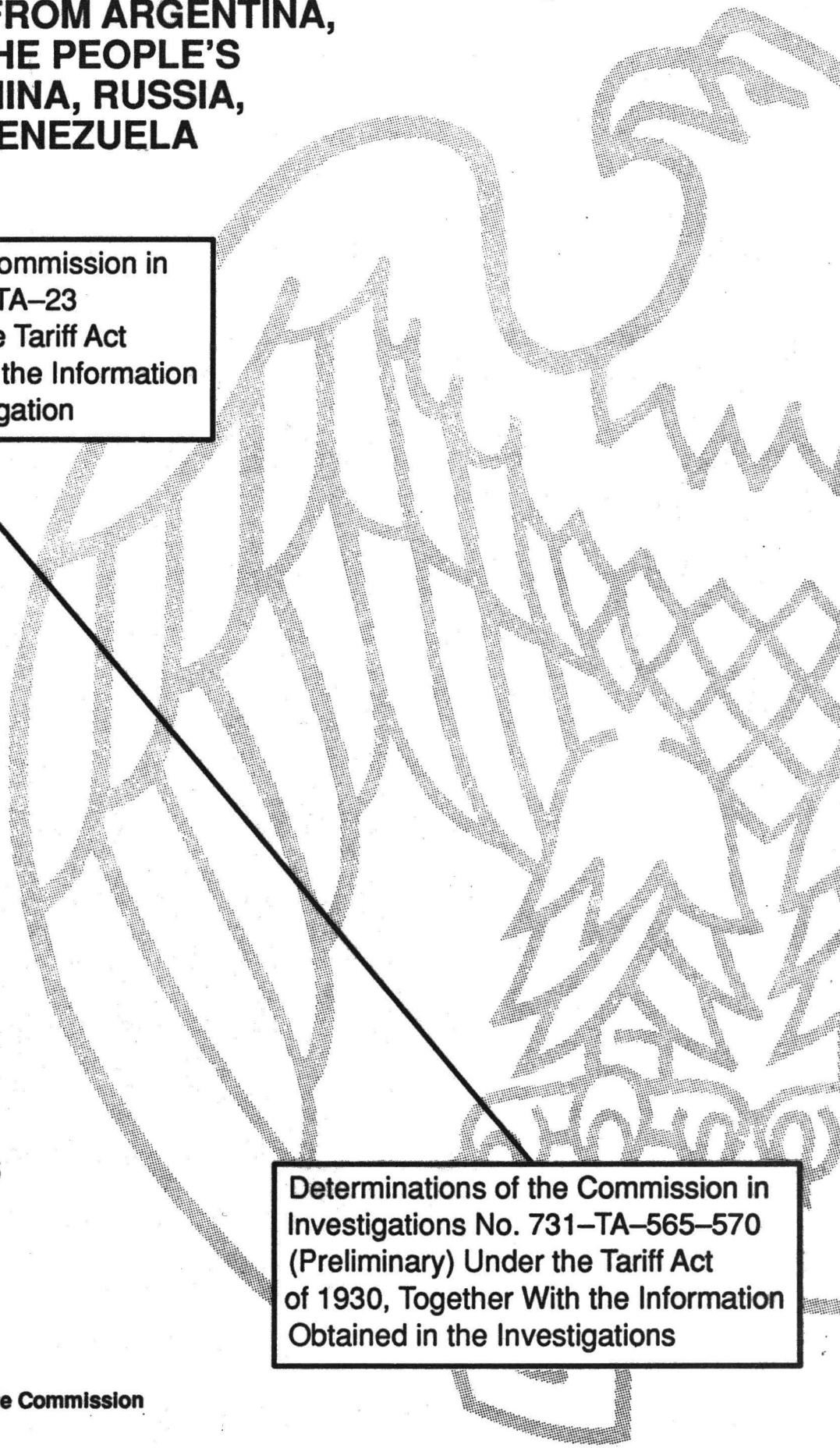
731-TA-565-570 (prelim)

FERROSILICON FROM ARGENTINA, KAZAKHSTAN, THE PEOPLE'S REPUBLIC OF CHINA, RUSSIA, UKRAINE, AND VENEZUELA

Determination of the Commission in Investigation No. 303–TA–23 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



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Determinations of the Commission in Investigations No. 731–TA–565–570 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

United States International Trade Commission
Washington, DC 20436

FERROSILICON FROM ARGENTINA, KAZAKHSTAN, THE PEOPLE'S REPUBLIC OF CHINA, RUSSIA, UKRAINE, AND VENEZUELA

UNITED STATES 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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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. 303-TA-23 (Preliminary)
and 731-TA-565-570 (Preliminary)

FERROSILICON FROM ARGENTINA, KAZAKHSTAN, THE PEOPLE'S REPUBLIC OF CHINA, RUSSIA, UKRAINE, AND VENEZUELA

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines,[2] pursuant to section 303 and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1303 and 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly subsidzed imports from Venezuela and allegedly less-than-fair-value (LTFV) imports from Argentina, Kazakhstan, the People's Republic of China, Russia, Ukraine, and Venezuela of ferrosilicon,[3] provided for in subheadings 7202.21.10, 7202.21.50, 7202.21.75, 7202.21.90, and 7202.29.00 of the Harmonized Tariff Schedule of the United States.

Background

On May 22, 1992, a petition was filed with the Commission and the Department of Commerce by AIMCOR, Pittsburgh, PA; Alabama Silicon, Inc.,

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

[2] Commissioner Brunsdale dissented with respect to China, Russia, and Ukraine; and Vice Chairman Watson and Commissioner Crawford dissented with respect to Russia and Ukraine.

[3] For purposes of these investigations, the subject product is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than 8 percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorus, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

Bessemer, AL; American Alloys, Inc., Pittsburgh, PA; Globe Metallurgical, Inc., Cleveland OH; Silicon Metaltech, Inc., Seattle WA; Oil, Chemical & Atomic Workers Union (local 389); United Autoworkers of America Union (local 523); and United Steelworkers of America Union (locals 2528, 3081, 5171, and 12646) alleging that an industry in the United States is materially injured by reason of subsidized imports of ferrosilicon from Venezuela and LTFV imports from Argentina, Kazakhstan, the People's Republic of China, Russia, Ukraine, and Venezuela. Accordingly, effective May 22, 1992, the Commission instituted countervailing duty and antidumping investigations Nos. 303-TA-23 (Preliminary) and 731-TA-565-570 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 2, 1992 (57 F.R. 23244). The conference was held in Washington, DC, on June 12, 1992, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in these preliminary investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured [1] by reason of allegedly subsidized imports of ferrosilicon from Venezuela and allegedly less-than-fair-value (LTFV) imports of ferrosilicon from Argentina, Kazakhstan, The People's Republic of China ("China"),[2] Russia,[3] Ukraine,[4] and Venezuela.

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard in preliminary antidumping and countervailing duty investigations requires the Commission to determine whether, based on the best information available at this time, there is a reasonable indication of material injury or threat thereof to a domestic industry by reason of the subject imports. [5] In these investigations, the Commission considered whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation." [6] The U.S. Court of Appeals for the Federal Circuit has held that this interpretation of the standard "accords with clearly discernible legislative intent and is sufficiently reasonable." [7]

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[1] Whether the establishment of an industry in the United States is materially retarded is not an issue in these investigations.

[2] Commissioner Brunsdale dissents from this determination. See Additional Dissenting Views of Commissioner Brunsdale.

[3] Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford dissent from this determination. See Concurring and Dissenting Views of Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford.

[4] Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford dissent from this determination. See Concurring and Dissenting Views of Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford.

[5] 19 U.S.C. §§ 1671b(a), 1673b(a); American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986).

[6] Id.at 1001-04.

[7] Id. at 1004.

II. LIKE PRODUCT AND DOMESTIC INDUSTRY

In these, as in other Title VII investigations, we must first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant industry as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product..." [8] In turn, the statute defines "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..." [9]

A. Like Product

The Department of Commerce (Commerce) has defined the imported product subject to these investigations as:

> ferrosilicon, a ferroalloy containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element. [10]

Ferrosilicon is sold in different grades. The principal characteristic defining the grades is the percentage of silicon present in the product, as

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[8] 19 U.S.C. § 1677(4)(a).

[9] 19 U.S.C. § 1677(10). The Commission applies the standards "like" and "most similar in characteristics and uses" on a case-by-case basis. The Commission generally considers a number of factors in analyzing like product issues including: (1) physical characteristics and uses, (2) interchangeability, (3) channels of distribution, (4) common manufacturing facilities and production employees, (5) customer or producer perceptions, and, where appropriate (6) price. No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a given investigation. The Commission looks for clear dividing lines between like products, and has found minor distinctions to be an insufficient basis for finding separate like products. Torrington Company v. United States, 747 F. Supp. 744, 748-749 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (1991).

[10] 57 Fed. Reg. 27021 and 27024, 27025 (June 17, 1992).

measured by contained weight; grades are referred to primarily by reference to that percentage. Ferrosilicon grades are further defined by the percentages of minor elements present in the product, some of which are considered impurities and others of which are considered enhancements. [11]

Generally, ferrosilicon is available in "standard" grades and "specialty" grades. The standard ferrosilicon grades include "regular," "high-purity," "low-aluminum" and "foundry grade" material.[12] The great majority of ferrosilicon manufactured in the United States and consumed in the iron and steel industries consists of standard grades of ferrosilicon 50 and ferrosilicon 75. [13] Specialty grades include ferrosilicon with specific percentages of supplemental minor elements that add desired properties to the ferrosilicon. By convention, any grades that are neither ferrosilicon 50 nor ferrosilicon 75 are referedr to as specialty grades. [14]

Several issues regarding the definition of like product have arisen in these investigations. Petitioners argue that the Commission should adopt the same like product adopted by the Commission in its 1984 investigation of ferrosilicon under section 406 of the Trade Act of 1974 in which the Commission concluded that the domestic industry consisted of producers of all grades of ferrosilicon.[15] By contrast, respondents urge different approaches:

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[11] Report at I-4-5.
[12] Petition at 8-9; Report at I-4-5.
[13] Petition at 8-9; Staff Report at I-4-5.
[14] Petition at 8-9.
[15] 19 U.S.C. § 2436. We note that although we have reached the same conclusion in these preliminary investigations that the Commission reached in its investigation of the ferrosilicon industry in 1984 under section 406, we are not bound by the Commission's decision in the 1984 section 406 investigation. As the Commission has previously recognized, the approach to defining the domestic industry under section 406 differs significantly from that in Title VII investigations, and it should not be applied in the Title VII context. Tungsten Ore Concentrates from the People's Republic of China,

(continued...)

that there should be two like products consisting of ferrosilicon with more than 55 percent silicon content and ferrosilicon with 55 percent silicon content or less; or that there should be one like product to include all grades of ferrosilicon together with either magnesium ferrosilicon alone or with all other ferroalloys.

For purposes of these preliminary investigations, we find a single like product consisting of all grades of ferrosilicon. Our analysis follows.

Different grades of ferrosilicon as one like product.

The physical characteristics of all grades of ferrosilicon are determined by their chemical composition. Few physical differences exist between grades, although density increases as the silicon content declines. [16]

The principal use of both ferrosilicon 50 and ferrosilicon 75 is as an alloying agent in the production of steel and cast iron.[17] In most applications in the steel and cast iron industries, ferrosilicon 50 and ferrosilicon 75 are somewhat interchangeable. Indeed, the decision to use either grade initially is made by comparing costs on a per unit of silicon basis. Once a grade is selected, however, switching between grades is infrequent, as different steelmaking and ironmaking ingredients must be adjusted depending on which grade is used. [18] We also note that silvery pig iron[19] and ferrosilicon 50 are interchangeable for some uses. [20]

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[15] (...continued)
Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991) at 11-13. See also, Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1088 (CIT 1988).

[16] Petition at 18.

[17] Report at I-6.

[18] Report at I-6.

[19] Silvery pig iron is ferrosilicon with a silicon content under 25 percent. Report at I-4.

[20] Report at I-7.

The record in these investigations also provides evidence of substantially overlapping channels of distribution. The largest end use markets are the steel and foundry industries, both of which purchase 50, 75, and other specific grades of ferrosilicon. [21]

The record shows that the basic production process for the various grades of ferrosilicon is the same. [22] We note further that although there is significant evidence that it is preferable to use different furnaces for the production of ferrosilicon 50 and ferrosilicon 75, it is possible to produce ferrosilicon 50 in a furnace designed for ferrosilicon 75, and more than one producer does so commercially. [23]

Prices for the various grades of ferrosilicon are different. [24] This factor, however, even in conjunction with some evidence of different customer perceptions, does not persuade us to divide the like product based on grades. In addition, none of the parties has been able to provide us with a proposed definition of separate like products, based on grades, that accounts for all the variations of available grades; nor have we been able to find a clear dividing line among the grades based on the information on the record at this time. Accordingly we find that, for purposes of these preliminary investigations, the like product should not be divided based on different grades. We are mindful of the apparent substantial differences in the chemical properties of ferrosilicon 50 and ferrosilicon 75. We will explore the significance, if any, of these and any other differences among grades further in any final investigations.

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21 Report at I-20.
22 Report at I-7-8.
23 See, e.g., Report at I-17, 22.
24 Report at I-7.

Whether to include any other ferroalloy in the like product.

The Commission's like product definition need not be identical to Commerce's description of the scope of investigation. Although the Commission accepts Commerce's class or kind determination, the Commission determines which domestic products are like the subject imports.[25] Respondent Industrias Sidurgicas Grassi, S.A. (hereinafter "Grassi") contends that the like product should be defined to include magnesium ferrosilicon. [26] Respondent Electrometalurgica Andina S.A.I.C. (hereinafter "Andina") contends that the Commission should include all ferroalloys in its like product definition. [27]

Magnesium ferrosilicon is a ferroalloy containing, by weight, not less than four percent iron, not more than 55 percent silicon and not less than 2.75 percent magnesium. [28] In the initial stages, the production of magnesium ferrosilicon is essentially the same as ferrosilicon 50. Indeed magnesium ferrosilicon is ferrosilicon 50 while it is in the furnace, and it becomes magnesium ferrosilicon only when it comes out of the furnace and magnesium is added. [29] However, there are clear differences in both the physical composition of and the uses for magnesium ferrosilicon when compared with ferrosilicon. Further, the former is sold on a gross weight basis reflecting

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[25] Algoma Steel Corp., Ltd. v. United States, 688 F. Supp. 639 (Ct. Int'l Trade 1988), aff'd, 865 F.2d 240 (Fed. Cir. 1988), cert. denied, 109 S. Ct. 3244 (1989); American NTN Bearing Corp v. United States, 739 F. Supp. 1555, 1560 (Ct. Int'l Trade 1990).

[26] Grassi's Postconference Br. at 5-6.

[27] Andina's Postconference Br. at 2-3.

[28] 57 Fed. Reg. at 27021 and 27025 (June 17, 1992). Magnesium ferrosilicon was included within the petition as it was originally filed; however, the Department of Commerce later accepted an amendment to the petition removing magnesium ferrosilicon from the scope of the investigation. Consequently, magnesium ferrosilicon, together with calcium ferrosilicon and ferrocalcium silicon are specifically excluded from the scope of the investigation as set forth in Commerce's Notice of Initiation.

[29] Preliminary Tr. at 96.

the magnesium content, whereas the latter is priced on the basis of its silicon content. [30]

Ferrosilicon is an input product for ferronickel, one of the other ferroalloys that Andina would have the Commission include in the like product. [31] On its face this suggests that ferronickel and ferrosilicon also have different physical characteristics and uses, different channels of distribution, and that they lack interchangeability. [32]

The record also indicates that very few ferroalloys are potential substitutes for ferrosilicon, and that in practice even these few ferroalloys are rarely used as substitutes because they are more expensive. [33] Accordingly, we have concluded that the like product should not include all other ferroalloys.[34]

B. **Domestic Industry**

On the basis of our finding a single like product consisting of all grades of ferrosilicon, we determine that the domestic industry consists of all domestic producers of ferrosilicon.

III. RELATED PARTIES

The statute provides that "[w]hen some producers are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise, the term 'industry' may be applied in

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30 Preliminary Tr. at 60.

31 Report at I-17 n.2; Preliminary Tr. at 119.

32 See also, Tungsten Ore Concentrates from the People's Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991) at 9-10 (in which the Commission considers certain policy reasons that suggest that expansion of the like product definition downstream may undermine the operation of the antidumping laws).

33 Report at I-9-10.

34 Commissioner Brunsdale intends to explore this issue further in any final investigations.

appropriate circumstances by excluding such producers from those included in that industry." [35] Exclusion of a related party is within the Commission's discretion based upon the facts presented in each case. [36]

The rationale for the related parties provision is the concern that domestic producers who are related parties may be in a position to be shielded from any injury that might be caused by the imports. Thus, including these parties within the domestic industry would distort the analysis of the condition of the domestic industry. [37]

Although no party in these investigations argued that any company should be excluded from the domestic industry as a related party, the Commission has considered whether either Keokuk Ferro-Sil, Inc. (Keokuk) or Elkem Metals Co. (Elkem) is a related party and, if so, whether appropriate circumstances exist for excluding either company from the domestic industry.

Business proprietary information on the record indicates that Elkem is a related party.[38] The record also indicates that Keokuk is a related party. Minerais U.S., which is currently the sole importer of ferrosilicon from Kazakhstan and an importer from Argentina, is Keokuk's exclusive marketing agent as well.[39] The Commission recently has concluded that the "related parties" provision should not be interpreted narrowly and that the term

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[35] 19 U.S.C. § 1677(4)(B).

[36] See, e.g., Torrington Co. v. United States, Slip Op. 92-49 at 10 (Ct. Int'l Trade April 3, 1992); Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[37] See, e.g., Sandvik, 721 F. Supp. at 1331-32 (related party appeared to benefit from the dumped imports); Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520-521 (Final), USITC Pub. 2527 at ___ (July 1992).

[38] See, e.g., Report at I-18.

[39] Preliminary Tr. at 147.

"related" does not require corporate affiliation. The Commission stated further: "the related party provision may apply to all domestic producers who have a special relationship with the importer of record ...." [40] There is no corporate affiliation between Keokuk and Minerais. Nonetheless, examination of the record, including business proprietary information, reveals that there is an adequate factual basis for determining that Keokuk has a special relationship with Minerais and, therefore, is a "related party." [41]

Having identified two related parties in these investigations, we next examine whether appropriate circumstances exist to exclude any of those producers from the domestic industry. [42] Elkem was a significant producer throughout the period of these investigations. We also note that the union

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[40] Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520-521 (Final), USITC Pub. 2527 at ___ (July 1992). See also, Pressure-Sensitive PVC Battery Covers from West Germany, Inv. No. 731-TA-452 (Preliminary), USITC Pub. 2265 (March 1990) in which the domestic producer in question was an importer for part of the period of investigation and an exclusive licensee for the imported product during the balance of the pertinent period. Because the producer was an importer as well, the Commission concluded without discussion that the producer's role as the exclusive licensee also constituted being "related."

[41] Minerais' Postconference Br. at Ex. 4; Preliminary Tr. at 142; Report at I-26 2 n.29 and accompanying text.

[42] We traditionally have examined at least three factors in deciding whether a related party is being "shielded" from the effects of the subject imports and in determining that appropriate circumstances exist to exclude that party. Those factors include:

> (1) the position of the related producers vis-a-vis the rest of the domestic industry;
> (2) the reasons why the domestic producers have chosen to import the product under investigation -- to benefit from the unfair trade practice, or to enable them to continue production and compete in the domestic market; and
> (3) the percentage of domestic production attributable to related producers.

The Commission has also considered other potentially distorting factors, whether each company's books are kept separately from its "relations" and whether the primary interests of the related producers lie in domestic production or in importation.

representing Elkem employees is a member of the petitioning coalition.[43] Further, there is no evidence on the record that Elkem is being shielded from any effect on the domestic industry of unfairly traded imports. Based on this information, together with other evidence on the record that is business proprietary,[44] we do not believe that there are appropriate circumstances for the exclusion of Elkem from the domestic industry.

There also is no information on the record at this time to indicate that Minerais' relationship with Keokuk is in any way shielding Keokuk from any effect of the allegedly unfairly traded imports. Based on this information, together with other confidential information which we are unable to discuss in this opinion, [45] we also have concluded that appropriate circumstances do not exist to exclude Keokuk from the domestic industry.

IV. CONSIDERATION OF IMPORTS FROM FORMER SOVIET REPUBLICS

With respect to respondents' argument that the Commission cannot consider imports from Russia, Ukraine, or Kazakhstan prior to the time when they became independent countries, we note that the Commission is to consider whether the industry is suffering present material injury, and indeed, one decision of the Federal Circuit hinges on events occurring on or just before "vote day." [46] To the extent that data from earlier periods provides a useful

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[43] Staff Report at I-25.

[44] Report at I-18, I-25, I-30 and I-31, Table 14.

[45] Report at I-19, I-30 and I-31, Table 14.

[46] See Chaparral Steel v. United States, 901 F.2d 1097, 1104 (Fed. Cir. 1990) (the issue actually involved in that case is not when injury occurred but whether imports from certain countries were "subject to investigation" at the time the Commission made its determination."); Certain Circular, Welded, Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Inv. No. 701-TA-311 (Preliminary) and Invs. Nos. 731-TA-532 through 537 (Preliminary), USITC Pub. 2454 (November 1991) at 8-9, & n. 28. See also, Aspherical Ophthalmoscopy Lenses from Japan, Inv. No. 731-TA-518 (Preliminary), USITC Pub. 2396 (June 1991) at 17, n.59.

background upon which to evaluate the current condition of the domestic industry, the Commission may evaluate such data. [47] The "Commission has the discretion to examine a period that most reasonably allows it to determine whether a domestic industry is injured by LTFV imports." [48] The Commission has traditionally examined a three year period, plus current interim periods, in order to determine whether there is current injury to a domestic industry by reason of LTFV imports. The three year period achieves a balance between the burden on questionnaire recipients and the need to place the current performance of the industry in proper perspective.

In the absence of any specific guidance, the Commission has broad discretion in performing its statutory functions, in this case, inter alia, analyzing the impact of the allegedly dumped imports of ferrosilicon from these three countries on the domestic industry producing the like product.[49] The statute clearly does not contemplate a situation in which a political subdivision becomes an independent country during the period of investigation which the Commission traditionally considers. In such a situation, it is for the agency charged with the administration of the provision to fill in the "interpretational gap" in the statute. [50]

If the Commission were to accept respondents' argument that it cannot even consider imports from these regions prior to the time they became

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[47] See 19 U.S.C. § 1677(7)(C)(iii).

[48] Kenda Rubber Industrial Co. v. United States, 630 F. Supp. 354, 359 (CIT 1986); see also Metallverken Nederland, 728 F. Supp. at 735 ("Commission has the discretion to determine the appropriate periods of investigation").

[49] Wieland Werke, AG v. United States, 718 F. Supp. 50, 55 (Ct' Int'l Trade 1989); Negev Phosphates Ltd. v. United States, 699 F. Supp. 938, 950-52 (1988); Alberta Pork Producers' Mktg. Board v. United States, 669 F. Supp. 445, 463 (1987), remand, 683 F. Supp. 1398 (1988).

