

UNITED STATES TARIFF COMMISSION

STAINLESS STEEL WIRE RODS  
FROM FRANCE

Determination of Injury  
in Investigation No. AA1921-119  
Under the Antidumping Act, 1921,  
As Amended



TC Publication 596  
Washington, D. C.  
July 1973

**UNITED STATES TARIFF COMMISSION**

**Catherine Bedell, *Chairman***

**Joseph O. Parker, *Vice Chairman***

**Will E. Leonard, Jr.**

**George M. Moore**

**J. Banks Young**

**Italo H. Ablondi**

**Kenneth R. Mason, *Secretary***

---

**Address all communications to  
United States Tariff Commission  
Washington, D. C. 20436**

---

UNITED STATES TARIFF COMMISSION  
Washington

[AA1921-119]

July 24, 1973

STAINLESS STEEL WIRE RODS FROM FRANCE

Determination of Injury

On April 24, 1973, the Tariff Commission received advice from the Treasury Department that stainless steel wire rods from France are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. In accordance with the requirements of section 201(a) of the Antidumping Act (19 U.S.C. 160(a)), the Tariff Commission instituted investigation No. AA1921-119 to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held on June 12, 1973. Notice of the investigation and hearing was published in the Federal Register of May 1, 1973 (38 F.R. 10775).

In arriving at a determination in this case, the Commission gave due consideration to all written submissions from interested parties, evidence adduced at the hearing, and all factual information obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

On the basis of the investigation, the Commission has determined by a vote of 3 to 2 1/ that an industry in the United States is being injured by reason of the importation of stainless steel wire rods from France that are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

---

1/ Chairman Bedell, Vice Chairman Parker, and Commissioner Moore determined in the affirmative; Commissioners Leonard and Young determined in the negative. Commissioner Ablondi did not participate in the decision.

Statement of Reasons for Affirmative Determination of  
Chairman Bedell, Vice Chairman Parker, and Commissioner Moore

The Antidumping Act, 1921, as amended, requires that the Tariff Commission find two conditions satisfied before an affirmative determination can be made.

First, there must be injury, or likelihood of injury, to an industry in the United States, or an industry in the United States must be prevented from being established. Second, such injury (or likelihood of injury or prevention of establishment of an industry) must be "by reason of" the importation into the United States of the class or kind of foreign merchandise the Secretary of the Treasury determined is being, or is likely to be, sold at less than fair value (LTFV).

In our judgment both conditions are satisfied in the instant case. 1/ Accordingly, we have made an affirmative determination--that an industry 2/ in the United States is being injured by reason of imports of stainless steel wire rods from France sold at less than fair value. Our determination is based primarily on the considerations given in the following paragraphs.

---

1/ Since injury was found, it is unnecessary for an affirmative determination to make a finding as to the likelihood of injury or prevention of establishment of an industry.

2/ We have determined that a domestic industry injured by the LTFV imports herein considered consists of the facilities in the United States used in the production of stainless steel wire rods. In 1972, stainless steel rods were produced in the United States by eight firms operating nine mills. All of the domestic firms produced the grades of stainless steel wire rods imported from France and sold at less than fair value.

Market penetration

The Treasury Department's investigation covered imports entered by two French firms over a period of 7 months from August 1971 to February 1972. The investigation showed that one of the two firms investigated, Ugine-Aciers, made sales at LTFV; imports entered by this firm accounted for at least 80 percent of French stainless steel wire rod exports to the United States. Of the stainless steel wire rod imports from Ugine-Aciers examined by the Treasury, the major part was found to have been sold at LTFV.

The price advantage afforded by such sales in the United States at LTFV enabled importers of the French product to make substantial inroads into a generally declining market. In addition, occurring as they did during a period of rapidly rising domestic costs, and of start up problems for new U.S. mills, the impact of the LTFV imports were severe. Imports from France at LTFV supplied about 15 percent of total open market sales of stainless steel wire rods in the United States. Moreover, in specific markets in which sales of French stainless steel wire rods were concentrated, particularly the wire redrawer market which traditionally has accounted for about one-half of U.S. consumption of stainless steel wire rod, penetration by imports from France at LTFV reached an estimated 21 percent of open market consumption. The inroads into these markets are a direct result of leverage gained by sales at LTFV.

