

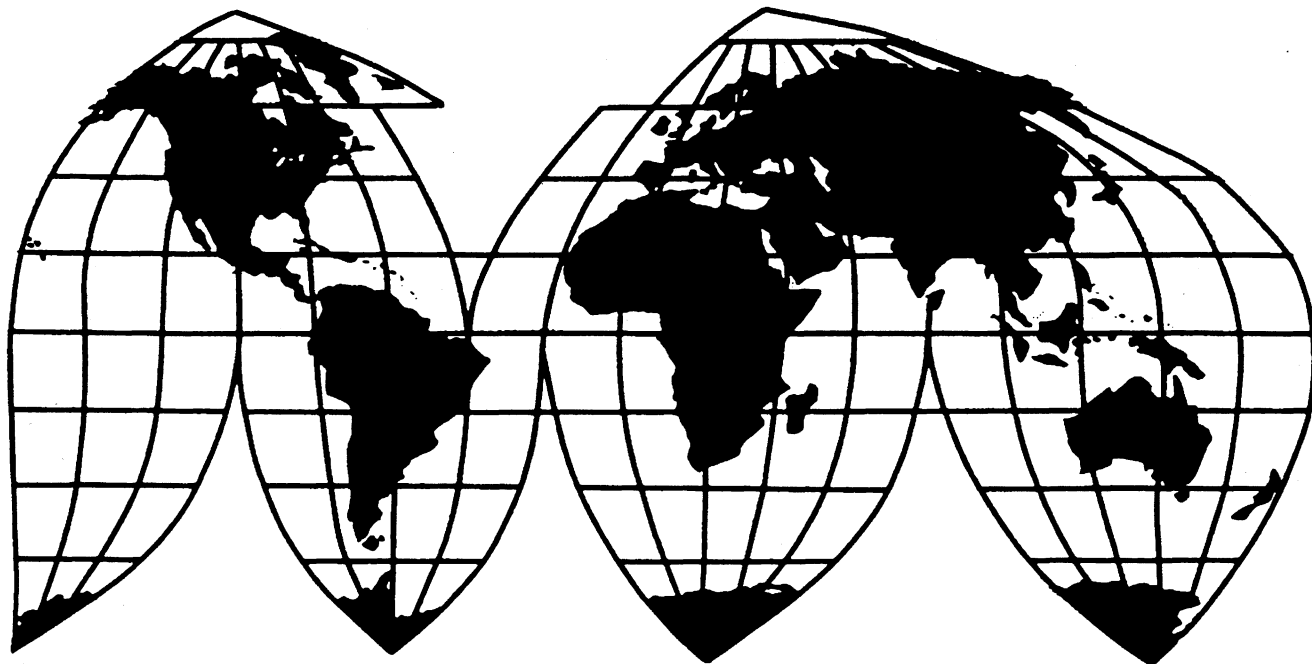
Helical Spring Lock Washers From China and Taiwan

Investigations Nos. 731-TA-624-625 (Review)

Publication 3384

January 2001

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigations Nos. 731-TA-624-625 (Review)

HELICAL SPRING LOCK WASHERS FROM CHINA AND TAIWAN

DETERMINATIONS

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission determines,² pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty orders on helical spring lock washers from China and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on November 2, 1999 (64 F.R. 59204) and determined on February 3, 2000, that it would conduct full reviews (65 F.R. 7890, February 16, 2000). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on July 25, 2000 (65 F.R. 45801). The hearing was held in Washington, DC, on November 30, 2000, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Vice Chairman Okun and Commissioner Miller dissenting with respect to Taiwan; Commissioner Askey not participating.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty orders covering helical spring lock washers (“HSLWs”) from China and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.^{1 2}

I. BACKGROUND

On June 21, 1993, the Commission determined that a domestic industry was threatened with material injury by imports of carbon and stainless steel HSLWs from Taiwan,³ and the Department of Commerce (“Commerce”) issued an antidumping duty order on such imports from Taiwan.⁴ On October 8, 1993, the Commission determined that a domestic industry was threatened with material injury by imports of carbon and stainless steel HSLWs from China,⁵ and Commerce issued an antidumping duty order on such imports from China.⁶

On November 2, 1999, the Commission instituted reviews pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”), to determine whether revocation of the antidumping duty orders on imports of HSLWs from China and Taiwan would likely lead to continuation or recurrence of material injury.⁷

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses of interested parties to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties -- domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) -- demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.⁸ If the Commission finds the responses from both groups of interested parties to be adequate, or if other circumstances warrant, it will determine to conduct a full review.

¹ Neither former Commissioner Thelma J. Askey nor Commissioner Dennis M. Devaney participated in these determinations.

² Vice Chairman Deanna Tanner Okun and Commissioner Marcia E. Miller dissent with respect to imports from Taiwan and do not join section IV.D of the Commission’s Views. See the Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Marcia E. Miller.

³ Certain Helical Spring Lock Washers from Taiwan, Inv. No. 731-TA-625 (Final), USITC Pub. 2651 (June 1993) (“Taiwan Determination”).

⁴ 58 Fed. Reg. 34567 (June 28, 1993).

⁵ Certain Helical Spring Lock Washers from China, Inv. No. 731-TA-624 (Final), USITC Pub. 2684 (October 1993) (“China Determination”).

⁶ 58 Fed. Reg. 53914 (Oct. 19, 1993).

⁷ 64 Fed. Reg. 59204 (Nov. 2, 1999).

⁸ See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

The Commission received two responses to the notice of institution. One was from domestic producer Shakeproof Assembly Components Division of Illinois Tool Works Inc. (“Shakeproof”), which represents *** percent of domestic production of HSLWs. The Commission also received a response from the American Association of Fastener Importers (“AAFI”), whose members have been importers of the subject merchandise from China.

On February 3, 2000, the Commission determined that both individual interested party responses to its notice of institution were adequate, and that the domestic interested party group response and the respondent interested party group response with respect to China were adequate, but that the interested party group response with respect to Taiwan was inadequate.⁹ The Commission decided to conduct full reviews for both orders in these grouped reviews to promote administrative efficiency.¹⁰

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making determinations under section 751(c), the Commission defines “the domestic like product” and the “industry.”¹¹ The Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹²

In its expedited sunset determinations, Commerce defined the subject merchandise in these reviews as:

The products covered by this review are HSLWs of carbon steel, of carbon alloy steel, or of stainless steel, heat-treated or non-heat-treated, plated or non-plated, with ends that are off-line. HSLWs are designed to: (1) Function as a spring to compensate for developed looseness between the component parts of a fastened assembly; (2) distribute the load over a larger area for screws or bolts; and, (3) provide a hardened bearing surface. The scope does not include internal or external tooth washers, nor does it include spring lock washers made of other metals, such as copper. HSLWs subject to this review are currently classifiable under subheading 7318.21.0030 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope remains dispositive.¹³

⁹ 65 Fed. Reg. 7890 (Feb. 16, 2000).

¹⁰ See Explanation of Commission Determinations on Adequacy, Confidential Staff Report, INV-X-258, December 22, 2000 (“CR”) and Public Report (“PR”) at Appendix A. Commissioner Lynn M. Bragg found both respondent interested party group responses to be inadequate and dissented from the Commission’s determination to conduct full reviews.

¹¹ 19 U.S.C. § 1677(4)(A).

¹² 19 U.S.C. § 1677(10). See NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (CIT 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (CIT 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹³ 65 Fed. Reg. 35605 (June 5, 2000).

HSLWs are flat ring-shaped products used to provide spring or tension when combined with bolts, nuts and screws. The majority of HSLWs are made of carbon, carbon alloy, or stainless steel.¹⁴ HSLWs serve to distribute a load over a greater area than that provided by the fastener.¹⁵ The largest users are original equipment manufacturers, particularly the automotive industry.¹⁶

The starting point of the Commission's like product analysis in a five-year review is the like product determination in the Commission's original investigations.¹⁷ In the original investigations, the Commission defined the domestic like product to be HSLWs of all sizes and metals although the scope of Commerce's investigation consisted only of steel HSLWs.¹⁸ The Commission found similar channels of distribution, manufacturing facilities, production processes, and end uses for HSLWs, but noted some differences in physical characteristics and limits on interchangeability among HSLWs because resistance to corrosion differed between stainless and carbon steel HSLWs.¹⁹ Nonetheless, "[b]ased upon the overlap in mechanical function and end uses, channels of distribution, common manufacturing facilities, production processes, equipment and employees, and interchangeability of products for some applications," the Commission defined the domestic like product to be all HSLWs.²⁰

The record in these reviews indicates neither significant changes in the products at issue or in the factors we consider in our determinations, nor any other appropriate circumstance warranting revisiting the Commission's original like product determination.²¹ Therefore, for the reasons relied upon in the original investigations, we define the domestic like product as all HSLWs.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."²² In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United

¹⁴ CR at I-11 to I-12, PR at I-7.

¹⁵ CR at I-11, PR at I-7.

¹⁶ CR at I-12, PR at I-8.

¹⁷ In its like product determination, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer or producer perceptions; and, where appropriate, (6) price. See The Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996). No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49.

¹⁸ Taiwan Determination at 8; China Determination at I-5.

¹⁹ Taiwan Determination at 5-8.

²⁰ Taiwan Determination at 8.

²¹ See Notice of Final Rulemaking, 63 Fed. Reg. 30599, 30602 (June 5, 1998).

²² 19 U.S.C. § 1677(4)(A).

States.²³ Consistent with our definition of the like product, we find the domestic industry to be all domestic producers of HSLWs.²⁴

III. CUMULATION²⁵

A. Framework

Section 752(a) of the Act provides that:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.²⁶

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country

²³ See, e.g., Uranium from Kazakhstan, Inv. No. 731-TA-539-A (Final), USITC Pub. 3213 at 8-9 (July 1999); Manganese Sulfate from the People's Republic of China, Inv. No. 731-TA-725 (Final), USITC Pub. 2932, at 5 & n.19 (Nov. 1995) (“the Commission has generally included toll producers that engage in sufficient production-related activity to be part of the domestic industry”). See, e.g., United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

²⁴ Shakeproof is the larger of the two known U.S. producers of HSLWs and the only domestic producer that provided data to the Commission. A small niche producer of HSLWs, Wrought Washer, is privately held and little is known about its operations. Transcript of Public Hearing, Nov. 30, 2000 (“Tr.”) at 81 (Mr. Hauner).

²⁵ Commissioner Bragg does not join this section. While she concurs with the majority’s findings of a reasonable overlap of competition and likely discernible adverse impact in the event the orders are revoked, her cumulation determinations are based upon a different analytical framework than that of her colleagues. See Separate Views of Commissioner Lynn M. Bragg Regarding Cumulation in Sunset Reviews, found in Potassium Permanganate From China and Spain, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999); see also, Separate Views of Chairman Lynn M. Bragg Regarding Cumulation, found in Brass Sheet and Strip From Brazil, Canada, France, Germany, Italy, Japan, Korea, the Netherlands, and Sweden, Inv. Nos. 701-TA-269 & 270 (Review) and 731-TA-311-317 and 379-380 (Review), USITC Pub. 3290 (Apr. 2000). In particular, Commissioner Bragg notes that she examines the likelihood of no discernible adverse impact only after first determining there is likely to be a reasonable overlap of competition in the event of revocation. Having found a reasonable overlap of competition in these reviews for the same reasons as those set forth by the Commission majority in Section III.B., Commissioner Bragg turns to the issue of no discernible adverse impact. Based upon the significant excess capacity in China as well as the Chinese and Taiwan subject producers’ strong export orientation, Commissioner Bragg finds that revocation of each of the orders at issue will lead to a likely discernible adverse impact to the domestic industry. CR & PR at Table I-2; CR & PR at Table IV-2; Taiwan Determination at 16. Accordingly, Commissioner Bragg cumulates subject imports from China and Taiwan.

²⁶ 19 U.S.C. § 1675a(a)(7).

are likely to have no discernible adverse impact on the domestic industry.²⁷ We note that neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.²⁸ With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.²⁹

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as the Commission instituted both reviews on November 2, 1999.

The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.³⁰ Only a “reasonable overlap” of competition is required.³¹ In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission’s traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are revoked. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.³²

²⁷ 19 U.S.C. § 1675a(a)(7).

²⁸ SAA, H.R. Rep. No. 103-316, vol. I (1994).

²⁹ For a discussion of the analytical framework of Chairman Koplan and Commissioners Miller and Hillman regarding the application of the “no discernible adverse impact” provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review) USITC Pub. 3274 (Feb. 2000). For a further discussion of Chairman Koplan’s analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review) USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

³⁰ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

³¹ See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff’d sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

³² See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission’s determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform (continued...))

We do not find that either subject imports from China or from Taiwan are likely to have no discernible adverse impact on the domestic industry if either order were revoked. Subject imports from China and Taiwan have been present in the United States throughout 1997-99 and the first half of 2000.³³ Imports from China have increased rapidly and substantially, while imports from Taiwan have fluctuated moderately throughout the period examined in these reviews.³⁴ Given these facts and the high level of substitutability of the subject imports and domestic HSLWs,³⁵ we cannot conclude that there would be no discernible adverse impact on the domestic industry if either order were revoked.

B. Reasonable Overlap of Competition

In the original investigations, those Commissioners who reached the issue found a reasonable overlap of competition between the subject imports and the domestic like product.³⁶ However, those Commissioners who conducted a threat analysis did not exercise their discretion to cumulate subject imports from China and Taiwan.³⁷

The current record indicates that the subject imports and the domestic product are likely to be fungible. Chinese producers continue to export only carbon steel HSLWs to the United States.³⁸ Producers in Taiwan apparently are concentrating on stainless steel HSLWs,³⁹ although testimony at the hearing indicated that producers in Taiwan export carbon steel as well as stainless steel HSLWs, and that producers in Taiwan can switch production between carbon and stainless HSLWs.⁴⁰ Imports of HSLWs from Taiwan are currently at a low level relative to domestic output and to apparent U.S. consumption, and apparently include only a small volume of carbon steel HSLWs. Carbon steel HSLWs, however, constituted *** percent of subject imports from Taiwan in 1990, *** percent in 1991, and *** percent in 1992.⁴¹ This suggests that the product mix of imports from Taiwan would likely consist of both carbon steel and stainless steel HSLWs if the order were removed.

Virtually all responding importers and producers indicated that subject imports from China and Taiwan are used interchangeably.⁴² Purchaser responses also revealed that HSLWs from China and

³² (...continued)

and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

³³ CR & PR at Table I-2.

³⁴ CR & PR at Table I-2.

³⁵ CR at II-7, PR at II-5.

³⁶ Taiwan Determination at 24, 45 (concurring Views of Commissioner Brunsdale and Dissent of Commissioners Nuzum and Vice Chairman Watson); China Determination at I-13, I-17, I-19 (Views of Commissioner Brunsdale, Crawford and Dissent of Vice Chairman Watson).

³⁷ See Taiwan Determination at 13-14; China Determination at I-7 to I-8.

³⁸ INV-Q-088, June 4, 1993, at Table 16 (no stainless HSLWs from China); Tr. at 114 ("China does not supply stainless.").

³⁹ CR at IV-6 n.6; PR at IV-4 n.6.

⁴⁰ Tr. at 12-13 (Mr. Hauner); Tr. at 33 (Mr. Harper).

⁴¹ Compare INV-Q-088, June 4, 1993, Table C-1 with Table C-3.

⁴² CR at II-9, PR at II-6.

Taiwan are used in the same applications.⁴³ However, the record also indicates that stainless steel and carbon steel HSLWs are not substitutable for each other in all applications.⁴⁴

The record also indicates that imported and domestically produced HSLWs generally are sold throughout the United States through the same channels of distribution.⁴⁵ Imports from both China and Taiwan were simultaneously present in the U.S. market during the original investigations and all of the review period.⁴⁶

Consequently, we conclude that there would likely be a reasonable overlap of competition among subject imports from China and Taiwan and the domestic like product in the absence of the orders.

C. Other Considerations

In determining whether to exercise our discretion to cumulate subject imports, we examine whether, upon revocation of the orders, subject imports from China and Taiwan likely would compete in the U.S. market under similar conditions of competition relative to each other and to the domestic like product. While subject imports from China and Taiwan have both maintained their presence in the market, imports of the subject merchandise from China have been much greater than those from Taiwan throughout the period examined (1997 through the first half of 2000).⁴⁷ Additionally, there appears to be far greater capacity for production of HSLWs in China than Taiwan.⁴⁸ During the original investigations and the current period of review, imports of Chinese HSLWs have been exclusively carbon steel⁴⁹ while the record indicates that producers in Taiwan concentrate on stainless steel HSLWs.⁵⁰ The different product mix of the subject imports is reflected by different unit values for imports from the two countries. Such distinctions also reflect different price levels even allowing for differences in product mix.⁵¹ While producers in Taiwan can and do produce both types of HSLWs, there is no indication on the record that their exports to the United States will become predominantly carbon steel HSLWs. Based on the record in these reviews, we find that the industries in China and Taiwan are differently situated, and that subject imports from these two sources are likely to face significantly different

⁴³ CR at II-9, PR at II-6.

⁴⁴ Tr. at 113.

⁴⁵ CR at II-1 and V-2; PR at II-1 and V-1.

⁴⁶ CR & PR at Table I-2.

⁴⁷ CR & PR at Table I-2.

⁴⁸ The primary Chinese exporter, Zhejiang Wanxin Group (“ZWG”), reports capacity of ***. CR & PR at Table IV-2. Available information suggests that the industry in Taiwan is much smaller than that in China. See CR at IV-4, PR at IV-4; INV-Q-088, June 4, 1993, at I-49 to I-50.

⁴⁹ INV-Q-088, June 4, 1993, at Table 16 (no stainless HSLWs from China); Tr. at 114 (“China does not supply stainless.”).

⁵⁰ CR at IV-6 n.6, PR at IV-4 n.6.

⁵¹ See CR & PR at Table I-2 (unit value of \$0.53 for imports from China and \$1.04 for imports from Taiwan in 1999). In 1992, the average unit value of U.S. shipments of carbon steel HSLWs from Taiwan was *** per pound, compared to *** for comparable product from China. The average unit value of U.S. shipments of stainless steel HSLWs from Taiwan was *** per pound. The average unit value of U.S. producers’ U.S. shipments of carbon steel HSLWs in 1992 was ***, while that for stainless steel HSLWs was ***. INV-Q-088, June 4, 1993, at Tables C-1, C-2, and C-3.

conditions of competition in the U.S. market. Accordingly, we decline to exercise our discretion to cumulate the subject imports from China and Taiwan in these reviews.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ORDERS ON IMPORTS FROM CHINA AND TAIWAN ARE REVOKED ⁵²

A. Legal Standard In A Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”⁵³ The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”⁵⁴ Thus, the likelihood standard is prospective in nature.⁵⁵ The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”⁵⁶ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ time frame applicable in a threat of injury analysis [in antidumping and countervailing duty investigations].”^{57 58}

⁵² Commissioner Bragg joins the remainder of this opinion. Commissioner Bragg notes that the following individual country analysis of the volume and effect of subject imports from China and Taiwan supports affirmative determinations when the volume and effect of subject imports from these two countries are assessed cumulatively. Accordingly, Commissioner Bragg finds that, for the reasons stated below and based upon a cumulative analysis, see *infra* n.25, that revocation of the orders on subject imports from China and Taiwan would be likely to lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

⁵³ 19 U.S.C. § 1675a(a).

⁵⁴ SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

⁵⁵ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

⁵⁶ 19 U.S.C. § 1675a(a)(5).

⁵⁷ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

⁵⁸ In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and
(continued...)

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated.”⁵⁹ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, and whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated.^{60 61}

We note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination.⁶² We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.”⁶³ In these reviews, not all respondent interested parties provided questionnaire responses. Accordingly, we have relied on the facts available in these reviews, which consist primarily of the information collected by the Commission since the institution of these reviews, information submitted by the cooperating domestic producers, respondent parties, and other parties in these reviews, and information from the original investigations.

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider whether the likely volume of subject imports would be

⁵⁸ (...continued)

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

⁵⁹ 19 U.S.C. § 1675a(a)(1).