[50] See Suramerica de Aleaciones Laminada, C.A. v. United States, App. Nos. 91-1015, 1050, 1055, Slip. Op. at 11 (Fed. Cir. June 11, 1992).

countries, that might prevent an industry otherwise entitled to relief from receiving any protection from unfairly traded imports from the same factories that are allegedly continuing to export dumped ferrosilicon to the United States simply because the political status of these areas has changed. The occurrence of other events changing the legal status of a foreign producer during the period of investigation, such as a change in the ownership of the facility or the imposition of an export quota by the country in question, would not preclude the Commission from considering the consequences of the product that had been exported to the United States prior to such an event.

Since the Commission uses the information from its period of investigation only as a means of measuring whether there is present injury as of vote day, and since all three of these entities were countries on the day of the Commission's vote, it would seem to be a far more reasonable exercise of the Commission's discretion to fill in the lacunae in the statute to conclude that the Commission could consider imports that originated in each area prior to its becoming a country in making injury determinations.

V. ALLEGATIONS OF NO IMPORTS FROM RUSSIA AND UKRAINE [51]

Sound administration of the trade laws suggests that the Commission should be reluctant to terminate an investigation prematurely. This is particularly true when, at the time of our preliminary determination, we have inconsistent information on the record that only a verification can resolve, or when the information we have is incomplete.

Respondent Minerais U.S. maintains that there have been no imports at all from either Russia or Ukraine during the period of these investigations.

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[51] Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford do not join in this discussion. See Dissenting Views of Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford.

Minerais U.S. is the only importer listed in the petition and in the Customs Net Import File as importing from the then U.S.S.R.[52] Minerais U.S. stated that it does not have any business dealings with either Russia or Ukraine. Minerais U.S. imports through its parent SA des Minerais located in Luxembourg. [53] Although we know that SA des Minerais has had close business ties with the sole Kazakh producer, we do not know the nature of its ties, if any, with either Russia or Ukraine.

We note, however, that both Russia and the Ukraine are major ferrosilicon producers.[54] We also note that exports of the production of ferrosilicon throughout the then U.S.S.R., including all three of the countries whose ferrosilicon exports are subject to investigation, were previously and continue to be handled by one entity, Promsyrioimport. [55]

In addition, the questionnaire data we have gathered with respect to imports by Minerais U.S. are inconsistent with the official import statistics for ferrosilicon from the then U.S.S.R. to the United States. Other confidential information on the record appears to support the allegations in the petition that there were imports from Russia or Ukraine during the period of these investigations. [56]

The Commission addressed similar arguments from respondents in High-Tenacity Rayon Filament Yarn from Germany and the Netherlands. [57] In that investigation respondents argued that imports of rayon filament yarn were reported under incorrect HTS headings, and that, in fact, there had been no

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52 INV-P-115.
53 INV-P-115.
54 Petition at 26-27.
55 Petition at 24-26.
56 Report at Appendix D.
57 Invs. Nos. 731-TA-530 and 531 (Preliminary), USITC Pub. 2444 (Oct. 1990).

imports at all from the Netherlands during the period of investigation. In determining that a negative preliminary determination based on the lack of imports from the Netherlands would be unwarranted in light of American Lamb, the Commission stated:

> [w]hile we have no reason to disbelieve the information submitted to us by respondents, we note that the Department of Commerce has initiated an investigation regarding imports of high-tenacity rayon yarn from the Netherlands. During the course of that investigation, Commerce will presumably address the question whether there were, in fact, any imports from the Netherlands in order to determine dumping margins. In light of the uncertainty surrounding the question of the existence of imports from the Netherlands, the likelihood that further evidence will be developed by Commerce as well as by the Commission in the event of a final investigation, we find that a negative preliminary determination based on a lack of imports from the Netherlands is unwarranted in light of American Lamb. [58]

Similarly, in these investigations, we have concluded that a negative preliminary determination based on a lack of imports from Russia and Ukraine is unwarranted at this time in light of American Lamb.

VI CONDITION OF THE DOMESTIC INDUSTRY

In examining the condition of the domestic industry, the statute directs us to consider "all relevant economic factors which have a bearing on the state of the industry in the United States." [59] Specifically we consider, among other factors, domestic consumption, production, shipments, market share, capacity utilization, employment, wages, productivity, domestic prices, profits, cash flow, the ability to raise capital, investment, and development and production efforts. The statute further states that the Commission "shall evaluate all relevant economic factors . . . within the context of the business cycle and conditions of competition that are distinctive to the

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[58] Id. at 9-11.
[59] 19 U.S.C. § 1677(7)(C)(iii).

affected industry."[60]

One condition of competition relevant to our consideration of the condition of this industry is the downturn in the steel industry, a major consumer of ferrosilicon. [61] In addition, we note that conditions of competition at the beginning of the period of these investigations appear to have been "aberrational" in that prices in 1988 were at an all time high when compared with prices over the last 10 years. [62]

We next examine the various indicators of the domestic industry's performance. During the period of these investigations, [63] domestic consumption measured in quantity increased from 1989 to 1990, but then decreased to levels well below 1989 levels in 1991. Domestic consumption also increased in interim 1992 (January-March) when compared with interim 1991.[64] Domestic consumption measured in value decreased by more than 30 percent from 1989 to 1991, but increased slightly when interim 1992 is compared with interim 1991. [65] Both domestic production and domestic shipments decreased

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[60] 19 U.S.C. § 1677(7)(C)(iii).

[61] Andina's Postconference Br. at 12.

[62] Andina's Postconference Br. at 7-8 accord, Grassi's Postconference Br. at 11 n.27. Indeed, the average price of ferrosilicon 75 as reported by Metals Week reached its highest level for the 1980's in 1988. Although the price decreased by 14 percent from 1988 to 1989, the price in 1989 was still substantially higher than the prices reported for the 8 years prior to 1988. Report at I-47 n.64.

[63] In these investigations, various parties have suggested that we depart from the traditional three-year period of investigation plus an interim period, see Kenda Rubber Industrial Co. v. United States, 630 F. Supp. 354, 359 (Ct. Int'l Trade (1986). We have determined not to do so. The three year period achieves a balance between the burden on questionnaire recipients and the need to place the performance of the industry in proper perspective. See Chaparral Steel v. United States, 901 F.2d 1097, 1104 (Fed. Cir. 1990). We have chosen instead to keep the apparent dramatic upturn in the performance of this industry at the beginning of the period of investigation in mind as a condition of competition unique to this industry.

[64] Report at I-43, Table 24.

[65] Id.

steadily throughout the period of these investigations. Indeed, domestic production decreased at a faster rate than apparent consumption. Domestic production began at a level of 479 thousand gross short tons ("ST") in 1989, falling to 334 thousand gross ST in 1991. Domestic production was 94.5 thousand gross ST in interim 1991, and 78.6 thousand gross ST in interim 1992.[66] Four firms reported the suspension of their ferrosilicon production and five firms reported temporary or permanent shut downs of furnaces producing ferrosilicon, accounting at least in part for the fall in production from 1989 to 1991.

The Commission recently completed three investigations involving silicon metal[67] after which an antidumping duty was imposed on silicon metal from China, Brazil, and Argentina.[68] Only one of the companies that ceased production of ferrosilicon and one of the companies that reduced its capacity to produce ferrosilicon did so in order to manufacture silicon metal. [69]

Domestic shipments, which were 412.7 thousand gross ST and $233.9 million in 1989 when measured in quantity and value respectively, declined to 341.2 thousand gross ST and $157.0 million in 1991. Domestic shipments measured in quantity and value in interim 1991 were 89.7 thousand gross ST and $42.6 million respectively, and decreased to 79.2 thousand gross ST and $35.7 million in interim 1992. [70]

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[66] Report at Appendix C.

[67] The scope of all three of those investigations was silicon metal containing at least 96.00 but less than 99.99 percent of silicon metal by weight.

[68] See, Silicon Metal from the People's Republic of China, Inv. No. 731-TA-472 (Final), USITC Pub. 2385 (June 1991); Silicon Metal from Brazil, Inv. No. 731-TA-471 (Final), USITC Pub. 2404 (July 1991); Silicon Metal from Argentina, Inv. No. 731-TA-470 (Final).

[69] Report at I-20-21.

[70] I-23, Table 5.

Net sales decreased steadily from $252.4 million in 1989 to $163.8 million in 1991, and also decreased from $43.7 million to $38.0 million when interim 1991 is compared with interim 1992. [71] The market share of U.S. producers declined significantly from 1989 to 1990, remained relatively steady from 1990 to 1991, but suffered a significant decline when interim 1992 is compared with interim 1991. [72]

End-of-period capacity utilization declined from 83.5 percent in 1989 to 62.4 percent in 1991, and also showed a decline from 66.0 percent to 60.5 percent when interim 1991 is compared with interim 1992. [73]

Employment, hours worked, wages paid, and total compensation all declined throughout the period of these investigations, and also declined when interim 1992 is compared with interim 1991. The productivity of domestic workers, however, improved from 1989 to 1991, and remained essentially steady from one interim period to the next. [74]

Domestic prices also declined during the period of these investigations.[75] For the two products for which producer pricing was provided, ferrosilicon 75 and ferrosilicon 50, domestic prices fell by 42 percent and 30 percent respectively. [76] While we have evaluated the significance of this decline in prices in light of the fact that prices at the beginning of the period of these investigations were near their highest level

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[71] Report at I-31, Table 14.
[72] Report at I-43-44, Table 24.
[73] Report at I-21, Table 4.
[74] Report at I-26, Table 9.
[75] Commissioner Rohr believes that prices are a factor which affect the condition of the industry rather than an indicator of that condition. Consequently, he believes that domestic prices should be discussed in relationship to any injury caused by subject imports rather than as indicia of the industry's condition.
[76] Report at I-47-48.

in the last ten years, we still find the price decline to be significant.[77]

The domestic industry's operating income and operating income as a percent of net sales followed a similar trend. Operating income declined from $27.6 million in 1989 to a loss of $12.3 million in 1991. Operating losses were comparable in interim 1991 and interim 1992. Operating income as a percent of net sales declined steadily from 10.9 percent in 1989 to negative 7.5 percent in 1991, and also declined from negative 7.5 percent in interim 1991 to negative 8.4 percent in interim 1992. [78]

Capital investment in this industry fell from $13.4 million in 1989 to $8.7 million in 1990, and declined again to $6.3 million in 1991. In interim 1991 capital investment was $1.6 million while in interim 1992 capital investment was $890.0 thousand. [79] Research and development costs doubled from $119.0 thousand in 1989 to $243.0 thousand in 1991, but were lower in interim 1992 than in interim 1991. [80] [81]

VII. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY DUMPED AND SUBSIDIZED IMPORTS

A. Cumulation

In its determination of whether there is a reasonable indication of material injury by reason of the allegedly LTFV and subsidized imports, the Commission is required to cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports are reasonably coincident with one another and compete with one

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77 See, e.g., Andina's Postconference brief at Annex 2.
78 Report at I-44, Table 11.
79 Report at I-33, Table 16.
80 Report at I-33, Table 17.
81 Based on the decline in all indicators of the condition of the domestic industry in these investigations, Chairman Newquist and Commissioner Rohr conclude that there is a reasonable indication that the domestic industry is materially injured.

another and with the domestic like product in the United States market. [82] The Commission has cumulated the volume and effect of imports from more than one country in cases in which imports satisfy the following three criteria: (1) they compete with other subject imports and with the domestic like product; [83] (2) they are marketed within a reasonably coincident period; and (3) they are subject to investigation.[84] The Commission is not required to cumulate imports from a particular country that it determines are negligible and have no discernible adverse impact on the domestic industry. [85]

In these preliminary investigations, Chairman Newquist, Commissioner Rohr, and Commissioner Nuzum cumulated the volume and effect of imports from all six countries subject to investigation. Vice Chairman Watson and Commissioner Crawford cumulated the volume and effect of imports from Argentina, Kazakhstan, China, and Venezuela. Commissioner Brunsdale cumulated the volume and effect of imports from Argentina, Kazakhstan, and Venezuela.

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[82] 19 U.S.C. § 1677(7)(C)(iv); Chaparral Steel Co. v. United States, 901 F. 2d 1097, 1105 (Fed. Cir. 1990).

[83] In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors, including:

> (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;
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> (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
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> (4) whether the imports are simultaneously present in the market.

[84] New Steel Rails from Japan, Luxembourg, and the United Kingdom, Invs. Nos. 731-TA-557-559 (Preliminary), USITC Pub. 2524 (July 1992) at 15-16.

[85] 19 U.S.C. § 1677(7)(C)(v).

1. The competition requirement

Although there is some evidence of perceived quality differences with respect to imports from China and Kazakhstan, there is also evidence that all of the imports and domestic like product are interchangeable for many purposes. [86] [87] Further, there appears to be a "reasonable overlap"[88] in the geographic and end-user markets in which the imports and the domestic like product are sold. For example, all countries subject to investigation and the domestic industry sell product to the U.S. steel industry. [89] There is also an overlap in the channels of distribution, as both the domestic producers and all of the importers sell directly to end-users and to distributors. [90]

With respect to Minerais' arguments that its imports of ferrosilicon 50 from Kazakhstan should not be cumulated with the imported ferrosilicon 75, the record shows that in most applications in the steel and cast iron industries, ferrosilicon 50 and ferrosilicon 75 compete with one another. As we noted above, steel and iron producers have the technical capability to use either

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[86] Report at I-46-47; FESILEVEN's Postconference Br. at 13-14; Preliminary Tr. at 165.

[87] Chairman Newquist, Commissioner Rohr, and Commissioner Nuzum assume for purposes of these preliminary investigations that all comments with respect to ferrosilicon from Kazakhstan apply to any imports from Russia or Ukraine as well. They note further that one company handles all exports of ferrosilicon from what was until recently the U.S.S.R., Petition at 24-27. Additional confidential information on the record concerning competition between imports from Russia and Ukraine, other subject imports, and the domestic industry, also supports their conclusion that any imports from Russia and Ukraine meet the competition requirement. Report at Appendix D.

[88] See, Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (CIT 1989); Granges Metallverken AB v. United States, 716 F. Supp. 17, 21, 22 (CIT 1989); Florex v. United States, 705 F. Supp. 582, 592 (CIT 1989).

[89] Report at I-30, I-48-49 and Tables 25-27. We note that even if it is true that ferrosilicon from China is suitable only for the production of stainless steel, the production of stainless together with heat-resisting steels accounted for about 47 percent of the consumption of ferrosilicon in 1990. Report at I-6.

[90] Report at I-19 n.33, I-20, I-44-45, I-51-52, and D-2-D-4..

grade in their production process. Once a grade is selected, however, switching is infrequent as it involves costs that are normally greater than the potential savings of using a new, cheaper grade.[91] While we recognize that a significant portion of Minerais' sales do not compete with the domestic industry, we believe that there is a sufficient level of competition to establish a "reasonable overlap."

We therefore conclude that the record establishes a "reasonable overlap" of competition. This record also establishes that the imports compete with the domestic product in the same geographical market and at the same time.

2. Negligible imports exception

We must next determine whether any of the imports qualify for the negligible imports exception. In determining whether imports are negligible, the Commission shall consider all relevant economic factors including whether:

> (I) the volume and market share of the imports are negligible,
>
> (II) sales transactions involving the imports are isolated and sporadic, and
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> (III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression. [92]

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[91] Report at I-6.

[92] 19 U.S.C. § 1677(7)(C)(V). Chairman Newquist, Commissioner Rohr and Commissioner Nuzum also note that both the House Ways and Means Committee Report and the Conference Committee Report stress that the Commission is to apply the exception sparingly and that it is not to be used to subvert the purpose and general application of the mandatory cumulation provision of the statute. See H.R. Rep. No. 40, Part 1, 100th Cong., 1st Sess. 131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. at 621. They note further that the House Ways and Means Committee Report emphasizes that whether imports are "negligible" may differ from industry to industry and for that reason the statute does not provide a specific numeric definition of negligibility. H.R. Rep. No. 40, 100th Cong., 1st Sess. 130 (Part I, 1987) at 131. In addition, they note that the legislative history indicates this exception should be applied with "particular care in situations involving fungible products, where a small quantity of low-priced import can have a very real effect on the

(continued...)

Russia, Ukraine, and Kazakhstan [93]

The level of imports which the Commission has reported as being from Kazakhstan far exceeds the level which the Commission has considered to be negligible in the past. [94] For purposes of these preliminary investigations, we have assumed that some of the imports reported to be from Kazakhstan may originate in Russia and Ukraine. Because we are unable to separately determine the level of imports which originate in each country, we are unable to conclude at this time that imports from Russia and Ukraine are not negligible. We will revisit this issue in any final investigations.

Argentina

In considering whether imports from Argentina meet the negligible imports exception, the Commission, while recognizing trends, generally evaluates negligibility based on the entire period of investigation. [95] Information on the record demonstrates that the level of imports throughout the period of investigation exceeds the level which the Commission has generally considered to be negligible in the past, and that imports increased from 1990 to 1991. [96]

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[92](...continued)
market." Id. see also H.R. Rep. 576, 100th Cong., 2d Sess. at 621 (April 20, 1988).

[93] While Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford agree that imports from Kazakhstan are non-negligible, they do not join in the remainder of the discussion in this section. See Concurring and Dissenting Views of Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford.

[94] Report at I-43-44.

[95] See, e.g., Certain Telephone Systems and Subassemblies Thereof from Japan and Taiwan, Invs. Nos. 731-TA-426 and 428 at 32 (November 1989).

[96] Report at I-42-44, Table 24.

China [97]

The level of imports from China, although small at the beginning of the period of investigation, has increased at a dramatic rate during the period of investigation. [98] In light of the information on the record concerning the price sensitive nature of this market and the upward trend in imports, we have concluded that imports from China cannot be considered negligible in this investigation.[99]

B. Reasonable Indication of Material Injury by Reason of Allegedly Dumped and Subsidized Imports

In determining whether there is a reasonable indication that the domestic industry is materially injured by reason of the subject imports, the statute directs the Commission to consider:

> (I) the volume of imports of the merchandise which is the subject of the investigation,
>
> (II) the effect of imports of that merchandise on prices in the United States for like products, and
>
> (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations in the United States. [100]

In making this determination, the Commission may consider "such other economic factors as are relevant to the determination . . . ." Although we may consider information that indicates that injury to the industry is caused by factors other than the allegedly unfairly traded imports, we do not weigh causes. Finally, the Commission is directed to "evaluate all relevant factors . . . within the context of the . . . conditions of competition that are

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[97] Commissioner Brunsdale does not join the discussion in this section. See Additional Dissenting Views of Commissioner Brunsdale.
[98] Report at I-42-44, Table 24.
[99] Preliminary Tr. at 19.
[100] 19 U.S.C. § 1677(7)(B)(i).

distinctive to the affected industry." [101] We note that due to the confidential nature of some of these data, this discussion must be general in terms.

The volume of cumulated subject imports increased from 1989 to 1991, and also when interim 1991 is compared with interim 1992. Similarly, the U.S. market share of the subject imports measured in quantity, which was significant throughout the period of these investigations, rose steadily from 1989 to 1991, and also rose when interim 1991 is compared with interim 1992. [102] [103]

The Commission obtained pricing data on the products that constitute the vast majority of sales to all ferrosilicon consumers, namely ferrosilicon 50 and ferrosilicon 75.[104] U.S. producers and importers sell ferrosilicon primarily to the iron and steel industries or to distributors who sell to these industries. Large firms in the iron and steel industries typically determine the quantities and specifications of the ferrosilicon they will require for the following quarter and request prices from ferrosilicon producers and importers to provide those requirements. [105] The price information gathered by the Commission reflected the results of quarterly sales contracts.

The record reveals that the instances of underselling and overselling of ferrosilicon 75 were mixed, but underselling was significant and increased in

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101 19 U.S.C. § 1677(7)(C).
102 Report at I-43-44, Table 24.
103 Commissioner Brunsdale notes that imports follow the same pattern whether imports from China are included or excluded. Thus, this description of the pattern of imports accurately characterizes the imports she analyzed, which do not include China.
104 Report at 4-5.
105 Report at I-44-45.

frequency during the period of these investigations. Instances of underselling and overselling of ferrosilicon 50 were mixed.[106] The record also provides a reasonable indication of the presence of price suppression. The average selling price for ferrosilicon 75 imported from Venezuela and Argentina decreased by 53 percent and 49 percent respectively from 1989 to 1991.[107] The delivered price of the largest quarterly requirement sale to an unrelated steel producer of ferrosilicon 50 imported from Kazakhstan decreased by 30 percent between January 1989 and March 1992. [108]

The record also shows that the quantity of ferrosilicon required per ton of iron or steel is dictated by the characteristics desired in the finished product and by the production process that is used. Further, the cost of ferrosilicon per ton of iron or steel is relatively small compared to the total cost of the finished product. Consequently, changes in the price of ferrosilicon have very little effect on the quantity of ferrosilicon demanded per ton of iron or steel or on the total cost of iron and steel production. [109]

Finally, we note that the record shows that domestic ferrosilicon is

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[106] Report at I-46-50.
[107] Report at I-47.
[108] Report at I-48. We note that iron foundries may pay a higher price for ferrosilicon of the same grade as that used by steel producers because the ferrosilicon sold to iron foundries must conform to more stringent specifications. Therefore, separate price series were requested for steel producers and iron foundries. Because no useable data for prices of ferrosilicon sold to iron foundries were obtained from importers, all observations concerning underselling pertain only to sales to steel producers. Report at I-69 n.74. Nonetheless, we note that the fact that the U.S. price of ferrosilicon 50 shipped to unrelated U.S. iron foundries decreased by nearly 20 percent from the beginning of the period of investigation to the last quarter of the period of investigation may be further evidence of price suppression as a result of the subject imports. Report at Appendix E.
[109] Report at I-45.

substitutable with imported ferrosilicon to a significant degree. [110] Indeed, confidential information on the record indicates that a ferrosilicon consumer may not always know whether it is receiving domestic or imported ferrosilicon. U.S. producers and traders (importers or distributors) sometimes swap ferrosilicon to permit them to satisfy customer orders in other parts of the country less expensively. Because of the high cost of transportation, U.S. producers may locate a trader with material stored closer to the customer and have the trader fill the order. In return, the domestic producer supplies the trader's customer in a location closer to the producer than to the trader's warehouse.[111] U.S. producers and traders also swap ferrosilicon as a means of enabling all of the parties involved to offer a broad range of grades.[112] Although we do not know the prevalence of this practice in this industry at this time, we believe that the presence of swapping arrangements in this industry may be a further indication of the substitutability of imported and domestic ferrosilicon. [113]

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110 Report at I-46.

111 Report at I-22. See also, Preliminary Tr. at 78-79.

112 See, e.g., Minerais' Postconference Br. at 25-26.

113 Another factor considered by Commissioner Brunsdale is the magnitude of the dumping and subsidy margins, which provide information on how much below a fair level the import price is. The greater the difference between the actual price of the imports and the fair price level, the more likely it is that the domestic industry is materially injured by unfair imports. In these preliminary investigations, petitioners allege that the Venezuelan ferrosilicon producer receives countervailable subsidies with a net margin of 82 percent. Report at I-15. Alleged dumping margins range up to 96.23 percent for Argentina, 104.18 percent for Kazakhstan, and 23.8 percent for Venezuelan. Id. at 16-17. While the alleged margins are little more than petitioners' claims, they are the best information currently available concerning the level of the dumping and subsidization and suggest that the price of imported ferrosilicon may be significantly below "fair" levels.