Price depression

The price level for stainless steel wire rods in the U.S. market has been depressed in recent years, especially during 1970-71. Domestic prices for such rods were forced down in order to meet the competition of the French product in most large-volume, fast-moving grades; the differentials between the prices of the U.S. product and the LTFV French product were substantial, in some instances as high as 30 percent. From information supplied by U.S. purchasers, importers, and producers, the Commission was able to verify that numerous large sales were lost by domestic producers, and that many of the sales actually made by domestic producers were negotiated only at considerably reduced prices. Several purchasers stated that the low prices offered by suppliers of LTFV French rods succeeded in bringing down domestic prices; U.S. wire redrawers disclosed that they exerted pressure on the domestic producers during the period of economic recession in 1971 to bring down prices of rod (the raw material of the redrawers) so that they could remain competitive in the U.S. market. The U.S. stainless rod manufacturers reduced their prices of most leading grades through substantial increases of the discounts and allowances offered to purchasers.

The Commission took into account the fact that sales were also lost by individual U.S. producers to other domestic competitors, and to imports from Japanese, Swedish, and other French manufacturers, as well as to LTFV French imports. Nevertheless, the Commission was able to verify that LTFV imports from France, generally sold at a substantial price differential, were the leading cause of price depression, lost sales and reduced profits for the domestic industry.

### Profitability

During 1970-72, the domestic stainless steel wire rod industry incurred substantial net operating losses, especially in 1971.

U.S. firms accounting for more than 90 percent of stainless steel wire rod production recorded substantial losses on their output of that product during the 1970-72 period.

The profitability of the firms during this period was adversely affected as a result of lost sales and of reduced profits on sales of high-volume, fast-moving grades of stainless steel wire rod. The reduced profitability of these companies was a direct result of the depression of the price levels for leading grades by substantial sales of French rod at LTFV prices in the domestic market.

### Conclusion

On the basis of the foregoing, we conclude that an industry in the United States is being injured by reason of imports of stainless steel wire rods from France sold in the domestic market at less than fair value.



Statement of Reasons for Negative Determination  
of Commissioners Leonard and Young

As indicated above by our colleagues, the Antidumping Act, 1921, as amended, requires that the Tariff Commission find two conditions satisfied before an affirmative determination can be made. First, there must be injury, or likelihood of injury, to an industry in the United States, or an industry in the United States must be prevented from being established. Second, such injury (or likelihood of injury or prevention of establishment of an industry) must be "by reason of" the importation into the United States of the class or kind of foreign merchandise the Secretary of the Treasury determined is being, or is likely to be, sold at less than fair value (LTFV). 1/

It is clear that the domestic producers of stainless steel wire rods are being injured. For there to be an affirmative determination, however, causation between sales at less than fair value and injury must be identifiable, i.e., the injury must result from the less than fair value sales. 2/ In this investigation we are unable to conclude that the LTFV sales have caused injury, and consequently the conditions set forth above for an affirmative determination are not met. The reasoning for our not being able to find the second or "causation" condition satisfied follows.

The industry

In our view the industry which would likely feel the impact of LTFV sales most immediately and directly consist of the facilities in

---

1/ Prevention of the establishment of an industry is not an issue in this investigation and as such need not be treated further.

2/ See U.S. Tariff Commission, Elemental Sulfur From Mexico, . . . Investigation No. AA1921-92 . . ., TC Publication 484, May 1972, p. 9.

the United States devoted to the production of stainless steel wire rods. Currently, eight firms are producing such rods in nine mills; the facilities at these mills on which stainless steel wire rods are produced constitute the domestic industry which most likely were susceptible to the impact of LTFV sales.

#### Market penetration

Of the several French firms selling stainless steel wire rods in the United States, one firm, Ugine-Acier, was found by the Treasury Department to have sold that article at LTFV during the period August 1971 through February 1972. Ugine has been the predominant French supplier of stainless steel wire rods to the United States, accounting for over 80 percent of annual French exports of such rods to the United States from 1968-72. A substantial part of the firm's sales to the United States was found to have been made at LTFV.