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

⁶¹ Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings “the findings of the administrative authority regarding duty absorption.” 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption findings with respect to these reviews. CR at I-9, PR at I-6.

⁶² 19 U.S.C. § 1675(e).

⁶³ SAA at 869.

significant either in absolute terms or relative to the production or consumption in the United States.⁶⁴ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.⁶⁵

In evaluating the likely price effects of subject imports if the orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the price of domestic like products.⁶⁶

In evaluating the likely impact of imports of subject merchandise if the orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁶⁷ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.⁶⁸ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.⁶⁹

⁶⁴ 19 U.S.C. § 1675a(a)(2).

⁶⁵ 19 U.S.C. § 1675(a)(2)(A)-(D).

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

⁶⁷ 19 U.S.C. § 1675a(a)(4).

⁶⁸ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887. In its expedited review of the antidumping duty order regarding subject imports from China, Commerce found the likely margin of dumping to be 69.88 percent for ZWG (now known as Hangzhou Spring Washer) and 128.63 percent for all other producers. For producers in Taiwan, Commerce found the likely margins of dumping to be 31.93 percent for all producers. 65 Fed. Reg. 35605, 35606 (June 5, 2000).

⁶⁹ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at

(continued...)

For the reasons stated below, we determine that revocation of the antidumping duty orders on certain HSLWs from China and Taiwan would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁷⁰ The following conditions of competition are relevant to our determinations.

Overall demand for HSLWs depends in large part upon the demand for bolt and screw fastenings in agricultural, automotive, and industrial assemblies, and therefore is considered to be responsive to the overall strength of the U.S. economy. HSLWs account for a small portion of the total costs in their intended end uses. As a fastener, however, HSLWs face competition from other products, including adhesives, locknuts, tooth washers, and especially self-locking bolts, although substitution occurs only slowly over time.⁷¹ The market for HSLWs is slightly larger than it was in the early 1990s.⁷² Over the period of review, apparent consumption declined slightly from 1997 to 1999 (although it initially rose from 1997 to 1998). Consumption was higher in interim 2000 than in interim 1999, although parties have attributed at least some of this change to an abnormal short-term shortage of stainless steel HSLWs.⁷³

Most HSLWs, regardless of their country of origin, are sold on a spot basis to distributors for inventory. The primary concern of these distributors appears to be quality, followed by availability and then price. Purchasers do appear to be sensitive to price, however, even if it is not the single most important aspect of their purchasing decision.⁷⁴

Functionally, the domestic like product and imports of the subject merchandise can generally be used interchangeably. Stainless steel HSLWs, however, are preferred to carbon steel HSLWs in corrosive environments.⁷⁵ Stainless steel HSLWs are not generally substituted for carbon steel HSLWs

⁶⁹ (...continued)
885.

⁷⁰ 19 U.S.C. § 1675a(a)(4).

⁷¹ CR at II-6, PR at II-4

⁷² CR at II-6-7, PR at II-4. See also CR & PR at Table I-2 (the three-year apparent U.S. consumption for 1997-99 is only *** percent higher than the three-year apparent consumption for 1990-92).

⁷³ See CR & PR at Table I-2; CR at III-5, PR at III-2 (quoting Shakeproof’s Questionnaire Response); Tr. at 57-58; AAFI’s Posthearing Brief, Response to Commissioners’ Questions, at 15.

⁷⁴ Seven purchasers indicated that the HSLWs from China, Taiwan, and the United States are used interchangeably, although the quality of Chinese HSLWs may be less consistent. Five of the seven reporting purchasers indicated that their purchasing decisions are “usually” based mainly on price. See CR at II-8 and n.14, PR at II-5 and II-6 n.14.

⁷⁵ Tr. at 113.

because the former are more expensive.⁷⁶ While carbon steel HSLWs from China and Taiwan may be packaged together, stainless steel HSLWs are not packaged with carbon steel HSLWs.⁷⁷

At the time of the original investigations, the U.S. industry had shrunk from seven firms (circa 1980) to four firms (circa 1990). Over the period examined in the original investigations, Shakeproof entered the HSLW market by purchasing first the Mellowes Co. (April 1991) and then its two largest competitors, Beall (November 1991) and Crest (July 1992), leaving only Shakeproof and MW Industries, a tiny specialty producer.⁷⁸ Subsequently, in May 1993, a new firm, Marvec, began production of stainless steel HSLWs. Shakeproof, however, acquired this company in 1996/97.⁷⁹ While there is at present at least one independent source of domestically produced HSLWs (Wrought Washer of Milwaukee, which failed to provide a questionnaire response),⁸⁰ it is clear that the domestic industry is very highly concentrated.

During 1990-92, imports supplied *** percent of the U.S. market. During 1998-2000, imports supplied *** percent of the U.S. market, up from *** percent in 1997. As during the original investigations, China is the leading source of foreign HSLWs, although Russia now supplies substantial quantities as well.⁸¹

The foregoing conditions of competition provide the basis upon which we assess the likely effects of revocation within a reasonably foreseeable time.

C. Revocation of the Order on Subject Imports From China Is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time⁸²

1. Likely Volume of Subject Imports from China

In the original investigations, the Commission found that the quantity of U.S. shipments of subject imports from China increased from 5.4 million pounds in 1990 to 6.7 million pounds in 1991 and

⁷⁶ See Tr. at 113.

⁷⁷ Tr. at 92, 113.

⁷⁸ INV-Q-088, June 4, 1993, at I-17-19.

⁷⁹ INV-Q-088, June 4, 1993, at I-20 and CR at I-14 and n.10, PR at I-8 and I-8 n.10. Shakeproof purchased the assets of Marvec (characterized as a “failing business” with annual sales of about ***), adding the company’s inventory and order book, but scrapping its old, inefficient equipment and releasing its workers. Shakeproof Posthearing Brief at A-21.

⁸⁰ Wrought Washer was characterized by Shakeproof as a “small niche producer” but may account for as much as *** percent of U.S. production. CR at I-14 n.9, III-1, PR at I-8 n.9 and III-1. The fate of MW Industries is unknown.

⁸¹ CR & PR at Table I-2; CR at IV-3, PR at IV-1.

⁸² Commissioner Bragg concurs in the determination that revocation of the order on subject imports from China is likely to lead to the continuation or recurrence of material injury. She notes, however, that she cumulates subject imports from China and Taiwan for purposes of the analysis of whether revocation of the orders at issue is likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

to 7.1 million pounds in 1992.⁸³ Inventories of Chinese HSLWs in China were *** in 1990, *** in 1991 and *** in 1992,⁸⁴ while inventories in the United States increased from *** in 1990 to *** in 1991 and to *** in 1992.⁸⁵ Market penetration of the Chinese HSLWs was *** percent in 1990, *** percent in 1991, and *** percent in 1992.⁸⁶ From 1990 to 1992, capacity in China was expanded from 23.6 million pounds to 36.8 million pounds; production rose by 79.7 percent.⁸⁷

Since the imposition of the order on HSLWs from China, the volume of subject imports from China has fallen by several million pounds. However, subject imports from China were still 1.5 million pounds in 1997, 2.2 million pounds in 1998, and 2.9 million pounds in 1999.⁸⁸ Thus, while the market share of Chinese HSLWs in 1999, *** percent, is down from *** percent in 1992, subject imports have maintained a substantial and, in recent years, growing presence in the U.S. market. From 1997 to 1999, the market share of Chinese HSLWs more than doubled from *** percent.⁸⁹

ZWG, the only current Chinese exporter,⁹⁰ was the only Chinese producer to provide information in these reviews and ZWG estimates that it accounted for *** percent of Chinese production of HSLWs in 1999.⁹¹ While its capacity has declined since the original investigations, dropping from *** in 1992 to *** in 1999,⁹² it still has substantial capacity compared to U.S. apparent consumption of *** in 1999.⁹³ Although in 1999, ZWG was operating at *** percent capacity, as recently as the first half of 2000, it operated at *** percent capacity. This indicates an ability of this producer to *** its level of production and operate at *** for sustained periods.⁹⁴

Moreover, ZWG has maintained its export orientation over the past several years. In 1992, *** percent of ZWG's total shipments were exported and *** percent went to the United States.⁹⁵ 1999 data indicate that *** percent of ZWG's total shipments were exported and *** percent were destined for the

⁸³ China Determination at I-10.

⁸⁴ INV-Q-088, June 4, 1993, at Table 14.

⁸⁵ INV-Q-088, June 4, 1993, at Table 13.

⁸⁶ CR & PR at Table I-2.

⁸⁷ China Determination at I-9.

⁸⁸ CR & PR at Table I-2.

⁸⁹ CR & PR at Table I-2. The rise in subject imports during this period coincides with the declining deposit rate for the subject imports produced by ZWG. During the period examined in these reviews, ZWG's deposit rate fell from 38.27 percent to zero, although the China-wide rate remained above 100 percent. CR at I-10, PR at I-5 to I-6. This suggests the order has had a disciplining effect on the level of subject imports from China. We find that, despite currently low deposit rates, the order still has some disciplining effect, given the potential for higher rates in future administrative reviews. This effect is further demonstrated by the noticeably lower, though still substantial, level of subject imports from China since the imposition of the order.

⁹⁰ CR at IV-4, PR at IV-3.

⁹¹ CR at IV-7, PR at IV-4 (citing ZWG's questionnaire response).

⁹² Compare CR & PR at Table IV-2 with INV-Q-088, June 4, 1993, at Table 14. However, during 1990 to 1992, it operated at very close to *** percent capacity. Id.

⁹³ CR & PR at Table I-2.

⁹⁴ If ZWG's unused capacity in 1999 resulted in additional production shipped to the United States, it would constitute over *** percent of U.S. consumption. See CR & PR at Table IV-2 & Table I-2.

⁹⁵ INV-Q-088, June 4, 1993, at Table 14.

United States.⁹⁶ Despite ZWG's claims that it cannot shift production of HSLWs between different markets because the production processes differ for HSLWs destined for each market,⁹⁷ it has demonstrated an ability to shift production of HSLWs destined for other export markets to the United States. In 1999, ZWG's shipments to third countries were *** percent lower than in 1997 while its shipments to the United States were *** percent higher.⁹⁸

Moreover, ZWG is likely not to be the sole source of subject exports from China if the order were revoked. During the original investigations, ZWG was not the only exporter to the United States; ZWG itself stated that it accounted for more than *** percent, but not all, of the subject imports from China.⁹⁹ In the original investigation, ZWG stated that it accounted for *** percent of HSLW production in China; it now states that it accounts for *** percent.¹⁰⁰ There is some evidence of other capacity for production of HSLWs in China,¹⁰¹ and it is relatively inexpensive to begin production of HSLWs or shift production from similar products to make HSLWs.¹⁰²

We therefore conclude, based on the record in these reviews, that the likely volume and market share of subject imports from China likely would be significant within a reasonably foreseeable time if the order were revoked.

2. Likely Price Effects

During the original investigations, the Commission found that pricing data provided "mixed guidance" regarding the likelihood of price depression, but somewhat "clearer guidance" regarding the likelihood of price suppression, by the subject imports from China.¹⁰³ Prices reported by Shakeproof showed no clear trend, but tended to fluctuate within a narrow range. Prices for HSLWs from China fluctuated as well, decreasing moderately over the period examined in the original investigation (1990-92).¹⁰⁴ While subject imports from China were imported at average unit values lower than Shakeproof's prices for comparable products, distributor sales of HSLWs from China undersold the domestic product in *** of 48 producer/importer comparisons.¹⁰⁵

The record indicates that price is an important factor in purchasing decisions, although perhaps not as important as quality and availability.¹⁰⁶ However, the record in these reviews indicates that the domestic like product and HSLWs from China are used interchangeably and are considered to be

⁹⁶ CR & PR at Table IV-2.

⁹⁷ CR at IV-6, PR at IV-4.

⁹⁸ See CR & PR at Table IV-2.

⁹⁹ INV-Q-088, June 4, 1993, at I-47.

¹⁰⁰ INV-Q-088, June 4, 1993, at I-47; CR at IV-7 (citing questionnaire).

¹⁰¹ See CR at IV-4, n.3, PR at IV-3, n.3.

¹⁰² Shakeproof's Posthearing Brief, App. A, at 10-11.

¹⁰³ See China Determination at I-10.

¹⁰⁴ Tables 18-23, INV-Q-088, June 4, 1993, at I-65 to I-67.

¹⁰⁵ INV-Q-088, June 4, 1993, at I-75 and 77; Tables 18-23, INV-Q-088, June 4, 1993, at I-65 to I-67. These instances of underselling, however, increased noticeably over the period examined.

¹⁰⁶ CR at II-7, PR at II-5. Shakeproof stated that quality is generally addressed in the manufacturing process and pretty much assured, making price a prime factor in purchasing decisions. CR at II-7, n.13, PR at II-5 n.13; Tr. at 23.

substitutable.¹⁰⁷ Thus, for any individual source of supply, increases in sales volume are likely to be achieved through lower prices.

Just as they did in the early 1990s, Shakeproof's reported prices during January 1997 - June 2000 fluctuated for the most part within a narrow range. Moreover, data reported by Shakeproof and by several of the largest HSLW importers in the United States continue to reflect higher domestic producer prices for available comparisons.¹⁰⁸ We observe, however, that a portion of Shakeproof's sales are to master distributors which also import HSLWs directly.¹⁰⁹ Thus, not all of the reported price comparisons are at the same level of trade.¹¹⁰ Furthermore, Shakeproof's sales typically involved larger individual sale quantities of HSLWs¹¹¹ sold at a volume discount.¹¹² Pricing data collected from purchasers indicate underselling by the subject imports from China. These data, however, suffer from a limited number of observations and marked discrepancies in transaction volume.¹¹³ Consequently, we give limited weight to the price comparison data in these reviews.

We have considered whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the price of the domestic like product. While price is considered to be one of several important purchasing considerations, and HSLWs from China and HSLWs produced in the United States are considered to be interchangeable, both the original record and the current record are ambiguous regarding the likelihood of significant price effects. Moreover, Shakeproof has demonstrated that it will "walk away" from sales rather than lower its prices to maintain market share, indicating that any negative effects from the revocation of the order on China are more likely to be volume-related than price-related.¹¹⁴ Given the likelihood of a significant increase in the volume of subject imports from China if the order were revoked, however, Shakeproof will be under increasing pressure to adjust price levels in order to maintain output and sales volume.¹¹⁵ Because Shakeproof will be limited in its ability to sustain overall profitability at significantly lower sales volumes, it will face progressively greater incentives to lower its prices or to forego price increases.

¹⁰⁷ CR at II-7 and II-9, PR at II-5 and II-6.

¹⁰⁸ CR & PR at Tables V-1 to V-6. Shakeproof's carbon steel HSLW prices have remained fairly steady over the period examined in these reviews, while its stainless steel HSLW prices fell in 1999 as sales volumes increased dramatically. Id.

¹⁰⁹ A master distributor buys HSLWs in very large quantities for re-sale to smaller distributors. Tr. at 23

¹¹⁰ CR at V-5, PR at V-4; Tr. at 18-20.

¹¹¹ Shakeproof's Posthearing Brief at 12.

¹¹² Tr. at 19; CR at V-4, PR at V-2.

¹¹³ See CR & PR at V-7.

¹¹⁴ Tr. at 17, 37. We also note the general stability of Shakeproof's prices during the period examined in the original investigation as well as in the period examined in these reviews, as well as stability between these two periods. This stability is all the more remarkable in light of substantial shifts in market share (1991 and 1998), substantial decreases in apparent U.S. consumption (1991 and 1999), and substantial increases in apparent U.S. consumption (1992, 1998, and 2000). CR & PR at Table I-2. Moreover, although we allow for changes in product mix over time, we observe that, while Shakeproof has experienced considerable shifts in its U.S. shipment volume over time, the average unit value of its U.S. shipments has exhibited little such volatility. CR & PR at Table I-2.

¹¹⁵ As discussed earlier, the volume of subject imports from China reached *** percent of the U.S. market prior to the imposition of the orders and currently, with the orders in place, reached *** percent in 1999 and is continuing to rise.

Consequently, on the basis of the record in these reviews, we find that revocation of the antidumping duty order on imports of HSLWs from China would be likely to lead to underselling by the subject imports of the domestic like product and would be likely to lead to price depression or suppression, within a reasonably foreseeable time.

3. Likely Impact

In the original investigations, the Commission found that the domestic industry's performance was "mixed."¹¹⁶ Production and capacity decreased between 1990 and 1992.¹¹⁷ The industry's shipments and market share also declined from 1990 to 1992.¹¹⁸ Yet, the industry remained profitable during the period; its operating income as a percentage of sales was *** percent in 1990, *** percent in 1991 and *** percent in 1992.¹¹⁹

The condition of the domestic industry has improved since the original investigations. The industry earned *** profits in the period reviewed.¹²⁰ As the subject imports from China declined after the order was imposed, the market share of the U.S. industry increased significantly.¹²¹ Shakeproof is now the sole mass market supplier in the United States and supplies *** of the U.S. market.¹²² The industry's cost structure has also improved and the industry is now operating at a much higher rate of capacity utilization.¹²³ Shakeproof indicates that it is a much more efficient producer¹²⁴ and this is evidenced by its productivity being *** percent higher in 1999 in comparison to 1992.¹²⁵ Accordingly, we find that the improvement in the state of the industry is related to the order and the resulting significant decline in the volume of HSLW imports from China.¹²⁶

Although we do not find the domestic industry to be vulnerable in light of its profitability, we note that imports of HSLWs from China have increased between 1997 and 1999 while the domestic

¹¹⁶ China Determination at I-6.

¹¹⁷ China Determination at I-6; CR & PR at Table I-2.

¹¹⁸ China Determination at I-6.

¹¹⁹ CR & PR at Table I-2.

¹²⁰ The industry's ratio of operating income to sales was *** percent in 1997, *** percent in 1998 and *** percent in 1999. In the first six months of 2000, the ratio was *** percent as compared to *** in the first six months of 1999. CR & PR at Table III-5.

¹²¹ See CR & PR at Table I-2.

¹²² CR & PR at Table I-5.

¹²³ In 1992, the industry operated at *** percent capacity utilization. CR & PR at Table I-2. Its capacity utilization was *** percent in 1997, *** percent in 1998, and *** percent in 1999. CR & PR at Table III-1. During the period examined in these reviews, Shakeproof saw its capacity fall steadily, to levels well below those reported in the early 1990s. However, the firm's production levels are up (although declining in recent years) and it absorbed the capacity of yet another competitor in 1996/97. Shakeproof's reported capacity fell from *** in 1997 to *** in 1999, even though its capacity for the first half of 1999 was ***, or *** on an annualized basis. CR & PR at Table I-2.

¹²⁴ Tr. at 15.

¹²⁵ See CR & PR at Table I-2.

¹²⁶ See CR & PR at Table I-2.

industry's market share fell.^{127 128} Likewise, the domestic industry's capacity, production, U.S. shipments, total sales, capacity utilization, capital expenditures and employment all declined over the period reviewed.¹²⁹ While some of the industry's indicators improved in the first six months of 2000,¹³⁰ this reportedly resulted from ***.¹³¹ Further erosion of the domestic industry's market share is likely to threaten the cost structure, efficiency and profitability of the industry.

As discussed above, revocation of the order likely would lead to a significant increase in the volume and market share of the subject imports from China. Given the very low rate of growth in demand and importance of price in purchasing decisions, the significant increase in subject imports from China is likely to cause a significant decline in the volume of the domestic producers' shipments as well as an impact on prices. We find that this likely would have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. This likely reduction in the industry's production, shipments, sales, market share, and revenues would result in erosion of the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. In addition, we find it likely that revocation of the order will result in commensurate employment declines for the industry.

¹²⁷ The domestic industry's market share in terms of quantity was *** percent in 1997, and it declined to *** percent in 1998 and *** percent in 1999. CR & PR at Table I-5. While nonsubject imports also generally increased over the period, they were lower in 1999 as compared to 1998, yet the domestic industry's market share still declined. See CR & PR at Table I-5.