CONCLUSION

For all the reasons set forth above, we determine that there is a reasonable indication that the domestic industry producing all grades of ferrosilicon is materially injured by reason of the allegedly subsidized imports of ferrosilicon from Venezuela, and the allegedly LTFV imports of ferrosilicon from Argentina, Kazakhstan, China,[114] Russia,[115] Ukraine,[116] and Venezuela.[117]

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[114] Commissioner Brunsdale dissents from this determination. See Additional Dissenting Views of Commissioner Brunsdale.

[115] Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford dissent from this determination. See Concurring and Dissenting Views of Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford.

[116] Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford dissent from this determination. See Concurring and Dissenting Views of Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford.

[117] Having determined that the domestic industry is materially injured, Chairman Newquist and Commissioner Rohr determine that the allegedly subsidized imports of ferroislicon from Venezuela and the allegedly LTFV imports of ferrosilicon from Argentina, Kazakhstan, China, Russia, Ukraine, and Venezuela are a cause of that injury.

CONCURRING AND DISSENTING VIEWS OF VICE CHAIRMAN WATSON, COMMISSIONER BRUNSDALE, AND COMMISSIONER CRAWFORD

Ferrosilicon from Argentina, Kazakhstan, the Peoples's Republic of China, Russia, Ukraine, and Venezuela

Inv. No. 303-TA-23 and Invs. Nos. 731-TA-565 - 570 (Preliminary)

In these preliminary investigations, we find a reasonable indication that an industry in the United States is materially injured by reason of allegedly subsidized imports of ferrosilicon from Venezuela and by allegedly dumped imports from Argentina, Kazakhstan, and Venezuela. Vice Chairman Watson and Commissioner Crawford further find a reasonable indication that an industry in the United States is materially injured by reason of allegedly dumped imports from the People's Republic of China, while Commissioner Brunsdale finds no reasonable indication of material injury by reason of allegedly dumped imports from the People's Republic of China.[1] Finally, we all find no reasonable indication of material injury by reason of allegedly dumped imports from Russia and Ukraine.

We concur with the discussion in the Commission's opinion regarding the issues of like product and domestic industry, related parties, consideration of imports from the former Soviet republics, and the condition of the industry. We further concur with the Commission's discussion of the issue of cumulation

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[1] See Additional Dissenting Views of Commissioner Anne E. Brunsdale, infra.

except as it applies to Russia and the Ukraine.[2] Finally, we concur with its discussion of the reasons for finding a reasonable indication of material injury by reason of allegedly dumped and subsidized imports, though we obviously do not find that discussion to apply to imports from those countries where we have made a negative determination.

Here we discuss our reasons for determining that there is convincing evidence that there have been no imports from Russia or the Ukraine. Having found zero imports from these two countries, a negative determination follows immediately since there can be no doubt that such imports "are negligible and have no discernable adverse impact on the domestic industry."[3,4]

The Legal Standard for Preliminary Determinations

Like our colleagues in the majority, in determining whether there is a reasonable indication of material injury we have considered whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury ...; and (2) no likelihood exists that contrary evidence will arise in a final

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[2] Commissioner Brunsdale also does not concur in the discussion of cumulation with respect to the People's Republic of China.

[3] 19 U.S.C. 1677 (7)(C)(v).

[4] We also find that there is no threat of material injury by reason of imports from Russia and Ukraine because there were no imports.

investigation."[5] As our colleagues note, the U.S. Court of Appeals for the Federal Circuit held in American Lamb that this interpretation of the standard "accords with clearly discernible legislative intent and is sufficiently reasonable."[6]

In addition to approving this standard for preliminary determinations, the Court in American Lamb provided additional guidance as to the amount of evidence needed to provide a reasonable indication of material injury.

> We are unable to join the [Court of International Trade] in its view that the statutory phrase "reasonable indication" means the same as a mere "possibility", or that it suggests "only the barest clues or signs needed to justify further inquiry." The statute calls for a reasonable indication of injury, not a reasonable need for further inquiry.[7]

It is with this guidance in mind that we interpret the record evidence concerning the absence of imports from Russia and Ukraine in these investigations.

No Imports from Russia or Ukraine

We find the evidence on the absence of imports from Russia and Ukraine throughout the period of investigation to be compelling.[8] The staff report contains data "for 10 producers and 16 importers, accounting for 100 percent of U.S. producers' U.S.

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[5] American Lamb v. United States, 785 F.2d 994 at 1001.

[6] Id. at 1004.

[7] Id. at 1001.

[8] Report at I-13, Table 1.

shipments and 100 percent of U.S. importers of the subject countries imports."[9]

Minerais, U.S., is the only known importer of ferrosilicon from any of the former Soviet republics. This firm is the only importer identified in the petition[10] and is the only importer of ferrosilicon from the then-USSR identified in the Customs Net Import File.[11] Witnesses representing Minerais testified that the firm does not import ferrosilicon from Russia or Ukraine or have any business transactions with these two republics. "Essay de Minerais, the parent company of Minerais U.S., Inc., purchases material from Kazakhstan, directly from the producers, and sells the material on a transfer price basis to Minerais U.S."[12] Minerais also stated that it was "the sole importer [of] the material originating in the USSR."[13] Further, those imports were only from Kazakhstan. There is no record before the Commission that the U.S. has ever had any imports from either Russia or the Ukraine.

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[9] Id.

[10] Petition at 31-32.

[11] Transcript of Commission Meeting, June 30, 1992, at 11.

[12] Testimony of Grant Finlayson, Counsel on Behalf of Minerais U.S., Transcript at 144.

[13] Testimony of John Barnyak, President, Pittsburgh Division, Minerais U.S., Transcript at 160.

No Credible Contrary Evidence. Further consideration of imports from Russia and Ukraine should be unnecessary. In our view, the above discussion provides conclusive evidence that there are no imports from Russia and Ukraine. However, we briefly consider the arguments that have been raised that appear to leave doubt on the issue.

Two issues were raised at the meeting where the Commission voted on these investigations. First, there is a suggestion that Minerais, U.S., may not know where its parent firm, Essay de Minerais, is getting the ferrosilicon that it is importing into the United States.[14] Second, there are differences between the data furnished the Commission in response to its questionnaires and the information in the official Customs records.

Minerais. We note that, as discussed above, Minerais, U.S., testified that its imports come from Kazakhstan. Staff stated at the Commission meeting that they had no reason to doubt Minerais' statements.[15] The importer's questionnaire completed by Minerais certified that the information provided "is complete and correct to the best of his/her knowledge and belief". While we recognize that firms providing the Commission with information in Title VII investigations are interested parties in those proceedings, we believe that we must accept their statements on factual issues as

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[14] Transcript of Commission Meeting at 5, 9, and 14.

[15] Transcript of Commission Meeting at 11 and 14.

truthful absent a showing to the contrary. Here there is no reason to doubt the veracity of the statements.

Import Data. As to the differences between the customs data and that provided by Minerais, we note that the customs data show fewer imports from the entire USSR than what Minerais reports it imported from Kazakhstan.[16] The reverse would occur were there unreported imports from republics other than Kazakhstan. If there were unreported imports from Russia or Ukraine, customs figures for imports from the entire USSR would exceed reported imports for Kazakhstan alone. We also note that Commerce's official statistics rarely agree with importer questionnaire data submitted to the Commission.

Lost Sales Claims. We are also not persuaded by the claims of various domestic producers that they lost sales or were suffering negative effects because of imports of Russian ferrosilicon.[17] Suppliers responding to Commission questionnaires often do not know to whom they have lost a sale. It is not uncommon to have a firm report that it has lost a sale to imports when further investigation by Commission staff shows that the purchase was made from a competing domestic supplier.

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[16] Transcript of Commission Meeting at p. 6. Memorandum to the Commission from the Director, Office of Investigations, Investigations Nos. 303-TA-23 and 731-TA-565 - 570 (Preliminary): Ferrosilicon from Argentina, Kazakhstan, the People's Republic of China, Russia, Ukraine, and Venezuela -- Additional Information (INV-P-115).

[17] Report at I-51 - I-52 and Appendix D.

Precedent of High Tenacity Rayon Filament Yarn. It has been suggested that the Commission's action in High Tenacity Rayon Filament Yarn from Germany and the Netherlands[18] (hereafter "Rayon") might provide a precedent supporting an affirmative determination regarding imports from Russia and the Ukraine in this case.[19] Because the fact situations in the two investigations differ in significant respects, we disagree that Rayon has precedential value. In Rayon, customs data showed that there were imports from The Netherlands, and respondents alleged that these reported imports were misclassified under the wrong HTS numbers and in fact, were not part of the scope of investigation. Here, as discussed above, neither the Commission questionnaire data nor the Customs data suggest the presence of any imports from Russia or Ukraine. We note that we have been unable to identify a single previous case in which the Commission proceeded to a final investigation when the record showed no imports from the countries in question.

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[18] Invs. Nos. 731-TA-530 and 531 (Preliminary), USITC Pub. 2444 (October 1991).

[19] Petitioners' Post-Conference Brief at 39; Transcript of Commission Meeting at 6-7.

ADDITIONAL DISSENTING VIEWS OF COMMISSIONER ANNE E. BRUNSDALE

**Ferrosilicon from Argentina, Kazakhstan,
the People's Republic of China, Russia, Ukraine, and Venezuela
Invs. No. 303-TA-23 (Preliminary)
and Nos. 731-TA-565 through 570 (Preliminary)**

In these preliminary investigations, I find no reasonable indication that an industry in the United States is materially injured by reason of allegedly dumped imports of ferrosilicon from the People's Republic of China, Russia, or Ukraine. But I do find a reasonable indication of material injury by reason of allegedly subsidized imports from Venezuela and allegedly dumped imports from Argentina, Kazakhstan, and Venezuela.

On all issues other than the treatment of imports from the People's Republic of China, Russia, and Ukraine, I concur with the determinations of my colleagues in the majority. My determination that the record provides compelling evidence that there have been no imports from Russia or Ukraine during the period of investigation and that therefore it is not possible for a domestic industry to have been injured by reason of allegedly dumped imports from these countries are contained in the Concurring and Dissenting Views of Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford.

Here I discuss my finding that imports from the People's Republic of China are negligible and therefore should not be cumulated with those from the other countries subject to investigation.

Imports from China Are Negligible

The Commission is directed to cumulate imports from two or more countries subject to investigation if "such imports compete with each other and with like products of the domestic industry in the United States market."[1] However, the statute also provides that cumulation is not necessary if the imports from a country "are negligible and have no discernable impact on the domestic industry."[2] The statute further provides that

> For purposes of making such determination, the Commission shall evaluate all relevant economic factors regarding the imports, including, but not limited to whether --
>
> (I) the volume and market share of the imports are negligible,
>
> (II) sales transactions involving the imports are isolated and sporadic, and
>
> (III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.[3]

Thus, imports that satisfy the conditions of this provision are not cumulated with other imports and may be assumed not to be a cause of material injury to the domestic industry -- that is, a negative determination is appropriate as to those imports.

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[1] 19 U.S.C. 1677(C)(iv).

[2] 19 U.S.C. 1677(7)(v).

[3] 19 U.S.C. 1677(7)(v).

In a preliminary investigation involving Steel Wire Rope from Argentina, Chile, India, Israel, Mexico, The People's Republic of China, Taiwan, and Thailand, I reviewed the legislative history of the negligible imports provision and concluded that

> "Without prejudging any particular case, it is thus fair to say that for any level of import penetration that falls below 1 percent ..., cumulation would most likely not be required. As imports rise to [the neighborhood of 1.5 percent], treating such imports as having negligible impact may well still be appropriate, though it clearly becomes a closer question."[4]

In Steel Wire Rope, I declined to cumulate imports from six of the eight subject countries because their imports never exceeded 1.5 percent.[5]

In another recent case that involved ball bearings, I declined to cumulate imports from 12 of the 14 countries that were subject to investigation. Imports from none of these countries had accounted for as much as 1 percent of U.S. apparent consumption during the period of investigation.[6] My

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[4] Steel Wire Rope from Argentina, Chile, India, Israel, Mexico, The People's Republic of China, Taiwan, and Thailand, Invs. Nos. 701-TA-305 and 306 (Preliminary) and 731-TA-476 - 482 (Preliminary), USITC Pub. 2343 (December 1990) at 37 (Views of Chairman Anne E. Brunsdale).

[5] Id. at 38.

[6] Ball Bearings, Mounted or Unmounted, and Parts Thereof, from Argentina, Austria, Brazil, Canada, Hong Kong, Hungary, Mexico, The People's Republic of China, Poland, The Republic of Korea, Spain, Taiwan, Turkey, and Yugoslavia, Invs. Nos. 701-TA-307 (Preliminary) and 731-TA-498 - 511 (Preliminary), USITC Pub. 2374 (April 1991), at 52-53 (Additional Views of Acting Chairman Anne E. Brunsdale).

determination in that case was upheld by the Court of International Trade even though the imports in question were not sporadic. The Court held that "the Commission is directed to interpret the negligible import provision in a manner that makes sense in light of the market."[7]

In the present case, imports from China never exceeded 1 percent of U.S. apparent consumption.[8] In addition, such imports were sporadic. During 1991, two importers each brought only a single shipment of Chinese ferrosilicon into the United States.[9] Finally, there is evidence on the record indicating that substitutability between Chinese and domestic ferrosilicon is somewhat limited because the Chinese product contains high concentrations of aluminum and therefore can only be used in the production of stainless steel.[10] These limits on substitutability suggest that the domestic market is not so price

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[7] Torrington Co. v. United States, Slip Op. 92-49 at 19-20 (Ct. Int'l Trade April 3, 1992).

[8] Report at I-43 - I-44, Table 24. The same conclusion follows if one combines the official import statistics of the Department of Commerce with the Commission's figures on U.S. shipments of domestic producers. (The official import statistics are provided in Memorandum to the Commission from the Director, Office of Investigations, Investigations Nos. 303-TA-23 and 731-TA-565 - 570 (Preliminary): Ferrosilicon from Argentina, Kazakhstan, the People's Republic of china, Russia, Ukraine, and Venezuela -- Additional Information (INV-P-115).)

[9] Transcript of Commission Meeting, June 30, 1992, at 8.

[10] Post-Conference Brief on Behalf of CVG-Fesilven, Exhibit 5.

sensitive that a small quantity of the Chinese imports can result in price suppression or depression.

Given the low level of import penetration of the imports from the People's Republic of China, the sporadic nature of those imports and the evidence that Chinese ferrosilicon is of lower quality than that produced domestically, I find no reason to cumulate those imports with imports from Argentina, Kazakhstan, and Venezuela. The Chinese imports "are negligible and have no discernable impact on the domestic industry." I therefore make a negative determination with regard to these imports.

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

Institution

On May 22, 1992, petitions were filed with the U.S. International Trade Commission (the Commission) and the U.S. Department of Commerce (Commerce) by counsel on behalf of AIMCOR, Pittsburgh, PA; Alabama Silicon, Inc., Bessemer, AL; American Alloys, Inc., Pittsburgh, PA; Globe Metallurgical, Inc., Cleveland OH; Silicon Metaltech, Inc., Seattle, WA; Oil, Chemical & Atomic Workers Union (local 389); United Autoworkers of America Union (locals 523 and 12646); and United Steelworkers of America Union (locals 2528, 3081, and 5171). The petitions allege that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of ferrosilicon[1] from Venezuela that are alleged to be subsidized by the Government of Venezuela and by reason of such imports from Argentina, Kazakhstan, the People's Republic of China (China), Russia, Ukraine, and Venezuela that are allegedly being sold in the United States at less than fair value (LTFV).

Accordingly, effective May 22, 1992, the Commission instituted investigations Nos. 303-TA-23 (Preliminary)[2] and 731-TA-565-570 (Preliminary), under sections 303 and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1303 and 1673(a)), respectively, to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of the allegedly subsidized and LTFV imports of ferrosilicon into the United States.

Notice of the institution of these investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 2, 1992 (57 F.R. 23244). Commerce published its notice of institution in the Federal Register of June 17, 1992 (57 F.R. 27021). Copies of the Federal Register notices are presented in appendix A. The conference was held on June 12, 1992, and the Commission's vote in these investigations was held on June 30,

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[1] For purposes of these investigations, the subject product is ferrosilicon, a ferroalloy generally containing, by weight, not less than 4 percent iron, more than 8 percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than 3 percent phosphorus, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element. Ferrosilicon is classified in subheadings 7202.21.10, 7202.21.50, 7202.21.75, 7202.21.90, and 7202.29.00 of the Harmonized Tariff Schedule of the United States (HTS).

[2] Venezuela is not a signatory of the General Agreements on Tariffs and Trade (GATT) subsidies code and thus is not "under the Agreement" pursuant to sec. 701(b) of the act. However, Venezuela has been accorded an injury investigation under sec. 303 of the act for those articles that are free of duty (whether under the GSP or under subheading 7202.29.00).

1992. A list of the participants at the conference is presented in appendix B. The statute directs that the Commission make its determinations in these investigations within 45 days after receipt of the petition, or by July 6, 1992.

A summary of the data collected in these investigations is presented in appendix C.

Previous Commission Investigations Concerning Ferrosilicon

On January 24, 1984, the Commission determined, pursuant to the Trade Act of 1974, that market disruption did not exist as a result of imports of ferrosilicon from the U.S.S.R.[3] Although the Commission noted that imports of ferrosilicon from the U.S.S.R. were increasing rapidly and that domestic ferrosilicon producers were suffering material injury, it determined that the imports were not a significant cause of material injury or threat thereof.

THE PRODUCT

Description and Uses

Ferrosilicon is an alloy of iron and silicon used primarily by steel producers and iron casters, as discussed below. Although the product subject to investigation encompasses ferrosilicon containing from 4 percent to 96 percent silicon, in practice the product is sold within a few set grades. The most common are ferrosilicon 50 and ferrosilicon 75, containing 50 percent and 75 percent silicon, respectively, by weight.[4] Some ferrosilicon has a silicon content under 25 percent; referred to as silvery pig iron, this product serves a separate and much smaller market.

In addition to silicon content, ferrosilicon is sold according to the presence of other elements, some of which are considered impurities and others that are considered enhancements. Elements that are considered impurities (e.g. phosphorus, sulfur, and aluminum) must be kept under set percentages in order for the ferrosilicon to be useable.[5] Regular, or commodity, grade ferrosilicon generally has close to the maximum allowable amount of the undesired elements. Ferrosilicon with substantially lower amounts of these elements is referred to as high-purity. One high-purity grade that is common is low-aluminum ferrosilicon, which, for ferrosilicon 50, would contain a maximum of 0.4 percent aluminum, as opposed to a maximum of 1.25 percent for regular grade ferrosilicon 50. Foundry grade ferrosilicon, specified for cast

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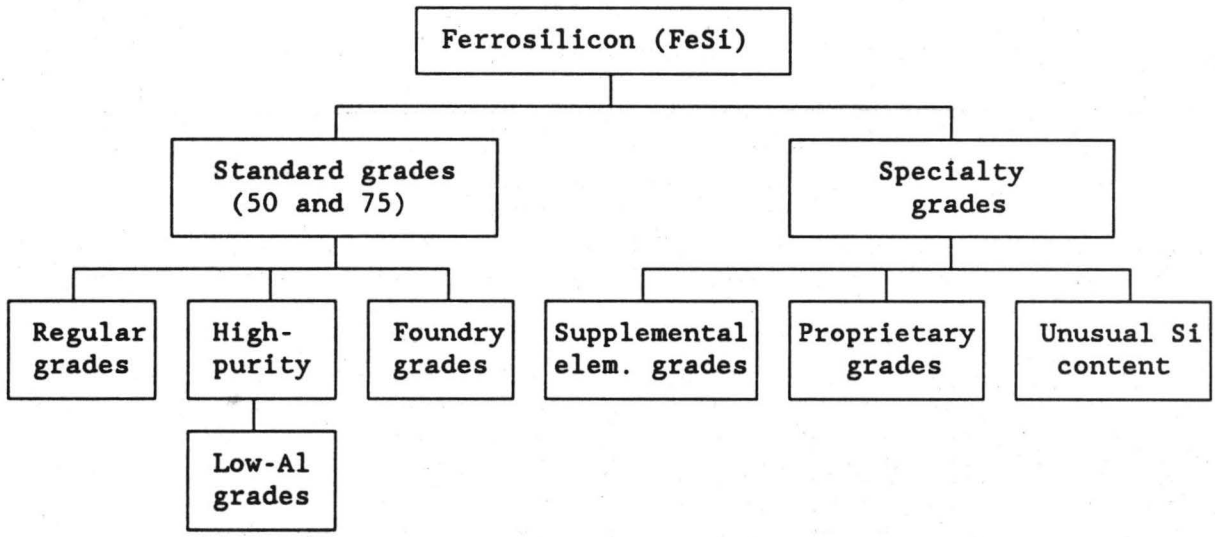
[3] Ferrosilicon from the Union of Soviet Socialist Republics: Determination of the Commission in Investigation No. TA-406-10, USITC publication 1484, February 1984.

[4] By industry standards, ferrosilicon 50 can actually contain between 47 percent and 51 percent silicon. Similarly, ferrosilicon 75 can contain 74 percent to 79 percent silicon.

[5] Many of the more common limits for the content of impurities are set by the American Society for Testing and Materials.

iron applications, has a minimum amount of calcium or other minor elements. Regular, high-purity, and foundry grades of ferrosilicon are considered standard grades, as distinct from specialty grades (fig. 1).

Figure 1
Ferrosilicon: Breakdown by grades



Specialty grades include ferrosilicon with specific percentages of supplemental minor elements (e.g. chromium, copper) that add desired properties to the ferrosilicon. Because specialty grades were often designed by ferrosilicon producers to meet the needs of a particular application, many have trademark protection, and are sold as proprietary grades. By convention, specialty grades also refer to ferrosilicon that is neither ferrosilicon 50 nor ferrosilicon 75, such as ferrosilicon 65.

Another characteristic that is specified in the sale of ferrosilicon is size.[6] Size is important because it affects the performance of the ferrosilicon. Lumps are generally preferred over fines. Lumps added for deoxidizing purposes to the furnace are generally large, since they are heavy enough to penetrate the layer of slag on top of the molten metal. Smaller lumps are more commonly used for alloying purposes in the ladle, where they are dissolved more quickly. Fines are less desirable than lumps because it is more difficult to recover the silicon content in them. To overcome this, fines are often shaped in a mold and held together by a binding agent to form a briquette.

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[6] Sizes vary from 8" by 4" to 1/4" by down. "Down," when used as minimum size, means that a high percentage (15 to 20 percent) of the material can pass through a small sieve. For example, for sizes having a minimum dimension of 4", "down" refers to a minimum dimension of 1/4". In sizes smaller than 1", "down" may have no minimum size dimension. (Petition, p. 10.)

The principal use of ferrosilicon 50 and ferrosilicon 75 is as an alloying agent in the production of steel and cast iron. When added to molten steel, ferrosilicon can improve the finished product's strength, toughness, hardenability, corrosion resistance, and magnetic properties. Similarly, when added to molten iron, ferrosilicon makes the cast iron softer, more machineable and heat- and corrosion-resistant. Besides its role as an alloying agent, ferrosilicon serves other functions. It is used by steelmakers as a deoxidizer[7] and a reducing agent,[8] and by cast iron producers as an inoculant.[9] The function that the ferrosilicon actually serves depends on several factors, including its grade, size, and the stage in the process in which it is added to the molten metal.

Within the steel industry, ferrosilicon is most commonly used in the production of stainless and heat-resisting steels. Although these grades make up less than 5 percent of total production of steel, they accounted for about 47 percent of the consumption of ferrosilicon by the steel industry in 1990. Ferrosilicon also provides the desired magnetic properties for the production of electric sheet steels.