In the past 3 years, the U.S. imports of stainless steel wire rods from France, and from Ugine in particular, have declined both absolutely and as a percent of U.S. consumption. While Ugine's penetration of the U.S. market has been significant, the share of the market supplied by the firm, and the penetration of its sales into the U.S. market, has steadily declined in recent years, including the period of LTFV sales found by the Treasury. There is no evidence, moreover, that Ugine's sales at LTFV enabled them to obtain new customers. While the company may have increased its LTFV sales to a few accounts, such increases were more than offset by losses to other suppliers. In balance, then, Ugine had a net loss in sales over the last 3 years.

### Pricing

During 1970 and 1971, i.e., before and during the period of Treasury's investigation, the domestic market for stainless steel wire rods was in a depressed state. Price competition was severe--between domestic producers, between domestic producers and importers, and among the importers representing the several major foreign suppliers, including the French. The price competition reflected largely declining demand in the United States growing out of a lagging economy; consumption of stainless steel wire rods in 1971, for example, was a fourth lower than in 1969.

The predominant grade of French (Ugine) wire rod imported into the United States has been a .217 inch diameter-grade 430 wire rod; such rod accounted for a considerable proportion of Ugine's business in the United States. Such French wire rod substantially undersold the comparable domestic wire rod in recent years and during the period of Treasury's investigation. However, the so-called dumping margin, i.e., the margin by which the French rod was sold at less than fair value, was equivalent to only a very small part of the amount by which the French rod undersold the domestic rod. Even without the LTFV margin, Ugine's stainless steel wire rod would have been priced substantially below the normal differential required to attract sales from domestic producers. Thus, the existence of the LTFV margin did not significantly influence the pricing, and consequently the sale, of French wire rod in the U.S. market.

In the record of this case, there is evidence of only isolated instances where Ugine's pricing practices might have been said to have

contributed to price depression in the United States. In most of these instances, Ugine's bid price might have had a depressing effect on the prices of domestic producers, but Ugine was underbid by other foreign suppliers and did not succeed in obtaining the sale.

#### Loss of profit

The production of stainless steel wire rod in the United States has not been profitable in recent years. The financial losses sustained by the domestic producers, however, have been strongly affected by economic down turns, the market impact of rising imports of the labor-intensive finished products produced from stainless steel wire rods, and the "shake-down" problems of several new rod mills which recently came into production. Meanwhile the LTFV sales of stainless steel wire rods from France were declining. We must conclude, therefore, that the financial losses of the industry resulted from causes other than from the LTFV sales of French wire rods. We cannot identify such LTFV sales as a contributor to the financial reverses of the industry.

#### Likelihood of injury

Considerable information was presented in evidence of pending or potential injury to the domestic stainless steel wire rod industry because of the current development of the French steel complex at Fos-La-Mer. We cannot conclude, however, that the statutory requirements pertaining to likelihood of injury are met in this case. To find likelihood of injury, affirmative evidence must be available that

(1) imports will be sold at LTFV, and (2) such imports will injure, or prevent the establishment of, an industry in the United States. In an earlier case where the Commission found likelihood of injury, <sup>1/</sup> the facilities were complete and all was ready for the marketing of the products at the first opportunity in the U.S. market. In the instant case, the Fos-La-Mer complex is incomplete. It is reported to be designed primarily for the production of carbon-steel products, rather than stainless steel products. Its natural markets that it can most advantageously serve, moreover, are the market within the Economic Community and non-U.S. foreign markets, all of which are growing. The profitability of Ugine's future does not lie in LTFV sales to the United States.

#### Conclusion

In the final analysis, the LTFV imports have not enabled Ugine to expand its number of customers or increase its sales of stainless steel wire rods in the domestic market. Contrary to this, Ugine's sales to the United States have declined in absolute quantity and as a percent of U.S. consumption. The recent problems of the domestic industry have not resulted from LTFV sales of French stainless steel wire rods, and the future does not show the domestic industry threatened by French LTFV imports. Accordingly, we have determined that an industry in the United States is not being, and is not likely to be, injured by reason of such LTFV imports.

---

<sup>1/</sup> U.S. Tariff Commission, Instant Potato Granules From Canada, . . . Investigation No. AA1921-97 . . . , TC Publication 509, September 1972, p. 4.