¹²⁸ Commissioner Bragg finds that the domestic industry is currently in a weakened condition as contemplated by the vulnerability criterion of the statute. She notes that the record supports Shakeproof's contention that during the period reviewed the company reduced capital expenditures and costs (evidenced by a reduction of employees and the temporary closure of Shakeproof's Milwaukee production facility, Shakeproof's December 22, 2000, Supplemental Submission) as well sacrificed sales in order to maintain prices for its product. CR & PR at Table III-4; Tr. at 17, 37.

¹²⁹ The domestic industry's capacity was *** in 1997, *** in 1998 and *** in 1999. CR & PR at Table III-1. Production was *** in 1997, *** in 1998, and *** in 1999. CR & PR at Table III-1. U.S. shipments were *** in 1997, *** in 1998, and *** in 1999. CR & PR at Table III-2. Total sales were *** in 1997, *** in 1998, and *** in 1999. CR & PR at Table III-5. Capacity utilization was *** percent in 1997, *** percent in 1998, and *** percent in 1999. CR & PR at Table III-1. Capital expenditures were *** in 1997, *** in 1998 and *** in 1999. CR & PR at Table III-7. The number of production and related workers fell from *** in 1997, to *** in 1998 and *** in 1999. CR & PR at Table III-4.

¹³⁰ The industry's production was *** in the first half of 2000 and *** in the first half of 1999. Capacity utilization was *** percent in the first half of 2000 and *** percent in the first half of 1999. CR & PR at Table II-1. U.S. shipments were *** in the first half of 2000 and only *** in the first half of 1999. CR & PR at Table III-2.

¹³¹ See CR at III-5, PR at III-2 (quoting Shakeproof's Questionnaire Response); Tr. at 57-58; AAFI's Posthearing Brief, Response to Commissioners' Questions, at 15.

D. Revocation of the Order on Subject Imports From Taiwan Is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time^{132 133}

1. Likely Volume of Subject Imports from Taiwan

During the original investigations, the Commission found that the volume and value of subject imports from Taiwan “increased dramatically between 1990 to 1992.”¹³⁴ The volume of U.S. shipments of subject imports from Taiwan rose from 388,000 pounds in 1990 to 629,000 pounds in 1991, and 735,000 pounds in 1992.¹³⁵ The Commission found sufficient unused capacity in Taiwan to supply the demand satisfied by imports from China before the imposition of the antidumping duty order on those imports.¹³⁶ The Commission observed that the largest producer in Taiwan, Likunog, was heavily export-oriented with the U.S. market being its primary market,¹³⁷ that it had the ability to significantly increase exports to the United States, and that it had exhibited a trend towards increased production and exports.¹³⁸ The Commission noted that it had rapidly increased its exports to a third country at the same time it increased its exports to the United States.¹³⁹ Additionally, the Commission noted that there was unreported capacity in Taiwan about which the Commission did not have specific information.¹⁴⁰ Consequently, the Commission concluded that it was likely that exporters in Taiwan would increase their shipments to the United States.¹⁴¹

In these reviews, the Commission received no information in response the notice of institution or to the questionnaires sent to seven companies believed to produce HSLWs in Taiwan. Therefore, the Commission’s information is limited with respect to the industry in Taiwan, as it was in the original investigation.

¹³² Vice Chairman Deanna Tanner Okun and Commissioner Marcia E. Miller dissent with respect to imports from Taiwan and do not join the remainder of the opinion. See Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Marcia E. Miller.

¹³³ Commissioner Bragg concurs in the determination that revocation of the order on subject imports from Taiwan is likely to lead to the continuation or recurrence of material injury. She notes, however, that she cumulates subject imports from China and Taiwan for purposes of the analysis of whether revocation of the orders at issue is likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

¹³⁴ Taiwan Determination at 15.

¹³⁵ INV-Q-088, June 4, 1993 at Table 2. In terms of quantity, subject imports from Taiwan constituted *** percent of the market in 1990, *** percent in 1991, and *** percent in 1992. CR & PR at Table I-2.

¹³⁶ Taiwan Determination at 15-16.

¹³⁷ Taiwan Determination at 16.

¹³⁸ Taiwan Determination at 16.

¹³⁹ Taiwan Determination at 17.

¹⁴⁰ Taiwan Determination at 16. Likunog only accounted for *** percent of the carbon steel HSLWs exported to the United States from Taiwan in 1992 and *** percent in 1990. INV-Q-088, June 4, 1993, at I-50 n.83.

¹⁴¹ Taiwan Determination at 16.

Despite the discipline of the order, subject imports were 31 percent greater in 1999 than 1997 in terms of quantity.¹⁴² Given the strong export orientation of the industry in Taiwan,¹⁴³ it is likely that in the absence of the order, U.S. shipments of subject imports from Taiwan would rebound to a level similar to that in 1992, 735,000 pounds.¹⁴⁴ This level of imports would have constituted *** percent of U.S. consumption and 14 percent of all imports in 1999.¹⁴⁵ We acknowledge that information obtained from the American Institute in Taiwan suggested that the market for HSLWs in Taiwan is shrinking since the antidumping duty order was imposed.¹⁴⁶ However, this is not a basis for concluding that producers in Taiwan would not increase their exports to the United States in the absence of the order. To the contrary, it suggests that producers in Taiwan will become even more reliant on export sales. The industry's concentration on export markets is evident, subject imports are increasing with the order in place, and producers in Taiwan demonstrated the ability to quickly increase exports to the United States during 1990-92.¹⁴⁷

Particularly in a market in which demand is not growing, such a potential increase in imports would be significant. We therefore conclude, based on the record in these reviews, that the volume of subject imports from Taiwan likely would be significant within a reasonably foreseeable time if the order were revoked.¹⁴⁸

2. Likely Price Effects

During the original investigations, the Commission found evidence that indicated that subject imports from Taiwan were priced lower than the domestic product.¹⁴⁹ However, the Commission did not find clear evidence of price suppression or depression as there were no clear trends in prices.¹⁵⁰ The Commission did not rely on much of the pricing data because the data were limited and domestic sales were much larger than those by importers.¹⁵¹

The record indicates that price is an important factor in purchasing decisions, although perhaps not as important as quality and availability.¹⁵² However, the record in these reviews indicates that the

¹⁴² See CR & PR at Table I-4. Subject imports from Taiwan were 289,000 pounds in 1997, 257,000 pounds in 1998, and 378,000 pounds in 1999. Id.

¹⁴³ The Commission's limited data on the industry in Taiwan indicated that it exported *** during 1990-92. INV-Q-088, June 4, 1993, at Table 15. *** of its production was destined for the United States. Id.

¹⁴⁴ CR & PR at Table I-4.

¹⁴⁵ See CR & PR at Table I-2.

¹⁴⁶ CR & PR at IV-4.

¹⁴⁷ CR & PR at Table I-2.

¹⁴⁸ Commissioner Bragg infers that, upon revocation, Taiwan subject producers would revert to their historical emphasis on exporting to the United States, as evidenced in the Commission's original determination.

¹⁴⁹ Taiwan Determination at 17.

¹⁵⁰ Taiwan Determination at 17.

¹⁵¹ Taiwan Determination at 17.

¹⁵² CR at II-7, PR at II-5. Shakeproof stated that quality is generally addressed in the manufacturing process and pretty much assured, making price a prime factor in purchasing decisions. CR at II-7, n.13, PR at II-5 n.13; Tr. at 23.

domestic like product and HSLWs from Taiwan are used interchangeably and considered substitutable.¹⁵³ Thus, for any individual source of supply increases in sales volume are likely to be achieved through lower prices.

Subject imports from Taiwan are primarily stainless steel and prices for domestic products 3 and 6, the stainless steel HSLWs, trended downwards.¹⁵⁴ The limited price comparisons available in these reviews indicate overselling by subject imports. We observe, however, that a portion of Shakeproof's sales are to master distributors which also import HSLWs directly.¹⁵⁵ Thus, not all of the reported price comparisons are at the same level of trade.¹⁵⁶ Furthermore, Shakeproof's sales typically involved larger individual sale quantities of HSLWs¹⁵⁷ sold at a volume discount.¹⁵⁸ Pricing data collected from purchasers indicate underselling by the subject imports from Taiwan. These data, however, suffer from a limited number of observations and marked discrepancies in transaction volume.¹⁵⁹ Consequently, we give limited weight to the price comparison data in these reviews.

Given the likely significant volume of subject imports, the high level of substitutability between the subject imports and domestic like product, evidence in the original investigation of underselling, the importance of price in purchasing decisions, and the stagnant U.S. demand discussed above, we find that in the absence of the order, HSLWs from Taiwan would likely undersell the U.S. product in order to gain additional market share. Moreover, Shakeproof has demonstrated that it will "walk away" from sales rather than lower its prices to maintain market share, indicating that any negative effects from the revocation of the order on Taiwan are more likely to be volume-related than price-related.¹⁶⁰

Given the likelihood of a significant increase in the volume of subject imports from Taiwan if the order were revoked, however, Shakeproof will be under increasing pressure to adjust price levels in order to maintain output and sales volume, especially since stainless steel product from Taiwan will be competing with Shakeproof's higher-value products. Because Shakeproof will be limited in its ability to sustain overall profitability at significantly lower sales volumes, it will face progressively greater incentives to lower its prices or to forego price increases. Thus, on the basis of the record in this review, we find that revocation of the antidumping order on HSLWs from Taiwan would be likely to lead to price depression or suppression in the reasonably foreseeable future.¹⁶¹

¹⁵³ CR at II-7 and II-9, PR at II-5 and II-6.

¹⁵⁴ CR & PR at Figs. V-5, V-8, V-11, and V-14.

¹⁵⁵ A master distributor buys HSLWs in very large quantities for re-sale to smaller distributors. Tr. at 23.

¹⁵⁶ CR at V-5, PR at V-4; Tr. at 18-20.

¹⁵⁷ Shakeproof's Posthearing Brief at 12.

¹⁵⁸ Tr. at 19; CR at V-4, PR at V-2.

¹⁵⁹ See CR & PR at V-7.

¹⁶⁰ Tr. at 17, 37. We also note the general stability of Shakeproof's prices during the period examined in the original investigation as well as in the period examined in these reviews, as well as stability between these two periods. This stability is remarkable in light of substantial shifts in market share (1991 and 1998), substantial decreases in apparent U.S. consumption (1991 and 1999), and substantial increases in apparent U.S. consumption (1992, 1998, and 2000). CR & PR at Table I-2. Moreover, although we allow for changes in product mix over time, we observe that, while Shakeproof has experienced considerable shifts in its U.S. shipment volume over time, the average unit value of its U.S. shipments has exhibited little such volatility. CR & PR at Table I-2.

¹⁶¹ Commissioner Bragg notes that although she agrees that the likely negative effects of revocation of the orders on China and Taiwan are more likely to be volume-related than price-related, she nonetheless infers that the

(continued...)

3. Likely Impact

We have already examined in detail in our China determination the domestic industry's mixed performance in the original investigations and in the period reviewed. Revocation of the order likely would lead to a significant increase in the volume of the subject imports from Taiwan. Exporters in Taiwan are concentrating on stainless steel HSLWs,¹⁶² as is the domestic industry. In the first half of 2000, Shakeproof became more reliant on the higher end stainless steel HSLWs as a source of revenue.¹⁶³ Moreover, the domestic industry's carbon steel operations have been weak subsequent to this period.¹⁶⁴ The domestic industry's increasing dependence on stainless HSLWs renders it more susceptible to injury caused by imports of stainless steel HSLWs from Taiwan.

With U.S. demand for HSLWs flat and price an important consideration in purchasing decisions, the significant increase in subject imports is likely to cause declines in the volume of the domestic producers' shipments. We find that this likely would have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. Given the domestic industry's increasing dependence on stainless steel HSLWs, this reduction in the industry's production, shipments, sales, market share, and revenues would result in erosion of the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. In addition, we find it likely that revocation of the order will result in commensurate employment declines for the industry.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on certain HSLWs from China and Taiwan would be likely to lead to continuation or recurrence of material injury to the U.S. industry within a reasonably foreseeable time.

¹⁶¹ (...continued)

likely significant volume of subject imports from China and Taiwan will have a likely significant adverse impact on domestic prices, as evidenced in the Commission's original determinations.

¹⁶² CR at IV-6 n.6, PR at IV-4 n.6.

¹⁶³ CR at III-7, PR at III-2 to III-3; Tr. at 58.

¹⁶⁴ CR at III-7, PR at III-3.

**DISSENTING VIEWS OF VICE CHAIRMAN DEANNA TANNER OKUN
AND COMMISSIONER MARCIA E. MILLER**

Inv. No. 731-TA-625 (Review) Helical Spring Lock Washers from Taiwan

Based on the record in these five-year reviews, we determine that revocation of the antidumping duty order covering imports of helical spring lock washers (HSLWs) from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We determine, however, that revocation of the antidumping duty order covering imports of HSLWs from Taiwan would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Therefore, we respectfully dissent from the Commission's determination with respect to subject imports from Taiwan. While we join the Commission's determinations with respect to background, legal standards, like product, the domestic industry, cumulation, conditions of competition, and imports of the subject merchandise from China, we write to explain why revocation of the antidumping duty order covering imports of HSLWs from Taiwan would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

In these reviews, the Commission majority has declined to exercise its discretion to cumulate the likely volume and effect of subject imports from China and Taiwan, finding that the industries in China and Taiwan are differently situated and that HSLW imports from these two sources face different competitive conditions in the U.S. market. Accordingly, at the outset, we emphasize factors that particularly influence our affirmative determination with respect to the subject imports from China and our negative determination with respect to the subject imports from Taiwan. First, the HSLW market in the United States requires carbon and carbon alloy, stainless steel, and other metal HSLWs for specific applications, but demand is heavily weighted toward carbon and carbon alloy steel HSLWs. China's HSLW exports are of carbon steel, while Taiwan's exports are chiefly stainless steel.¹ Second, the volume of subject imports from Taiwan is currently and was prior to the imposition of the order of a completely different order of magnitude than the volume of subject imports from China.² Third, the pricing practices leading to the sale of HSLWs from China and Taiwan are markedly different.³

¹ CR at IV-6 n.6, PR at IV-6 n.6; CR at I-14, PR at I-8 (over *** of Shakeproof shipments in 1999 were of carbon/alloy steel); and CR at IV-7, PR at IV-5 (***) of ZWG's production of HSLWs in 1999 was of carbon/alloy steel).

² In 1992, subject import volume from China exceeded eight million pounds; subject import volume from Taiwan was less than one-tenth of that level. Table 16, INV-Q-088, June 4, 1993, at I-52. In the first half of 2000, subject import volume from China was more than 1.9 million pounds; subject import volume from Taiwan was less than one-tenth of that level. Table IV-1, CR at IV-2, PR at IV-2.

³ See n.51 of the Views of the Commission comparing the average unit values of carbon steel HSLWs from Taiwan with those from China; note the greater frequency of underselling by HSLWs from China compared to HSLWs from Taiwan (Tables 18-23, INV-Q-088, June 4, 1993, at I-71-73; Tables V-1-6, CR at V-8-13, PR at V-5).

A. Revocation of the Order on Subject Imports from Taiwan Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Conditions of Competition

We join in the majority's discussion of the conditions of competition that provide the basis upon which we assess the likely effects of revocation within a reasonably foreseeable time.

2. Likely Volume of Subject Imports from Taiwan

In the original investigations, the Commission found that the quantity of U.S. imports of HSLWs from Taiwan was 407,000 pounds in 1990, 710,000 pounds in 1991, and 780,000 pounds in 1992, while the quantity of U.S. shipments of HSLWs from Taiwan was 388,000 pounds in 1990, 629,000 pounds in 1991, and 735,000 pounds in 1992.⁴ In 1992, HSLWs from Taiwan accounted for *** percent of apparent U.S. consumption, an increase of *** percentage points since 1990.⁵ There were no reported inventories of HSLWs held in Taiwan, and U.S. importers held inventories of 104,000 pounds in 1990, 182,000 pounds in 1991, and 222,000 pounds in 1992.⁶

According to information provided by the American Institute in Taiwan (AIT) at the time of the original investigations, the HSLW industry in Taiwan peaked during 1985-86, with seven firms producing more than 500 metric tons per month. However, foreign buyers subsequently shifted import orders to China, which reportedly undersold HSLWs from Taiwan by 20 to 30 percent. By the early 1990s, only four firms reportedly manufactured HSLWs in Taiwan, three of which stopped producing in the second half of 1992. The remaining firm, Likunog, reportedly accounted for virtually all of the manufacture and export of stainless steel HSLWs and a small and declining share of the manufacture and export of carbon steel HSLWs in Taiwan. Likunog's total capacity remained stable throughout the period 1990-92, at a level of *** pounds, while its capacity utilization increased from *** percent in 1990 to *** percent in 1991 and to *** percent in 1992. Available capacity to manufacture HSLWs in Taiwan tended to be directed toward export markets, of which the United States was the primary market until 1992, when it was surpassed by Nigeria.⁷

Reliable information regarding the current HSLW industry in Taiwan is scarce. According to a spokesman for the Taiwan Screws Industry Association, there are "few" companies that produce or export spring washers, the market for which has been small and declining.⁸ This characterization is consistent with the information developed in the original investigations. Parties, however, continue to dispute the precise size of the HSLW industry in Taiwan. Shakeproof has identified a multitude of companies in Taiwan that appear to be active in the HSLW trade, although the experiences of other market participants call into question whether these companies actually manufacture HSLWs in Taiwan, or are instead trading companies or manufacturers of other fastener products. Secondary sources are

⁴ Table 16, INV-Q-088, June 4, 1993, at I-52; Table 2, INV-Q-088, June 4, 1993, at I-15.

⁵ Table 17, INV-Q-088, June 4, 1993, at I-56.

⁶ Table 15 and Table 13, INV-Q-088, June 4, 1993, at I-50 and I-44.

⁷ Data and information from the original HSLW investigations are drawn from INV-Q-088, June 4, 1993, at I-49-51.

⁸ CR at IV-4, PR at IV-4.

unclear on this matter, noting that traders located in Asia often prefer to present themselves as manufacturers.⁹

During the period examined in the current reviews, the U.S. market share of HSLWs from Taiwan was *** percent in 1997, *** percent in 1998, and *** percent in 1999, moderately lower than the *** percent of the market held by HSLWs from Taiwan during 1990-92.¹⁰ We have no primary data regarding the available HSLW capacity in Taiwan or current inventory levels in Taiwan. Accordingly, we rely on information collected in the original investigations with respect to production capacity, notwithstanding the previously-noted suggestion that the industry in Taiwan may be smaller than in the early 1990s. The record does not indicate that HSLWs from Taiwan face any barriers to trade in countries other than the United States. Finally, although Shakeproof argues that product shifting is likely, we note that HSLW producers do not appear to engage in product shifting to a significant degree.¹¹

While the order appears to have had some restraining effect on the volume of subject imports from Taiwan, even were the volume to return to pre-order levels, the quantity of HSLWs from Taiwan is likely to remain relatively small. Available evidence indicates that Taiwan was and is a marginal source of supply to the U.S. market, especially for the large master distributors that compete with Shakeproof for high-volume sales of carbon steel HSLWs. Accordingly, based on the record in these reviews and the record in the original investigations, we find that the likely volume of subject imports from Taiwan would not be significant if the order is revoked, either in absolute terms or relative to production or consumption in the United States.

3. Likely Price Effects of the Subject Imports

During the original investigations, the Commission found little clear evidence of price effects by the subject imports from Taiwan.¹² Prices for HSLWs from Taiwan fluctuated, increasing moderately over the period examined in the original investigations (1990-92). Prices reported by Shakeproof showed no clear trend, but tended to fluctuate within a narrow range.¹³ The Commission found that, while subject imports from Taiwan were imported at average unit values lower than Shakeproof's prices

⁹ CR at IV-3-4 and n.3, PR at IV-3-4 and n.3. Compare Posthearing Brief of Shakeproof at Appendix B with Posthearing Brief of AAFI at Exhibit 1 and Additional Factual Information filed by AAFI on December 15, 2000.

