping  
Duty Investigation: High and Ultra-High  
Voltage Ceramic Station Post  
Insulators from Japan****AGENCY:** Import Administration,  
International Trade Administration,  
Department of Commerce.**ACTION:** Initiation of Antidumping Duty  
Investigation.**EFFECTIVE DATE:** January 28, 2003.**FOR FURTHER INFORMATION CONTACT:**Timothy Finn or Michele Mire at (202)  
482-0065 or (202) 482-4711,  
respectively; Import Administration,  
International Trade Administration,  
U.S. Department of Commerce, 14th  
Street and Constitution Avenue, NW,  
Washington, DC 20230.**Initiation of Investigation****The Petition**

On December 31, 2002, the Department of Commerce (the Department) received a petition filed in proper form by Lapp Insulator Company LLC (Lapp), Newell Porcelain Co., Inc. (Newell), Victor Insulators, Inc. (Victor), and the IUE Industrial Division of the Communications Workers of America, the union representing employees of Lapp (collectively, petitioners). The Department received information supplementing the petition on January 14, 2003.

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioners allege that imports of high and ultra-high voltage ceramic station post insulators from Japan (hereinafter referred to as subject merchandise or station post insulators) are being, or are likely to be, sold in the United States at less than fair value

within the meaning of section 731 of the Act, and that such imports are materially injuring, or are threatening to materially injure, an industry in the United States.

The Department finds that the petitioners filed this petition on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and 771(9)(D) of the Act and have demonstrated sufficient industry support with respect to the antidumping duty investigation that they are requesting the Department initiate (see the "Determination of Industry Support for the Petition" section below).

### Scope of Investigation

The scope of this investigation covers station post insulators manufactured of porcelain, of standard strength,<sup>1</sup> high strength, or extra-high strength, solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kilovolt Basic Impulse Insulation Level (BIL) and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. (ANSI) standard class specifications: T.R.-286, T.R.-287, T.R.-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.-308, T.R.-312, T.R.-316, T.R.-362 and T.R.-391. Subject merchandise is classifiable under subheading 8546.20.0060 of the Harmonized Tariff Schedule of the United States (HTSUS) Annotated. While the HTSUS subheading is provided for convenience and U.S. Customs purposes, the written description above remains dispositive as to the scope of the investigation.<sup>2</sup>

During our review of the petition, we sought additional information from the petitioners concerning the scope of the investigation. As a result of this supplemental information, we modified the scope language proposed by the petitioners with regard to the voltage class of subject merchandise covered. The petitioners proposed that the scope

<sup>1</sup> Station post insulators are manufactured in various styles and sizes, and are classified primarily according to the voltage they are designed to withstand. Under the governing industry standard issued by the Institute of Electrical and Electronic Engineers (IEEE), the voltage spectrum is divided into three broad classes: "medium" voltage (*i.e.*, less than or equal to 69 kilovolts), "high" voltage (*i.e.*, from 115 to 230 kilovolts), and "extra-high" or "ultra-high" voltage (*i.e.*, greater than 230 kilovolts).

<sup>2</sup> HTSUS subheading 8546.20.00 includes ceramic electrical insulators in general. Station post insulators are classified under HTSUS number 8546.20.0060 which also includes non-subject merchandise.

cover subject merchandise rated at greater than 69 kV voltage class and above (350 kV BIL and above). However, the petitioners noted that they do not manufacture station post insulators with service class ratings between 69 kV and 115 kV. Thus, for purposes of this proceeding, we changed the voltage class of covered merchandise to 115 kV and above.

As discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by February 10, 2003. Comments should be addressed to the Import Administration's Central Records Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination. See the *Import Administration AD Investigation Checklist*, dated January 21, 2003 (*Initiation Checklist*) (public version on file in the Central Records Unit of the Department of Commerce, Room B-099).

### Determination of Industry Support for the Petition

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The United States International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding domestic like product (see section 771(10) of the Act), they do so for different purposes and pursuant to their separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.<sup>2</sup>

<sup>3</sup> See *Algoma Steel Corp. Ltd., v. United States*, 688 F. Supp. 639, 642-44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass Therefore from Japan: Final Determination; Rescission of Investigation and*

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

In this petition, the petitioners do not offer a definition of domestic like product distinct from the scope of this investigation. Thus, based on our analysis of the information presented to the Department by the petitioners, we have determined that there is a single domestic like product, which is defined in the "Scope of Investigation" section above, and have analyzed industry support in terms of this domestic like product.