In most applications in the steel and cast iron industries, ferrosilicon 50 and ferrosilicon 75 compete directly with one another.[10] Steel and iron producers have the technical capability to use either grade in their production process. The decision to use either grade is initially made by comparing costs on a per-unit-of-silicon basis.

Once a grade is selected, however, switching is infrequent as it involves costs that are normally greater than the potential savings of using a new, cheaper grade. When a steel or cast iron producer switches ferrosilicon grades, all the steelmaking or ironmaking ingredients are affected and must be adjusted. Although computers help producers make the necessary changes, in practice it may take plant operators several days before they can run the furnace efficiently or produce iron or steel to tight metallurgical specifications. Frequent switching also runs the risk of confusing plant operators, who, by inadvertently adding one grade of ferrosilicon instead of the other, could ruin an entire heat of iron or steel. Furthermore, as ferrosilicon represents a small part of the total cost of steelmaking (see "Prices" section), the potential savings from the switch is generally minor.

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[7] When ferrosilicon is added to the molten steel, silicon combines with oxygen, thereby reducing the oxygen content to a minimum. The presence of oxygen can result in the presence of undesired bubbles in the solidified steel.

[8] When ferrosilicon is added to molten steel, some of the silicon reduces the metal oxides present in the layer of slag floating on the top of the bath. The silicon combines with the oxygen, allowing desired materials, such as chromium, to sink into the bath.

[9] As an inoculant, ferrosilicon changes the graphite structure of the iron, resulting in a softer and more machineable cast iron product.

[10] In limited applications, ferrosilicon 50 cannot substitute for ferrosilicon 75. For example, in argon oxygen decarburization (AOD) furnaces used for specialty steelmaking, ferrosilicon 50 introduces too many contaminants to be useful. ***, telephone conversation, June 16, 1992.

However, if the gap in the price for ferrosilicon 50 and ferrosilicon 75 (on a per-unit-of-silicon basis) becomes wide, and the gap appears likely to last for more than a brief period, switching becomes more likely. The threshold point is difficult to define, as it varies from one producer to another. However, the gap in ferrosilicon 50 and ferrosilicon 75 prices has generally been below that threshold in recent years, as ferrosilicon producers and steel industry representatives report few instances of switching.

Outside of the steel and cast iron industries, consumption of ferrosilicon is relatively minor, with such uses accounting for an estimated 16 percent of total apparent consumption.[11] Producers of magnesium, nickel, ferrovanadium, and metallic sodium all use small quantities of ferrosilicon.

Applications for silvery pig iron are limited. In most cases, it is used in the production of gray cast iron.[12] Some foundries prefer silvery pig iron to ferrosilicon 50 because silvery pig iron has unique magnetic properties that facilitate handling. Silvery pig iron in a finely ground form is also used for its magnetic properties in the separation of heavy and medium ores (e.g., fluorite and barite) from waste materials.

Production Processes

Ferrosilicon is produced by smelting iron and silicon in a submerged-arc furnace,[13] in which large carbon electrodes extend into the furnace supplying the electrical energy needed to produce high temperatures.[14] The iron comes in the form of iron or steel scrap, whereas the silicon content comes from silica (SiO_2) in the form of quartzite. These are combined in the furnace together with a carbonaceous material (e.g., low-ash coal, petroleum coke, or coal char) and wood chips or other bulking agents, which give the furnace mixture the desired porosity to allow an even flow of the reactant gases. The submerged-arc furnace can either be covered or open. While open furnaces burn off carbon monoxide as a by-product, covered furnaces recover the gas and use it as a source of power for furnace operation. By reducing energy consumption, covered furnaces can lower operating costs. For technical reasons, however, furnaces used in the production of ferrosilicon 75 cannot be covered.[15]

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[11] Estimated based on statistics of Clark R. Neuharth, U.S. Bureau of Mines, *Ferroalloys: Annual Report 1990*, April 1992, p. 22.

[12] Gray iron is distinguished from other cast iron (ductile, malleable) by the presence of flake graphite. It accounts for approximately 60 percent of cast iron produced in the United States.

[13] Ferrosilicon can be produced in either blast furnaces or submerged arc electric furnaces. All the domestic producers use electric furnaces.

[14] Because of the tremendous quantity of electricity required to run ferrosilicon furnaces (50 million kilowatt hours of energy consumed each month by American Alloys' facility), new air pollution control standards resulting in the higher cost of electricity have increased the cost of producing ferrosilicon in the United States. (Transcript of the Commission's conference (TR), p. 15.)

[15] TR, p. 125.

As the submerged-arc furnace reaches its operating temperature, the carbon from the coal or coke separates the quartzite silicon from its oxygen, leaving the silicon to combine with the iron from the scrap to form ferrosilicon, and the oxygen to combine with the carbon to form carbon monoxide as a by-product gas.[16]

As molten ferrosilicon accumulates in the furnace, it is drawn off into ladles (figure 2). While in the ladle, the molten ferrosilicon may undergo further refinement. Because the raw materials frequently contain elements that are considered impurities, oxygen or lime sand may be injected into the mixture, where they combine with the unwanted elements (e.g., aluminum and calcium) to form slag. However, oxygen and lime sand will not combine with other unwanted elements (e.g., manganese, titanium, and chromium), so it is essential that the raw materials be carefully selected. After the ferrosilicon undergoes any necessary refinement in the ladle, it is poured into cast iron molds or onto a bed of ferrosilicon fines, where it is cooled.[17] The solidified product is then crushed into the size required by customers. Both lumps (standard sizes) and fines (small, nonstandard sizes) are produced in the crushing operation. One alternative to the casting and crushing operation is the pouring of the molten ferrosilicon into a high powered water stream. The force and cooling effect of the water forces the molten material to solidify into uniform chunks.

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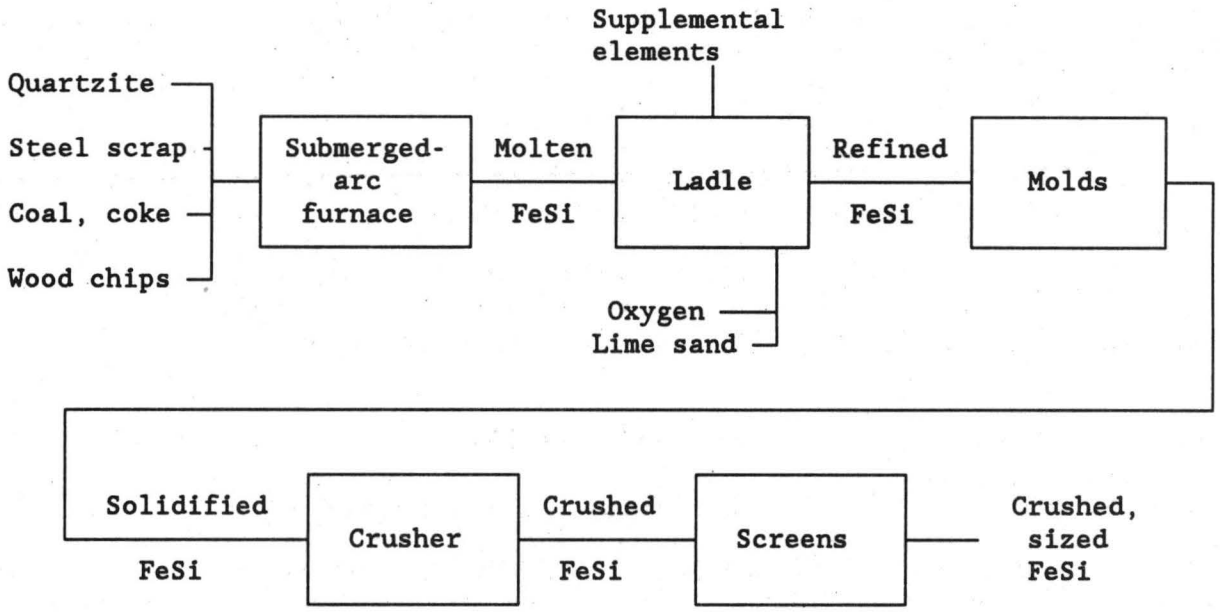
[16] The basic chemical reaction is as follows: $SiO_2 + 2C + Fe \rightarrow FeSi + 2CO$.

[17] In the case of silvery pig iron, ferrosilicon is cast into small blocks of standard size, typically weighing 12.5 pounds. The blocks are referred to as piglets.

Figure 2
Ferrosilicon: Simplified production flow chart



Substitute Products

There are few substitute products for ferrosilicon. Those that generally exist either cost more, introduce undesired elements, or both. The usefulness of ferrosilicon lies in the contained silicon. Iron only serves as the carrier. For cast iron and steel applications, iron is the ideal carrier because when the ferrosilicon is added to the bath, the iron blends into the molten metal, which is itself iron based. When silicon is carried by other materials, the carrier material often is a contaminant. For example, silicon carbide, an alloy of silicon and carbon, is rarely used in the steel industry because carbon is a contaminant for steel. It is, however, used by cast iron producers, for whom the presence of carbon presents less of a problem.

Silicomanganese is an alloy that can substitute simultaneously for ferrosilicon and ferromanganese. Because manganese and silicon are the most common alloying agents in the steel industry, applications that make use of both are common. The decision to use silicomanganese in place of ferrosilicon or ferromanganese is basically made on the basis of cost, i.e., whichever is cheaper on a per-unit silicon or per-unit manganese basis. However, producers generally prefer to work with ferrosilicon and ferromanganese since they alone are sufficient to meet all their silicon and manganese requirements.[18]

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[18] ***, telephone conversation, June 15, 1992.

Silicon metal, which contains 96 percent or more of silicon, is generally not an economical substitute for ferrosilicon 50 or ferrosilicon 75, since the cost per unit of silicon is substantially higher in silicon metal.[19]

Other elements and ferroalloys that compete with ferrosilicon include ferrochrome silicon and ferromanganese silicon (as alloys), and aluminum and ferromanganese (as deoxidizers). In practice, these products rarely substitute for ferrosilicon because they are more expensive. In addition, for certain steels, using aluminum for deoxidizing would increase the aluminum content to unacceptable levels.[20] With respect to inoculation, research has resulted in the discovery of other elements besides silicon that serve inoculant functions, specifically calcium, aluminum, and strontium. The use of these substitutes is limited, however, by cost considerations and negative side effects. For example, although calcium is a more effective inoculant than silicon, it slows the reduction of ferrosilicon and results in the formation of slag and waste product, which are undesirable.[21]

U.S. Tariff Treatment

U.S. imports of ferrosilicon containing by weight more than 55 percent but not more than 80 percent of silicon are classified in subheadings 7202.21.10 and 7202.21.50 of the HTS. The most-favored-nation (MFN) (col. 1-general) rates of duty, applicable to products of Argentina, China, Venezuela, Russia, and all other MFN countries, are 1.1 and 1.5 percent, respectively. Such imports of ferrosilicon from Argentina and Venezuela may be eligible for duty-free entry under the Generalized System of Preferences (GSP), based on importer request and a showing that shipments qualify. The duty applied to imports from Kazakhstan and Ukraine is the column 2 rate of duty, which is 11.5 percent ad valorem for both subheadings.

The rates of duty for ferrosilicon containing by weight more than 80 percent but not less than 90 percent of silicon (HTS subheading 7202.21.75) are 1.9 percent ad valorem under column 1-general and 9 percent ad valorem under column 2. Similarly, the rates of duty for ferrosilicon containing by weight more than 90 percent of silicon (HTS subheading 7202.21.90) are 5.8 percent under column 1-general and 40 percent under column 2. For these two subheadings, imports are not eligible for duty-free entry under the Generalized System of Preferences (GSP). Thus, Argentina, China, Russia, and Venezuela are subject to the column 1-general rates of duty; whereas, Kazakhstan and Ukraine are subject to the column 2 rates.

U.S. imports of all other ferrosilicon from countries entitled to the column 1-general duty rate enter unconditionally free of duty under subheading 7202.29.00. The column 2 rate of duty is 4.4 cents per kilogram on silicon content, and is applicable to Kazakhstan and Ukraine.

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[19] ***, telephone interview, June 15, 1992. Steel producers would substitute silicon metal for ferrosilicon only if the grade of steel had a specified maximum for iron. This application is limited.

[20] *** interview.

[21] Elkem Metals, *The Inoculation of Gray Cast Irons*, p. 10.

THE NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged Subsidies

The petitioners allege that Fesilven, presently Venezuela's only ferrosilicon producer, benefits from a wide variety of programs that constitute subsidies within the meaning of the countervailing duty laws. The petitioners indicate that Fesilven receives preferential electric power rates as well as other production subsidies, such as plant expansion and improvement grants, general interest rate subsidies, government debt assumptions, and sales tax exemptions. In addition, petitioners state that Fesilven qualifies for a number of export subsidies, including preferential FINEXPO financing. Under this program, Fesilven allegedly receives short-term financing at rates six points below the rediscount rate offered by the Central Bank of Venezuela and medium-term financing for a variety of projects, including market research, working capital, and inventory financing. Petitioners estimate the net subsidy margin for Fesilven ferrosilicon to be 82 percent.

Although Venezuela is not a "country under the agreement" pursuant to section 701(b) of the act, the Commission is conducting a countervailing duty investigation pursuant to section 303 of the act because ferrosilicon from Venezuela can enter the United States free of duty under HTS subheadings 7202.21.10, 7202.21.50, and 7202.29.00. There have been no imports from Venezuela of ferrosilicon under the two HTS subheadings, 7202.21.75 and 7202.21.90, for which imports cannot enter free of duty.

Alleged Sales at LTFV

Argentina

Based on transaction and quoted base prices of ferrosilicon 75 for two Argentine producers, Industrias Siderurgicus Grassi, S.A. (Grassi) and Electrometalurgica Andina, S.A. (Andina), petitioners have alleged that ferrosilicon is being imported from Argentina at prices that are LTFV. Commerce's recalculations of the petitioners dumping margins range from 17.70 percent to 96.23 percent.

China

The petitioners alleged that China is a state-controlled or nonmarket economy country and therefore based the fair market value (FMV) of ferrosilicon on the factors of production in India, a country with comparable economic development and ferrosilicon production. Based on its adjusted estimates of FMV and U.S. price, petitioners calculated an LTFV margin of 137.73 percent.

Kazakhstan, Russia, and Ukraine

The petitioners alleged that Kazakhstan, Russia, and Ukraine are nonmarket countries and therefore based the FMV of ferrosilicon on the factors of production in Mexico. The estimated FMV was compared to unit values based on official statistics of the U.S. Department of Commerce, resulting in an LTFV margin of 104.18 percent.

Venezuela

The petitioners compared the weighted-average unit customs value of ferrosilicon 75 from Venezuela with the market selling price offered by the sole Venezuelan producer, Fesilven, to obtain estimated dumping margins of 22.99 percent to 23.80 percent.

THE U.S. MARKET

Apparent U.S. Consumption

The demand for ferrosilicon is directly tied to the steel and foundry industries. Although the United States is the third-largest steel producer in the world, weak demand from the construction, automotive, and appliance sectors caused steel output to decrease from 1989 to 1991. The steel industry had experienced high growth in 1988, but production decreased in 1989 as the rate of general economic growth slowed.

Technological advances in the composition and production processes of cast irons have contributed to a decline in cast iron production starting in the mid-1970s. Through improved design and metallurgical compositions, it is possible to produce much thinner and lighter castings with the same or even improved levels of performance. Ductile iron has replaced some of the traditional grades of cast iron in applications where a lighter casting is preferred.[22]

Data on apparent consumption of ferrosilicon are presented in table 1. Total U.S. consumption, by quantity (in short tons (ST)), decreased by 11.8 percent from 1989 to 1991, but increased 16.8 percent between the interim periods. In terms of value, total reported U.S. consumption fell by 31.9 percent from 1989 to 1991, but rose by 4.0 percent from January-March 1991 to January-March 1992.

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[22] Ductile iron is produced using magnesium ferrosilicon, which is not subject to these investigations.

Table 1
Ferrosilicon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,[1] 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Quantity (gross ST)				
Producers' U.S. shipments	439,163	394,936	342,460	89,993	79,510
U.S. imports from--					
Argentina	10,123	7,170	10,392	2,761	0
China	678	3,326	3,479	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	29,533	36,292	46,000	9,956	3,402
Subtotal	***	***	***	***	***
Other sources	89,930	137,443	91,950	10,988	30,855
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Value (1,000 dollars)				
Producers' U.S. shipments	255,556	192,426	157,454	42,730	35,764
U.S. imports from--					
Argentina	8,312	3,676	4,909	1,395	0
China	666	1,531	1,836	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	20,493	16,707	21,573	4,255	1,338
Subtotal	***	***	***	***	***
Other sources	59,834	72,534	47,542	6,442	14,625
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

[1] The data in the table are for 10 producers and 16 importers, accounting for 100 percent of U.S. producers' U.S. shipments and 100 percent of U.S. importers' imports from the subject countries. U.S. imports for all other sources were compiled from official statistics of the U.S. Department of Commerce.

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

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Apparent U.S. consumption by product grade is presented in table 2.[23] As noted, the low-silicon-content grade accounted for the majority of U.S. shipments of ferrosilicon. In terms of quantity, the low-silicon-content grade averaged 58 percent of total consumption during 1989-91 and 61 percent in January-March 1992. In terms of value, the low-silicon-content grade accounted for an average of 48 percent of total U.S. consumption during 1989-91 and 50 percent in January-March 1992. Imports from Kazakhstan were predominately ferrosilicon 50, which is a low-silicon-content grade.[24] The low-silicon-content grade imported from Kazakhstan, by quantity, accounted for an average of *** percent of the low-silicon-content market during 1989-91 and *** percent during January-March 1992. In comparison, the U.S. producers accounted for an average of *** percent of the low-silicon-content market during 1989-91 and *** percent during January-March 1992.

The high-silicon-content grade accounted for an average of 42 percent, in terms of quantity, of U.S. apparent consumption during 1989-91 and 39 percent in January-March 1992. In terms of value, the high-silicon-content grade accounted for an average of 54 percent during 1988-91 and 52 percent in January-March 1992. Argentina, China, and Venezuela export predominately ferrosilicon 75, which is classified in the high-silicon-content grade. In terms of quantity, the Venezuelan product accounted for an average of *** percent of the high-silicon-content grade market during 1989-91 and *** percent during January-March 1992. The market shares for Argentina and China were *** and *** percent, respectively, during 1989-91. There were no imports from Argentina and China reported for interim 1992.

U.S. Producers

There are 10 firms known to have produced ferrosilicon during the period of investigation. The Commission sent producer questionnaires to these firms and received complete responses from all 10. The names of the producers, the location of their manufacturing facilities, each firm's share of reported production in 1991, and the position each firm has taken with respect to the petition are presented in table 3.

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[23] The Commission's questionnaires requested data on U.S. shipments and imports by three product grades; low-silicon-content grade, high-silicon-content grade, and all other. The product grades were defined according to HTS classifications, so official statistics of the U.S. Department of Commerce could be used for imports from all other sources. Low-silicon-content grade, inclusive of ferrosilicon 50 and silvery pig iron, is defined as ferrosilicon containing by weight more than 8 percent but not more than 55 percent of silicon. High-silicon-content grade is ferrosilicon containing by weight more than 55 percent but not more than 80 percent of silicon. It includes ferrosilicon 65 and 75. The all other category includes ferrosilicon containing by weight more than 80 percent but not more than 96 percent of silicon. The Commission's investigations revealed no U.S. production or U.S. imports from the subject countries of ferrosilicon classified in the all other category.

[24] John Barnyak of Minerais indicated that Kazakh-produced ferrosilicon 75 is not of sufficient quality to sell in the United States, due to the aluminum content of the quartzite available in Kazakhstan. (Minerais' postconference brief, exhibit 4, p. 5)

Table 2
Ferrosilicon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,[1] [2] by product grades, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Quantity (gross ST)				
Low silicon content:					
Producers' U.S. shipments	298,547	280,884	246,087	59,537	56,350
U.S. imports from--					
Argentina	0	0	0	0	0
China	0	0	0	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	0	1,378	2,756	1,378	0
Subtotal	***	***	***	***	***
Other sources	19,268	35,426	12,985	2,094	4,238
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
High silicon content:					
Producers' U.S. shipments	140,355	114,009	96,255	30,394	23,160
U.S. imports from--					
Argentina	10,123	7,170	10,392	2,761	0
China	678	3,326	3,479	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	29,533	34,913	43,244	8,578	3,402
Subtotal	***	***	***	***	***
Other sources	67,741	101,907	78,557	8,894	26,617
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
All other grades:					
Producers' U.S. shipments	0	0	0	0	0
U.S. imports from--					
Argentina	0	0	0	0	0
China	0	0	0	0	0
Kazakhstan	0	0	0	0	0
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	0	0	0	0	0
Subtotal	0	0	0	0	0
Other sources	2,921	110	409	0	0
Total	2,921	110	9	0	0
Apparent consumption	2,921	110	409	0	0

Footnotes appear at end of table

Table 2--Continued
Ferrosilicon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,[1] [2] by product grades, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Value (1,000 dollars)				
Low silicon content:					
Producers' U.S. shipments	138,935	113,977	94,868	23,166	21,014
U.S. imports from--					
Argentina	0	0	0	0	0
China	0	0	0	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	0	723	801	428	0
Subtotal	***	***	***	***	***
Other sources	7,332	13,259	3,304	651	961
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
High silicon content:					
Producers' U.S. shipments	116,410	78,424	62,526	19,539	14,750
U.S. imports from--					
Argentina	8,312	3,676	4,909	1,396	0
China	666	1,531	1,836	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	20,493	15,984	20,772	3,824	1,338
Subtotal	***	***	***	***	***
Other sources	49,361	59,205	44,154	5,791	13,664
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
All other grades:					
Producers' U.S. shipments	0	0	0	0	0
U.S. imports from--					
Argentina	0	0	0	0	0
China	0	0	0	0	0
Kazakhstan	0	0	0	0	0
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	0	0	0	0	0
Subtotal	0	0	0	0	0
Other sources	3,141	69	84	0	0
Total	3,141	69	84	0	0
Apparent consumption	3,141	69	84	0	0

Footnotes appear at end of table.

Footnotes to table 2

[1] The data in the table are for 10 producers and 16 importers, accounting for 100 percent of U.S. producers' U.S. shipments and 100 percent of U.S. importers' importers from the subject countries. U.S. imports for all other sources were compiled from official statistics of the U.S. Department of Commerce.

[2] The summation of the grades, by quantity and value, do not add up to total apparent consumption (table 1) because *** did not report its company transfers by product grade.

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

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Table 3
Ferrosilicon: U.S. producers and their plant locations, shares of reported production, and position on the petition, 1991

Firm	Plant locations	Share of reported production in 1991	Position on the petition
AIMCOR	Bridgeport, AL	***	Supports
Alabama Silicon, Inc.[1]	Bessemer, AL	***	Supports
American Alloys, Inc.	New Haven, WV	***	Supports
Elkem Metals Company	Ashtabula, OH Alloy, WV	***	***
Glenbrook Nickel[2]	Riddle, OR	***	Opposes
Globe Metallurgical.	Beverly, OH	***	Supports
Keokuk Ferro-Sil, Inc.	Keokuk, IA	***	***
Northwest Alloys, Inc.[3]	Addy, WA	***	***
Silicon Metaltech, Inc.[4].	Rock Island, WA	***	Supports
SKW Alloys, Inc.	Niagara Falls, NY Calvert City, KY	***	***

[1] Alabama Silicon, Inc. produced ferrosilicon *** during the period of investigation.