¹⁰ Table I-2, CR at I-3, PR at I-3. HSLWs from Taiwan accounted for *** percent of apparent U.S. consumption in the first half of 2000. *Id.*

¹¹ Shakeproof, for example, reports that ***. CR at II-4, PR at II-3. Chinese manufacturer ZWG is reportedly unable to switch production between subject merchandise and other products. Prehearing Brief of AAFI at 9.

¹² See Views of Chairman Newquist and Commissioner Rohr at 17-18 (pricing data provide mixed guidance); Additional Views of Anne E. Brunsdale at 33 n.31 (structure of the industry complicates analysis; difficult to determine whether the effect (of cumulated imports) would be primarily in terms of quantity or in terms of price); and Dissenting Views of Vice Chairman Peter S. Watson and Commissioner Janet A. Nuzum at 47-51 (analysis of underselling is complicated by differing levels of trade; there is a preponderance of overselling by imports from Taiwan; lower ex-dock prices do not significantly affect domestic producers' prices; no evidence that the prices of HSLWs from Taiwan prevented domestic price increases, which otherwise would have occurred, to a significant degree).

¹³ Tables 18-23, INV-Q-088, June 4, 1993, at I-65-67.

for comparable products, distributor sales of HSLWs from Taiwan undersold the domestic product in only *** of 49 producer/importer comparisons.¹⁴

The record indicates that price is an important factor in purchasing decisions, although perhaps not as important as quality and availability.¹⁵ The record in these reviews also indicates that the domestic like product and HSLWs from Taiwan are used interchangeably and are considered to be substitutable.¹⁶ Thus, for any individual source of supply, increases in sales volume are likely to be achieved through lower prices.

We find the evidence on the record of these reviews as to whether current subject imports from Taiwan are underselling the domestic like product to be inconclusive. Shakeproof's reported prices during January 1997 - June 2000 fluctuated for the most part within a narrow range, while the comparative price data reported by Shakeproof and by several of the largest HSLW importers in the United States reflect lower domestic producer prices for all five comparisons.¹⁷ We observe, however, that a portion of Shakeproof's sales volume is to master distributors which also import HSLWs directly.¹⁸ Thus, not all of the reported price comparisons are at the same level of trade. Furthermore, Shakeproof's sales typically involved larger individual sale quantities of HSLWs sold at a volume discount.¹⁹ In contrast, pricing data collected from purchasers indicate some underselling by the subject imports from Taiwan. These data, however, are based on a limited number of observations (five) and reflect marked differences in transaction volumes.²⁰ On balance, we do not find that the record in the original investigations and in the present reviews indicates that there is likely to be significant underselling by imports from Taiwan if the order is revoked.

We have considered whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the price of the domestic like product. We do not find that the record supports such a finding. While price is considered to be one of several important purchasing considerations, and HSLWs from Taiwan and HSLWs produced in the United States are considered to be interchangeable, the record is inconclusive as to the degree of any likely price effects. Shakeproof has demonstrated that it will "walk away" from sales rather than lower its prices to maintain market share.²¹ Further, we find that the volume of subject imports from Taiwan likely would not be significant if the order is revoked, and therefore likely would be too small to affect domestic prices significantly.

Consequently, on the basis of the record in these reviews, we find that revocation of the antidumping duty order on imports of HSLWs from Taiwan would not be likely to lead to significant

¹⁴ INV-Q-088, June 4, 1993, at I-77-78; Tables 18-23, INV-Q-088, June 4, 1993, at I-65-67.

¹⁵ CR at II-7, PR at II-5. Shakeproof contends that quality is typically addressed in the manufacturing process and is generally assured, making price a prime factor in purchasing decisions. CR at II-7, n.13, PR at II-5 n.13; Tr. at 23.

¹⁶ CR at II-7, II-9, PR at II-5-6.

¹⁷ Tables V-1-6, CR at V-8-13, PR at V-5. Shakeproof's carbon steel HSLW prices have remained fairly steady over the period examined in these reviews, while its stainless steel HSLW prices fell in 1999 as sales volumes increased ***. *Id.*

¹⁸ CR at V-5, PR at V-4; Tr. at 18-20. A master distributor buys HSLWs in very large quantities for re-sale to smaller distributors. Tr. at 23.

¹⁹ Posthearing Brief of Shakeproof at 12; Tr. at 19; CR at V-4, PR at V-4.

²⁰ See CR at V-7, PR at V-6.

²¹ Tr. at 17, 37.

underselling by the subject imports from Taiwan of the domestic like product, or have a significant depressing or suppressing effect on the price of the domestic like product, within a reasonably foreseeable time.

4. Likely Impact of Subject Imports from Taiwan

During the period examined in the original investigations, the overall performance of the industry was mixed. Between 1990 and 1991, domestic shipment volumes decreased, both in quantity and value. However, between 1991 and 1992, the industry recovered much, though not all, of its lost volume. Overall, shipment quantities and values fell, while average unit values fluctuated within a narrow range. Production also fluctuated, although Shakeproof's capacity declined between 1990 and 1992, resulting in *** capacity utilization. Overall, the domestic industry maintained operating income margins of *** percent in 1990, *** percent in 1991, and *** percent in 1992, even though its share of the U.S. market fell from *** percent in 1990 to *** percent in 1991 and to *** percent in 1992.²²

In contrast to the original investigations, the domestic industry held market shares of *** percent in 1997, *** percent in 1998, and *** percent in 1999.²³ Moreover, since the early 1990s, Shakeproof has improved its operating efficiencies. It has gained market share and increased sales volumes, thereby increasing its output and capacity utilization and lowering its per-unit operating costs, while prices have remained stable. As a result, its operating income margins have been consistently strong: *** percent in 1997, *** percent in 1998, *** percent in 1999, and *** percent during the first half of 2000.²⁴ We attribute these gains to the imposition of the antidumping duty order on China, which clearly has helped Shakeproof further consolidate its position in the U.S. HSLW market. We find, however, that the imposition of the antidumping duty order on the significantly smaller volume of higher-priced HSLWs from Taiwan has contributed little to the improvement in the state of the domestic industry.

Considering the domestic industry's overall performance and its position in the U.S. market, we do not find the domestic industry to be vulnerable. Although the domestic industry's net sales quantities and net sales revenues declined between 1997 and 1999, its financial position remained solid; moreover, its net sales quantities, sales values, and operating income ratios were higher in interim 2000, as compared to interim 1999.²⁵ As noted previously, imports from Taiwan are primarily stainless steel HSLWs, which represent only a small portion of the U.S. HSLW market, as opposed to carbon steel HSLWs, which constitute most of the market. Even in the face of increased demand for stainless steel HSLWs in the first half of 2000, imports from Taiwan remained at low levels, as they have throughout the period examined.²⁶

²² Table I-2, CR at I-3-6, PR at I-3.

²³ Table I-2, CR at I-3-6, PR at I-3. Because of a substantial increase in apparent U.S. consumption in the first half of 2000, the domestic industry held *** percent of the U.S. market despite increasing shipment volumes by more than *** relative to the first half of 1999. *Id.*

²⁴ Table I-2, CR at I-3-6, PR at I-3.

²⁵ Table I-2, CR at I-3-6, PR at I-3. *See* the Commission's views with respect to China for a more detailed presentation of the overall condition of the domestic industry.

²⁶ CR at III-5, PR at III-2 (quoting Shakeproof's Questionnaire Response); Tr. at 57, 58; Posthearing Brief of AAFI, *Responses to Commission Questions* at 15.

We therefore find that, in the absence of significant volume or price effects, the likely impact on the domestic HSLW industry of subject imports from Taiwan will not be significant if the order is revoked.

B. Conclusion

Based on the record in these reviews, we conclude that revocation of the antidumping duty order on Taiwan is not likely to lead to continuation or recurrence of material injury to the U.S. helical spring lock washer industry within a reasonably foreseeable time.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On November 2, 1999, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping duty orders on helical spring lock washers (HSLWs) from China and Taiwan would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective February 3, 2000, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in table I-1.¹

Table I-1
HSLWs: Background and schedule of reviews

Effective date	Action
June 28, 1993	Commerce's antidumping duty order on Taiwan (58 FR 34567)
October 19, 1993	Commerce's antidumping duty order on China (58 FR 53914)
November 2, 1999	Commission's institution of reviews (64 FR 59204)
February 3, 2000	Commission's decision to conduct full reviews (65 FR 7890, February 16, 2000)
June 5, 2000	Commerce's final results of expedited reviews on China and Taiwan (65 FR 35605)
July 11, 2000	Commission's scheduling of the reviews (65 FR 45801, July 25, 2000)
November 30, 2000	Commission's hearing ¹
January 12, 2001	Commission's votes
January 25, 2001	Commission's determinations transmitted to Commerce

¹ App. B presents a list of witnesses who appeared at the hearing.

The Original Investigations

On September 8, 1992, petitions were filed with Commerce and the Commission by counsel for the Shakeproof Industrial Products Division, Illinois Tool Works, Milwaukee, WI, alleging that an industry in the United States was materially injured by reason of dumped imports of HSLWs from China and Taiwan. On May 3, 1993, and September 13, 1993, Commerce made final affirmative dumping

¹ The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address www.usitc.gov). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Also included in app. A are Commerce's final results of its expedited sunset reviews.

determinations with respect to Taiwan and China, respectively.² The all-inclusive dumping margin was 128.63 percent for China and 31.93 percent for Taiwan.

The Commission notified Commerce of its final threat of material injury determinations for Taiwan and China on June 21, 1993, and October 8, 1993, respectively, and Commerce published antidumping duty orders on June 28, 1993, and October 19, 1993. Table I-2 presents a summary of data from the original investigations and from these reviews.

Statutory Criteria and Organization of the Report

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”³

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

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

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

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

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

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

² On September 27, 1993, the Chinese respondent, Hangzhou Spring Washer Plant, alleged that Commerce had made six ministerial errors in its final margin calculation. Accordingly, Commerce published and amended its final determination on November 23, 1993, which lowered Hangzhou’s LTFV margin from 77.47 percent to 69.88 percent. The all-inclusive dumping margin remained at 128.63 percent.

³ Certain transition rules apply to the scheduling of reviews (such as these) involving antidumping and countervailing duty orders and suspensions of investigations that were in effect prior to January 1, 1995 (the date the WTO Agreement entered into force with respect to the United States). Reviews of these transition orders will be conducted over a three-year transition period running from July 1, 1998, through June 30, 2001. Transition reviews must be completed not later than 18 months after institution.

Table I-2

HSLWs: Summary data from the original investigations and current reviews, 1990-92, 1997-99, January-June 1999, and January-June 2000
(Quantity=1,000 pounds; value=1,000 dollars; unit values are per pound)

Item	Calendar year							January-June	
	1990	1991	1992	1997	1998	1999	1999	2000	
U.S. imports from--									
China:									
Quantity	5,404	6,701	7,091	1,525	2,156	2,885	1,385	1,927	
Value	3,779	4,118	4,272	744	1,078	1,525	727	986	
Unit value	\$0.70	\$0.61	\$0.60	\$0.49	\$0.50	\$0.53	\$0.52	\$0.51	
Taiwan:									
Quantity	388	1,056	735	289	257	378	279	121	
Value	482	1,056	1,465	417	267	392	309	128	
Unit value	\$1.24	\$1.68	\$1.99	\$1.44	\$1.04	\$1.04	\$1.10	\$1.05	
All other sources:									
Quantity	677	849	1,094	1,500	2,735	1,981	461	1,676	
Value	1,160	1,351	1,444	2,129	3,043	2,117	811	1,488	
Unit value	\$1.71	\$1.59	\$1.32	\$1.42	\$1.11	\$1.07	\$1.76	\$0.89	
All sources:									
Quantity	6,469	8,179	8,920	3,314	5,149	5,243	2,126	3,725	
Value	5,421	6,525	7,181	3,290	4,388	4,034	1,846	2,602	
Unit value	\$0.84	\$0.80	\$0.81	\$0.99	\$0.85	\$0.77	\$0.87	\$0.70	

Note: Because of rounding, figures may not add to the totals shown. Import values are landed, duty-paid values.

Source: Imports compiled from official Commerce statistics; U.S. producers' data for 1990-92 from the confidential staff report to the Commission of June 4, 1993, on HSLWs from China and Taiwan; U.S. producers' data for 1997-99, January-June 1999, and January-June 2000 compiled from data submitted in response to Commission questionnaires.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding

the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

Information obtained during the course of these reviews that relates to the above factors is presented throughout this report. A summary of data collected in these reviews is presented in appendix C. U.S. industry data are based on the questionnaire response of Shakeproof, Milwaukee, WI, which accounted for *** percent of U.S. production of HSLWs during 1998.⁴ U.S. import data are based on official Commerce statistics.⁵ Responses by the U.S. producer, importers, purchasers, and the producer/exporter of HSLWs in China to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of their revocation are presented in appendix D.

COMMERCE’S RESULTS OF EXPEDITED REVIEWS⁶

On May 30, 2000,⁷ Commerce found that revocation of the antidumping duty orders on HSLWs from China and Taiwan would likely lead to continuation or recurrence of dumping at the following margins: for China, 69.88 percent for Hangzhou Spring Washer Plant (previously Zhejiang Wanxin Group (ZWG) and 128.63 percent for all other manufacturers/exporters; and for Taiwan, 31.93 percent for Spring Lake Enterprises, Ceimiko Industrial, Par Excellence Industrial, and all other manufacturers/exporters. Commerce has not made any duty-absorption findings with respect to HSLWs from China or Taiwan.

COMMERCE’S ADMINISTRATIVE REVIEWS ON CHINA AND TAIWAN

China

Commerce has conducted six administrative reviews of the antidumping duty order on HSLWs from China and published the final results of the reviews as shown in the following tabulation.

⁴ There is no publicly available information concerning U.S. production of HSLWs. Therefore, this percentage is based on information provided by Shakeproof in its response to the Commission’s notice of institution in these reviews.

⁵ Importers’ questionnaire responses accounted for *** and *** percent of imports reported in the Commerce statistics for China and Taiwan, respectively.

⁶ Commerce’s notice is presented in app. A.

⁷ Commerce extended the time limit for its final results as it determined that the reviews were extraordinarily complicated (65 FR 11761, March 6, 2000).

Period of review	Federal Register cite	Firm and margin (percent)
10/15/93-9/30/94	August 13, 1996 (61 FR 41994)	Zhejiang Wanxin Group 26.08
10/1/94-9/30/95	December 17, 1996 (61 FR 66255)	Zhejiang Wanxin Group 38.27
10/1/95-9/30/96	November 19, 1997 (62 FR 61794)	Zhejiang Wanxin Group 14.15
10/1/96-9/30/97	March 18, 1999 (64 FR 13401)	Zhejiang Wanxin Group 3.85 PRC rate 128.63
10/1/97-9/30/98	May 16, 2000 (65 FR 31143)	Zhejiang Wanxin Group 0.00
10/1/98-9/30/99	September 8, 2000 (65 FR 54493) ¹	Zhejiang Wanxin Group 2.62
¹ Commerce's preliminary results of antidumping duty administrative review.		

Taiwan

Commerce has not conducted any administrative reviews of the antidumping duty order on HSLWs from Taiwan since the imposition of the order.

ANTIDUMPING DUTIES COLLECTED

Table I-3 presents the actual amount of customs duties collected in the form of cash deposits and bonds under the antidumping duty orders from 1994 to 1999.

Table I-3
HSLWs: Total duties collected and imports from subject countries, fiscal years 1994-99¹

(In 1,000 dollars)

Item	1994	1995	1996	1997	1998	1999
Total duties collected:						
China	247	329	354	270	202	126
Taiwan	46	36	46	15	67	101
Total	293	365	400	285	269	227
Total imports:						
China	351	466	558	747	1,193	1,095
Taiwan	145	113	144	48	209	316
Total	496	579	702	795	1,402	1,417
¹ The federal fiscal year is October 1-September 30.						
Source: U.S. Customs Service Annual Report, Part A.						

THE SUBJECT PRODUCT

Commerce has defined the imported product subject to the scope of these reviews as— “HSLWs of carbon steel, of carbon alloy steel, or of stainless steel, heat-treated or non-heat-treated, plated or non-plated, with ends that are off-line. HSLWs are designed to: (1) function as a spring to compensate for developed looseness between the component parts of a fastened assembly; (2) distribute the load over a larger area for screws or bolts; and, (3) provide a hardened bearing surface. The scope does not include internal or external tooth washers, nor does it include spring lock washers made of other metals, such as copper. The HSLWs subject to these reviews are currently classifiable under subheading 7318.21.0030 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope remains dispositive.”⁸

DOMESTIC LIKE PRODUCT

In the original investigations the Commission found that there was a single like product consisting of HSLWs of all sizes, whether made from carbon steel, stainless steel, or other metals (i.e., the Commission included some products outside the scope as defined by Commerce (HSLWs of “other metals”).

Physical Characteristics And Uses

HSLWs are flattened, ring-shaped metal devices whose ends are cut in an off-line manner to provide spring or tension to assembled parts when used as a seat for bolts, nuts, screws, and similar fasteners. In addition to preventing movement or loss of tension between assembled parts, HSLWs are used to distribute a load over an area greater than that provided by the fastener and to provide a hardened bearing surface that facilitates assembly and disassembly of fastened parts. The vast majority of HSLWs are manufactured from carbon (or carbon alloy) steel or stainless steel, which are the imported HSLWs subject to these reviews. Other varieties include those made from copper, aluminum alloy, phosphor bronze, and monel-nickel.

HSLWs are generally recognized in the washer industry as being either light, regular, heavy, extra-duty, or high-collar types, largely depending on the thickness or diameter of the wire used during manufacture and the intended application of the washer. For example, heavy, extra-duty, and high-collar type HSLWs are manufactured from relatively heavy-gauge wire and used primarily with bolts and nuts to secure more rigid fastening assemblies.

More generally, HSLWs are often referred to in the lock washer industry as either “standard” or “special” products. “Standard” types generally encompass regular HSLWs having inside diameters of 0.112 to 1.5 inches and constitute a large portion of the HSLWs produced in the United States and imported from China and Taiwan. These lock washers are manufactured from carbon steel and stainless steel. “Special” HSLWs, on the other hand, include light, heavy, extra-duty, and high-collar varieties. In addition, HSLWs in metric sizes or those made to unique customer specifications, or manufactured from materials such as bronze, brass, copper, and aluminum, are considered to be “special” products. Finally, HSLWs from preassembled bolt/lock washer or screw/lock washer combinations (“sems”) are considered “special.”

⁸ 65 FR 35605, June 5, 2000. The 2000 general rate of duty for subheading 7318.21.00 is 5.8 percent *ad valorem*.

HSLWs are used in all types of fastening applications, such as appliances, toys, and lawnmowers. The largest consumers of these products are original equipment manufacturers (particularly in the automotive industry) that use HSLWs for assembling finished products.

Manufacturing Facilities And Production Employees

The manufacture of virtually all HSLWs, regardless of metal content, begins with either “green” (raw, unfinished, or unprocessed) rod or processed wire, which is then shaped into a trapezoidal form by a series of rollers. The wire proceeds to a machine that coils it around a long metal shaft, or “arbor,” then cuts it. The wire can be cut in either of two ways. ***. After the cutting operation, unfinished carbon steel lock washers are placed in a furnace, heated to 1,600 degrees Fahrenheit, then quenched, washed, and further tempered. These processes harden and strengthen the lock washers, imparting spring properties that enable them to maintain tension when under load in a fastened assembly. Next, the lock washers may be treated with a rust inhibitor, plated with zinc, or both, and are then packed for shipment. The products are tested and inspected at various stages during the manufacturing process, largely to ensure the exactness of inside and outside diameters.

A tiny portion (less than 1 percent) of the HSLWs produced in the United States are manufactured from sheet, plates, or round bars. One method of manufacture involves punching the washer from metal sheet or plate using made-to-order dies. The second method requires cutting off the ends of round bars to the customer’s specified thickness, then drilling a hole through each plate. In either case, the resulting washer is then split and formed, again according to customer specifications. The manufacturing technology used to produce HSLWs from wire in China and Taiwan is widely available and essentially the same as that used in the United States. In China, however, wire coiling and wire cutting are performed by different pieces of machinery at separate stages in the production process.