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) at least 25 percent of the total production of the domestic like product; and, (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Information contained in the petition demonstrates that the domestic producers or workers who support the petition account for over 50 percent of the total production of the domestic like product. Therefore, the requirements of section 732(c)(4)(A)(i) are met. See *Initiation Checklist*. Furthermore, because the Department received no opposition to the petition, and because the domestic producers or workers who support the petition account for more than 50 percent of the domestic industry, they also account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. See *Initiation Checklist*. Thus, the requirements of section 732(c)(4)(A)(ii) are met.

Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See *Initiation Checklist*.

*Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).

**Period of Investigation**

The anticipated period of investigation (POI) is October 1, 2001 through September 30, 2002.

**Constructed Export Price and Normal Value**

The following is a description of the allegation of sales at less than fair value upon which the Department has based its decision to initiate this investigation.

**Constructed Export Price**

The petitioners identified NGK Insulators, Ltd. (NGK) and its wholly-owned U.S. subsidiary, Locke Insulators, Inc. (Locke), as the primary producer/exporter and importer of subject merchandise.<sup>4</sup> The petitioners believe that Locke acts as a purchaser and reseller of subject merchandise produced by NGK; therefore, the petitioners calculated a constructed export price (CEP). The starting price for CEP is a simple average of two price quotes for NGK merchandise during the POI. These price quotes, which are for a particular model of subject merchandise, are identified in affidavits filed by representatives of two of the petitioning companies (Lapp and Victor) and were obtained from a customer and sales agent.

The petitioners calculated net U.S. price by deducting from the starting price U.S. sales commissions, inventory carrying costs, U.S. warehousing expenses, U.S. imputed credit expenses, foreign inland freight, ocean freight, U.S. customs duty and fees, U.S. inland freight, U.S. indirect selling expenses, and an amount for CEP profit. See *Initiation Checklist*.

**Normal Value**

The starting price for normal value (NV) is a weighted-average of four home market price quotes that were obtained through foreign market research. These price quotes, which were made during the POI, are for subject merchandise of the same grade as that of the merchandise for which U.S. price quotes were obtained. The petitioners made circumstance of sale adjustments to NV for imputed credit expenses, as well as adjustments for packaging costs and inland freight expenses.

Based upon a comparison of CEP to NV, the petitioners calculated an estimated dumping margin of 105.8 percent.

<sup>4</sup> The petitioners also identified Daito Co., Ltd., and Koransha Co., Ltd. as Japanese producers of station post insulators but stated that they were not aware of any exports of such merchandise by these companies to the United States.

**Fair Value Comparisons**

Based on the data provided by the petitioners, there is reason to believe that imports of subject merchandise from Japan are being, or are likely to be, sold in the United States at less than fair value.

**Allegations and Evidence of Material Injury and Causation**

The petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than NV. The volume of imports from Japan, using the latest available data, exceeded the statutory threshold of three percent for a negligibility exclusion. See section 771(24)(A)(i) of the Act. The petitioners contend that the industry's injured condition is evidenced in the declining trends in operating profits, decreased U.S. market share, and price suppression and depression. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, domestic consumption, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and have determined that these allegations are properly supported by accurate and adequate evidence and meet the statutory requirements for initiation. See *Initiation Checklist*.

**Initiation of Antidumping Investigation**

Based on our examination of the petition on station post insulators from Japan, and the petitioners' response to our supplemental questionnaire clarifying the petition, we find that the petition meets the requirements of section 732 of the Act. See *Initiation Checklist*. Therefore, we are initiating an antidumping duty investigation to determine whether imports of station post insulators from Japan are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determination no later than 140 days after the date of this initiation.

**Distribution of Copies of the Petition**

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

**International Trade Commission Notification**

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

**Preliminary Determination by the ITC**

The ITC will determine, no later than February 14, 2003, whether there is a reasonable indication that imports of subject merchandise from Japan are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

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

Dated: January 21, 2003.