[2] Glenbrook Nickel captively produced ferrosilicon until 1990 for its ferronickel operations. It now purchases Kazakh-produced ferrosilicon from Minerais.

[3] Northwest Alloys captively produced ferrosilicon until *** for its use in magnesium production. It now purchases ***.

[4] Silicon Metaltech produced ferrosilicon for ***.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Accounting for *** percent of total U.S. production in 1991, Applied Industrial Materials Corp. (AIMCOR), of Pittsburgh, PA, produces both ferrosilicon 50 and 75 on one furnace at its Bridgeport, AL, facility. The Bridgeport facility is part of a joint venture agreement with Allegheny Ludlum Steel Corp. Under the terms of the arrangement, Allegheny Ludlum is committed to purchase 25 percent of the ferrosilicon output.[25] AIMCOR shut down its Kimball, TN, plant in February 1987 because of a downturn in the steel industry.[26] The company assessed the possibility of reopening the plant in 1989 but further company analysis showed that the expense of renovating the plant could not be justified in light of current market conditions. Even though the plant remains closed, the maintenance cost is $100,000 per year.[27]

Alabama Silicon, Inc. started producing ferrosilicon in April 1990 at its plant in Bessemer, AL. The Alabama Alloy Co. had operated the plant until 1981 when it exited the ferrosilicon business reportedly due to difficult market conditions. ***. Alabama Silicon accounted for *** percent of total U.S. production in 1991.

American Alloys, Inc., of Pittsburgh, PA, produces a range of silicon-based products, including ferrosilicon, silicon metal, and magnesium ferrosilicon at its New Haven, WV, plant. After Foote Mineral Co. announced its decision to close the plant in 1985, a coalition involving Foote employees and other interested parties forged a leveraged buy out of the plant to form American Alloys. Operations began in early 1988 with three furnaces producing a wide range of ferrosilicon products.[28] American Alloys accounted for *** percent of total U.S. production of ferrosilicon in 1991.

Elkem Metals Co. (Elkem), of Pittsburgh, PA, is a wholly owned subsidiary of Elkem A/S of Norway. Elkem was *** U.S. producer of ferrosilicon in 1991, accounting for *** percent of total U.S. production in that year. ***. Accounting for *** percent of the total U.S. imports of ferrosilicon in 1991, Elkem imports from ***. ***.

Glenbrook Nickel, of Spokane, WA, produced ferrosilicon from 1952 to 1990 at its plant in Riddle, OR, mainly for its use in the production of ferronickel. According to Eric Norton, Operations Manager, Glenbrook Nickel stopped producing ferrosilicon in early 1990 as a result of increasing employee safety risks and maintenance costs associated with operating an old furnace. In opposition to the petition, Glenbrook Nickel asserts that its furnace shutdown had nothing to do with the allegedly unfairly traded imports. It currently purchases its supply of ferrosilicon 50 from Minerais U.S., Inc.

Accounting for *** percent of total U.S. production in 1991, Globe Metallurgical, Inc. (Globe), of Cleveland, OH, produces ferrosilicon at its Beverly, OH, plant. ***. Globe produces silicon metal and magnesium ferrosilicon in addition to ferrosilicon.

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[25] TR, p. 31.
[26] TR, p. 26.
[27] TR, p. 31.
[28] TR, p. 14.

Keokuk Ferro-Sil, Inc. (Keokuk) was formed in December 1987 when a group of former employees purchased Foote Mineral Co.'s Keokuk, IA, ferrosilicon plant. Foote had announced the closure of the plant in September 1987. Accounting for *** percent of total production in 1991, Keokuk produces ferrosilicon 50, silvery pig iron, and pulverized silvery pig iron in two furnaces. All production is distributed by Minerais U.S., Inc., the sole importer of Kazakh-produced ferrosilicon.[29]

Northwest Alloys, Inc., a wholly owned subsidiary of Alcoa, produced ferrosilicon at its plant in Addy, WA, until *** for its use in the production of magnesium. Northwest Alloys ceased ferrosilicon production reportedly because it was less expensive to purchase the product than to produce it. ***.

Since 1986, Silicon Metaltech, Inc. concentrated on silicon metal production with the exception of one furnace, ***. The furnace was repaired and placed back on line February 1, 1990, producing silicon metal. Silicon Metaltech's shipments of ferrosilicon were predominately exports to ***. Since June 1990, the company has been operating under Chapter 11 of the U.S. Bankruptcy Code.

SKW Alloys, Inc., of Niagara Falls, NY, is a wholly owned subsidiary of SKW Trostberg AG of Germany. Operating at two plants in Niagara Falls, NY, and Calvert City, KY, SKW Alloys is *** U.S. producer of ferrosilicon, accounting for *** percent of total U.S. production in 1991. ***.

U.S. Importers

Questionnaires were sent to 39 firms named in the petition and in the Customs Net Import File (CNIF) as importing ferrosilicon. Of the 39 firms, 16 were identified as importing from the subject countries. All 16 firms responded to the Commission's request for information.

*** importer of the subject material was Minerais U.S., Inc., the sole importer of Kazakh-produced ferrosilicon. Minerais U.S. imports via its parent company, SA des Minerais of Luxembourg, which has set up a joint venture with the Kazakhstan producer, Ermok, to help it improve the quality of its products. Minerais U.S. purchases a portion of SA des Minerais' imports from Kazakhstan for importation to the United States.[30]

Fifteen importers have reported imports from Argentina, China, and/or Venezuela, of which *** are the largest. Currently, *** is not importing ferrosilicon because Fesilven cancelled its contract with the company in 1991.[31]

Three U.S. producers imported ferrosilicon during the period of investigation. ***.

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[29] ***. (Minerais' postconference brief, exhibit 4, p. 7)
[30] ***, telephone conversation, June 18, 1992.
[31] ***, telephone conversation, June 18, 1992.

Channels of Distribution

In the U.S. market, sales of ferrosilicon by U.S. producers and importers are primarily made to end users. The largest end-use markets are the steel and foundry industries, both of which purchase 50, 75, and specialty grades of ferrosilicon. The following tabulation presents a summary of the channels of distribution used by U.S. producers and importers of ferrosilicon in 1991 (in percent).

	End users	Distributors
Share of U.S. producers' shipments made to.....	82	18
Importers:		
Share of Argentine product shipped to.....	93	7
Share of Chinese product shipped to.....	51	49
Share of Kazakh product shipped to.....	***	***
Share of Venezuelan product shipped to.....	84	16

*** percent of Minerais' shipments to distributors were sales to U.S. producers. U.S. producers purchase various grades of ferrosilicon in order to provide their customers with a reliable source of supply of both grades of ferrosilicon. ***.

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

The information provided in this section of the report is based on responses to Commission questionnaires. Ten firms, accounting for 100 percent of U.S. production of ferrosilicon during the period of investigation, provided complete responses to the Commission's request for data. The ten firms are AIMCOR, Alabama Silicon, American Alloys, Elkem, Glenbrook Nickel, Globe, Keokuk, Northwest Alloys, Silicon Metaltech, and SKW Alloys.

U.S. Producers' Capacity, Production, and Capacity Utilization

As indicated in table 4, the U.S. producers' average-of-period capacity to produce ferrosilicon decreased 3.1 percent from 1989 to 1991, and continued to decline, by 9.3 percent, between the interim periods. The exits of Alabama Silicon, Northwest Alloys, Glenbrook Nickel, and Silicon Metaltech contributed to the decline in capacity. In addition to these exits, *** reduced its capacity to produce ferrosilicon from *** to *** in 1991 when it switched *** to produce silicon metal.

Table 4
Ferrosilicon: U.S. capacity, production, and capacity utilization, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
End-of-period capacity (gross ST)	573,451	545,965	535,353	143,177	129,908
Average-of-period capacity (gross ST)	567,511	532,587	549,771	143,177	129,908
Production (gross ST)	478,846	415,954	334,168	94,513	78,594
End-of-period capacity utilization (percent)	83.5	76.2	62.4	66.0	60.5
Average-of-period capacity utilization (percent)	84.4	78.1	60.8	66.0	60.5

Note.--Capacity utilization is calculated using data of firms providing both capacity and production information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. production decreased by 30.2 percent from 1989 to 1991, and continued to decline, by 16.8 percent, between the interim periods. Accounting for the fall in production from 1989 to 1991, four firms reported the suspension of their ferrosilicon production and five firms reported temporary or permanent shut downs of furnaces producing ferrosilicon. *** was the only firm not to report any disruption of its production of ferrosilicon during the period for which data were collected. Of the four firms which ceased production of ferrosilicon, Glenbrook Nickel and Northwest Alloys were captive producers, manufacturing ferrosilicon solely for use in their production of ferronickel and magnesium, respectively. Both companies currently purchase *** material because it is more economical to purchase the subject product than to produce it.

Silicon Metaltech and Alabama Silicon exited the ferrosilicon industry in 1989 and 1991, respectively. Predominantly a silicon metal producer, Silicon Metaltech manufactured ferrosilicon for ***. The furnace which was used to produce ferrosilicon was refurbished to now produce silicon metal. Alabama Silicon had produced ferrosilicon for *** before shutting down operations at the end of 1991.

Average-of-period capacity utilization decreased from 84.4 percent in 1989 to 60.8 percent in 1991, and continued to decline in the interim periods from 66.0 percent in January-March 1991 to 60.5 percent in January-March 1992. It should be noted that U.S. producers' capacity exceeded apparent consumption in 1991.

U.S. Producers' Shipments

U.S. Shipments

The U.S. producers' total U.S. shipments of ferrosilicon decreased steadily (by 22.0 percent) from 1989 to 1991 (table 5). For the interim periods, shipments decreased by 11.6 percent from January-March 1991 to January-March 1992. In terms of value, U.S. producers' domestic shipments decreased by 38.4 percent from 1989 to 1991 and by 16.3 percent between the interim periods.

Export Shipments

As indicated in table 6, the quantity and value of U.S. producers' exports decreased from 1989 to 1991, but increased between the interim periods. The exports account for only a small share of U.S. producers' total shipments. U.S. producers' export markets include Australia, Canada, Mexico, Japan, and Europe.

Total Shipments

As indicated in table 5, total U.S. producers' shipments of domestically produced ferrosilicon decreased steadily, by a total of 22.2 percent, from 1989 to 1991, and continued to fall, by 10.7 percent, between the interim periods. The value of such shipments decreased by 38.8 percent from 1988 to 1991, and continued to decline, by 14.7 percent, between the interim periods. The quantity of company transfers decreased sharply by 95.3 percent during 1989-91, but increased slightly by 7.6 percent between the interim periods. Contributing to the sharp decline in company transfers was the 1989 and 1990 exit of two firms, Glenbrook Nickel and Northwest Alloys, which produced ferrosilicon solely for internal use. Both companies found it to be less expensive to purchase the subject product as opposed to producing it.

U.S. Producers' Purchases

U.S. producers' purchases of ferrosilicon are presented in table 7. *** purchased ferrosilicon *** during the period for which data were collected in order to ensure their supplies of various product grades. Because AIMCOR produces both ferrosilicon 50 and 75 on the same furnace, it prolongs the production runs of one grade versus another. The purchases enable AIMCOR to provide its customers a reliable source of supply for both grades of ferrosilicon.[32] In addition to the three referenced companies, *** has purchased ferrosilicon from other domestic producers.

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[32] TR, p. 79.

Table 5
Ferrosilicon: Shipments by U.S. producers,[1] by types, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Quantity (gross ST)				
Company transfers	26,499	9,444	1,241	291	313
Domestic shipments	412,664	385,492	341,219	89,702	79,197
Subtotal	439,163	394,936	342,460	89,993	79,510
Exports	14,985	12,830	10,833	1,874	2,513
Total	454,148	407,766	353,293	91,867	82,023
	Value (1,000 dollars)				
Company transfers	21,653	5,329	427	100	105
Domestic shipments	233,903	187,097	157,027	42,630	35,659
Subtotal	255,556	192,426	157,454	42,730	35,764
Exports	12,386	8,337	6,589	1,207	1,717
Total	267,942	200,763	164,043	43,937	37,481

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

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

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 6
Ferrosilicon: U.S. producers' export shipments,[1] 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
Quantity (gross ST)	14,985	12,830	10,833	1,874	2,513
Value (1,000 dollars)	12,386	8,337	6,589	1,207	1,717
As a share of total shipments (quantity)	3.3	3.1	3.1	2.0	3.1
As a share of total shipments (value)	4.6	4.2	4.0	2.7	4.6

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 7
Ferrosilicon: U.S. producers' domestic and import purchases, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Quantity (gross ST)				
Purchases from domestic sources	11,414	5,157	5,375	532	2,140
Import purchases from:					
Kazakhstan	5,000	6,590	7,899	2,014	3,247
Venezuela	0	0	0	0	1,000
Subtotal	5,000	6,590	7,899	2,014	4,247
Other sources	1,514	598	3,921	316	2,686
Total	6,514	7,188	11,820	2,330	6,933
	Value (1,000 dollars)				
Purchases from domestic sources	6,195	1,933	3,237	188	1,375
Import purchases from:					
Kazakhstan	2,058	2,234	2,677	659	1,086
Venezuela	0	0	0	0	488
Subtotal	2,058	2,234	2,677	659	1,574
Other sources	1,090	299	2,091	179	1,361
Total	3,148	2,533	4,768	838	2,935

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

In addition to purchases, U.S. producers and traders (importers or distributors) swap ferrosilicon to satisfy customer orders in other parts of the country. Because of the high cost of transportation, U.S. producers may locate a trader with material warehoused closer to the customer and have the trader fill the order. In return, the domestic producer will supply the trader's customer in a location closer to the producer than to the trader's warehouse.[33]

U.S. Producers' Inventories

The U.S. producers' end-of-period inventories of ferrosilicon are presented in table 8. These inventories decreased irregularly by 11.2 percent from 1989 to 1991, and continued to fall, by 23.2 percent, from January-March 1990 to January-March 1991. The ratio of U.S. producers' inventories to their U.S. shipments rose from 22.3 percent in 1988 to 25.0 percent in 1991, but fell from 28.3 percent in January-March 1991 to 26.1 percent in January-March 1992.

[33] Petition, p. 21.

Table 8
Ferrosilicon: End-of-period inventories of U.S. producers,[1] 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
Inventories (gross ST)	97,863	106,051	86,926	108,697	83,497
Ratio of inventories to--					
Production (percent)	20.4	25.1	25.5	28.3	26.1
U.S. shipments (percent) . .	22.3	26.9	25.0	29.8	25.8
Total shipments (percent) . .	21.5	26.0	24.2	29.2	25.0

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Employment, Wages, and Productivity

The U.S. producers' employment and productivity data are presented in table 9. The number of production and related workers producing ferrosilicon decreased 36.7 percent during 1989-91 and 18.7 percent in interim 1992 compared to the same period a year earlier. Of the eight non-captive producers, six reported permanent reductions in the number of production and related workers producing ferrosilicon and two indicated shifting production and related workers to other product lines, specifically to the production of silicon metal. Glenbrook Nickel reported that no employees were terminated because of its suspension of ferrosilicon production.[34]

Five firms responded that their employees are represented by unions. In fact, the United Autoworkers of America, United Steelworkers of America, and Oil, Chemical & Atomic Workers, representing the employees of four firms, AIMCOR, American Alloys, Elkem, and SKW Alloys, are members of the petitioning coalition. ***. The number of hours worked by production and related workers producing ferrosilicon declined by 37.8 percent from 1989 to 1991, and continued to fall, by 16.4 percent, between the interim periods. Wages and total compensation paid to production and related workers by U.S. producers decreased steadily from 1989 to 1991 and between the interim periods, reflecting the reduction in the work force. Hourly wages paid to U.S. producers' production and related workers increased from $12.57 in 1989 to $13.07 in 1990 and then decreased to $12.95 in 1991. Hourly wages increased to $13.13 in January-March 1992 compared with wages of $12.56 in the corresponding period of 1991. Productivity of production and related workers increased by 12.3 percent from 1989 to 1991, but declined slightly by 0.6 percent between the interim periods.

[34] TR, p. 120.

Table 9
Average number of total employees and production and related workers in U.S. establishments wherein ferrosilicon is produced, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, hourly total compensation, productivity, and unit labor costs,[2] by products, 1989-91, January-March 1991, and January-March 1992[3]

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Number of production and related workers (PRWs)				
All products	2,404	2,075	1,879	1,435	1,300
Ferrosilicon	1,231	1,033	779	833	677
	Hours worked by PRWs (1,000 hours)				
All products	4,962	4,446	3,933	719	663
Ferrosilicon	2,696	2,183	1,677	422	353
	Wages paid to PRWs (1,000 dollars)				
All products	66,936	63,036	58,139	9,932	9,574
Ferrosilicon	33,882	28,521	21,714	5,302	4,634
	Total compensation paid to PRWs (1,000 dollars)				
All products	86,599	83,123	78,247	13,803	13,179
Ferrosilicon	42,582	36,288	27,464	6,810	5,852
	Hourly wages paid to PRWs				
All products	$13.49	$14.18	$14.78	$13.81	$14.44
Ferrosilicon	12.57	13.07	12.95	12.56	13.13
	Hourly total compensation paid to PRWs				
All products	$17.45	$18.70	$19.89	$19.20	$19.88
Ferrosilicon	15.79	16.62	16.38	16.14	16.58
	Productivity (gross ST per 1,000 hours)				
Ferrosilicon	177.6	190.5	199.3	224.0	222.6
	Unit labor costs (per gross ST)				
Ferrosilicon	$89	$87	$82	$72	$74

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.
[3] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Financial Experience of U.S. Producers

Seven producers[35] of ferrosilicon supplied financial data on overall establishment operations and complete financial data on the production of ferrosilicon. These producers represented approximately 95 percent of U.S. production of ferrosilicon in 1991. In addition, three producers[36] with production in partial periods supplied abbreviated data which are not aggregated with the remainder of the industry, but are described in the text below.

Overall Establishment Operations

Income-and-loss data on the overall establishment operations of the seven producers are shown in table 10. The percentage of ferrosilicon sales to overall establishment sales declined annually from about 55 percent in 1989 to 46 percent in 1991 and to 40 percent during January-March 1992. The net sales and operating income trends for ferrosilicon follow those of overall establishment operations except in the January-March 1992 period, when establishment operation sales and income improved, while net sales of ferrosilicon continued to decline. Although other products manufactured in the establishments, almost exclusively silicon metal and magnesium ferrosilicon based on 1991 production, may share some of the same revenue and cost patterns as ferrosilicon, the recent silicon metal antidumping case may have had a positive impact on the overall establishment operations of certain companies.

Operations on Ferrosilicon

The financial experience of the ferrosilicon operations of seven producers of ferrosilicon are presented in table 11. Net sales declined annually and during the interim periods. Cost of goods sold (COGS) as a percent of sales increased during the 1989-91 annual periods; however, this is attributable to the sharp drop in per-unit sales value, not increased costs, as per-unit costs remained virtually the same in all reporting periods (table 12). The selling, general, and administrative (SG&A) expenses declined on a per-unit basis annually and as a percent of sales from 1990 and during the interim periods. Operating income margins also declined in each period, due to falling unit sales values and declining volumes.

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[35] These producers are ***.
[36] These producers are ***.

Table 10
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein ferrosilicon is produced, fiscal years 1989-91, January-March 1991, and January-March 1992[1]

Item	1989	1990	1991	January-March-- 1991	1992
	Value (1,000 dollars)				
Net sales	459,982	391,764	358,043	82,573	95,652
Cost of goods sold	400,242	380,415	352,479	82,093	94,422
Gross profit	59,740	11,349	5,564	480	1,230
Selling, general, and administrative expenses	24,535	20,889	16,186	3,950	3,661
Operating income or (loss)	35,205	(9,540)	(10,622)	(3,470)	(2,431)
Startup or shutdown expense	***	***	***	***	***
Interest expense	15,846	14,353	13,661	3,830	3,263
Other income or (expense), net	***	***	***	***	***
Net income or (loss) before income taxes	17,131	(22,748)	(30,828)	(7,223)	(5,594)
Depreciation and amortization	18,151	22,372	16,473	4,125	4,342
Cash flow[2]	35,282	(376)	(14,355)	(3,098)	(1,252)
	Ratio to net sales (percent)				
Cost of goods sold	87.0	97.1	98.4	99.4	98.7
Gross profit	13.0	2.9	1.6	0.6	1.3
Selling, general, and administrative expenses	5.3	5.3	4.5	4.8	3.8
Operating income or (loss)	7.7	(2.4)	(3.0)	(4.2)	(2.5)
Net income or (loss) before income taxes	3.7	(5.8)	(8.6)	(8.7)	(5.8)
	Number of firms reporting				
Operating losses	0	4	5	6	6
Net losses	2	6	7	7	6
Data	7	7	7	7	7

[1] These producers and their current fiscal year ends are ***.
[2] Cash flow is defined as net income or loss plus depreciation and amortization.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 11
Income-and-loss experience of U.S. producers on their operations producing ferrosilicon, fiscal years 1989-91, January-March 1991, and January-March 1992[1]

Item	1989	1990	1991	January-March-- 1991	1992
	Value (1,000 dollars)				
Net sales	252,390	204,413	163,776	43,652	37,996
Cost of goods sold	210,783	203,017	167,444	44,723	39,425
Gross profit or (loss)	41,607	1,396	(3,668)	(1,071)	(1,429)
Selling, general, and administrative expenses	13,972	11,601	8,619	2,224	1,759
Operating income or (loss)	27,635	(10,205)	(12,287)	(3,295)	(3,188)
Startup or shutdown expense	***	***	***	***	***
Interest expense	7,981	7,402	8,407	2,481	1,853
Other income or (expense), net	***	***	***	***	***
Net income or (loss) before income taxes	16,858	(18,891)	(26,997)	(6,392)	(5,561)
Depreciation and amortization	8,079	12,413	7,102	2,229	1,976
Cash flow[2]	24,937	(6,478)	(19,895)	(4,163)	(3,585)
	Ratio to net sales (percent)				
Cost of goods sold	83.5	99.3	102.2	102.5	103.8
Gross profit or (loss)	16.5	0.7	(2.2)	(2.5)	(3.8)
Selling, general, and administrative expenses	5.5	5.7	5.3	5.1	4.6
Operating income or (loss)	10.9	(5.0)	(7.5)	(7.5)	(8.4)
Net income or (loss) before income taxes	6.7	(9.2)	(16.5)	(14.6)	(14.6)
	Number of firms reporting				
Operating losses	1	4	6	5	6
Net losses	2	5	6	6	6
Data	7	7	7	7	6

[1] These producers and their current fiscal year ends are ***.
[2] Cash flow is defined as net income or loss plus depreciation and amortization.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 12
Income-and-loss experience (on a per-gross-pound basis) of U.S. producers on their operations producing ferrosilicon, fiscal years 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	January-March-- 1991	1992
	Quantity (gross ST)				
Net sales	421,484	391,096	337,428	88,207	81,695
	Value (per gross pound)				
Net sales	$0.30	$0.26	$0.24	$0.25	$0.23
Cost of goods sold	0.25	0.26	0.25	0.25	0.24
Gross profit or (loss)	0.05	(1)	(0.01)	(0.01)	(0.01)
Selling, general, and administrative expenses	0.02	0.01	0.01	0.01	0.01
Operating income or (loss)	0.03	(0.01)	(0.02)	(0.02)	(0.02)

[1] Positive figure, but less than 0.005.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The variance analysis, table 13, quantitatively demonstrates the impact of both unfavorable price and volume variances for every period. From 1989 to 1991, net sales declined by approximately $88 million, with $38 million attributable to price declines and $50 million attributable to volume declines. After accounting for favorable COGS and SG&A variances, operating income levels from 1989 to 1991 still dropped by almost $40 million. From January-March 1991 to 1992, operating income variance was a favorable $107,000. The variance analysis in this particular case provides a reasonable indication of the interaction of prices, costs, and volume on changes in profitability of ferrosilicon, with some possible impact from changes in the volume of different product grades from year to year. Exports and company transfers did not have a material impact on the variance analysis.