U.S. MARKET PARTICIPANTS

U.S. Producers

U.S. production of HSLWs during the review period was reported by one U.S. producer, Shakeproof.⁹ According to the petition filed in 1992, there were seven U.S. producers of HSLWs in 1980. By 1990, the domestic industry had shrunk to four firms. The industry continued to become more concentrated and by the end of 1992 only two firms were producing HSLWs. Shakeproof, accounting for *** percent of U.S. production of HSLWs in 1998, began producing HSLWs in April 1991, when it bought the Mellowes Co., Milwaukee, WI. Shakeproof is a division of Illinois Tool Works, Glenview, IL. Shakeproof acquired Marvec Manufacturing in 1996/97¹⁰ and has a related firm, ***. The firm’s production equipment is designed and ***. Over *** percent of the firm’s shipments in 1999 were composed of ***. HSLWs are ***.

⁹ The Commission also sent a questionnaire to Wrought Washer, Milwaukee, WI, which was identified by petitioner as being another producer of HSLWs, but did not receive a response from the firm. At the hearing, David Hauner, business unit manager for Shakeproof, described Wrought Washer as a small niche producer that is not capable of competing across the entire breadth of HSLWs; transcript of the hearing, p. 16.

¹⁰ Marvec was a very small failing business that was acquired by asset purchase. Marvec’s inventories were added to Shakeproof’s and the customers were then serviced out of Shakeproof’s existing production operation; Shakeproof’s posthearing brief, app. A, and responses to Commission questions, p. 10.

U.S. Importers

Questionnaire responses with data on imports of HSLWs from China and Taiwan were received from four firms¹¹ (accounting for *** percent of total imports¹² of HSLWs in 1999).¹³ During the 1992 investigations, 90 firms provided data on imports of HSLWs, accounting for approximately 97 percent of imports from China and 93 percent of imports from Taiwan. Since 1995, HSLWs have entered the United States under HTSUS statistical reporting number 7318.21.0030.

The American Association of Fastener Importers (AAFI), the majority of whose members have been U.S. importers of HSLWs from China, provided information to the Commission in response to the Commission's notice of institution in these reviews. AAFI is an association comprised of seven importers of industrial fasteners.¹⁴

The Commission asked importers if they had experienced any plant openings, relocations, expansions, shutdowns, or any other changes in their operations since 1993. ***.¹⁵ ***. ***.

As shown in appendix D, ***.

*** reported that it has arranged for *** pounds of HSLWs from China and Taiwan to be imported in the last half of 2000 and *** pounds in the first quarter of 2001. *** estimated that it would import *** of HSLWs from China in the fourth quarter of 2000. *** reported imports from China totaling \$*** in the second half of 2000. The responding importers reported that all of the HSLWs imported from China and Taiwan are ***.

U.S. Purchasers

The Commission sent questionnaires to 20 purchasers identified by either *** or importers as firms with significant 1999 purchases of HSLWs. Responses were received from seven firms, of which all were affirmative. These respondents provided usable data, although not for all questions and/or sections of the purchaser questionnaire. Available information indicates that the responding firms purchased approximately \$*** of U.S.-produced HSLWs, \$*** of HSLWs imported from China, \$*** of HSLWs imported from Taiwan, and \$*** of HSLWs imported from nonsubject countries. The firms that provided purchaser data to the Commission are located in California, Minnesota, Illinois, Indiana, and Ohio.

¹¹ ***. See also transcript of the hearing, p. 103.

¹² The four firms accounted for *** percent of imports of HSLWs from China and *** percent of imports from Taiwan in 1999.

¹³ The Commission mailed 11 importer questionnaires to firms believed to be importing HSLWs. Four firms responded that they had no imports from the subject countries during the period, although two firms had some imports from other countries. ***. ***. Since the containers contained a mix of products (i.e., carriage bolts, cap screws, lag screws, hex nuts, wood nuts, etc.), the firm could not provide separate data for HSLWs. One firm that received an importers' questionnaire responded to the purchasers' questionnaire.

¹⁴ The four firms that provided data on their imports of HSLWs from China and Taiwan are members of AAFI. Testimony at the hearing indicated that AAFI members represent the largest importation of not only HSLWs, but nuts, bolts, screws, and all other industrial fasteners; transcript of the hearing, p. 102.

¹⁵ See also transcript of the hearing, p. 103.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-4 presents Shakeproof's U.S. shipments, Commerce statistics on U.S. imports, and apparent U.S. consumption of HSLWs for the review period, and table I-5 presents apparent U.S. consumption and market shares for HSLWs for the same period.¹⁶

Table I-4

HSLWs: U.S. producer's U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 1997-99, January-June 1999, and January-June 2000

Item	Calendar year			January-June	
	1997	1998	1999	1999	2000
Quantity (1,000 pounds)					
U.S. shipments	***	***	***	***	***
U.S. imports from-- China	1,525	2,156	2,885	1,385	1,927
Taiwan	289	257	378	279	121
Subtotal	1,814	2,413	3,263	1,664	2,049
Other sources	1,500	2,735	1,981	461	1,676
All sources	3,314	5,149	5,243	2,126	3,725
Total U.S. consumption	***	***	***	***	***
Value (1,000 dollars)					
U.S. shipments	***	***	***	***	***
U.S. imports from-- China	744	1,078	1,525	727	986
Taiwan	417	267	392	309	128
Subtotal	1,161	1,345	1,917	1,035	1,114
Other sources	2,129	3,043	2,117	811	1,488
All sources	3,290	4,388	4,034	1,846	2,602
Total U.S. consumption	***	***	***	***	***

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

Table I-5

HSLWs: Apparent U.S. consumption and market shares, 1997-99, January-June 1999, and January-June 2000

* * * * *

¹⁶ Although the Commission included HSLWs of "other metals" in the like product, there are no imports of HSLWs of "other metals" from China or Taiwan. Shakeproof reported that only *** percent of its U.S. shipments of HSLWs in 1999 were of "other metals."

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

CHANNELS OF DISTRIBUTION

In the U.S. market, both domestic and imported HSLWs are generally sold to distributors. Available data for 1999 indicate that about *** percent of the responding U.S. producer's shipments of HSLWs and all shipments of subject imports were sold directly to unrelated distributors. While producers sometimes sell directly to end users, master distributors have become the dominant first-line purchasers of HSLWs. End users increasingly desire special packaging or the operational efficiencies of managed inventories, thus lower-level distributors typically need smaller minimum quantities and/or immediate product availability which are more easily handled by large-volume distributors than by producers. Master distributors typically sell many types of fasteners and related hardware from many sources, and are often the importer of record.¹

U.S. MARKET STRUCTURE

Currently, there are two known firms in the United States that produce HSLWs. Of these producers, *** accounted for the vast majority of HSLW production in 1999.^{2,3} There are also four known firms that sell HSLWs imported from China and/or Taiwan in the United States.⁴ Producers, importers, and purchasers were asked whether any individual firm(s) influenced the U.S. wholesale market prices of HSLWs since 1993. While most responses were in the negative, several companies did provide information on firms that they believe have influenced HSLW prices in the U.S. market.⁵ The Chinese producer *** was cited by *** as influencing prices through aggressive attempts to increase U.S. market share, and *** was cited by *** as possessing monopoly power as a result of the antidumping duty order currently under review.

¹ Additional information regarding the roles of master distributors and lower-level distributors can be found on pp. 22-24 of the hearing transcript.

² Similar to the market structure at the time of the original investigations, the domestic HSLW industry is highly concentrated. In 1980, seven U.S. firms were producing HSLWs. By 1990, the domestic industry was reduced to four firms, and by the summer of 1992 *** had acquired the assets of three of these remaining firms; USITC memorandum EC-Q-059, June 7, 1993, p. 10.

³ Wrought Washer is considered a niche producer that does not produce as many types of HSLWs as compared to Shakeproof; hearing transcript, p. 16. While ***, some distributors may prefer to do business with Wrought Washer because of ***; staff interview with *** of ***, December 1, 2000.

⁴ Since the original investigations, there has been considerable consolidation among the importers of lock washers, declining from 11 firms at the time of the original investigations to 4 firms within AAFI today; hearing transcript, p. 103.

⁵ *** and 1 of 4 importers reported that they thought that individual firms have influenced the prices of HSLWs in the U.S. market since 1993, while the other 3 importers and 6 of 6 purchasers responded that no individual firms have influenced the prices of HSLWs in the U.S. market during this time frame.

SUPPLY AND DEMAND CONSIDERATIONS

HSLW Business Cycle

While demand for HSLWs is somewhat cyclical, a distinctive, easily identifiable business cycle may not exist.⁶ According to ***, HSLW demand has historically mirrored general U.S. economic conditions.⁷ However, since 1993, the U.S. HSLW market has generally experienced a flat demand trend due to the product's maturity and competition from newer, alternative products. Over the next 3 years, HSLW demand is expected to trend similarly to that of the recent past.

U.S. Supply

Domestic Production

Based on available information, U.S. HSLW producers have the ability to respond to changes in demand with moderate to large changes in the quantity of shipments of U.S.-produced HSLWs. The main factors contributing to this responsiveness of supply are detailed below.

Industry capacity

Data reported by Shakeproof indicate that there is some available capacity with which to expand HSLW production. Domestic capacity utilization increased slightly from *** percent in 1997 to *** percent in 1998, then fell to *** percent in 1999.

Inventory levels

The increasing end-of-period inventories during the period of review indicate that Shakeproof has some ability to immediately respond to changes in demand. Inventories increased from *** million pounds in 1997 to *** million pounds in 1999, representing *** percent of annual shipments in 1997, *** percent in 1998, and *** percent in 1999. Relative to U.S. consumption, inventories represented *** percent of demand in 1997, *** percent in 1998, and *** percent in 1999.

Export markets

The primary export markets for U.S.-produced HSLWs in 1999 were ***. Available data indicate that Shakeproof has experienced an overall decline in export sales of HSLWs since 1997. As a share of total shipments (based on quantity), exports, which accounted for *** percent in 1997, fell to *** percent in 1998, and then somewhat recovered to *** percent in 1999. These data suggest that Shakeproof has a somewhat limited ability to respond to changes in prices in the U.S. market by

⁶ According to 3 of 3 responding importers, and 3 of 4 purchasers, there is no distinctive business cycle for this industry. Further, as noted during the original investigations, "cyclical fluctuations in demand are tempered to some extent by the existence of a maintenance and replacement market;" USITC memorandum EC-Q-059, June 7, 1993, p. 10.

⁷ According to Shakeproof, HSLW demand trends with the overall U.S. economy, but it is a lagged, long-run response. Shakeproof noted that its sales reflect distributors' orders, which may not reflect the economy in the short term as distributors may misread the market and over-order; hearing transcript, p. 56.

diverting HSLWs to or from the U.S. market. In response to the Commission's question regarding the ability to shift sales between the U.S. market and alternative country markets, Shakeproof cited ***.

Production alternatives

Shakeproof stated ***,⁸

Subject Imports

Based on limited available information, Chinese producers appear to have the capability to respond to changes in demand with relatively large changes in the quantity of shipments of HSLWs to the U.S. market. The main factors contributing to this degree of supply responsiveness are increases in both excess capacity and end-of-period inventories, as well as the existence of alternative markets.

Industry capacity

Based on available information, capacity utilization for Chinese producers was *** percent in 1999, down from *** percent in 1998 and basically unchanged in comparison to 1997. There are no capacity utilization data available for Taiwanese producers.

Inventory levels

Available data indicate that inventories for Chinese producers represented *** percent of production in 1999, up from *** percent in 1998 and *** percent in 1997. There are no inventory data available for Taiwanese producers.

Alternative markets

Available data for 1999 indicate that Chinese producers' exports of HSLWs represented *** to *** percent of total annual shipments during 1997-99. *** of Chinese HSLW exports went to markets other than the United States during 1997-99, primarily Canada, Germany, Italy, Japan, and the United Kingdom. These alternative markets suggest that Chinese producers have some ability to divert HSLWs to or from the U.S. market.⁹ There are no data available regarding alternative markets for Taiwanese producers.

Trends in U.S. Supply

Producers, importers, and purchasers were asked to identify supply factors that affected the availability of U.S., Chinese, and Taiwanese HSLWs in the U.S. market since 1993, as well as factors that may affect future availability. According to ***, the availability of U.S.-produced HSLWs has been hindered by the inability of smaller domestic firms to compete with low-priced imports. Further, *** believes that continued declines in both its prices and market share will force the company to reduce

⁸ However, the same equipment can be used to make HSLWs out of carbon steel or stainless steel; hearing transcript, p. 13.

⁹ With the exception of Canada, different size and standard requirements may limit the ability to shift HSLWs to or from the U.S. market.

resources and investment, which in turn will reduce the availability of the U.S.-produced product in the future.

Regarding imports, Korean and Russian HSLWs were cited by several firms for having significantly increased their U.S. market shares since the original investigations. In contrast, *** stated that many of the producers in China and Taiwan either went out of business or reduced their capacity after the imposition of the antidumping duty orders currently under review. *** stated that if the antidumping duties are revoked, it expects more foreign producers to enter or reenter the market. While Taiwan's product mix of stainless steel and carbon steel HSLWs has remained similar to that of the original investigations, Shakeproof believes that China's product mix is starting to expand to include some high-end niche products.

U.S. Demand

Demand Characteristics

End uses of HSLWs include bolt and screw fastenings for numerous agricultural, automotive, and industrial assemblies. HSLW demand is derived from the demand for a broad cross-section of products produced by many industries, and has historically followed the general strength of the U.S. economy. However, gradual market erosion due in part to advances in alternative products was cited as a factor in the lack of growth in demand since 1993, as well as in the future.

Available information indicates that U.S. demand for HSLWs was basically flat for the period 1993 through the present. Demand is projected to continue to be affected by the aforementioned factors, with an average annual growth rate for the next 3 years of -2.0 to +2.0 percent.¹⁰

Alternative Products

Based on questionnaire responses from Shakeproof and several purchasers, there appear to be some possible substitute products for HSLWs.¹¹ Adhesives, locknuts, self-locking bolts, and tooth washers were among the products cited as potential alternatives. According to ***, firms prefer to use self-locking bolts to reduce part numbers and overall cost. Similarly, certain purchasers reported that HSLW demand will probably continue to decline as alternative locking methods, such as new and better adhesives, gain greater worldwide acceptance. Despite the threat from alternative products, such substitutions occur slowly over many years, as HSLWs are still required for many "legacy designs" that are very old. As designs are replaced or modernized, newer fasteners are sometimes "designed in" to the updated assemblies.¹²

¹⁰ While Shakeproof and AAFI members agree that this is a very mature product, they have different opinions regarding current and near-term demand trends. Shakeproof believes that U.S. demand for HSLWs has been declining, and will continue to decline, at an estimated rate of 1.0 to 3.0 percent per year; hearing transcript, pp. 25-27. In contrast, AAFI members believe that there has been and will continue to be some modest growth in the HSLW market; hearing transcript, p. 111. Among responding purchasers, 3 of 5 believe that demand has declined slightly since 1997 and will continue to do so in the future, while the remaining purchasers believe that demand has either remained unchanged or tracked overall economic growth.

¹¹ However, 4 of 4 importers stated that there are no substitute products for HSLWs.

¹² Fax response submitted by *** of ***, October 19, 2000. Further, as noted during the original investigations, substitution is only likely to occur in the design stage of new products requiring lock washers. Once a design is complete, lock washer substitutions are generally not practical; USITC memorandum EC-Q-059, June 7, 1993, p.

(continued...)

Cost Share

The cost share of HSLWs used in manufactured products is generally very small, therefore large changes in the prices of HSLWs would typically have a minimal impact on the prices and demand for downstream products. Thus, total demand for HSLWs would not be markedly affected by price changes.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported HSLWs depends upon such factors as relative prices, quality, and conditions of sale. Based upon available data, staff believes that there is a high degree of substitution between domestic HSLWs and HSLWs imported from China and Taiwan.

Factors Affecting Purchasing Decisions

While price is an important factor in the sale of HSLWs, other factors such as availability and quality also appear to be key considerations in purchase decisions. Table II-1 summarizes purchasers' responses concerning the top three factors that they consider in purchasing decisions. As indicated in the table, quality was cited most frequently as purchasers' primary factor in buying decisions.¹³

Table II-1

HSLWs: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	1	3	2
Price	1	2	3
Quality	4	1	1

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

Another question asked of purchasers further establishes price as an important factor. When asked how often their firms' purchase decisions for HSLWs were based mainly on price, 0 out of 7 indicated "always," 5 indicated "usually," 2 indicated "sometimes," and 0 indicated "never."

Corresponding questions concerning the importance of country of origin and producer suggest that these factors may also be somewhat important in purchase decisions. When asked how often purchase decisions are based on the country of origin, 1 out of 6 purchasers indicated "always," 1 indicated "usually," 3 indicated "sometimes," and 1 indicated "never." Regarding how frequently purchase decisions are based on the producer, 1 out of 7 purchasers indicated "always," 2 indicated "usually," 3 indicated "sometimes," and 1 indicated "never."

¹² (...continued)

19.

¹³ At the hearing, Shakeproof stated that the primary issue in distributors' purchasing decisions is price because quality issues have already been addressed by producers (both domestic and foreign) during the manufacturing process; hearing transcript, pp. 23-24.

Comparisons of Domestic Product and Subject Imports

With the exception of one importer that did not have sufficient knowledge to answer this question, all responding U.S. producers and importers believe that HSLWs produced in the United States, China, and Taiwan are used interchangeably. In addition, purchasers with actual marketing/pricing knowledge of both the U.S.-produced and subject products reported that domestic, Chinese, and Taiwanese HSLWs are generally used in the same applications.¹⁴

The Commission asked purchasers to rate domestically produced HSLWs against HSLWs imported from China and Taiwan using a number of factors, such as availability, delivery time, discounts, lowest price, product quality, reliability of supply, and technical support. Domestically produced HSLWs were generally rated as superior or comparable to subject imports from China and Taiwan in all of the aforementioned categories with the exception of lowest price; all responding purchasers rated subject imports from China and Taiwan as superior with respect to price.

Comparisons of Subject Imports from China and Taiwan

With the exception of one importer that did not have sufficient knowledge to answer this question, all responding U.S. producers and importers believe that subject imports from China and Taiwan are used interchangeably. Similarly, purchasers' responses reveal that subject imports from China and Taiwan are generally used in the same applications.

One purchaser rated HSLWs imported from China against HSLWs imported from Taiwan using the previously mentioned factors, with results showing complete comparability. In addition, several purchasers compared prices for HSLWs imported from China to prices for HSLWs imported from Taiwan. According to these purchasers, the Chinese product is generally less expensive than the Taiwanese product.

Comparisons of Domestic Product and Nonsubject Imports

With the exception of one importer that did not have sufficient knowledge to answer this question, all responding U.S. producers and importers believe that U.S. and nonsubject HSLWs are used interchangeably. In addition, the Commission obtained nonsubject import data from three purchasers, specifically for HSLWs from Europe¹⁵ and Russia. Purchasers' responses reveal that U.S. and nonsubject HSLWs are generally used in the same applications.

Purchasers were requested to rate domestically produced HSLWs against nonsubject HSLWs using the previously mentioned factors, with overall results showing that domestically produced HSLWs were generally rated as superior or comparable to nonsubject imports. However, purchasers rated the U.S.-produced product as inferior to nonsubject imports from Russia in terms of availability, lowest price, and reliability of supply, and inferior to nonsubject imports from England in terms of delivery terms, lowest price, and transportation network.

¹⁴ While Taiwanese HSLWs appear to be completely interchangeable with U.S.-produced HSLWs, more quality inconsistency may exist with respect to the Chinese product; staff interview with *** of ***, October 18, 2000. However, *** stated that some customers request zinc-plated HSLWs from China due to the shinier finish; staff interview with *** of ***, December 6, 2000.

In its questionnaire response, *** noted that U.S.-produced and Taiwanese HSLWs are used in the same applications with the exception of "Mil Spec" projects which require U.S.-produced HSLWs.

¹⁵ One purchaser provided data on imports from England, and one provided data on imports from all of Europe.