**Faryar Shirzad,**

*Assistant Secretary for Import Administration.*

[FR Doc. 03-1899 Filed 1-27-03; 8:45 am]

BILLING CODE 3510-DS-S





**APPENDIX B**

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**CALENDAR OF PUBLIC CONFERENCE**





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UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC

**CALENDAR OF PUBLIC CONFERENCE**

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigation:

CERTAIN CERAMIC STATION POST INSULATORS FROM JAPAN  
Investigation No. 731-TA-1023 (Preliminary)

January 21, 2003 - 9:30 a.m.

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

**In Support of the Imposition of Antidumping Duties—**

Nixon Peabody LLP  
New York, NY  
*on behalf of*

- Lapp Insulator Co. LLC
- Newell Porcelain Co., Inc.
- Victor Insulators, Inc.
- IUE-CWA, AFL-CIO
  
- Rob Johnson, Vice President and General Manager, Lapp Insulator Co. LLC
- Rick Stanley, President, Newell Porcelain Co., Inc.
- Ira Knickerbocker, Vice President, Victor Insulators, Inc.
- Salvatore Fili, President, IUE-CWA Local No. 22485/81495, AFL-CIO
- Richard Boltuck, Economic Consultant, Charles River Associates, Inc.

Andrew Sheldrick      ) –OF COUNSEL

**CALENDAR OF PUBLIC CONFERENCE—Continued**

**In Opposition to the Imposition of Antidumping Duties—**

Wilmer, Cutler & Pickering  
Washington, DC  
*on behalf of*

- NGK Insulators, Ltd.
- Locke Insulators, Inc.
- NGK-Locke, Inc.
  
- John Dippold, Vice President, Lock Insulators, Inc.
- Jushiro (Jack) Hiroma, Manager Business Planning Department, Power Business Group, NGK Insulators, Ltd.

Robert Cassidy, Jr.     )  
Leonard Shambon     )—OF COUNSEL  
John-Alex Romano     )

**APPENDIX C**

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**SUMMARY TABLE**



**Table C-1**  
**CSPI: Summary data concerning the U.S. market, 1999-2001, January-September 2001, and January-September 2002**

Item	(Quantity=units; value=\$1,000; unit values, labor costs, and unit expenses are <i>per unit</i> ; period changes= <i>percent</i> )									
	Reported data					Period changes				
	Calendar year			January-September		Calendar year			Jan.-Sept.	
	1999	2000	2001	2001	2002	1999-01	1999-00	2000-01	2001-02	
U.S. consumption quantity:										
Amount	95,951	125,977	146,837	111,239	119,034	53.0	31.3	16.6	7.0	
Producers' share <sup>1</sup>	89.7	86.8	72.5	72.4	67.3	-17.2	-2.9	-14.3	-5.2	
Importers' share: <sup>1</sup>										
Japan	***	***	***	***	***	***	***	***	***	
All other sources	***	***	***	***	***	***	***	***	***	
Total imports	10.3	13.2	27.5	27.6	32.7	17.2	2.9	14.3	5.2	
U.S. consumption value:										
Amount	30,317	40,597	52,094	38,573	42,266	71.8	33.9	28.3	9.6	
Producers' share <sup>1</sup>	82.5	81.7	70.9	71.0	62.1	-11.6	-0.7	-10.9	-8.9	
Importers' share: <sup>1</sup>										
Japan	***	***	***	***	***	***	***	***	***	
All other sources	***	***	***	***	***	***	***	***	***	
Total imports	17.5	18.3	29.1	29.0	37.9	11.6	0.7	10.9	8.9	
U.S. imports from:										
Japan:										
Quantity	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	
All other sources:										
Quantity	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	
All sources:										
Quantity	10,875	18,005	49,867	38,521	33,507	358.5	65.6	177.0	-13.0	
Value	5,042	6,921	16,518	12,792	13,129	227.6	37.3	138.7	2.6	
Unit value	\$464	\$384	\$331	\$332	\$392	-28.7	-17.2	-13.8	18.1	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	

Table continued on next page. See footnotes at end of table.