The operational results of each of the seven producers, summarized in table 14, generally follow the same trend as the aggregate. A brief description of several companies with unusual circumstances is given below.

* * * * * * *

Table 13
Ferrosilicon: Variances[1] in net sales; cost of goods sold; gross profit; selling, general, and administrative expenses; and operating income due to changes in price, volume, costs, and/or expenses of U.S. producers between the fiscal years 1989-91, 1989-90, 1990-91, and between the January-March periods of 1991 and 1992

(In thousands of dollars)

Item	1989-91	1989-90	1990-91	Jan.-Mar. 1991-92
Net sales:				
Price variance	(38,280)	(29,780)	(12,587)	(2,433)
Volume variance	(50,334)	(18,197)	(28,050)	(3,223)
Total net sales variance[2]	(88,614)	(47,977)	(40,637)	(5,656)
COGS:				
Cost variance	1,303	(7,431)	7,714	1,996
Volume variance	42,036	15,197	27,859	3,302
Total COGS variance[2]	43,339	7,766	35,573	5,298
Gross profit variance[2]	(45,275)	(40,211)	(5,064)	(358)
SG&A expenses:				
Expense variance	2,567	1,364	1,390	301
Volume variance	2,786	1,007	1,592	164
Total SG&A variance[2]	5,353	2,371	2,982	465
Operating income variance[2]	(39,922)	(37,840)	(2,082)	107

[1] Unfavorable variances are shown in parentheses; all others are favorable.
[2] Comparable to changes in net sales; cost of goods sold; gross profit; SG&A expenses; and operating income, as presented in table 11.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 14
Income-and-loss experience of U.S. producers on their operations producing ferrosilicon, by firms, fiscal years 1989-91, January-March 1991, and January-March 1992

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

* * * * * * *

Investment in Productive Facilities and Return on Assets

Data on investment in productive facilities are shown in table 15. Return on assets are not presented as several producers were not able to allocate establishment assets to ferrosilicon, and, therefore, the product assets are somewhat overstated. In addition, ***. However, all operating income and net income returns on assets would be negative in 1990, 1991, and in both interim periods.

Table 15
Value of assets of U.S. producers' establishments wherein ferrosilicon is produced, fiscal years 1989-91, January-March 1991, and January-March 1992

(In thousands of dollars)

Item	As of the end of fiscal year--			As of Mar. 31--	
	1989	1990	1991	1991	1992
All products:					
Fixed assets:					
Original cost	254,880	269,224	268,157	256,600	272,974
Book value	142,703	135,441	134,441	133,739	135,742
Total assets[1]	334,752	328,378	313,378	331,473	308,286
Ferrosilicon:					
Fixed assets:					
Original cost	144,465	146,932	140,888	137,377	141,743
Book value	70,009	64,364	60,602	62,033	59,642
Total assets[2]	165,595	157,428	145,639	156,456	139,292

[1] Defined as the book value of fixed assets plus current and noncurrent assets.

[2] Total establishment assets are apportioned, by firm, to product groups on the basis of the ratios of the respective book values of fixed assets.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Capital Expenditures

The capital expenditures of each of the seven producers are shown in table 16. The capital expenditures were small compared to original asset costs and declined over the period of investigation. Capital expenditures were less than depreciation and amortization in all periods except 1989.

Research and Development Expenses

The research and development (R&D) expenditures of three producers (***) are shown in table 17. Reported R&D was extremely small in aggregate and as a percentage of sales for the three firms reporting expenditures.

Table 16
Capital expenditures by U.S. producers of ferrosilicon, by products, fiscal years 1989-91, January-March 1991, and January-March 1992

(In thousands of dollars)

Item	1989	1990	1991	January-March-- 1991	1992
All products:					
Land and land improvements	130	245	499	6	174
Building and leasehold improvements	1,397	252	429	266	518
Machinery, equipment, and fixtures	25,431	13,835	14,079	3,674	2,080
Total	26,958	14,332	15,007	3,946	2,772
Ferrosilicon:					
Land and land improvements	114	31	248	6	159
Building and leasehold improvements	1,162	217	113	16	20
Machinery, equipment, and fixtures	12,124	8,419	5,928	1,604	711
Total	13,400	8,667	6,289	1,626	890

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 17
Research and development expenses of U.S. producers of ferrosilicon, by products, fiscal years 1989-91, January-March 1991, and January-March 1992

(In thousands of dollars)

Item	1989	1990	1991	January-March-- 1991	1992
All products	830	788	623	147	140
Ferrosilicon	119	180	243	67	32

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Capital and Investment

The Commission requested the U.S. producers to describe any actual or potential negative effects of imports of ferrosilicon from Argentina, Kazakhstan, China, Russia, Ukraine, or Venezuela on their growth, development and production efforts, investment, and ability to raise capital (including efforts to develop a derivative or improved version of its product). Comments from the companies are presented in appendix D.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors[37]--
>
> (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
>
> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

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[37] Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

> (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or 736, are also used to produce the merchandise under investigation,
>
> (IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and
>
> (X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[38]

The available information on the nature of the alleged subsidies (item (I) above) is presented in the section of this report entitled "The Nature and Extent of Alleged Subsidies and Sales at LTFV;" information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of Alleged Material Injury to an Industry in the United States." Available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets, follows. Other threat indicators have not been alleged or are otherwise not applicable.

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[38] Section 771(7)(F)(iii) of the act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

U.S. Importers' Inventories

End-of-period inventories of U.S. importers of ferrosilicon are presented in table 18. Sixteen U.S. firms reported imports of ferrosilicon from the subject countries during the period of investigation. End-of-period inventories of ferrosilicon from the subject countries increased 47 percent from 1989 to 1991, and continued to rise, by 70 percent, between the interim periods.

Table 18
Ferrosilicon: End-of-period inventories of U.S. importers,[1] by sources, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Quantity (gross ST)				
Argentina	782	1,495	4,754	2,134	2,793
China	-	1,961	1,149	380	342
Kazakhstan	***	***	***	***	***
Russia	-	-	-	-	-
Ukraine	-	-	-	-	-
Venezuela	13,757	9,024	16,362	10,894	7,941
Subtotal	***	***	***	***	***
Other sources	17,648	26,822	22,637	20,691	26,559
Total	***	***	***	***	***
	Ratio to imports (percent)				
Argentina	7.7	25.6	45.7	19.3	-
China	-	59.0	29.3	-	-
Kazakhstan	***	***	***	***	***
Russia	-	-	-	-	-
Ukraine	-	-	-	-	-
Venezuela	46.6	24.9	35.6	26.2	58.4
Average	***	***	***	***	***
Other sources	36.4	35.9	30.6	42.9	31.9
Average	***	***	***	***	***

[1] The data in the table are for 16 U.S. importers, accounting for 100 percent of U.S. imports from the subject countries. U.S. imports from all other sources were compiled from official statistics of the U.S. Department of Commerce.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

U.S. Importers' Current Orders

Reported orders for Venezuelan ferrosilicon which U.S. importers have placed for delivery after March 31, 1992, totaled 23,252 short tons. These orders were placed by three of the eight U.S. importers of Venezuelan material, which provided import data in response to the Commission's questionnaire. Deliveries on these orders are scheduled through December 1992.

* * * * * * *

Claremont Trading Co. has a contract for a purchase of *** of ferrosilicon 50 from *** in Russia for shipment in ***. Claremont is currently negotiating for the purchase of ferrosilicon with *** in the Ukraine, but has not entered into any contracts with this supplier.

U.S. importers reported no orders of Argentine or Chinese ferrosilicon after March 31, 1992.

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets other than the United States

The Commission requested certain information from counsel for producers in Argentina, Kazakhstan, and Venezuela. The Commission also requested information from the U.S. Embassies in Buenos Aires, Alma Ata, Moscow, Kiev, and Caracas.[39] The information discussed below was supplied by petitioners and by counsel for the foreign producers.

The Industry in Argentina

Two of the five companies producing ferrosilicon in Argentina have exported to the United States during the period for which data were collected. Electrometalurgica Andina, S.A. (Andina) and Industrias Siderurgicas Grassi, S.A. (Grassi). As indicated in table 19, both firms provided the Commission data on their capacity, production, shipments, and inventories of ferrosilicon.

* * * * * * *

Home market shipments accounted for *** percent of total shipments in 1991. These shipments were made directly to Argentine steel producers and foundries.[40] Exports to the United States *** by *** percent from 1989 to 1990 but *** by *** percent from 1990 to 1991, accounting for an overall ***.

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[39] The Commission did not request information from the U.S. Embassy in Beijing because of a complaint from the Embassy that it does not have the time to respond to such requests.

[40] Petition, exhibit 4, p. 3.

Table 19
Ferrosilicon: Argentina's production capacity, production, shipments, and end-of-period inventories, 1989-91, January-March 1991, January-March 1992, and projected 1992 and 1993

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Reporting no exports to the United States in January-March 1992, Grassi indicated that it has ceased exporting to the United States as of 1991. In fact, all transactions in 1991 were a result of prior commercial commitments made in 1990. Grassi's last shipment was made in October 1991, but in March 1991, Grassi had already informed its importer that it would not be exporting ferrosilicon to the United States in the future.[41] Andina stopped exporting to the United States in 1990. At the conference, Daniel Reche indicated that Andina has been totally out of the U.S. market for 18 months and does not plan to return to it.[42]

The Industry in China

The petition lists 56 firms producing ferrosilicon in China. While the main market for Chinese ferrosilicon is Japan, China also exports to the United States and Europe. Because the Chinese ferrosilicon producers are not represented by counsel, information on production, domestic shipments, and exports is not available.

The Industry in Kazakhstan

Ermok Ferroalloy Works, the sole ferrosilicon producer in Kazakhstan,[43] has an annual capacity of *** short tons (table 20). ***.[44]

Currently, Ermok exports ferrosilicon to other former republics of the U.S.S.R. and Eastern Europe. For sales to Western Europe, North and South America, and the Far East, Ermok exports to SA des Minerais of Luxembourg, which then resells the product to the respective countries. Thus, Ermok is unaware of the specific destination of its exports. In 1989, SA des Minerais

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[41] TR, p. 93.
[42] TR, p. 92.
[43] The petition lists Aktyubinsk Ferroalloy Plant as producing ferrosilicon in Kazakhstan, but a telegram from the American Embassy in Alma-Ata confirms that Ermok is the sole producer of ferrosilicon in Kazakhstan. The Aktyubinsk ferroalloy plant produces ferrochromium.
[44] Home market shipments include sales to the former republics of the U.S.S.R.

Table 20
Ferrosilicon: Kazakhstan's production capacity, production, shipments, and end-of-period inventories, 1989-91, January-March 1991, January-March 1992, and projected 1992 and 1993

* * * * * * *

Note.--Part-year inventory ratios are annualized.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

of Luxembourg entered into a joint venture with Ermok and Promsyrioimport, the exclusive export agent for the former U.S.S.R., to improve the quality of Ermok's production.[45] ***.

The Industry in Russia

The petition lists five firms producing ferrosilicon in Russia; Chelyabinsk Electrometallurgical Plant, Kuznetsk Ferro-Alloy Plant, Lipetsk Iron and Steel Works, Klyuchevsk Ferroalloy Plant, and Serovsky Metallurgical Plant. Chelyabinsk, which produces a wide range of ferroalloys, including ferrosilicon, ferrochromium, ferrosilicon chromium, and calcium silicide,[46] has signed a contract with Claremont Trading Co. to sell *** of ferrosilicon 50 in ***. No other imports from Russia were reported during the period of investigation. The Russian ferrosilicon producers are not represented by counsel, so information on production, domestic shipments, and exports is not available.

The Industry in Ukraine

The petition lists four firms as producing ferrosilicon in Ukraine; Zaporoshstal Zavod, Stahanov Ferroalloy Works, Kadievka, and Almaznyansk Ferroally Plant. ***. According to the *Metal Bulletin Monitor*, Stahanov produces ferrosilicon and grain refiners on eight electric furnaces, accounting for an annual capacity of 330,600 short tons.[47] Ukraine ferrosilicon producers are not represented by counsel, so information on production, domestic shipments, and exports is not available.

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[45] "Soviet Break-Up Puts Producers under Pressure," *Metal Bulletin Monitor*, March 1992, p. 49.

[46] "Ferroalloy Works of the Former Soviet Republics." *Metal Bulletin Monitor*, March 1992, p. 58.

[47] Ibid, p. 58.

The Industry in Venezuela

CVG-Fesilven (Fesilven), the sole Venezuelan producer of ferrosilicon, has a production capacity of *** short tons per year (table 21).

* * * * * * *

Table 21
Ferrosilicon: Venezuela's production capacity, production, shipments, and end-of-period inventories, 1989-91, January-March 1991, January-March 1992, and projected 1992 and 1993

* * * * * * *

Note.--Part-year inventory ratios are annualized.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

In the course of the Commission's investigation, questionnaires were received from 16 U.S. importers of ferrosilicon from the subject countries. The data received from the responding firms are believed to account for 100 percent of the imports of ferrosilicon from the subject countries (table 22).[48]

Argentina

Imports of ferrosilicon from Argentina decreased 29.2 percent from 1989 to 1990 but increased 44.9 percent from 1990 to 1991, accounting for a 2.7 percent increase during 1989-91. Confirmed by the official statistics of the U.S. Department of Commerce, no imports were reported for interim 1992.[49]

China

Accounting for 1.8 percent of total imports in 1991, imports of Chinese ferrosilicon increased 413 percent from 1989 to 1991. China's share of total imports was 0.4 percent in 1989. Confirmed by the official statistics of the U.S. Department of Commerce, no imports were reported in interim 1992.

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[48] The responses from the importers' questionnaires are in line with the official statistics of the U.S. Department of Commerce.

[49] Both Argentine producers assert that they stopped exporting ferrosilicon to the United States in 1991.

Table 22
Ferrosilicon: U.S. imports,[1] by sources, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Quantity (gross ST)				
Argentina	10,123	7,170	10,392	2,761	0
China	678	3,326	3,479	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	29,533	36,292	46,000	9,956	3,402
Subtotal	***	***	***	***	***
Other sources	89,930	137,443	91,950	10,988	30,855
Total	***	***	***	***	***
	Value (1,000 dollars)				
Argentina	8,312	3,676	4,909	1,395	0
China	666	1,531	1,836	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	20,493	16,707	21,573	4,255	1,338
Subtotal	***	***	***	***	***
Other sources	59,834	72,534	47,542	6,442	14,625
Total	***	***	***	***	***

[1] The data in the table are for 16 U.S. importers, accounting for 100 percent of U.S. imports from the subject countries. U.S. imports from all other sources were compiled from official statistics of the U.S. Department of Commerce.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Kazakhstan

Kazakhstan was the *** source of U.S. imports of ferrosilicon from the subject countries. Imports from Kazakhstan *** by *** percent during 1989-91 and by *** percent between the interim periods. Minerais has also reported imports of *** short tons from April 1, 1992 to June 6, 1992.

Russia

No imports of ferrosilicon were reported from Russia.

Ukraine

No imports of ferrosilicon were reported from Ukraine.

Venezuela

Imports of ferrosilicon from Venezuela increased 55.8 percent from 1989 to 1991, but decreased by 65.8 percent from January-March 1991 to January-March 1992.

Total Subject Imports

Cumulative imports of ferrosilicon from Argentina,[50] China, Kazakhstan, and Venezuela increased by *** percent during 1989-91, and continued to increase by *** percent between the interim periods.

U.S. Producers' Imports

In response to the Commission's questionnaire, three U.S. producers reported imports of ferrosilicon during the period of investigation. As indicated in table 23, the three producers' share of total U.S. imports of ferrosilicon was not insignificant, averaging between 20.0 and 31.2 percent during the period for which data were collected. *** imported ferrosilicon from ***; *** imported from ***; and *** imported from ***. ***'s share of imports from *** from *** percent in 1989 to *** percent in 1990 and then *** to *** percent in 1991. Between the interim periods, ***'s share of imports from *** increased from *** percent in 1991 to *** percent in 1992.

Table 23
Ferrosilicon: U.S. producers' imports, by sources, 1989-91, January-March 1991, and January-March 1992

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Market Penetration by the Subject Imports

U.S. producers' shipments of ferrosilicon, imports, apparent consumption, and market penetration by imports are presented in table 24. Over the 3-year period, U.S. producers' share of the quantity of total

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[50] Counsel for Grassi argues that imports from Argentina should not be cumulated because they are negligible and have no discernible adverse impact on the domestic industry; postconference brief, pp. 10-14.

Table 24
Ferrosilicon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Quantity (gross ST)				
Producers' U.S. shipments	439,163	394,936	342,460	89,993	79,510
U.S. imports from--					
Argentina	10,123	7,170	10,392	2,761	0
China	678	3,326	3,479	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	29,533	36,292	46,000	9,956	3,402
Subtotal	***	***	***	***	***
Other sources	89,930	137,443	91,950	10,988	30,855
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Value (1,000 dollars)				
Producers' U.S. shipments	255,556	192,426	157,454	42,730	35,764
U.S. imports from--					
Argentina	8,312	3,676	4,909	1,395	0
China	666	1,531	1,836	0	0
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	20,493	16,707	21,573	4,255	1,338
Subtotal	***	***	***	***	***
Other sources	59,834	72,534	47,542	6,442	14,625
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Share of the quantity of U.S. consumption (percent)				
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
Argentina	***	***	***	***	***
China	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	***	***	***	***	***
Subtotal	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***

Footnotes appear at the end of table.

Table 24--Continued
Ferrosilicon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992

Item	1989	1990	1991	Jan.-Mar.-- 1991	1992
	Share of the value of U.S. consumption (percent)				
Producers' U.S. shipments	***	***	***	***	***
U.S. imports from--					
Argentina	***	***	***	***	***
China	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	0	0	0	0	0
Ukraine	0	0	0	0	0
Venezuela	***	***	***	***	***
Subtotal	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***

[1] The data in the table are for 10 producers and 16 importers, accounting for 100 percent of U.S. producers' U.S. shipments and 100 percent of U.S. importers' imports from the subject countries. U.S. imports for all other sources were compiled from official statistics of the U.S. Department of Commerce.

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

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

apparent consumption fell from *** percent to *** percent. This share declined from *** percent in January-March 1991 to *** percent in January-March 1992.

As a group, Argentina, Kazakhstan, China, Russia, Ukraine, and Venezuela supplied *** percent of the quantity of U.S. consumption in 1989, *** percent in 1990, and *** percent in 1991. Their combined share rose from *** percent to *** percent between the first quarters of 1991 and 1992.

Prices

Market Characteristics

U.S. producers and importers sell ferrosilicon primarily to the iron and steel industries or to distributors who sell to these industries. Sales are transacted on a spot, quarterly requirement, or long-term contract basis. Large firms in the iron and steel industries typically determine the quantities and specifications of the ferrosilicon they will require for the following quarter and request prices from ferrosilicon producers and importers

to provide these requirements. Ferrosilicon producers and importers reported that the bid prices they submit in response to these requests are based on factors such as their cost of production, the type of packaging required (if any), the latest published market prices, the level of iron and steel production, and the current level of their own inventories and those of the iron and steel producers.

The outcome of prior bids is also a significant factor in determining the prices submitted to these companies in subsequent bids. In response to the Commission's questionnaire, all domestic producers and importers reported that they would consider lowering their prices for the next bid request if the prior sale had been awarded to a competitor. Although the identities of the ferrosilicon producers responding to these bids generally are not made public, all domestic producers and importers responded that they usually know the companies against which they are competing.

Four of 8 domestic producers and 3 of 11 importers responding to the questionnaire reported that some of their sales were based on long-term contracts.[51] Due to the volatile nature of the ferrosilicon market, the prices specified in these contracts are usually initially set at the current market rate and then periodically adjusted according to a market indicator such as the ferrosilicon prices published in Metals Week. Although *** domestic producers reported that they publish price lists, none of them adhere to these published prices, and no importer reported publishing a price list.

The amount of ferrosilicon required per ton of iron or steel is dictated by the characteristics desired in the finished product and by the production process that is used.[52] Furthermore, the cost of ferrosilicon per ton of iron or steel is relatively small compared to the total cost of the finished product.[53] Consequently, changes in the price of ferrosilicon have very little effect on the amount of ferrosilicon demanded per ton of iron or steel or on the total cost of iron and steel production.

Shipments within the United States are made primarily by truck, and the remainder by rail or barge.[54] The producers' average shipping costs as a percentage of their f.o.b. cost ranged from 1 to 3 percent for shipments less than 100 miles; from 1.7 to 6 percent for shipments between 100 and 500 miles; and from 6 to 15 percent for shipments over 500 miles.[55] The importers' average shipping costs as a percentage of total costs ranged from 1 to 3.8

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[51] Long-term contracts were defined in the questionnaire as contracts for a period exceeding 3 months.

[52] Technological advances in recent years in the iron and steelmaking industries in areas such as ladle metallurgy have reduced ferroalloy requirements.

[53] TR, p. 82

[54] Seven of 9 domestic producers shipped 80 percent or more of their product by truck and 7 of 9 importers used trucks for 90 percent or more of their shipments.

[55] Ferrosilicon is priced by the amount of silicon contained in the product. The shipping cost as a percentage of the total cost is therefore higher for ferrosilicon 50 than for ferrosilicon 75.

percent for shipments less than 100 miles; from 2.8 to 9.7 percent for shipments between 100 and 500 miles; and from 6.3 to 11.5 percent for shipments over 500 miles.

Ferrosilicon is purchased in bulk or packaged in drums, pallet boxes, super sacks,[56] drop-box containers,[57] or 50-pound bags, and the prices reported for each type of container varied from firm to firm. For example, the price of a one-ton super sack ranged from *** to ***. Both producers and importers reported that these containers are not generally reused.[58] Most producers and importers reported that the cost of the containers is sometimes included in their ferrosilicon prices. *** stated that during the last few years there has been an oversupply of ferrosilicon resulting in increased competition and causing some producers to include packaging in their prices in order to retain customers.[59]

Although all U.S. producers and all importers reported that domestic ferrosilicon is generally interchangeable with the imported product, *** importers reported that there were differences in quality between the two products. John Barnyak of Minerais stated that the ferrosilicon that is imported from Kazakhstan is unacceptable for use in iron foundries because it is not produced in sizes large enough for this application. Mr. Barnyak also stated that the Kazakh-produced material cannot be used by certain steel producers because of "increasingly stringent requirements on quality reporting" that they are unable to provide.[60] [61]

Price Trends and Price Comparisons

Eight domestic producers and *** importers from *** of the subject countries provided the Commission with useable pricing data for at least part of the period requested.[62] The Commission requested separate price series for the largest quarterly requirement sale to an unrelated U.S. steel producer for both ferrosilicon 75 and ferrosilicon 50, as well as the largest quarterly

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[56] Super sacks are large bags often lined with plastic.