Comparisons of Subject Imports and Nonsubject Imports

With the exception of one importer that did not have sufficient knowledge to answer this question, all responding U.S. producers and importers believe that subject and nonsubject HSLWs are used interchangeably. In addition, purchasers with actual marketing/pricing knowledge of both subject and nonsubject imports reported that both are generally used in the same applications.

One purchaser compared subject imports from Taiwan with nonsubject imports from England using the aforementioned factors, with results showing comparability with the exception of lowest price; Taiwan was rated as superior with respect to price.¹⁶

MODELING ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for HSLWs measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price for HSLWs. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced HSLWs. Previous analysis of these factors indicates that the U.S. industry is likely to be able to increase or decrease shipments to the U.S. market. An estimate in the range of 5.0 to 7.0 is suggested. There were no comments by parties on this estimate.

Import Supply Elasticity

The import supply elasticity depends on the same general factors as the domestic supply elasticity. Previous analysis of these factors indicates that Chinese suppliers of the subject product are likely to experience more flexibility as compared with U.S. suppliers regarding the ability to increase or decrease shipments to the U.S. market. An estimate in the range of 5.0 to 10.0 is suggested.¹⁷ There were no comments by parties on either the estimate for China or the estimate for Taiwan.

U.S. Demand Elasticity

The U.S. demand elasticity for HSLWs measures the sensitivity of the overall quantity demanded to a change in the U.S. market price for HSLWs. This estimate depends on the factors discussed earlier, such as the existence, availability, and commercial viability of substitute products. As noted earlier, there are some products which are considered potential substitutes for HSLWs; however, such substitution appears to occur only during modernization efforts, with "legacy designs" requiring the same HSLWs as in the past. Thus, there appear to be limitations associated with the use of these alternative products. Based on the available information, the aggregate demand for HSLWs is likely to be inelastic. An estimate in the range of -0.5 to -1.0 is suggested. There were no comments by parties on this estimate.

¹⁶ At the hearing, Shakeproof stated that Korean HSLW prices are not as low as Chinese prices, but are moving in that direction; hearing transcript, p. 53.

¹⁷ Staff does not have sufficient data on Taiwanese production of HSLWs to estimate an import supply elasticity. In the original economic memorandum, the import supply elasticity for Taiwan was estimated to be in a range of 5.0 to 10.0.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.¹⁸ Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced HSLWs and HSLWs imported from China and Taiwan is likely to be high, in the range of 3.0 to 5.0. There were no comments by parties on this estimate.

Projected Growth in Demand

As discussed previously, demand for HSLWs over the next 3 years is expected to be similar to that of the past 7 years. An estimate of -2.0 to +2.0 percent is suggested. There were no specific comments by parties on the original estimate of -3.0 to 0.0 percent. However, staff has modified this estimate based on additional information obtained at the hearing (see footnote 10 in this section of the report).

MODEL DISCUSSION AND RESULTS

This analysis uses a nonlinear partial equilibrium model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used for the analysis of trade policy changes in both partial and general equilibrium. Based on discussion earlier, staff has selected a range of estimates that represent price-supply, price-demand, and product-substitution relationships (i.e., supply elasticity, demand elasticity, and substitution elasticity) in the U.S. HSLW market. The model uses these estimates along with data on market shares and Commerce's final dumping margins.¹⁹

The analysis uses the most recent one-year period for which data are available, 1999, as the base year. The model results estimate the effects of dumping on the domestic HSLW industry over a one-year time period only.²⁰ Effects over a longer time period are not part of this modeling exercise. Finally, the model does not assume that all of the dumping margin is passed forward to U.S. prices of the subject imports. Model results are summarized in tables II-2 through II-4.²¹

Table II-2
Model results for China and Taiwan

* * * * *

¹⁸ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and domestic like product to changes in their relative prices. This reflects how easily purchasers can switch from the U.S. like product to the subject product (or vice versa) when prices change.

¹⁹ In this modeling exercise, staff has calculated a weighted-average margin for subject imports from China using production data submitted in Zhejiang Wanxin Group's questionnaire response.

²⁰ In situations where subject imports have very low U.S. market shares, the model may underestimate the likely impact on the domestic industry.

²¹ See app. E for more detailed model results.

**Table II-3
Model results for China**

* * * * *

**Table II-4
Model results for Taiwan**

* * * * *

PART III: CONDITION OF THE U.S. INDUSTRY

Information in this part is based upon the questionnaire response of one firm (as explained in Part I) which accounted for *** percent of U.S. production of HSLWs in 1998.

U.S. PRODUCER'S CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Table III-1 presents the industry's capacity, production, and capacity utilization for the review period. Production capacity and production of HSLWs declined during 1997-99. Capacity to produce HSLWs declined by *** percent and production declined by *** percent. Capacity was unchanged in the interim periods and production increased by *** percent. Shakeproof did not respond to the question of whether there are any constraints that set the limits on production capacity. Shakeproof explained that capacity is based on ***. No machines in the plant were purchased or sold during the period so machine capacity was the same; however, ***.¹

Table III-1

HSLWs: U.S. production capacity, production, and capacity utilization, 1997-99, January-June 1999, and January-June 2000

* * * * *

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

Table III-2 presents Shakeproof's total shipments of HSLWs during the review period. Shakeproof reported data on its U.S. shipments (both commercial shipments and internally transferred product) and export shipments of HSLWs. Shakeproof's U.S. shipments decreased *** percent in quantity and *** percent in value, and the average unit value declined from \$*** per pound to \$*** per pound during 1997-99. The quantity of U.S. shipments increased by *** percent between the interim periods and the value increased by *** percent. Transfers to related firms were *** throughout the period of review. Shakeproof had exports to *** during 1997-99.

Table III-2

HSLWs: U.S. producer's shipments, by types, 1997-99, January-June 1999, and January-June 2000

* * * * *

U.S. PRODUCER'S END-OF-PERIOD INVENTORIES

As shown in table III-3, Shakeproof's inventories increased by *** percent during 1997-99 and the ratio of inventories to U.S. shipments increased by *** percentage points. Such inventories increased by *** percent in interim 2000 and the ratio of inventories to U.S. shipments declined by *** percentage points.

¹ Telephone conversation with ***, October 17, 2000.

Table III-3

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

* * * * *

U.S. PRODUCER'S EMPLOYMENT, WAGES, AND PRODUCTIVITY

From 1997 to 1999, the number of PRWs and the hours worked decreased by *** percent, as shown in table III-4. From 1997 to 1999, total wages paid decreased by *** percent while hourly wages increased by *** percent. Productivity decreased by *** percent during 1997-99, while unit labor costs increased by *** percent. The number of PRWs and hours worked were lower in interim 2000 compared with interim 1999, while total wages paid, hourly wages, and productivity were higher. Shakeproof estimated the hours worked since some of the PRWs are salaried and in some cases the number of hours are not reported.

Table III-4

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

* * * * *

U.S. PRODUCER'S FINANCIAL CONDITION AND EXPERIENCE

Background

One producer, Shakeproof, supplied financial data on its HSLW operations. ITW Shakeproof Assembly Components is a division of Illinois Tool Works (ITW), a large public company. ITW produces many products including various types of washers. The subject product accounted for less than *** percent of ITW's total revenues in 1999. The HSLWs are produced at its Milwaukee, WI plant.

Operations on HSLWs

The results of operations for Shakeproof are presented in table III-5. ***.²

* * * * *

Table III-5

Results of operations of Shakeproof in the production of HSLWs, fiscal years 1997-99, January-June 1999, and January-June 2000

* * * * *

² Changes in aggregate unit values from year to year may be due to changes in product mix as well as changes in prices.

³ Attachment to the questionnaire response.

A breakdown of the cost of goods sold by type of cost is shown in the tabulation below (in dollars per pound):

* * * * *

During the hearing, Chairman Koplan asked Shakeproof how can they argue that there would be a recurrence of material injury when their operating results have been relatively stable. Mr. Hauner indicated that Shakeproof's ability to maintain its level of profitability depends upon its ability to reduce costs and increase its operating efficiencies. The price erosion in certain business lines (resulting in reduced revenues) has forced the company to abandon its less profitable business lines. He indicated that as the revenues continue to decline the company will get closer to its breakeven numbers, and fixed costs will become a larger part of its business and eventually its bottom line will erode along with its revenues.⁵

A variance analysis showing the effects of prices and volume on the producer's net sales of HSLWs and of costs and volume on its total costs is shown in table III-6. The variance analysis shows that the drop in operating income was caused by the decline in price and volume and an unfavorable increase in costs and expenses between 1997 and 1999.

**Table III-6
Variance analysis for HSLW operations, fiscal years 1997-99, January-June 1999, and January-June 2000**

* * * * *

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

The value of fixed assets (property, plant, and equipment), capital expenditures, and research and development expenses for HSLWs is shown in table III-7.

**Table III-7
Value of assets, capital expenditures, and research and development expenses of Shakeproof on HSLWs, fiscal years 1997-99, January-June 1999, and January-June 2000**

* * * * *

⁴ Telephone conversation with David Hauner, Business Unit Manager of Shakeproof, October 19, 2000.

⁵ Transcript of the hearing, pp. 36-38.

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

U.S. IMPORTS

Imports of HSLWs are provided for under HTSUS statistical reporting number 7318.21.0030. This category is limited to products within the scope of these reviews; therefore, the data regarding the quantity and value of U.S. imports for consumption of HSLWs are based on Commerce statistics. Table IV-1 shows that the quantity of imports from subject countries increased by 80 percent between 1997 and 1999, while the quantity of nonsubject imports increased irregularly by 32 percent. During the first half of 2000, the quantity of imports from subject countries increased by 23 percent and imports from nonsubject countries increased by 264 percent.¹ The quantity of total imports of HSLWs increased by 58 percent between 1997 and 1999, and increased by 75 percent in the first half of 2000. The value of HSLW imports from subject countries increased by 65 percent between 1997 and 1999, while the value of nonsubject imports increased between 1997 and 1998 and then returned to the 1997 level in 1999. The values of HSLW imports from subject countries and nonsubject countries were higher by 8 percent and 83 percent, respectively, in the first half of 2000 compared to the first half of 1999. The unit values of subject HSLW imports declined irregularly from \$0.64 per pound in 1997 to \$0.59 per pound in 1999. The unit values of nonsubject imports declined throughout 1997-99. The unit values of HSLW imports from subject and nonsubject countries were lower in the first half of 2000. The primary lock washer imported into the United States is a regular section lock washer (the high volume standard product that is used on most applications).²

During the 1993 investigations, the Commission relied on import data provided in the importers' questionnaire responses because of a pronounced change in the composition of imports between 1990 and 1992. China accounted for the majority of foreign-supplied HSLWs during 1990-92. About 89 percent of the total quantity of imports in 1992 was supplied by China and Taiwan. The quantity and value of HSLWs shipped by China and Taiwan increased between 1990 and 1992. As noted earlier, the combined volume of imports from China and Taiwan also increased during the period of these reviews. Other countries with substantial volumes during these reviews were Russia, Korea, and Germany.

U.S. IMPORTERS' INVENTORIES

*** reported end-of-period inventories of HSLWs from China throughout the period of review and *** reported inventories of the subject product from China in 1999 and interim 2000; *** reported that it did not maintain inventories of the HSLWs it imported from Taiwan. Reported inventories of HSLWs from China decreased by *** percent during 1997-99 and by *** percent in interim 2000.

¹ Russia accounted for the largest share of imports from nonsubject countries during the period of review.

² Transcript of the hearing, p. 14.

Table IV-1

HSLWs: U.S. imports, by sources, 1997-99, January-June 1999, and January-June 2000

Source	Calendar year			January-June	
	1997	1998	1999	1999	2000
Quantity (1,000 pounds)					
China	1,525	2,156	2,885	1,385	1,927
Taiwan	289	257	378	279	121
Subtotal	1,814	2,413	3,263	1,664	2,049
Other sources	1,500	2,735	1,981	461	1,676
Total	3,314	5,149	5,243	2,126	3,725
Value (1,000 dollars)¹					
China	744	1,078	1,525	727	986
Taiwan	417	267	392	309	128
Subtotal	1,161	1,345	1,917	1,035	1,114
Other sources	2,129	3,043	2,117	811	1,488
Total	3,290	4,388	4,034	1,846	2,602
Unit value (per pound)¹					
China	\$0.49	\$0.50	\$0.53	\$0.52	\$0.51
Taiwan	1.44	1.04	1.04	1.10	1.05
Average	0.64	0.56	0.59	0.62	0.54
Other sources	1.42	1.11	1.07	1.76	0.89
Average	0.99	0.85	0.77	0.87	0.70
Share of quantity (percent)					
China	46.0	41.9	55.0	65.2	51.7
Taiwan	8.7	5.0	7.2	13.1	3.3
Subtotal	54.7	46.9	62.2	78.3	55.0
Other sources	45.3	53.1	37.8	21.7	45.0
Total	100.0	100.0	100.0	100.0	100.0

Source	Calendar year			January-June	
	1997	1998	1999	1999	2000
Share of value (percent)					
China	22.6	24.6	37.8	39.4	37.9
Taiwan	12.7	6.1	9.7	16.7	4.9
Subtotal	35.3	30.7	47.5	56.1	42.8
Other sources	64.7	69.3	52.5	43.9	57.2
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, duty-paid. Note.--Because of rounding, figures may not add to totals shown; unit values and shares are calculated from the unrounded figures. Source: Compiled from official Commerce statistics.					

SUBJECT COUNTRY PRODUCERS

The Commission sent foreign producers'/exporters' questionnaires to Zhejiang Wanxin Group (ZWG) in China (the only firm believed to be exporting HSLWs to the United States³ during the period of the reviews) and to six firms in Taiwan. ZWG provided a response to the Commission's questionnaire on November 17, 2000, and its data are presented in table IV-2. The Commission also sent State Department telegrams to the U.S. embassy in Beijing and to the American Institute in Taiwan (AIT). A response was received from the embassy in Beijing on November 3, 2000, which provided information supplied by ZWG. The embassy confirmed that ZWG is the only Chinese producer of HSLWs that exports to the United States and identified the following firms as producers of HSLWs that do not export to the United States: Shanghai Xiongliang Industrial and Trading Co. Ltd.; Jiangsu Jiangyin Hengteli Spring Washer Co., Ltd.; and Shanghai Spring Washer Factory.⁴ Information received from the AIT indicated that no data were available. The AIT contacted Mr. Lin Chang-Kung, Chairman of Taiwan

³ According to ZWG, there are several small producers of HSLWs in China mainly focusing on producing HSLWs for the domestic market. ZWG is the only producer in China that is capable of making HSLWs for the U.S. market; ZWG's questionnaire response and transcript of the hearing, p. 116. In response to requests from the Commission at the hearing, Shakeproof provided a listing of Chinese and Taiwanese producers/exporters; see app. B of the posthearing brief. The InfastGuide Publications, which was used as the reference source, notes that Asian traders often prefer to present themselves as manufacturers in order to respond to the Western demand for direct sources. In its posthearing statement, counsel for ZWG maintained that the firms listed in the Piers data presented by Shakeproof at the hearing are either trading companies or freight consolidators that purchased their product from ZWG for export; responses to questions posed at the hearing, p. Q-1.

⁴ The embassy obtained this information through an internet search. Shanghai Spring Washer has a production capacity of 20 million tons and exports its products through the Shanghai Standard Products Import and Export Company. The firm does not export to the United States due to the antidumping duty but does export to Europe, primarily Germany, and to southeast Asia.

Screws Industry Association, who responded that spring washers have normally been just accessories to the screws, and few companies in Taiwan produce or export spring washers. This market is very small and shrinking since the antidumping duties were enacted.⁵ The six firms contacted by the AIT responded that they do not produce or export the subject product. At the hearing, witnesses for Shakeproof testified that there are over a dozen firms in Taiwan that produce HSLWs.⁶ During the original investigations in 1993, the petition identified 11 producers of HSLWs in China and three firms in Taiwan.⁷

Table IV-2

HSLWs: ZWG's production capacity, production, shipments, and inventories, 1997-99, January-June 1999, and January-June 2000

* * * * *

In June 1999, ZWG's name was changed to Hangzhou Spring Lock Washers Co., Ltd., as it changed from a collectively owned company to a privately owned company. ZWG responded that it first uses drawing machines to draw the steel wire rod into the corresponding sizes of steel wire, and then uses pressing and cutting machines to process the steel wire into HSLWs. ZWG explained in its posthearing submission that there are several factors that prevent it from using the machines it uses to produce HSLWs for the home market and third country markets to produce merchandise for the U.S. market.

First, the machines are calibrated at different speeds to enable the correct sizes to be cut. Second, different temperatures are used in producing merchandise for the U.S. market and other markets. Third, different molds are used for manufacturing HSLWs for the U.S. market than for other markets and finally, withdrawing the wire from the cutter is done at different stages depending upon the size requirement.⁸ The company has not had any significant changes in production technology since 1993⁹ and explained that its major production inputs are ***. ZWG reported ***.¹⁰ ZWG accounted for ***

⁵ Department of State telegram, October 2000.

⁶ Transcript of the hearing, p. 17. Although Taiwan producers have concentrated on producing HSLWs from stainless steel, they are capable of running carbon/alloy steel; transcript of the hearing, p. 33. A brochure was presented to the Commission during the hearing by Shakeproof that showed about 14 Taiwanese companies that produce HSLWs from carbon/alloy steel, stainless steel, and other metals; see also app. B of Shakeproof's posthearing brief. It is unclear whether these companies produce HSLWs that meet U.S. standards and whether these companies export any HSLWs to the United States. Counsel for AAFI noted that it was his belief that these firms are trading companies and distributors; transcript of the hearing, p. 110; posthearing brief, pp. 5-7; and affidavit of Bruce Darling, Vice President, Porteous Fastener, exhibit 1. It was also noted by Shakeproof that its plant and equipment are dedicated to the production of HSLWs whereas the Asian producers have the ability to make a number of other products so they can shift resources between the various products; transcript of the hearing, p. 67.

⁷ The AIT explained that these Taiwanese firms were exporters of HSLWs but not producers of the product.

⁸ ZWG's posthearing statement, responses to questions posed at the hearing, pp. Q-2 and Q-3.

⁹ Counsel for ZWG testified at the hearing that the firm has no ability to expand its capacity to increase the volume of its exports of HSLWs; transcript of the hearing, pp. 117 and 152, and posthearing statement, questions posed at the hearing, p. Q-4.

¹⁰ ZWG's questionnaire response and AAFI's posthearing brief, pp. 7-8.

percent of China's production of HSLWs in 1999.¹¹ *** have traditionally been the main export markets, with some increases in home market shipments after the antidumping duty was imposed in 1993. *** of ZWG's production of HSLWs in 1999 was of carbon/alloy steel.¹²

¹¹ ZWG's questionnaire response to question II-20, p. 9.

¹² ZWG's questionnaire response to question II-17, p. 8, and ZWG's statement of information, December 11, 2000, p. 4.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The largest raw material cost component in the production of HSLWs is steel wire rod. According to ***, total raw material costs accounted for *** percent of the total 1999 cost of HSLWs.

Several firms noted that raw material prices have a significant impact on their selling prices. According to ***, successful title VII and section 201 cases filed by the U.S. steel industry have had a substantial effect on raw material costs since 1997.¹

Transportation Costs to the U.S. Market

Transportation costs for HSLWs from China and Taiwan to the United States (excluding U.S. inland costs) are estimated to be 15.6 and 8.1 percent, respectively, of the total cost of the HSLWs. These estimates are derived from official import data for HTSUS statistical reporting number 7318.21.0030, and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

Transportation costs for HSLWs for delivery within the United States vary from firm to firm but tend to account for a small to moderate percentage of the total cost of the product. The U.S. producer Shakeproof estimated these costs to account for *** to *** percent of the total cost of HSLWs.² For the four importers that provided usable responses, these costs accounted for between *** and *** percent of the total cost of HSLWs, with an average of 11.0 percent. Virtually all responding firms reported a geographic market area encompassing the entire continental United States.