*Ceramic Station Post Insulators*

Table C-1--Continued

CSPI: Summary data concerning the U.S. market, 1999-2001, January-September 2001, and January-September 2002

(Quantity=units; value=\$1,000; unit values, labor costs, and unit expenses are per unit; period changes=percent)									
Item	Reported data					Period changes			
	Calendar year			January-September		Calendar year			Jan.-Sept.
	1999	2000	2001	2001	2002	1999-01	1999-00	2000-01	2001-02
U.S. producers':									
Average capacity quantity	109,613	135,215	152,752	118,701	122,817	39.4	23.4	13.0	3.5
Production quantity	100,562	119,135	124,482	94,296	94,733	23.8	18.5	4.5	0.5
Capacity utilization <sup>1</sup>	91.7	88.1	81.5	79.4	77.1	-10.3	-3.6	-6.6	-2.3
U.S. shipments:									
Quantity	86,071	109,301	106,442	80,588	80,073	23.7	27.0	-2.6	-0.6
Value	25,006	33,182	36,923	27,375	26,245	47.7	32.7	11.3	-4.1
Unit value	\$291	\$304	\$347	\$340	\$328	19.4	4.5	14.3	-3.5
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	16,818	14,730	20,665	19,332	27,040	22.9	-12.4	40.3	39.9
Inventories/total shipments <sup>1</sup>	***	***	***	***	***	***	***	***	***
Production workers	245	274	300	303	269	22.4	11.8	9.5	-11.2
Hours worked (1,000)	516	604	700	547	452	35.7	17.1	15.9	-17.4
Wages paid (\$1,000)	7,436	9,265	10,845	8,319	7,197	45.8	24.6	17.1	-13.5
Hourly wages	\$14.41	\$15.34	\$15.49	\$15.21	\$15.92	7.5	6.4	1.0	4.7
Productivity (units/1,000 hours)	194.9	197.2	177.8	172.4	209.6	-8.8	1.2	-9.8	21.6
Unit labor costs	\$73.94	\$77.77	\$87.12	\$88.22	\$75.97	17.8	5.2	12.0	-13.9
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 <sup>4</sup>	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales <sup>1</sup>	***	***	***	***	***	***	***	***	***
<sup>1</sup> "Reported data" are in percent and "period changes" are in percentage points.									
<sup>2</sup> Not applicable.									
Note.--Because of rounding, figures may not add to the totals shown; shares are calculated from the unrounded figures.									
Source: Compiled from data submitted in response to Commission questionnaires and Customs data.									



**Table C-2**  
**CSPI: Summary data concerning the U.S. market (excluding Locke), 1999-2001, January-September 2001, and January-September 2002**

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**APPENDIX D**

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**PRICING DATA**



**Figure D-1**  
**F.o.b. prices of domestic and imported product 1, by company, by quarters, January 1999-September 2002**

\* \* \* \* \*

**Figure D-2**  
**F.o.b. prices of domestic and imported product 2, by company, by quarters, January 1999-September 2002**

\* \* \* \* \*

**Figure D-3**  
**F.o.b. prices of domestic product 3, by company, by quarters, January 1999-September 2002**

\* \* \* \* \*

**Table D-1**  
**CSPI: Quantities (in units) of product 1, by company, by quarter, January 1999-September 2002**

\* \* \* \* \*

**Table D-2**  
**CSPI: Quantities (in units) of product 2, by company, by quarter, January 1999-September 2002**

\* \* \* \* \*

**Table D-3**  
**CSPI: Quantities (in units) of product 3, by company, by quarter, January 1999-September 2002**

\* \* \* \* \*



**APPENDIX E**

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





The Commission requested U.S. producers to describe any actual or potential negative effects of imports of CPSI from Japan on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

**Actual Negative Effects**

The majority of responding producers stated that they experienced actual negative effects as a result of insulators imported from Japan. Summarized excerpts from producer responses are provided below. (Note: Statements that are not in quotes reflect items checked in section III-8 of the Commission's questionnaire.)

\* \* \* \* \*

**Anticipated Negative Effects**

The majority of responding producers stated that they anticipated negative effects as a result of imports of CPSI from Japan. Narrative excerpts from producer responses are provided below.

\* \* \* \* \*