[57] Drop-box containers are square boxes with hinged bottoms that hold approximately 16,000 pounds of material.

[58] Drop-box containers are reused and super sacks are occasionally sent back for refill.

[59] Telephone conversation, June 8, 1992.

[60] TR, p. 155.

[61] ***, an importer of *** ferrosilicon, reported that consumers of Venezuelan ferrosilicon require a discount because of higher deleterious residual elements in that product and that the Argentine ferrosilicon generally requires additional screening before it is used by U.S. consumers.

[62] The Commission received no evidence of imports of ferrosilicon from Russia or Ukraine and received usable pricing data for only 2 quarters for China.

requirement sale of ferrosilicon 50 to an unrelated U.S. iron foundry during the period January 1989 to March 1992.[63]

The U.S. producers' average selling price for ferrosilicon 75 (per pound of contained silicon) decreased by 42 percent from the first quarter of 1989 to the first quarter of 1992 (table 25).[64] In the first quarter of 1989 the average U.S. price was ***; it decreased to *** during the fourth quarter of that year; increased to *** in the third quarter of 1990; and decreased steadily for the final 6 quarters to *** in the first quarter of 1992.

Imports from both Venezuela and Argentina followed approximately the same trend as the U.S. product during the period January 1989 to March 1992. The average selling price for the ferrosilicon 75 imported from Venezuela decreased by 53 percent during this period, from *** to ***.

The price of imports from Argentina decreased by 49 percent from *** during the first quarter of 1989 to *** during the last quarter of 1991, and then increased to *** in the first quarter of 1992. The prices of ferrosilicon 75 imported from China and sold to steel producers for the only two quarters reported were *** and *** for the third and fourth quarter of 1991, respectively.[65]

The average price of Venezuelan ferrosilicon 75 was lower than the price for the U.S. product in 8 of 13 quarters, including the last 5 quarters, by margins ranging from 5.6 percent to 13.7 percent (table 26). Argentine prices were also lower than those of the U.S. producers in 8 of 13 quarters, including 4 of the last 5 quarters, by margins ranging from less than 0.05 percent to 15 percent. For the two quarters reported, the Chinese product was priced lower than of the U.S. product by margins of *** and *** percent.

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[63] Iron foundries may pay a higher price for ferrosilicon of the same grade as that used by steel producers because the ferrosilicon sold to iron foundries must conform to more stringent specifications. Therefore, separate price series were requested for steel producers and iron foundries. Eight domestic producers reported sales of ferrosilicon 50 to iron foundries but no useable data were obtained from importers. The domestic ferrosilicon prices to iron foundries have been included in appendix E.

[64] In 1988 the average price of ferrosilicon 75 as reported by Metals Week reached its highest level for the 1980's. This price decreased by 14 percent between 1988 and 1989 but the 1989 price was still substantially higher than the prices reported for the 8 years prior to 1988.

[65] One importer of ferrosilicon 75 from China reported its price to steel producers for the third quarter of 1991 and two importers reported prices for the fourth quarter of 1991.

Table 25
Weighted-average delivered price and total quantity of ferrosilicon 75 sold to U.S. steel producers by domestic ferrosilicon producers and certain subject country importers, by quarters, January 1989-March 1992

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 26
Ferrosilicon 75: Margins of under/(over)selling, by countries and by quarters, January 1989-March 1992

(In percent)

Period	Venezuela margin	Argentina margin	China margin
1989:			
Jan.-Mar.	(13.2)	(6.0)	-
Apr.-June	(22.2)	(17.8)	-
July-Sept	(24.3)	4.2	-
Oct.-Dec	10.0	(4.5)	-
1990:			
Jan.-Mar	13.7	3.1	-
Apr.-June	6.3	1.3	-
July-Sept	(4.8)	(1)	-
Oct.-Dec	(1.6)	(0.9)	-
1991:			
Jan.-Mar	8.7	2.9	-
Apr.-June	5.6	6.4	-
July-Sept	7.9	5.2	4.2
Oct.-Dec	8.2	15.0	11.8
1992:			
Jan.-Mar	8.7	(4.5)	-

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The U.S. producers' average delivered price of ferrosilicon 50 to steel producers decreased by 30 percent during the period from January 1989 to March 1992 (table 27).[66] During the first quarter of 1989 the price was *** per pound of contained silicon; it increased to *** during the second quarter of 1989, decreased during the next two quarters to ***, increased to *** during the first quarter of 1990, and fluctuated within a narrow band during the next

[66] In 1988 the average price of ferrosilicon 50 as reported by Metals Week reached its highest level during the 1980's. Between 1988 and 1989 the average price decreased by 5 percent but the 1989 price was still substantially higher than the prices reported for the 8 years prior to 1988.

three quarters. It was *** during the fourth quarter of 1990. The price decreased during the first quarter of 1991 to ***, increased during the next two quarters to ***, and decreased during the final two quarters of the period to *** in the first quarter of 1992.

Table 27
Weighted-average delivered price and total quantity of U.S. and Kazakh ferrosilicon 50 sold to U.S. steel producers[1] and margins of under/(over)selling, by quarters, January 1989-March 1992[2]

	United States		Kazakhstan		
Period	Price	Total quantity	Price	Total quantity	Margin
		1,000 lbs contained silicon		1,000 lbs contained silicon	
1989:					
Jan.-Mar.....	***	***	***	***	(7.0)
Apr.-June.....	***	***	***	***	(11.7)
July-Sept.....	***	***	***	***	(0.6)
Oct.-Dec.....	***	***	***	***	(14.1)
1990:					
Jan.-Mar.....	***	***	***	***	5.7
Apr.-June.....	***	***	***	***	1.7
July-Sept.....	***	***	***	***	(0.3)
Oct.-Dec.....	***	***	***	***	-
1991:					
Jan.-Mar.....	***	***	***	***	-
Apr.-June.....	***	***	***	***	-
July-Sept.....	***	***	***	***	-
Oct.-Dec.....	***	***	***	***	0.2
1992:					
Jan.-Mar.....	***	***	***	***	(6.0)

[1] All prices reported were the result of quarterly sales contracts between ferrosilicon producers/importers and U.S. steel producers.

[2] Minerais U.S., Inc. is the only importer who reported sales of ferrosilicon from Kazakhstan.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Minerais was the only firm that reported useable pricing data for imports of ferrosilicon 50 and these imports were produced exclusively in Kazakhstan.[67] The delivered price of the largest quarterly requirement sale to an unrelated U.S. steel producer of ferrosilicon 50 imported from Kazakhstan decreased by 30 percent between January 1989 and March 1992. The price was *** during the first quarter of 1989; it increased to *** in the second quarter of 1989, decreased during the next three quarters to ***, and then increased during the second and third quarters of 1990 to ***. Pricing data were not available for the last quarter of 1990 or the first three quarters of 1991. During the fourth quarter of 1991 and the first quarter of 1992 the price was ***.

Kazakh-produced ferrosilicon 50 was priced lower than the U.S.-produced product in 3 of the 9 quarters in which comparisons were possible by margins ranging from *** percent to *** percent.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of two of the six countries subject to these investigations depreciated sharply in relation to the U.S. dollar over the period from January-March 1989 through January-March 1992 (table 28).[68] [69] The nominal values of the Argentine and Venezuelan currencies depreciated by 99.85 percent and 66.2 percent, respectively. When adjusted for movements in producer price indexes in the United States and the specified countries, the respective values of the Argentine and Venezuelan currencies depreciated 14.2 percent and 20.3 percent during the periods for which data were collected.

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[67] ***. The average unit values of all domestically produced and Kazakh ferrosilicon 50 sold to U.S. steel producers and margins of under/(over)selling are reported in appendix E.

[68] International Financial Statistics, June 1992.

[69] Data for China, Kazakhstan, Russia, and the Ukraine do not reflect the market value of their currencies. Therefore, an accurate summary of quarterly movements cannot be presented.

Table 28
Exchange rates:[1] Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in those countries,[2] by quarters, January 1989-March 1992

Period	U.S. producer price index	Argentina			Venezuela		
		Producer price index	Nominal exchange rate index	Real exchange rate index[3]	Producer price index	Nominal exchange rate index	Real exchange rate index[3]
1989:							
January-March.....	100.0	100.0	100.00	100.0	100.0	100.0	100.0
April-June.....	101.8	450.0	10.93	48.3	145.4	57.3	81.9
July-September.....	101.4	2,700.0	2.33	61.9	158.5	57.3	89.6
October-December...	101.8	3,375.0	1.57	52.1	160.9	51.4	81.2
1990:							
January-March.....	103.3	14,225.0	.43	58.9	167.2	50.0	80.9
April-June.....	103.1	26,150.0	.29	72.5	174.0	47.2	79.7
July-September.....	104.9	33,750.0	.25	81.6	185.6	44.0	77.9
October-December...	108.1	38,750.0	.27	97.6	191.8	43.3	76.8
1991:							
January-March.....	105.9	53,725.0	.17	87.2	202.4	40.7	77.7
April-June.....	104.8	60,750.0	.15	85.2	212.6	39.2	79.5
July-September.....	104.7	61,500.0[4]	.15	85.8[4]	225.2	36.6	78.8
October-December...	104.8	([5])	.15	([5])	238.3	35.7	81.2
1992:							
January-March.....	104.6	([5])	.15	([5])	246.4	33.8	79.7

[1] Exchange rates are expressed in U.S. dollars per unit of foreign currency.
[2] Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.
[3] The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and the specified countries.
[4] Derived from Argentine price data reported for July-August only.
[5] Not available.

Note.--January-March 1989 = 100. The real exchange rates, calculated from precise figures, cannot in all instances be derived accurately from previously rounded nominal exchange rate and price indexes.

Source: International Monetary Fund, International Financial Statistics, June 1992.

Lost Sales and Lost Revenues

Domestic producers reported 11 instances of alleged lost sales valued at $8.2 million and totaling 20.6 million pounds of contained silicon and 5 instances of alleged lost revenues valued at $349,272 and totaling 17.6 million pounds of contained silicon. The Commission contacted purchasers of ferrosilicon regarding 6 of these lost sales.

*** reported a total of *** lost sales of *** to *** because of the subject country imports. These *** sales involved the submission of price quotes in response to requests from *** that specified both the quantity and grade of ferrosilicon required. ***.

***. He also stated that he purchases both domestic and imported ferrosilicon in each quarter and that he generally buys at least 50 percent of his raw materials from U.S. producers. However, *** reported that he does not always know the origin of the ferrosilicon that he purchases because some suppliers sell both domestic and imported ferrosilicon of the same specifications.

*** alleged that a sale of *** to ***, involving *** pounds of contained silicon, was lost to a supplier of *** ferrosilicon on ***. *** reported that its quoted delivered price of *** for the total quantity was rejected by ***, but *** did not know the accepted price.

***, the General Manager of ***, reported that although the total values and quantity alleged by *** were correct the sale was not awarded to *** simply on the basis of price. *** reported that the *** ferrosilicon was a better product for their needs because its phosphorus content was higher than that of the domestic product. As documentation, *** provided the Commission with copies of the bid submissions of both *** and ***.

*** also alleged that a sale of *** to ***, involving *** pounds of contained silicon, was lost to a supplier of *** ferrosilicon on ***. *** reported that its quoted delivered price of *** for the total quantity was rejected by *** and the accepted quote for the *** product was ***. *** buyer of raw materials stated that *** allegation was not correct because in ***, ***. However, she reported that *** had bought *** from *** although she did not know the total values or quantities of these sales. *** said that *** bought ferrosilicon solely on the basis of price and that often they did not know the origin of the ferrosilicon purchased.

*** also alleged that a sale of *** to *** involving *** pounds of contained silicon was lost to a supplier of *** ferrosilicon in ***. *** reported that its quoted delivered price of *** for the total quantity was rejected by *** but *** did not know the accepted price. ***, the senior buyer for ***, stated that he rejected ***'s bid and awarded the sale to *** because *** was willing to sign a longer term contract. ***.

APPENDIX A

FEDERAL REGISTER NOTICES OF THE U.S. INTERNATIONAL TRADE COMMISSION AND THE U.S. DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 303-TA-23 (Preliminary) and 731 TA-565-570 (Preliminary)]

Ferrosilicon From Argentina, Kazakhstan, the People's Republic of China, Russia, Ukraine, and Venezuela

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of a preliminary countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary countervailing duty investigation No. 303-TA/23 (Preliminary) under section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) and of preliminary antidumping investigations Nos. 731-TA-565-570 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially regarded, by reason of imports from Argentina, Kazakhstan, the People's Republic of China, Russia, Ukraine, and Venezuela of ferrosilicon, provided for in subheadings 7202.21.10, 7202.21.50, 7202.21.75, 7202.21.90, and 7202.29.00 of

the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Government of Venezuela and to be sold in the United States at less than fair value. The Commission must complete preliminary countervailing duty and antidumping investigations in 45 days, or in these cases by July 6, 1992.

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

EFFECTIVE DATE: May 22, 1992.

FOR FURTHER INFORMATION CONTACT: Brad Hudgens (202–205–3189), 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.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on May 22, 1992, by AIMCOR, Pittsburgh, PA; Alabama Silicon, Inc., Bessemer, AL; American Alloys, Pittsburgh, PA; Globe Metallurgical, Inc., Cleveland, OH; Silicon Metaltech, Inc., Seattle, WA; United Autoworkers of America (locals 523 and 12646); United Steelworkers of America (locals 2528, 3081, and 5171); and Oil, Chemical & Atomic Workers (local 389).

Participation in the Investigations and Public Service List.

Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the Federal Register. 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 § 207.7(a) of the Commission's rules the Secretary will make BPI gathered in these preliminary investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than seven (7) 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 June 12, 1992, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Brad Hudgens (202–205–3189) not later than June 10, 1992, to arrange for their appearance. Parties in support of the imposition of countervailing and 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 §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before June 17, 1992, 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 (3) 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.

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 the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's rules.

Issued: May 28, 1992.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 92–12948 Filed 6–1–92; 8:45 am]

BILLING CODE 7020–02–M

International Trade Administration

[A-357-807, A-834-804, A-821-804, A-570-819, A-823-804, A-307-807]

Initiation of Antidumping Duty Investigations: Ferrosilicon From Argentina, Kazakhstan, the People's Republic of China, Russia, Ukraine, and Venezuela

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

EFFECTIVE DATE: June 17, 1992.

FOR FURTHER INFORMATION CONTACT: Shawn Thompson, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-1776.

INITIATION OF INVESTIGATIONS:

The Petitions

On May 22, 1992, we received petitions filed in proper form by AIMCOR, Alabama Silicon, Inc., American Alloys, Inc., Globe Metallurgical, Inc., Silicon Metaltech Inc., United Autoworkers of America Local 523, United Steelworkers of America Locals 12646, 2528, 5171 and 3081, and Oil, Chemical & Atomic Workers Local 389 (petitioners). In accordance with 19 CFR 353.12, the petitioners allege that ferrosilicon from Argentina, Kazakhstan, the People's Republic of China (PRC), Russia, Ukraine, and Venezuela is being or is likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

The petitioners have stated that they have standing to file the petitions because they are interested parties, as defined under sections 771(9)(C) and 771(9)(D) of the Act, and because the petitions were filed on behalf of the U.S. industry producing the product subject to these investigations and on behalf of certified unions representing the production employees of U.S. ferrosilicon producers. In any interested party, as described under paragraph (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, these petitions, it should file a written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements are contained in 19 CFR 353.14.

Scope of Investigations

The product covered by these investigations is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

Ferrosilicon is a ferroalloy produced by combining silicon and iron through smelting in a submerged-arc furnace. Ferrosilicon is used primarily as an alloying agent in the production of steel and cast iron. It is also used in the steel industry as a deoxidizer and a reducing agent, and by cast iron producers as an inoculant.

Ferrosilicon is differentiated by size and by grade. The sizes express the maximum and minimum dimensions of the lumps of ferrosilicon found in a given shipment. Ferrosilicon grades are defined by the percentages by weight of contained silicon and other minor elements. Ferrosilicon is most commonly sold to the iron and steel industries in standard grades of 75 percent and 50 percent ferrosilicon.

Calcium silicon, ferrocalcium silicon, and magnesium ferrosilicon are specifically excluded from the scope of these investigations. Calcium silicon is an alloy containing, by weight, not more than five percent iron, 60 to 65 percent silicon, and 28 to 32 percent calcium. Ferrocalcium silicon is a ferroalloy containing by weight not less than four percent iron, 60 to 65 percent silicon, and more than 10 percent calcium. Magnesium ferrosilicon is a ferroalloy containing, by weight, not less than four percent iron, not more than 55 percent silicon, and not less than 2.75 percent magnesium.

Ferrosilicon is classifiable under the following subheadings of the Harmonized Tariff Schedule of the United States (HTSUS): 7202.21.1000, 7202.21.5000, 7202.21.7500, 7202.21.9000, 7202.29.0010, and 7202.29.0050. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

United States Price and Foreign Market Value

Argentina

Petitioners based their estimate of United States Price (USP) on the December 1991 U.S. f.o.b. import value of ferrosilicon. Petitioners subtracted from USP foreign inland freight charges. Petitioners added to USP the amount of Argentine value added taxes (VAT) which would have been collected had the exported merchandise been taxed.

Petitioners' estimate of FMV is based on two types of information, both obtained by a foreign research consultant: (1) Observed prices in Argentina for ferrosilicon, exclusive of

packing, during September 1991 and March 1992 and (2) quoted base prices for ferrosilicon, inclusive of packing, in the same periods. Petitioners added U.S. packing to the observed prices but made no adjustment for packing costs to the quoted base prices. Consequently, we subtracted from the quoted base prices the home market packing cost provided in the petition and added U.S. packing cost. Petitioners also added to both the observed and quoted base prices the amount of VAT assessed in Argentina on home market sales. We adjusted FMV by subtracting Argentine VAT and adding the theoretical amount of VAT which would have been paid on the U.S. merchandise had it been taxed.

Kazakhstan

Petitioners based their estimate of USP on the average U.S. f.o.b. import value of ferrosilicon from the former Union of Soviet Socialist Republics (U.S.S.R.) for the period September 1991 to February 1992. U.S. Customs statistics for imports from Kazakhstan were not available because the U.S. import statistics did not differentiate U.S. imports of the subject merchandise from the former republics of the U.S.S.R. The Department will conduct a separate investigation of the subject merchandise produced in Kazakhstan and will collect and analyze USP data from specific exporters and/or producers in this proceeding. Petitioners made no adjustments to the estimated USP because they stated that they were unable to obtain information regarding foreign transportation costs.

Petitioners contend that the FMV of Kazakhstan-produced imports subject to this investigation must be determined in accordance with section 773(c) of the Act, which concerns non-market economy (NME) countries. In accordance with section 771(18)(c) of the Act, any determination that a foreign country has at one time been considered an NME shall remain in effect until revoked. This presumption covers the geographic area of the former U.S.S.R., each part of which retains the previous NME status of the former U.S.S.R. Therefore, Kazakhstan will continue to be treated as an NME until this presumption is overcome (see, Preliminary Determinations of Sales at Less Than Fair Value: Uranium from Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine and Uzbekistan, 57 FR 23380 (June 3, 1992) (Uranium)). In the course of this investigation, parties will have the opportunity to raise and provide relevant information on this issue, as well as on whether FMV should be based on prices or costs in the NME. The Department further presumes, based on the extent of central control in an NME, that a single antidumping margin, should there be one, is appropriate for all exporters from the NME. Only if individual NME exporters can demonstrate an absence of central government control with respect to the pricing of exports, both in law and in fact, will they be entitled to separate, company-specific rates. (See, Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China, 56 FR 20588, (May 6, 1991) (Sparklers), for a discussion of the information the Department considers appropriate in this regard.)

In accordance with section 773(c), FMV in NME cases is based on NME producers' factors of production (valued in a market economy country). Absent evidence that the Kazakh government has selected which factories produce for export to the United States, for purposes of this investigation we intend to base FMV only on those factories in Kazakhstan which are known to produce ferrosilicon for export to the United States.

Petitioners calculated FMV on the basis of the valuation of the factors of production. Because Kazakhstan-specific economic data were not available at the time of the filing of the petition, due to the recent dissolution of the U.S.S.R., petitioners were unable to determine which market economy was most comparable to Kazakhstan in terms of economic development. Consequently, petitioners used publicly available economic data on the U.S.S.R. in order to select the appropriate surrogate. Based on their comparison of the relative levels of economic development, petitioners used Mexico as the surrogate country in valuing the factors of production. For purposes of this initiation, we have accepted Mexico as having a comparable economy and being a significant producer of comparable merchandise, pursuant to section 773(c) (4) of the Act.

Petitioners used one of their members' (*i.e.*, AIMCOR's) factors for raw material and processing material inputs, electricity, and labor for constructed value (CV). The raw material, energy and labor factors for producing ferrosilicon are based on AIMCOR's actual experience from October 1990 through September 1991. Overhead expenses are expressed as a percentage of the cost of manufacture as experienced by AIMCOR.

Petitioners based labor and electricity values on 1990 wage rates and 1991 energy rates in Mexico. Petitioners based the value of raw material costs for steel scrap, quartzite, coke, bituminous coal, and charcoal on 1991 f.a.s export values from the United States to Mexico. Petitioners added an amount for foreign inland freight expense to Mexico for these raw materials. Petitioners based the value of raw material costs for electrode paste on a delivered import price from Brazil to Mexico. Petitioners based raw material costs for diesel oil, woodchips, water and other processing materials on its own average costs from October 1990 through September 1991.

Pursuant to section 773(c) of the Act, petitioners added to CV the statutory minima of 10 percent for general expenses and eight percent for profit, and an amount for shipment preparation.

PRC

Petitioners based their estimate of USP on the average U.S. f.o.b. import value of ferrosilicon for the period September 1991 to February 1992. Petitioners made no adjustments to the estimated USP because they stated that they were unable to obtain information regarding foreign transportation costs.

Petitioners contend that the FMV of PRC-produced imports subject to this investigation must be determined in accordance with section 773(c) of the Act, which concerns NME countries. In accordance with section 771(18)(c) of the Act, the PRC is presumed to be an NME and the Department has treated it as such in previous investigations (see, Final Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt-Weld Pipe Fittings from the PRC, 57 FR 21058 (May 18, 1992)). In the course of this investigation, parties will have the opportunity to raise and provide relevant information on this issue, as well as on whether FMV should be based on prices or costs in the NME. The Department further presumes, based on the extent of central control in an NME, that a single antidumping margin, should there be one, is appropriate for all exporters from the NME. Only if individual NME exporters can demonstrate an absence of central government control with respect to the pricing of exports, both in law and in fact, will they be entitled to separate, company-specific rates. (See, Sparklers, *supra*.)

In accordance with 773(c), FMV in NME cases is based on NME producers' factors of production (valued in a market economy country). Absent evidence that the PRC government has selected which factories produce for export to the United States, for purposes of this investigation we intend to based FMV only on those factories in the PRC

which are known to produce ferrosilicon for export to the United States.

Petitioners calculated FMV on the basis of the valuation of the factors of production. In valuing the factors of production, petitioners used India as a surrogate country. For purposes of this initiation, we have accepted India as having a comparable economy and being a significant producer of comparable merchandise, pursuant to section 773(c)(4) of the Act.

Petitioners used AIMCOR's factors for raw material and processing material inputs, electricity, and labor for CV. The raw material, energy and labor factors for producing ferrosilicon are based on AIMCOR's actual experience from October 1990 through September 1991. However, petitioners made an adjustment to the labor factor to account for the smaller scale of more labor-intensive ferrosilicon operations existing in the PRC. Overhead expenses are expressed as a percentage of the cost of manufacture as experienced by AIMCOR.