Producers and importers were also requested to provide estimates of the percentages of their shipments that were made within specific distance ranges. According to Shakeproof, approximately *** percent of shipments occurred within 100 miles of its facilities, *** percent occurred within 101-1,000 miles, and *** percent occurred at distances over 1,000 miles. Among the four importers that provided usable responses to this question, an average of 63.8 percent of shipments occurred within 100 miles of their facilities, 35.0 percent occurred within 101 to 1,000 miles, and 1.3 percent occurred at distances over 1,000 miles.

¹ Several importers stated that raw material prices have been stable during the period January 1997 to June 2000. As noted in Part III, Shakeproof's raw material costs declined from \$*** per pound in 1997 to \$*** per pound in 1999, then increased from \$*** per pound in interim 1999 to \$*** per pound in interim 2000.

² Since *** on its sales of HSLWs, it is difficult for Shakeproof to estimate such costs; voice mail response of *** of Shakeproof, October 25, 2000. According to purchasers, U.S. inland transportation costs as a percent of total purchase prices are *** to *** percent for purchases from ***, with an average of *** percent.

Exchange Rates

Quarterly data reported by the International Monetary Fund and the Central Bank of China indicate that the nominal value of the Chinese yuan appreciated by 0.2 percent relative to the U.S. dollar from January 1997 to June 2000, with the nominal value remaining unchanged from the fourth quarter of 1997 through the second quarter of 2000 (figure V-1). Real exchange rates cannot be calculated due to the unavailability of Chinese producer price information.

The real value of the Taiwan dollar depreciated by approximately 7.0 percent relative to the U.S. dollar during 1997, the year in which the Asian financial crisis began. The Taiwan dollar depreciated an additional 9.0 percent through the first 9 months of 1998, then remained fairly constant through the second quarter of 2000. Similar, albeit somewhat more extreme, nominal exchange rate trends occurred during the period January 1997 through June 2000 (figure V-2).

PRICING PRACTICES

Available information indicates that U.S.-produced HSLWs are generally sold in the U.S. market using set price lists. Imported HSLW sales also frequently involve price lists, but are sometimes made on a transaction-by-transaction basis depending on current market conditions. Available information indicates that the vast majority of HSLW sales in the U.S. market are on a spot basis.³

Both Shakeproof and the majority of responding importers reported the existence of some type of volume-based discount policy. The U.S. producer and importers also reported similar information regarding payment terms, with all responding firms reporting that payment is required within 30 days. A majority of firms reported that HSLW prices are quoted on an f.o.b. basis.⁴

PRICE DATA

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

Product 1. – Carbon steel helical spring lock washer, plain finish, regular section, 1/4 inch

Product 2. – Carbon steel helical spring lock washer, zinc-plated, regular section, 1/4 inch

Product 3. – Grade 304 stainless steel helical spring lock washer, regular section, 1/4 inch

Product 4. – Carbon steel helical spring lock washer, plain finish, regular section, 3/8 inch

Product 5. – Carbon steel helical spring lock washer, zinc-plated, regular section, 3/8 inch

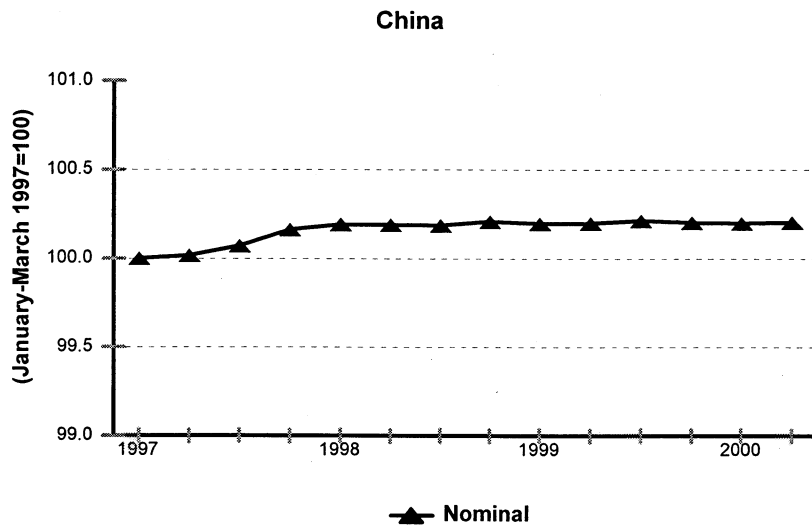
Product 6. – Grade 304 stainless steel helical spring lock washer, regular section, 3/8 inch

³ Shakeproof and 3 of 4 importers reported that *** percent of their sales are on a spot basis. In contrast, *** reported that *** percent of its sales are on a contract basis. According to ***, contracts typically ***.

⁴ Shakeproof, 2 of 5 importers, and 5 of 6 purchasers reported that HSLW prices are quoted on an f.o.b. basis.

Figure V-1

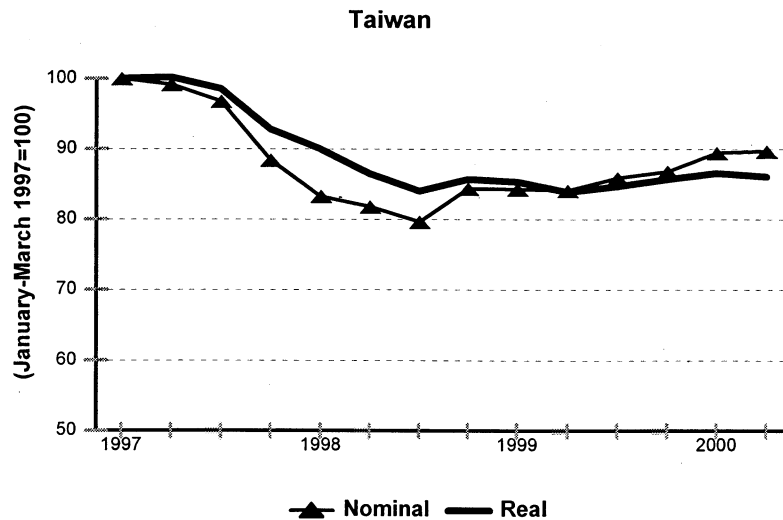
Exchange rates: Indices of the nominal values of the Chinese yuan relative to the U.S. dollar, by quarters, January 1997-June 2000



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

Figure V-2

Exchange rates: Indices of the nominal and real values of the Taiwan dollar relative to the U.S. dollar, by quarters, January 1997-June 2000



Source: Central Bank of China, International Monetary Fund Financial Statistics, <http://www.cbc.gov.tw>, September 2000.

The U.S. producer Shakeproof, three importers,⁵ and three purchasers provided usable pricing data for sales of the requested products, although not all firms reported pricing data for all products for all quarters. Pricing data reported by Shakeproof and importers accounted for *** percent of the 1999 value of the U.S. producer's commercial shipments of HSLWs, as well as *** percent of the 1999 landed, duty-paid value of imports of HSLWs from China and *** percent of the 1999 value of imports of HSLWs from Taiwan.

Price Comparisons

U.S. Producer's and Importers' Data

Data on f.o.b. selling prices and quantities of products 1 through 6 sold by Shakeproof and importers of Chinese and Taiwanese HSLWs are shown in tables V-1 through V-6 and figures V-3 through V-8, respectively. As in the original investigations, most of the available price data reveal margins of overselling between the subject imports and U.S.-produced HSLWs despite statements from Shakeproof and the majority of responding purchasers indicating the opposite scenario.⁶ Shakeproof believes that the staff report compares price data from two different levels of trade, because in this market importers are also frequently master distributors. Thus, Shakeproof asserts that the staff report, rather than comparing the U.S. producer's selling prices to the importers' selling prices (which include their mark-ups), should instead compare Shakeproof's selling prices to the landed, duty-paid purchase prices of importers.^{7 8} At the hearing, the AAFI members argued that the price comparisons in the staff report are legitimate because Shakeproof also competes with these importers for sales to the next level of distribution.⁹ Staff contacted all responding importers and obtained the following information.

⁵ HSLW prices reported by *** are on average *** percent higher than corresponding data reported by other importers, and have therefore not been included in tables V-1 through V-6 and figures V-3 through V-8. *** was the only importer of HSLWs from China to report usable price data covering the entire period of review. However, *** provided annual data. Because quarterly estimates were calculated by dividing the annual data equally, unit values of HSLWs imported from China show *** in 1997 and 1998.

⁶ According to ***, subject imports are typically 25.0 to 30.0 percent lower in price as compared with U.S.-produced HSLWs; staff interview with *** of ***, October 26, 2000.

⁷ Shakeproof did not make this argument in response to a request for comments on the draft questionnaires, therefore pricing data were not collected in this manner. While a comparison of the average unit value of Shakeproof's U.S. shipments to the average landed, duty-paid value of imports may to a large extent reflect differences in product mix, during the period of review the average unit value of the domestic product varied from \$*** to \$*** compared to average unit values of \$0.49 to \$0.53 for the Chinese product and \$1.04 to \$1.44 for the Taiwanese product.

⁸ Shakeproof also believes that smaller quantities per transaction (and thus less significant volume discounts) may be a factor in the relatively high import prices shown in the staff report; hearing transcript, p. 19.

⁹ Hearing transcript, pp. 140-141. Additional information on the AAFI members' views regarding the validity of the prehearing report's quarterly price comparisons can be found in the posthearing brief submitted on behalf of certain AAFI members, December 11, 2000, Attachment, pp. 1-2.

Table V-1
Product 1: Weighted-average f.o.b. prices and quantities as reported by Shakeproof and importers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * *

Table V-2
Product 2: Weighted-average f.o.b. prices and quantities as reported by Shakeproof and importers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * *

Table V-3
Product 3: Weighted-average f.o.b. prices and quantities as reported by Shakeproof and importers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * *

Table V-4
Product 4: Weighted-average f.o.b. prices and quantities as reported by Shakeproof and importers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * *

Table V-5
Product 5: Weighted-average f.o.b. prices and quantities as reported by Shakeproof and importers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * *

Table V-6
Product 6: Weighted-average f.o.b. prices and quantities as reported by Shakeproof and importers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * * *

¹⁰ Staff interviews with *** of ***, November 2, 2000 and December 6, 2000.
¹¹ Staff interviews with *** of ***, November 9, 2000 and November 28, 2000.
¹² Staff interview and voice mail response of *** of ***, November 28, 2000 and December 12, 2000, respectively. During the telephone conversation with staff on November 28, 2000, ***.
¹³ Staff interviews with *** of ***, November 2, 2000 and December 1, 2000.

Figure V-3

Weighted-average f.o.b. prices for product 1, as reported by Shakeproof and importers, by quarters, January 1997-June 2000

* * * * *

Figure V-4

Weighted-average f.o.b. prices for product 2, as reported by Shakeproof and importers, by quarters, January 1997-June 2000

* * * * *

Figure V-5

Weighted-average f.o.b. prices for product 3, as reported by Shakeproof and importers, by quarters, January 1997-June 2000

* * * * *

Figure V-6

Weighted-average f.o.b. prices for product 4, as reported by Shakeproof and importers, by quarters, January 1997-June 2000

* * * * *

Figure V-7

Weighted-average f.o.b. prices for product 5, as reported by Shakeproof and importers, by quarters, January 1997-June 2000

* * * * *

Figure V-8

Weighted-average f.o.b. prices for product 6, as reported by Shakeproof and importers, by quarters, January 1997-June 2000

* * * * *

Purchasers' Data

Data on f.o.b. purchase prices and quantities for products 1 through 6 provided by purchasers of U.S.-produced, Chinese, and/or Taiwanese HSLWs are shown in tables V-7 through V-12 and figures V-9 through V-14, respectively. While the coverage is extremely low (only three purchasers provided usable price data), these data show consistent underselling by HSLWs imported from China and Taiwan.

Table V-7

Product 1: Weighted-average f.o.b. purchase prices and quantities as reported by U.S. purchasers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * *

Table V-8

Product 2: Weighted-average f.o.b. purchase prices and quantities as reported by U.S. purchasers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * *

Table V-9

Product 3: Weighted-average f.o.b. purchase prices and quantities as reported by U.S. purchasers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * *

Table V-10

Product 4: Weighted-average f.o.b. purchase prices and quantities as reported by U.S. purchasers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * *

Table V-11

Product 5: Weighted-average f.o.b. purchase prices and quantities as reported by U.S. purchasers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * *

Table V-12

Product 6: Weighted-average f.o.b. purchase prices and quantities as reported by U.S. purchasers, and margins of underselling/(overselling), by quarters, January 1997-June 2000

* * * * *

Figure V-9

Weighted-average f.o.b. purchase prices for product 1, as reported by U.S. purchasers, by quarters, January 1997-June 2000

* * * * *

Figure V-10

Weighted-average f.o.b. purchase prices for product 2, as reported by U.S. purchasers, by quarters, January 1997-June 2000

* * * * *

Figure V-11

Weighted-average f.o.b. purchase prices for product 3, as reported by U.S. purchasers, by quarters, January 1997-June 2000

* * * * *

Figure V-12

Weighted-average f.o.b. purchase prices for product 4, as reported by U.S. purchasers, by quarters, January 1997-June 2000

* * * * *

Figure V-13

Weighted-average f.o.b. purchase prices for product 5, as reported by U.S. purchasers, by quarters, January 1997-June 2000

* * * * *

Figure V-14

Weighted-average f.o.b. purchase prices for product 6, as reported by U.S. purchasers, by quarters, January 1997-June 2000

* * * * *

APPENDIX A

***FEDERAL REGISTER* NOTICES AND EXPLANATION OF
COMMISSION DETERMINATION ON ADEQUACY**

Merchandise imported from the Subject Country; and

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

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in units, by density, and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties, by density). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

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

(11) (Optional) A statement of whether you agree with the above definitions of the Domestic Like Product

and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

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

Issued: October 25, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-28528 Filed 11-1-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-624-625 (Review)]

Helical Spring Lock Washers From China and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on helical spring lock washers from China and Taiwan.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on helical spring lock washers from China and Taiwan would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is December 21, 1999. Comments on the adequacy of responses may be filed with the Commission by January 13, 2000.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 99-5-040, expiration date July 31, 2002. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436.

of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: November 2, 1999.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193) or Vera Libeau (202-205-3176), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Background

On June 28, 1993, the Department of Commerce issued an antidumping duty order on imports of helical spring lock washers from Taiwan (58 FR 34567). On October 19, 1993, the Department of Commerce issued an antidumping duty order on imports of helical spring lock washers from China (58 FR 53914). The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or an expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions

The following definitions apply to these reviews:

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

(2) The *Subject Countries* in these reviews are China and Taiwan.

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the

Subject Merchandise. In its original determinations, the Commission found one Domestic Like Product: helical spring lockwashers.

(4) The *Domestic Industry* is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determinations, the Commission found one Domestic Industry: producers of helical spring lockwashers.

(5) The *Order Dates* are the dates that the antidumping duty orders under review became effective. In the review concerning Taiwan, the Order Date is June 28, 1993. In the review concerning China, the Order Date is October 19, 1993.

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

Participation in the Reviews and Public Service List

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

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

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

Certification

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

Written Submissions

Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is December 21, 1999. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is January 13, 2000. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means. Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability To Provide Requested Information

Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation

of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response to This Notice of Institution

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

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

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

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

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

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

771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Countries that currently export or have exported Subject Merchandise to the United States or other countries since 1992.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 1998 (report quantity data in pounds and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/ which are members of your association.

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

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

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

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in pounds and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

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

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in pounds and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

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

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

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published

pursuant to section 207.61 of the Commission's rules.

Issued: October 25, 1999.

By order of the Commission.

Donna R. Koehnke,
Secretary.

[FR Doc. 99-28530 Filed 11-1-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-571 (Review)]

Professional Electric Cutting Tools From Japan

AGENCY: United States International Trade Commission.

ACTION: Institution of a five-year review concerning the antidumping duty order on professional electric cutting tools from Japan.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on professional electric cutting tools from Japan would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is December 21, 1999. Comments on the adequacy of responses may be filed with the Commission by January 13, 2000.

For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: November 2, 1999.

¹No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 99-5-039, expiration date July 31, 2002. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436.

and by publishing the notice in the **Federal Register** of December 22, 1999 (64 FR 71831). The conference was held in Washington, DC, on January 5, 2000, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in this investigation to the Secretary of Commerce on January 31, 2000. The views of the Commission are contained in USITC Publication 3277 (February 2000), entitled *Citric Acid and Sodium Citrate from China: Investigation No. 731-TA-863 (Preliminary)*.

Issued: February 8, 2000.

By order of the Commission.

Donna R. Koehnke,
Secretary.

[FR Doc. 00-3709 Filed 2-15-00; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-556 (Review)]

Drams of 1 Megabit and Above From Korea

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct a full five-year review concerning the antidumping duty order on DRAMs of 1 megabit and above from Korea.

SUMMARY: The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(5)) to determine whether revocation of the antidumping duty order on DRAMs of 1 megabit and above from Korea would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. § 1675(c)(5)(B); a schedule for the review will be established and announced at a later date. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: February 3, 2000.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-205-3167), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-

impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION: On February 3, 2000, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act.¹ The Commission found that both domestic and respondent interested party group responses to its notice of institution (64 FR 59202, November 2, 1999) were adequate.

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

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: February 9, 2000.

By order of the Commission.

Donna R. Koehnke,
Secretary.

[FR Doc. 00-3708 Filed 2-15-00; 8:45 am]

BILLING CODE 7020-02-P

UNITED STATES INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-624-625 (Review)]

Helical Spring Lock Washers From China and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders on helical spring lock washers from China and Taiwan.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(5)) to determine whether revocation of the antidumping duty orders on helical spring lock washers from China and Taiwan would be likely

¹ Commissioner Askey is not participating in this five-year review.

to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C.

§ 1675(c)(5)(B); a schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: February 3, 2000.

FOR FURTHER INFORMATION CONTACT: Vera Libeau (202-205-3176), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION: On February 3, 2000, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act.¹ The Commission found that the domestic interested party group response to its notice of institution (64 FR 59204, November 2, 1999) was adequate with respect to both reviews and that the respondent interested party group response was adequate with respect to China² but inadequate with respect to Taiwan. The Commission also found that other circumstances warranted conducting a full review with respect to Taiwan.

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

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

Issued: February 9, 2000.

¹ Chairman Bragg dissenting with respect to both China and Taiwan.

² Chairman Bragg dissenting.

will automatically revoke the orders without further review.

If we receive a notice of intent to participate from a domestic interested party, the Sunset Regulations provide that *all parties* wishing to participate in the sunset review must file substantive responses not later than 30 days after the date of publication in the **Federal Register** of the notice of initiation. The required contents of a substantive response are set forth in the Sunset Regulations at 19 CFR 351.218(d)(3). Note that certain information requirements differ for foreign and domestic parties. Also, note that the Department's information requirements are distinct from the International Trade Commission's information requirements. Please consult the Sunset Regulations for information regarding the Department's conduct of sunset reviews.¹ Please consult the Department's regulations at 19 CFR part 351 (2000) for definitions of terms and for other general information concerning antidumping duty order proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218(c).

Dated: May 30, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00-14023 Filed 6-2-00; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-822, A-583-820]

Helical Spring Lock Washers From the People's Republic of China and Taiwan; Final Results of Expedited Sunset Reviews

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

ACTION: Notice of Final Results of Expedited Sunset Reviews: Helical Spring Lock Washers From the People's Republic of China and Taiwan.

SUMMARY: On November 2, 1999, the Department of Commerce ("the Department") initiated sunset reviews of the antidumping duty orders on helical

spring lock washers ("HSLWs") from the People's Republic of China ("PRC") and Taiwan (64 FR 59160) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of notices of intent to participate filed on behalf of domestic interested parties and inadequate response (in these cases, no response) from respondent interested parties, the Department determined to conduct expedited reviews. As a result of these reviews, the Department finds that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Reviews section of this notice.

EFFECTIVE DATE: June 5, 2000.

FOR FURTHER INFORMATION CONTACT: Eun W. Cho or Carole Showers, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1698 or (202) 482-3217, respectively.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("the Act"), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department's regulations are to 19 CFR part 351 (1999) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Background

On November 2, 1999, the Department initiated sunset reviews of the antidumping orders on HSLWs from the PRC and Taiwan (64 FR 59160), pursuant to section 751(c) of the Act. On the basis of a notice to participate and adequate substantive response filed on behalf of a domestic interested party in each review, and inadequate response (in these cases, no response) from respondent interested parties, we determined to conduct expedited reviews. The Department has conducted these sunset reviews in accordance with sections 751 and 752 of the Act.

Scope

The products covered by this review are HSLWs of carbon steel, of carbon alloy steel, or of stainless steel, heat-treated or non-heat-treated, plated or non-plated, with ends that are off-line. HSLWs are designed to: (1) Function as a spring to compensate for developed looseness between the component parts of a fastened assembly; (2) distribute the load over a larger area for screws or bolts; and, (3) provide a hardened bearing surface. The scope does not include internal or external tooth washers, nor does it include spring lock washers made of other metals, such as copper. HSLWs subject to this review are currently classifiable under subheading 7318.21.0030 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope remains dispositive.

There has been one scope ruling with respect to HSLWs from the PRC and Taiwan. On November 21, 1997, the Department ruled that HSLWs imported into the United States in an uncut, coil form are within the scope of the order.¹

Analysis of Substantive Responses

All issues raised in the case and rebuttal briefs by parties to these sunset reviews are addressed in the "Issues and Decision Memorandum" ("Decision Memo") from Jeffrey A. May, Director, Office of Policy, Import Administration, to Troy H. Cribb, Acting Assistant Secretary for Import Administration, dated May 30, 2000, which is hereby adopted by this notice. The issues discussed in the attached Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail were the orders revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in room B-099 of the main Commerce building.

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

Final Results of Reviews

We determine that revocation of the antidumping duty orders on HSLWs from the PRC and Taiwan would be likely to lead to continuation or

¹ A number of parties commented that these interim-final regulations provided insufficient time for rebuttals to substantive responses to a notice of initiation (Sunset Regulations, 19 CFR 351.218(d)(4)). As provided in 19 CFR 351.302(b) (2000), the Department will consider individual requests for extension of that five-day deadline based upon a showing of good cause.

¹ See *Notice of Scope Rulings*, 62 FR 62288 (November 21, 1997)

recurrence of dumping at the following percentage weighted-average margins:

Manufacturer/Exporter	Margin (percent)
PRC:	
Hangzhou Spring Washer Plant ("HSWP")	69.88
HSWP via IFI Morgan Limited	69.88
HSWP via Carway Development Ltd.	69.88
HSWP via Midway Fasteners Ltd.	69.88
HSWP via Linkwell Industry Co., Ltd.	69.88
HSWP via Fastwell Industry Co., Ltd.	69.88
HSWP via Sunfast International Corp.	69.88
HSWP via Winner Standard Parts Co., Ltd.	69.88
All Others	128.63
Taiwan:	
Spring Lake Enterprises	31.93
Ceimiko Industrial	31.93
Par Excellence Industrial ...	31.93
All Others	31.93

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

These five-year ("sunset") reviews and notices are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: May 30, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00-14022 Filed 6-2-00; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-855]

Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Certain Non-Frozen Apple Juice Concentrate From the People's Republic of China

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

EFFECTIVE DATE: June 5, 2000.

FOR FURTHER INFORMATION CONTACT: Craig Matney, Sally Hastings, or Annika O'Hara, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1778, 482-3464, or 482-3798, respectively.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("the Act"), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department of Commerce's ("the Department's") regulations are to 19 CFR part 351 (1998).

Scope of Order

The product covered by this order is certain non-frozen apple juice concentrate ("NFAJC"). Certain NFAJC is defined as all non-frozen concentrated apple juice with a Brix scale of 40 or greater, whether or not containing added sugar or other sweetening matter, and whether or not fortified with vitamins or minerals. Excluded from the scope of this investigation are: frozen concentrated apple juice; non-frozen concentrated apple juice that has been fermented; and non-frozen concentrated apple juice to which spirits have been added.

The merchandise subject to this order is classified in the *Harmonized Tariff Schedule of the United States* ("HTSUS") at subheadings 2009.70.00.20 and 2106.90.52. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

Amended Final Determination

In accordance with section 735(a) of the Act, on April 13, 2000, the Department published its final determination of the antidumping duty investigation of certain NFAJC from the People's Republic of China ("PRC") in which we determined that U.S. sales of NFAJC from the PRC were made at less than normal value (65 FR 19873 (Idquo;NFAJC Final")). On April 18, 2000, we received ministerial error allegations, timely filed pursuant to § 351.224(c)(2) of the Department's regulations from Yantai North Andre Juice Co., Ltd. ("North Andre"); Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. ("Haisheng"); Sanmenxia Lakeside Fruit

Juice Co., Ltd. ("Lakeside"); Shandong Zhonglu Co., Ltd./Rushan Shangjin-Zhonglu Foodstuff Co., Ltd./Shandong Luling Fruit Juice Co./Rushan Dongjin Foodstuffs ("Zhonglu"); Yantai Oriental Juice Co., Ltd. ("Oriental"); Qingdao Nannan Foods Co., Ltd. ("Nannan"); Xian Asia Qin Fruit Co., Ltd. ("Asia"); Xian Yang Fuan Juice Co., Ltd. ("Fuan"); Changsha Industrial Products & Minerals Import and Export Co., Ltd. ("Changsha Industrial"); and Shangdong Foodstuffs Import and Export Corporation ("Shangdong Foodstuffs") (hereinafter collectively referred to as "the respondents") regarding the Department's final margin calculations. On April 24, 2000, we received comments on the respondents' ministerial error allegations from Coloma Frozen Foods, Inc.; Green Valley Packers; Knouse Foods Cooperative, Inc.; Mason County Fruit Packers Co-op, Inc.; and Tree Top Inc. (hereinafter collectively referred to as "the petitioners").

We have determined in accordance with section 735(e) of the Act that a ministerial error in the calculation of the international freight surrogate value was made in our final margin calculations. For a detailed discussion of the above-cited ministerial error allegations and the Department's analysis, see Memorandum to Richard W. Moreland, dated May 8, 2000. We are amending the final determination of the antidumping duty investigation of NFAJC from the PRC to correct this ministerial error. The revised final weighted-average dumping margins are as follows:

Exporter/manu- facturer	Original weighted- average margin per- centage	Revised weighted- average margin per- centage
North Andre	0.00	0.00
Haisheng	12.90	12.03
Lakeside	28.54	27.57
Zhonglu	9.40	8.98
Oriental	9.96	9.96
Nannan	26.43	25.55
Asia	15.36	14.88
Yang	15.36	14.88
Changsha In- dustrial	15.36	14.88
Shandong Food- stuffs	15.36	14.88
PRC-wide rate ..	51.74	51.74

Antidumping Duty Order

On May 30, 2000, in accordance with section 735(d) of the Act, the U.S. International Trade Commission ("ITC") notified the Department that a U.S. industry is "materially injured," within the meaning of section 735(b)(1)(A) of

have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the 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 these investigations for 9:30 a.m. on August 7, 2000, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Jozlyn Kalchthaler (202-205-3457) not later than August 3, 2000, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before August 10, 2000, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

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

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

Issued: July 19, 2000.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 00-18733 Filed 7-24-00; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-624-625 (Review)]

Helical Spring Lock Washers From China and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on helical spring lock washers from China and Taiwan.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on helical spring lock washers from China and Taiwan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: July 11, 2000.

FOR FURTHER INFORMATION CONTACT: Valerie Newkirk (202-205-3190), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the

Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Background.—On February 3, 2000, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (65 FR 7890, February 16, 2000). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's web site.

Participation in the reviews and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the reviews will be placed in the nonpublic record on November 8, 2000, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on November 30, 2000, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before November 21, 2000. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on November 27, 2000, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is November 20, 2000. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is December 11, 2000; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before December 11, 2000. On January 3, 2001, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before January 5, 2001, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of

submissions with the Secretary by facsimile or electronic means.

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

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

By order of the Commission.

Issued: July 19, 2000.

Donna R. Koehnke,

Secretary.

[FR Doc. 00-18734 Filed 7-24-00; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337-TA-428]

Certain Integrated Circuit Chipsets, Components Thereof and Products Containing Same; Notice of Commission Decision Not To Review an Initial Determination Granting a Motion To Terminate the Investigation as to Fifteen Claims of One Patent

AGENCY: International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law judge's ("ALJ's") initial determination ("ID") granting complainant's motion for termination of the investigation as to 15 claims of one patent at issue.

FOR FURTHER INFORMATION CONTACT: Tim Yaworski, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3096. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION: The Commission ordered the institution of this investigation on February 4, 2000, based on a complaint filed by Intel Corp. of Santa Clara, California ("Intel"). 65 FR 7059 (2000). The

complaint named five respondents: VIA Technologies, Inc., of Taipei, Taiwan; VIA Technologies, Inc., of Fremont, California; First International Computer, Inc., of Taipei, Taiwan; First International Computer of America, Inc., of Fremont, California; and Everex Systems, Inc., of Fremont, California. The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930 in the importation into the United States, the sale for importation, and/or the sale within the United States after importation of certain integrated circuit chipsets and products containing same by reason of infringement of claims 1-3 and 15-16 of U.S. Letters Patent 5,333,276; claims 1-4, 10, 15, 22, 27-30, 36-37, 44-45, and 49 of U.S. Letters Patent 5,740,385; claims 1-12 and 28-48 of U.S. Letters Patent 5,581,782; and claims 1-31 of U.S. Letters Patent 5,548,733 ("the '733 patent").

On June 5, 2000, complainant Intel moved to amend the complaint and notice of investigation by deleting claims 2-4, 7, 15-20, 22, 27-29, and 31 of the '733 patent. Motion Docket No. 428-14. There were no responses to the motion.

On June 27, 2000, the ALJ issued an ID (Order No. 14) granting Intel's motion to the extent that he permitted Intel to withdraw claims 2-4, 7, 15-20, 22, 27-29, and 31 of the '733 patent from the investigation. No party petitioned for review of the ID.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in section 210.42 of the Commission's Rules of Practice and Procedure (19 CFR 210.42). Copies of the ALJ's ID and all other nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-2000.

Issued: July 19, 2000.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 00-18735 Filed 7-24-00; 8:45 am]

BILLING CODE 7020-02-P

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Helical Spring Lock Washers from China and Taiwan Inv. Nos. 731-TA-624-625 (Review)

On February 3, 2000, the Commission determined that it should proceed to full reviews of the outstanding antidumping duty orders on helical spring lock washers ("HSLW") from China and Taiwan pursuant to section 751(c) of the Tariff Act of 1930, as amended.¹ The Commission, in consultation with the Department of Commerce, grouped these reviews because they involve similar domestic like products.²

The Commission received an adequate response from Shakeproof Assembly Components Division of Illinois Tool Works, Inc., a domestic producer of HSLW and the petitioner in the original investigation. The Commission also received an adequate response from the American Association of Fastener Importers, a majority of whose member companies are or have been U.S. importers of subject merchandise from China. Because the Commission received an adequate response from a domestic producer accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate. Because the Commission received an adequate response from importers accounting for a substantial percentage of the subject imports, the Commission determined that the respondent interested party group response was adequate.³ Accordingly, the Commission determined to proceed to a full review in *Helical Spring Lock Washers from China*.⁴

No responses were received on behalf of respondent interested parties with respect to the review concerning subject imports from Taiwan. Nonetheless, the Commission determined to conduct a full review in *Helical Lock Spring Washers from Taiwan* because conducting a full review would promote administrative efficiency in light of the Commission's determination to conduct a full review with respect to *Helical Spring Lock Washers from China*.⁵

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site.

¹ Chairman Bragg dissenting.

² See 19 U.S.C. § 1675(c)(5)(D).

³ Chairman Bragg found the respondent interested party group response to be inadequate because no foreign producer responded to the Notice of Institution. In her view, importer interest alone, without the participation of foreign producers, does not reflect an adequate "willingness to participate" on the part of respondent interested parties such that the expenditure of Commission resources in the conduct of a full review is justified; indeed, absent the participation of foreign producers, importer interest alone is unlikely to result in the development of a significantly improved or different record, notwithstanding the use of investigative tools available to the Commission including the issuance of questionnaires and a public hearing.

⁴ Chairman Bragg found no circumstances warranting a full review.

⁵ Chairman Bragg found no circumstances warranting a full review.

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARINGS

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

Subject: Helical Spring Lock Washers from China and Taiwan

Inv. Nos.: 731-TA-624-625 (Review)

Date and Time: November 30, 2000 - 9:30 a.m.

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

OPENING REMARKS

In Support of Continuation (**Stephen M. Creskoff**, Creskoff & Doram, LLP)
In Support of Revocation (**Matthew T. McGrath**, Barnes, Richardson & Colburn)

**In Support of the Continuation of
the Orders:**

Creskoff & Doram LLP
Washington, D.C.
on behalf of

Domestic Producers

David Hauner, Business Unit Manager, Shakeproof Assembly Components Division,
Illinois Tool Works Incorporated

Kenneth Vahl, Sales Manager, Shakeproof Assembly Components Division,
Illinois Tool Works Incorporated

Lee Harper, President, West Coast Lockwashers Company

Stephen M. Creskoff)
Lisa E. Smilan)—OF COUNSEL
Andrea Donner)

**In Support of the Revocation of
the Orders:**

Barnes, Richardson & Colburn
Washington, D.C.
on behalf of

American Association of Fastener Importers

Matthew T. McGrath—OF COUNSEL

NON-PARTY PARTICIPANT

White & Case LLP
Washington, D.C.
on behalf of

Chinese Producers

Albert Lo)
)—OF COUNSEL
Frank H. Morgan)

REBUTTAL/CLOSING REMARKS

In Support of Continuation (**Stephen M. Creskoff**, Creskoff & Doram, LLP)
In Support of Revocation (**Matthew T. McGrath**, Barnes, Richardson & Colburn)

APPENDIX C
SUMMARY DATA

Table C-1

HSLWs: Summary data concerning the U.S. market, 1997-99, January-June 1999, and January-June 2000

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

Item	Reported data					Period changes			
	1997	1998	1999	January-June		1997-99	1997-98	1998-99	Jan.-June 1999-00
				1999	2000				
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from—									
China:									
Quantity	1,525	2,156	2,885	1,385	1,927	89.1	41.4	33.8	39.2
Value	744	1,078	1,525	727	986	105.0	44.9	41.5	35.7
Unit value	\$0.49	\$0.50	\$0.53	\$0.52	\$0.51	8.4	2.5	5.8	-2.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Taiwan:									
Quantity	289	257	378	279	121	30.9	-11.0	47.1	-56.5
Value	417	267	392	309	128	-6.2	-36.0	46.6	-58.6
Unit value	\$1.44	\$1.04	\$1.04	\$1.10	\$1.05	-28.3	-28.1	-0.3	-4.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	1,814	2,413	3,263	1,664	2,049	79.9	33.0	35.2	23.1
Value	1,161	1,345	1,917	1,035	1,114	65.1	15.8	42.5	7.6
Unit value	\$0.64	\$0.56	\$0.59	\$0.62	\$0.54	-8.2	-12.9	5.4	-12.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Other sources:									
Quantity	1,500	2,735	1,981	461	1,676	32.1	82.4	-27.6	263.2
Value	2,129	3,043	2,117	811	1,488	-0.6	42.9	-30.4	83.5
Unit value	\$1.42	\$1.11	\$1.07	\$1.76	\$0.89	-24.7	-21.6	-3.9	-49.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	3,314	5,149	5,243	2,126	3,725	58.2	55.4	1.8	75.2
Value	3,290	4,388	4,034	1,846	2,602	22.6	33.4	-8.1	40.9
Unit value	\$0.99	\$0.85	\$0.77	\$0.87	\$0.70	-22.5	-14.2	-9.7	-19.6
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

HSLWs: Summary data concerning the U.S. market, 1997-99, January-June 1999, and January-June 2000

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

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

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

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

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

APPENDIX D

**RESPONSES OF THE U.S. PRODUCER, IMPORTERS, PURCHASERS, AND
A FOREIGN PRODUCER CONCERNING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF
REVOCATION**

**U.S. PRODUCER'S COMMENTS REGARDING THE EFFECTS OF THE ORDERS
AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested producers to describe any anticipated changes in their operations or organization relating to the production of HSLWs in the future if the existing orders were revoked (Question II-4).

Shakeproof

The Commission requested producers to describe the significance of the existing orders on their production capacity, production, U.S. shipments, inventories, purchases, and employment (Question II-17).

Shakeproof

The Commission asked producers whether they anticipate changes in their production capacity, production, U.S. shipments, inventories, purchases, or employment relating to the production of HSLWs if the orders were revoked (Question II-18).

Shakeproof

The Commission asked U.S. producers to describe the significance of the orders in terms of their effect on their firm's revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values (Question III-8).

Shakeproof

The Commission asked U.S. producers to describe any anticipated changes in their revenues, costs, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of HSLWs in the future if the orders on imports from China and/or Taiwan were revoked (Question III-9).

Shakeproof

**U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE
ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested importers to describe any anticipated changes in their operations or organization relating to the importation of HSLWs from China and/or Taiwan if the existing orders were revoked (Question II-4).

All of the responding importers of HSLWs responded no anticipated changes.

The Commission requested importers to describe the significance of the existing orders covering imports of HSLWs from China and/or Taiwan in terms of their effect on their firm's imports, U.S. shipments of imports, and inventories (Question II-10).

“With high antidumping duty imposed on China and Taiwan’s spring lock washers, we were forced to stop importing all of our lock washers from Taiwan & China, and forced to become a customer of ITW Shakeproof instead of being a competitor. ***.”

“No significant effect.”

“Our purchases of lockwashers from China and Taiwan have been significantly reduced. Our main source is a U.S. maker.”

“When antidumping duties were first imposed our sales volume of lockwashers decreased. As antidumping duty rates have reduced our sales volume has again increased to the pre-antidumping duty volumes.”

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of HSLWs in the future if the existing orders were revoked (Question II-11).

*** of the importing firms indicated no anticipated changes.

“We would increase purchases from China on the assumption that their prices would be 10% below U.S. makers.”

**FOREIGN PRODUCER'S COMMENTS REGARDING THE EFFECTS OF THE
ORDERS AND THE LIKELY EFFECT OF REVOCATION**

The Commission requested foreign producers to indicate whether they anticipated any changes in their operations or organization relating to the production of HSLWs in the future if the existing orders were revoked, and if yes, to describe those changes (Question II-3).

The Commission requested foreign producers to describe the significance of the existing orders covering imports of HSLWs from China and Taiwan in terms of their effect on their firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories (Question II-15).

ZWG

The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of HSLWs in the future if the existing orders were revoked (Question II-16).

**U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE
LIKELY EFFECTS OF REVOCATION**

**Anticipated Operational/Organizational Changes If the Orders Were
to Be Revoked (Question III-11)**

The Commission requested U.S. purchasers to describe the likely potential effects on (1) the future activities of their firm and (2) the U.S. market as a whole if revocation of the relevant antidumping duty orders on imports of the subject products from China and Taiwan were revoked. Their responses follow.

Likely potential effects on the future activities of the firm if the orders are revoked.

"If antidumping is revoked, we will most likely source lockwashers from China."

"None."

“We will lose market share to cheaper imports.”

“Little impact anticipated. We will review sourcing strategy and continue to look at most cost effective approach in terms of price, quality, availability, and application by end user.”

“We will go to imports as costs will be half or more from domestic source. Our business will also be affected by potential loss of U.S. supplier on specials.”

Likely potential effects on the U.S. market as a whole if the orders are revoked.

“It will devastate ITW Shakeproof! Shakeproof cannot compete at import price levels.”

“Slight increase in imports over next 24 months.”

“U.S. manufacturers will lose market share and some will shut down.”

“I would assume the U.S. market would do the same as outlined above.”

“1) More redesigning due to lack of specials – 5 yrs., 2) Possible cost increases by fewer suppliers absorbing mark up and no competition from U.S. – 1-3 yrs.”

APPENDIX E
MODEL RESULTS

Table E-1
Model results - China and Taiwan

* * * * *

Model results - China

* * * * *

Model results - Taiwan

* * * * *