Petitioners based labor and electricity values on 1991 wage rates and energy rates in India. Petitioners based the value of raw material costs for steel scrap, quartzite, coke, bituminous coal, diesel fuel, and water on Indian values. Petitions basesd the value of raw material costs for electrode paste on a delivered import price from Italy to India. Petitioners based material costs for charcoal and woodchips, and other processing materials on AIMCOR's average costs from October 1990 through September 1991.

Pursuant to section 773(c) of the Act, petitioners added to CV the statutory minima of 10 percent for general expenses and eight percent for profit, and an amount for shipment preparation.

Russia

Petitioners based their estimate of USP on the average U.S. f.o.b. import value of ferrosilicon from the former U.S.S.R. for the period September 1991 to February 1992. U.S. Customs statistics for imports from Russia were not available because the U.S. import statistics did not differentiate U.S. imports of the subject merchandise from the former republics of the U.S.S.R. The Department will conduct a separate investigation of the subject merchandise produced in Russia and will collect and analyze the USP data from specific exporters and/or producers in this proceeding. Petitioners made no adjustments to the estimated USP because they stated that they were unable to obtain information regarding foreign transportation costs.

Petitioners contend that the FMV of Russian-produced imports subject to this investigation must be determined in accordance with section 773(c) of the Act, which concerns NME countries. In accordance with section 771(18)(c) of the Act, any determination that a foreign country has at one time been considered an NME shall remain in effect until revoked. This presumption covers the geographic area of the former U.S.S.R., each part of which retains the previous NME status of the former U.S.S.R. Therefore, Russia will continue to be treated as an NME until this presumption is overcome (see, Uranium, *supra*).

In the course of this investigation, parties will have the opportunity to raise and provide relevant information on this issue, as well as on whether FMV should be based on prices or costs in the NME. The Department further presumes, based on the extent of central control in a NME, that a single antidumping margin, should there be one, is appropriate for all exporters from the NME. Only if individual NME exporters can demonstrate an absence of central government control with respect to the pricing of exports, both in law and in fact, will they be entitled to seprate, company-specific rates. (See, Sparklers, *supra*.)

In accordance with section 773(c), FMV in NME cases is based on NME producers' factors of production (valued in a market economy country). Absent evidence that the Russian government has selected which factories produce for export to the United States, for purposes of this investigation we intend to base FMV only on those factories in Russia which are known to produce ferrosilicon for export to the United States.

Petitioners calculated FMV on the basis of the valuation of the factors of production. Because Russia-specific economic data were not available at the time of the filing of the petition, due to the recent dissolution of the U.S.S.R., petitioners were unable to determine which market economy was most comparable to Russia in terms of economic development. Consequently, petitioners used publicly available economic data on the U.S.S.R. in order to select the appropriate surrogate. For further discussion of petitioners' choice of surrogate and calculation of FMV, see the "Kazakhstan" section of this notice.

Ukraine

Petitioners based their estimate of USP on the average U.S. f.o.b. import value of ferrosilicon from the former U.S.S.R. for the period September 1991 to February 1992. U.S. Customs statistics for imports from Ukraine were not available because the U.S. import statistics did not differentiate U.S. imports of the subject merchandise from the former republics of the U.S.S.R. The Department will conduct a separate investigation of the subject merchandise produced in Ukraine and will collect and analyze USP data from specific exporters and/or producers in this proceeding. Petitioners made no adjustments to the estimated USP because they stated that they were unable to obtain information regarding foreign transportation costs.

Petitioners contend that the FMV of Ukrainian-produced imports subject to this investigation must be determined in accordance with section 773(c) of the Act, concerning NME countries. In accordance with section 771(18)(c) of the Act, any determination that a foreign country has at one time been considered an NME shall remain in effect until revoked. This presumption covers the geographic area of the former U.S.S.R., each part of which retains the previous NME status of the former U.S.S.R. Therefore, Ukraine will continue to be treated as an NME until this presumption is overcome (see, Uranium, *supra*). In the course of this investigation, parties will have the opportunity to raise and provide relevant information on this issue, as well as on whether FMV should be based on prices or costs in the NME. The Department further presumes, based on the extent of central control in a NME, that a single antidumping margin, should there be one, is appropriate for all exporters from the NME. Only if individual NME exporters can demonstrate an absence of central government control with respect to the pricing of exports, both in law and in fact, will they be entitled to separate, company-specific rates. (See, Sparklers, *supra*.)

In accordance with section 773(c), FMV in NME cases is based on NME producers' factors of production (valued in a market economy country). Absent evidence that the Ukrainian government has selected which factories produce for export to the United States, for purposes of this investigation we intend to base FMV only on those factories in Ukraine which are known to produce ferrosilicon for export to the United States.

Petitioners calculated FMV on the basis of the valuation of the factors of production. Because Ukraine-specific economic data were not available at the time of the filing of the petition, due to the recent dissolution of the U.S.S.R., petitioners were unable to determine which market economy was most comparable to Ukraine in terms of

economic development. Consequently, petitioners used publicly available economic data on the U.S.S.R. in order to select the appropriate surrogate. For further disucssion of petitioners' choice of surrogate and calculation of FMV, see the "Kazakhstan" section of this notice.

Venezuela

Petitioners based their estimate of USP on the U.S. f.o.b. import value of ferrosilicon. Petitioners calculated separate USPs for two time periods: (1) September 1991 through February 1992 and (2) September 1991. Petitioners subtracted from each USP foreign inland freight charges.

Petitioners' based their estimate of FMV on a price for ferrosilicon, exclusive of packing, obtained by a foreign consultant. Petitioners added U.S. packing to FMV.

Less Than Fair Value Comparisons

Petitioners allege dumping margins ranging from 20.52% to 113.27% for ferrosilicon from Argentina, 104.18% for Kazakhstan, Russia, and Ukrain, 137.73% for the PRC, and 22.99% to 23.80% for Venezuela. We recalculated the margins alleged for Argentina as described above. The recalculated margins range from 17.70% to 96.23%.

Regarding Venezuela, we do not consider petitioners' comparison of USP based on average September through February import data and FMV based on a price for a different period to be appropriate for purposes of initiation. Such a comparison involves non-contemporaneous sales. Consequently, the Department is initiating this investigation on the basis of petitioners' comparison of USP based on September 1991 import data and FMV.

Initiation of Investigations

We have examined the petitions on ferrosilicon from Argentina, Kazakhstan, Russia, the PRC, Ukraine, and Venezuela and have found that the petitions meet the requirements of section 732(c). Therefore, we are initiating antidumping duty investigations to determine whether imports of ferrosilicon from the above-referenced countries are being, or are likely to be, sold in the United States at less than fair value.

ITC Notification

Section 732(d) of the Act requires us to notify the International Trade Commission (ITC) of these actions and we have done so.

Preliminary Determinations by the ITC

The ITC will determine by July 6, 1992, whether there is a reasonable indication that imports of ferrosilicon from Argentina, Kazakhstan, Russia, the PRC, Ukraine, and/or Venezuela are materially injuring, or threaten material injury to, a U.S. industry. Any ITC determination which is negative will result in the respective investigation being terminated; otherwise, the investigations will proceed to conclusion in accordance with the statutory and regulatory time limits.

The notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: June 11, 1992.

Alan M. Dunn,

Assistant Secretary for Import Administration.

[FR Doc. 92-14240 Filed 6-16-92; 8:45 am]

BILLING CODE 3510-DS-M

[C-307-808]

Initiation of Countervailing Duty Investigation: Ferrosilicon From Venezuela

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

EFFECTIVE DATE: June 17, 1992.

FOR FURTHER INFORMATION CONTACT: Paulo F. Mendes or Annika L. O'Hara, Office of Countervailing Investigations, U.S. Department of Commerce, room B099, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-5050 or (202) 377-0588, respectively.

INITIATION:

The Petition

On May 22, 1992, AIMCOR, Alabama Silicon, Inc., American Alloys, Inc., Globe Metallurgical, Inc., Silicon Metaltech, Inc., United Autoworkers of America—Local 523, United Steelworkers of America—Local 12646, United Steelworkers of America—Local 2528, United Steelworkers of America—Local 5171, United Steelworkers of America—Local 3081, and Oil, Chemical & Atomic Workers—Local 389 (hereinafter, the petitioners) filed with the Department of Commerce (the Department) a countervailing duty petition on behalf of the United States industry producing ferrosilicon. In accordance with section 702(b) of the Tariff Act of 1930, as amended (the Act), the petitioners allege that manufacturers, producers, or exporters of ferrosilicon in Venezuela receive bounties or grants within the meaning of section 701 of the Act. In past countervailing duty investigations, Venezuela was considered to be a "country under the Agreement" within the meaning of section 701(b)(3) of the Act. As such, Title VII of the Act applied in those investigations, and the U.S. International Trade Commission (ITC) was required to determine whether imports of the subject merchandise from Venezuela were materially injuring, or threatened material injury to, a U.S. industry before countervailing duties could be imposed.

On August 31, 1990, Venezuela became a contracting party to the General Agreement on Tariffs and Trade (GATT). Since qualification as a "country under the Agreement" under section 701(b)(a) requires that the GATT not apply between the United States and the country from which the subject merchandise is imported, Venezuela is no longer eligible for treatment as a "country under the Agreement" within the meaning of section 701(b)(3). However, because Venezuela is a GATT contracting party, and merchandise within the scope of the petition which is imported under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7202.21.1000, 7202.21.5000, 7202.29.0010, and 7202.29.0050 is nondutiable, the petitioners are nonetheless required to allege that, and the ITC is required to determine whether, pursuant to section 303(a)(2), imports of this nondutiable merchandise from Venezuela materially injure, or threaten material injury to, a U.S. industry. The remaining HTSUS items, as described in the "Scope of Investigation" section of this notice, are dutiable. Therefore, for these items, the ITC is not required to determine whether, pursuant to section 303(a)(2), imports from Venezuela of these products materially injure, or threaten material injury to, a U.S. industry.

The petitioners stated that they have standing to file the petition because they are interested parties, as defined in sections 771(9)(C) and 771(9)(D) of the Act. In addition, the petitioners stated that the union petitioners have standing independent of the producer petitioners. The union petitioners represent workers at several facilities currently producing ferrosilicon in the United States; such facilities employ the majority of the ferrosilicon production workers in the United States. If any interested party, as described in sections 771(9)(C), (D), (E), or (F) wishes to register support for, or opposition to, this investigation, please file written notification with the Assistant Secretary for Import Administration, room B099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230.

Allegation of Bounties or Grants

The petitioners allege that the following programs provide bounties or grants to producers of the subject merchandise in Venezuela:

1. Preferential Power Rates
2. Preferential Rates from Government of Venezuela (GOV)-owned corporate affiliates
3. GOV Grants
4. GOV's Assumption of Debt
5. GOV's Equity Infusions
6. General Interest Rate Subsidy
7. Sales Tax Exemption
8. Preferential Short-term Financing—FINEXPO
9. Other Preferential FINEXPO Financing

We are not investigating certain programs alleged to be benefitting producers of the subject merchandise in Venezuela. The petitioners point to FESILVEN's financial statements as evidence that accounts payable at year-end amount to preferential rates provided by GOV-owned corporate affiliates. However, because the evidence provided concerning accounts payable does not indicate that benefit is being provided in this case, we are not investigating this program. We are also not investigating the alleged equity infusion because the petitioners provided insufficient evidence to support their claim that the equity infusion was made on terms inconsistent with commercial considerations. Finally, we are not investigating the alleged general interest rate subsidy. The evidence provided by the petitioners does not take into account the terms of FESILVEN's loans in connection with the company's expansion plan.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential countervailing duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in 19 CFR 355.14.

Initiation of Investigation

Under section 702(c) of the Act, the Department must determine, within 20 days after a petition is filed, whether the petition properly alleges the basis on which a countervailing duty may be imposed under section 701(a) of the Act, and whether the petition contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on ferrosilicon from Venezuela and have found that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702 of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters of ferrosilicon receive bounties or grants.

Scope of Investigation

The product covered by this investigation is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

Ferrosilicon is a ferroalloy produced by combining silicon and iron through smelting in a submerged-arc furnace. Ferrosilicon is used primarily as an alloying agency in the production of steel and cast iron. It is also used in the steel industry as a deoxidizer and reducing agent, and by cast iron producers as an inoculant.

Ferrosilicon is differentiated by size and by grade. The sizes express the maximum and minimum dimensions of the lumps of ferrosilicon found in a given shipment. Ferrosilicon grades are defined by the percentages of weight of contained silicon and other minor elements. Ferrosilicon is most commonly sold to iron and steel industries in standard grades of 75 percent and 50 percent ferrosilicon.

Clacium silicon, ferrocalcium silicon, and magnesium ferrosilicon are specifically excluded from the scope of this investigation. Calcium silicon is an alloy containing, by weight, not more than five percent iron, 60 to 65 percent silicon, and 28 to 32 percent calcium. Ferrocalcium silicon is a ferroalloy contained by weight not less than four percent iron, 60 to 65 percent silicon, and more than 10 percent calcium. Magnesium ferrosilicon is a ferroalloy containing, by weight, not less than four percent iron, not more than 55 percent silicon, and not less than 2.75 percent magnesium.

Ferrosilicon is classifiable under the following subheadings of the HTSUS: 7202.21.1000, 7202.21.5000, 7202.21.7500, 7202.21.9000, 7202.29.0010, and 7202.29.0050. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

ITC Notification

Section 702(d) of the Act requires us to notify the ITC of these actions and we have done so.

Preliminary Determination by the ITC

The ITC will determine, by July 6, 1992, whether there is a reasonable indication that an industry in the United States is being materially injured, or is threatened with material injury, by reason of imports from Venezuela of certain products covered in the scope of this investigation. If the ITC determination is negative, our investigation with respect to the products classified under HTSUS items 7202.21.1000, 7202.21.5000, 7202.29.0010, and 7202.29.0050 will terminate; otherwise, it will proceed according to the statutory and regulatory time limits.

This notice is published pursuant to 702(c)(2) of the Act and 19 CFR 355.13(b).

Dated: June 11, 1992.

Alan M. Dunn,

Assistant Secretary for Import Administration.

[FR Doc. 92-14241 Filed 6-16-92; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

CALENDAR OF THE PUBLIC CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

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

Subject: FERROSILICON FROM ARGENTINA, KAZAKHSTAN, THE PEOPLE'S REPUBLIC OF CHINA, RUSSIA, UKRAINE, AND VENEZUELA
Investigations Nos. 303-TA-23 and 731-TA-565-570

Time and Date: June 12, 1992 - 9:30 a.m.

Sessions were held in connection with the investigations in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, SW, Washington DC.

In Support of the Imposition of Countervailing and Antidumping Duties:

Baker & Botts--Counsel
Washington, DC
On behalf of

William D. Beard, President and Chief Executive Officer
American Alloys

Alfred F. Koestner, Director - Marketing, Metals Division,
Applied Industrial Materials Corporation

Kenneth R. Button, Vice President
Economic Consulting Services, Inc.

William Kramer)
)--OF COUNSEL
John B. Veach III)

In Opposition to the Imposition of Countervailing and Antidumping Duties:

Royal Daniel, III
Washington, DC
On behalf of

Industrias Siderurgicas Grassi, S.A.

Royal Daniel III)
)--OF COUNSEL
Jeri Beth Katz)

Daniel Reche

Electrometalurgica Andina, S.A.

Law Office of Stephen Creskoff
Washington, DC
On behalf of

Claremont Trading Corp.

Stephen M. Creskoff)--OF COUNSEL

Eric Norton, General Manager
Glenbrook Nickel

Shearman & Sterling
Washington, DC
On behalf of

John Barnyak, President - Pittsburgh Div.
Minerais U.S.

Kjell Strom, Managing Director
Elcimin, S.A.

Grant Finlayson)--OF COUNSEL

Rogers & Wells
Washington, DC
On behalf of

CVG-FESILVEN

Ryan Trainer)--OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Ferrosilicon: Summary data concerning the U.S. market,[1] 1989-91, January-March 1991, and January-March 1992

Item	Reported data			Jan.-Mar.--		Percent change	
	1989	1990	1991	1991	1992	1989-91	Jan-Mar. 1991-92
U.S. producers'--							
Average-of-period capacity (gross ST)	567,511	532,587	549,771	143,177	129,908	-3.1	+15.7
Production (gross ST)	478,846	415,954	334,168	94,513	78,594	-30.2	-16.8
Capacity utilization (percent)	84.4	78.1	60.8	66.0	60.5	-23.6	-23.7
U.S. shipments:							
Quantity (gross ST)	439,163	394,936	342,460	89,993	79,510	-22.0	-11.6
Value (1,000 dollars)	255,556	192,426	157,454	42,730	35,764	-38.4	-16.3
Export shipments:							
Quantity (gross ST)	14,985	12,830	10,833	1,874	2,513	-27.7	+34.1
Value (1,000 dollars)	12,386	8,337	6,589	1,207	1,717	-46.8	+42.3
End-of period inventories (gross ST)	97,863	106,051	86,926	108,697	83,497	-11.2	-23.2
Ratio of inventories to--							
U.S. shipments (percent)	22.3	26.9	25.0	29.8	25.8	+2.7	-4.0
Production and related workers (PRWs)	1,231	1,033	779	833	677	-36.7	-18.7
Hours worked by PRWs (1,000 hours)	2,696	2,183	1,677	422	353	-37.8	-16.4
Wages paid to PRWs (1,000 dollars)	33,882	28,521	21,714	5,302	4,634	-35.9	-12.6
Hourly wages paid to PRWs	$12.57	$13.07	$12.95	$12.56	$13.13	+3.0	+4.5
Productivity (gross ST per 1,000 hours)	177.6	190.5	199.3	224.0	222.6	+12.2	-0.6
Unit labor costs (per gross ST)	$89	$87	$82	$72	$74	-7.6	+3.3
Net sales (1,000 dollars)	252,390	204,413	163,776	43,652	37,996	-35.1	-13.0
COGS/sales ratio (percent)	83.5	99.3	102.2	102.5	103.8	+18.7	+1.3
Operating income (1,000 dollars)	27,635	(10,205)	(12,287)	(3,295)	(3,188)	(2)	(2)
Op. income/sales ratio (percent)	10.9	(5.0)	(7.5)	(7.5)	(7.4)	(2)	(2)

Footnotes appear at end of table.

Table C-1--Continued
Ferrosilicon: Summary data concerning the U.S. market,[1] 1989-91, January-March 1991, and January-March 1992

Item	Reported data			Jan.-Mar.--		Percent change	
	1989	1990	1991	1991	1992	1989-91	Jan-Mar. 1991-92
U.S. imports:							
Quantity (gross ST):							
Argentina	10,123	7,170	10,392	2,761	0	+2.7	-100.0
China	678	3,326	3,479	0	0	+413.1	0
Kazakhstan	***	***	***	***	***	***	***
Russia	0	0	0	0	0	0	0
Ukraine	0	0	0	0	0	0	0
Venezuela	29,533	36,292	46,000	9,956	3,402	+55.8	-65.8
Subtotal	***	***	***	***	***	***	***
Other sources	89,930	137,443	91,950	10,988	30,855	+2.2	+180.8
Total	***	***	***	***	***	***	***
Value (1,000 dollars):							
Argentina	8,312	3,676	4,909	1,395	0	-40.9	-100.0
China	666	1,531	1,836	0	0	+175.7	0
Kazakhstan	***	***	***	***	***	***	***
Russia	0	0	0	0	0	0	0
Ukraine	0	0	0	0	0	0	0
Venezuela	20,493	16,707	21,573	4,255	1,338	+5.3	-68.6
Subtotal	***	***	***	***	***	***	***
Other sources	59,834	72,534	47,542	6,442	14,625	-20.5	+127.0
Total	***	***	***	***	***	***	***
Apparent consumption quantity:							
Amount	***	***	***	***	***	***	***
Producers' U.S. shipments	***	***	***	***	***	***	***
U.S. imports from--							
Argentina	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***
Kazakhstan	***	***	***	***	***	***	***
Russia	0	0	0	0	0	0	0
Ukraine	0	0	0	0	0	0	0
Venezuela	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***

Footnotes appear at end of table.

Table C-1--Continued
Ferrosilicon: Summary data concerning the U.S. market,[1] 1989-91, January-March 1991, and January-March 1992

Item	Reported data			Jan.-Mar.--		Percent change	
	1989	1990	1991	1991	1992	1989-91	Jan-Mar 1991-92
Apparent consumption value:							
Amount (1,000 dollars)	***	***	***	***	***	***	***
Producers' U.S. shipments	***	***	***	***	***	***	***
U.S. imports from--							
Argentina	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***
Kazakhstan	***	***	***	***	***	***	***
Russia	0	0	0	0	0	0	0
Ukraine	0	0	0	0	0	0	0
Venezuela	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***

[1] The data in the table are for 10 producers and 16 importers, accounting for 100 percent of U.S. producers' U.S. shipments and 100 percent of U.S. importers' impports from the subject countries. U.S. imports for all other sources were compiled from official statistics of the U.S. Department of Commerce.

Note: Percentage changes are based on percentage points.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF FERROSILICON FROM ARGENTINA, KAZAKHSTAN, CHINA, RUSSIA, UKRAINE, AND/OR VENEZUELA ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL,AND\OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of ferrosilicon from Argentina, Kazakhstan, China, Russia, Ukraine, and/or Venezuela on their growth, investment, ability to raise capital, and/or existing development and production efforts, including efforts to develop a derivative or more advanced version of the product. *** indicated "no." The remaining responses are as follows:

* * * * * * *

APPENDIX E

ADDITIONAL PRICING TABLES

Table E-1
Average unit value[1] of all U.S.- and Kazakh- produced ferrosilicon 50 sold to U.S. steel producers and margins of under/(over)selling, by quarters, January 1989-March 1992

Period	U.S. Average unit value	Kazakhstan Average unit value	Margin Percent
1989:			
Jan.-Mar.	$***	$***	0.7
Apr.-June	***	***	10.8
July-Sept	***	***	2.9
Oct.-Dec	***	***	11.1
1990:			
Jan.-Mar	***	***	4.8
Apr.-June	***	***	(1.4)
July-Sept	***	***	(1.1)
Oct.-Dec	***	***	4.9
1991:			
Jan.-Mar	***	***	4.6
Apr.-June	***	***	5.1
July-Sept	***	***	1.1
Oct.-Dec	***	***	3.4
1992:			
Jan.-Mar	***	***	(1.4)

[1] Per pound contained silicon.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table E-2
Ferrosilicon 50: Weighted-average delivered prices and total quantities shipped by domestic producers to unrelated U.S. iron foundries, by quarters, January 1989-March 1992

Period	Price	Total quantity
	Per lb contained silicon	1,000 lbs contained silicon
1989:		
Jan.-Mar.	$0.5022	18,607
Apr.-June	.5232	16,924
July-Sept	.4751	13,128
Oct.-Dec	.4274	14,758
1990:		
Jan.-Mar	.4335	17,445
Apr.-June	.4285	15,558
July-Sept	.4392	13,623
Oct.-Dec	.4317	13,635
1991:		
Jan.-Mar	.4171	12,910
Apr.-June	.4184	12,752
July-Sept	.4178	14,229
Oct.-Dec	.4197	12,269
1992:		
Jan.-Mar	.4164	13,556

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.